Value Chain Management

**Hitachi’s Approach**

As an enterprise that engages in businesses activities in many regions around the world, Hitachi pays close attention to sustainability in the value chain from its suppliers to business partners and customers. Not only do we require that all suppliers strictly follow our CSR procurement policies, we also carry out CSR monitoring (self-checks) and audits to minimize procurement risks. Additionally, as well as developing products and services that all customers can feel secure using, we disclose information in a detailed and appropriate manner. We are also taking proactive steps on privacy protections for the use of personal data, a topic of much interest in recent years.

**Our Impact on Society**

**No. of suppliers**

Approx. **30,000** companies (66 countries)

**Our Performance**

CSR monitoring (self-checks) of suppliers

**345** companies (total of 1,510 companies since FY 2011)

**Responsible Procurement**

**Basic Procurement Guidelines**

We base our procurement activities on the *Hitachi Guidelines for Procurement Activities*, while sharing global supply chain issues within the Group. All Group companies follow these guidelines. The guidelines were created in line with the United Nations Global Compact and include the elimination of discrimination in employment and occupation, the rejection of all forms of child and forced labor, and environmental protection activities. Suppliers are selected strictly in accordance with the *Hitachi Guidelines for Procurement Activities*. We intend to revise these guidelines in accordance with revisions to the Hitachi Group Codes of Conduct and the new Hitachi Group Global Procurement Code.

In fiscal 2016, based on the results of the human rights due diligence performed by procurement divisions in fiscal 2015, we released the *Hitachi Group CSR Procurement Guidelines*, a full revision of the 2009 *Hitachi Group Supply Chain CSR Deployment Guidebook*. This revision incorporates the provisions of the Hitachi Group Codes of Conduct and also makes references to version 5.1 of the Responsible Business Alliance (RBA, formerly called EICC) Code of Conduct, promulgated in January 2016. The next revision is planned for fiscal 2020 or later, with the goal of enabling even more responsible procurement.

We plan to revise these guidelines regularly in the future to ensure that they always reflect the demands of global society regarding corporate supply chain management.
Guidelines for Procurement Activities

These guidelines define business transaction standards which shall be applied to all HITACHI executives and employees in connection with their activities purchasing necessary materials, products, services, and information from outside sources.

1. Overall procurement activities of Hitachi shall adhere to the "HITACHI Company Conduct Standards."
2. HITACHI shall maintain proper partnerships, mutual understanding, and reliable relationships with suppliers with a view to the long term results, giving due consideration to the following:
   (1) HITACHI shall treat all suppliers impartially and be prohibited from favoritism such as giving unfair priority to any specific suppliers.
   (2) HITACHI respects fair business dealings with suppliers and will avoid any improper act which might cause a loss to a supplier apart from normal and customary business transactions.
   (3) HITACHI shall keep suppliers’ trade secrets strictly confidential and prevent them from being revealed or improperly used.
3. HITACHI develops suppliers to maintain competitiveness from a worldwide point of view, with particular attention to the following points:
   (1) HITACHI responds to all suppliers’ offers sincerely, and is always willing to offer the information necessary for suppliers to compete on an even playing field.
   (2) HITACHI shall periodically check and review suppliers’ performance and will consider offering more advantageous business opportunities when comparison with other resources allows.
4. Through a designated selection process, and in compliance with the standards given below, suppliers shall be evaluated by product quality, reliability, delivery, price, suppliers’ business stability, technical development ability, fair and transparent information release, compliance with societies’ rules, regulatory compliance, respect for human rights, elimination of discrimination in respect of employment and occupation, elimination of all forms of child and forced labor, environmental preservation activities, social contributions, good working environment, and recognition of social responsibilities with business partners.
   (1) HITACHI shall not request quotations from suppliers with whom there is no intention to enter into a future business relationship.
   (2) In accordance with specified internal procedures, the authority and responsibility for specifications, terms and conditions, and product acceptance and inspection belong to each Requester, Procurement Department, and Inspection Department.
   (3) Procurement Departments shall represent HITACHI when contracting with suppliers.
5. HITACHI members are prohibited from receiving any personal gifts or offers from suppliers.

Revised in 2009

Guidelines for Procurement Activities
Procurement Policy
CSR/Green Procurement
Number of Hitachi Group suppliers
(as of December 2018):
Approx. 30,000 companies (66 countries)

Supply Chain Management Organizational Structure

Value Chain Integration Division

Development of CSR/green procurement policy

President

Procurement office conferences

Conferences for procurement managers

Hitachi Group CSR/BCP Procurement Committee (biannual)

CPO Joint Committee (every two months)

Regional procurement conferences (China/Asia/India: biannual; Europe/Americas: annual)

Group procurement strategy conference (biannual)

Target price conference (biannually)

Implementation by all procurement members

Business unit procurement members

Major Group company procurement members

Strengthening Global Partnerships

A key element of the Hitachi Group Vision is to improve the competitiveness of our value chain based on partnerships with our suppliers. Given our business aim to expand internationally, we need to extend our procurement globally, looking toward increasing local production for local consumption.

We have appointed procurement officers to oversee local procurement in China, the rest of Asia, Europe, and the Americas. These officers carry out activities such as CSR audits, CSR monitoring (self-checks), and CSR procurement seminars in their respective regions. In this way, we are expanding our suppliers in emerging nations while also strengthening our response to CSR-related risks expected to arise from the global expansion of our supply chain.

Local procurement officers are also responsible for addressing environmental risks in China. Through the Institute of Public and Environmental Affairs, an environmental NGO, the officers obtain information about polluting enterprises made public by China’s central and regional government bodies. They use this information not only for screening businesses who have transactions with these enterprises but also for urging the enterprises themselves to make improvements.

Rate of Local Procurement of Materials for Main Regions (Hitachi Group)

- China: 88%
- Rest of Asia: 71%
- Europe: 81%
- Americas: 66%
Sharing Procurement Policies

To ensure that the Hitachi Group CSR Procurement Guidelines’ provisions are strictly followed, we distribute the fully revised fiscal 2016 edition to the approximately 30,000 suppliers of Hitachi business units and Group companies, from whom we request acknowledgment of suppliers’ understanding in writing. Tier 1 suppliers are further asked to confirm that tier 2 suppliers also follow the provisions in the guidelines. Additionally, recognizing the global nature of our suppliers, we make the guidelines available not only in Japanese but also in English, Chinese, and Thai, the latter language added in fiscal 2018 in response to increasing labor and human rights risks in southeast Asia.

To procure parts and materials manufactured with reduced environmental impact, so that suppliers help to protect the environment, in fiscal 1998, we led the industry in developing Green Procurement Guidelines. These define our basic position on procuring parts and products that do not have a negative impact on the global environment, as well as our requirements of suppliers, so that we can work together to promote green procurement. The guidelines set out supplier requirements for environmental conservation, including building an environmental management system and acquiring certifications. There are also requirements for reducing the environmental impact of products supplied to Hitachi, such as conserving resources and energy in production, recycling, managing chemical substances, and fully disclosing related information.

There is a global trend toward tighter regulations on chemical substances. In fiscal 2013, we reviewed our categories for controlled chemical substances in our Green Procurement Guidelines to comply with the stipulations on restricted substances, authorized substances, and substances of very high concern (SVHCs) in the European Union’s Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH) regulation for managing chemical substances within the EU. Specific changes include: (1) moving some chemicals to the prohibited substances list, (2) further breaking down the controlled substances list, and (3) adopting the industry association list. In preparation for the EU’s RoHS directive that banned four types of phthalates in July 2019, we banned their use from January of that year. We also distributed the latest version of the Green Procurement Guidelines through Group companies and business units to suppliers to ensure that they are fully informed.

Implementation of CSR Monitoring (Self-Checks)

To monitor how well Hitachi’s CSR supply chain management philosophy has been adopted by our suppliers, since fiscal 2007 we have asked key suppliers to conduct CSR Monitoring (self-checks) using the JEITA Supply Chain CSR Deployment Guidebook and detailed checklists. After collecting and analyzing the results, we provide feedback for the business operations related to the suppliers, and then work with those involved in the operations to resolve issues related to the suppliers. Since fiscal 2011, we have expanded the scope to include suppliers in China and the rest of Asia, and from fiscal 2017 all checklists were fully updated in accordance with the revisions made to the Hitachi Group CSR Procurement Guidelines. In fiscal 2018 we asked 345 suppliers inside and outside Japan to conduct CSR monitoring (self-check, although simplified in some cases) and received survey replies from them. The survey results allowed us to identify labor-related issues requiring attention, and we will take precautionary measures to prevent issues arising.

Implementation of CSR Audits

Since July 2012, Hitachi, Ltd. has been auditing the manufacturing bases of its and Group companies’ suppliers in China and the rest of Asia. In fiscal 2018, we conducted CSR and environment audits of 24 suppliers in China.

For these audits, we engaged external evaluators such as the experienced CSR auditing company Intertek Certification.*1 Our audits are based on the international SA8000 certification standard developed by Social Accountability International (SAI), an American CSR evaluation institution. These audits investigate our workplace practices, and an RBA-recognized auditor checks suppliers’ CSR initiatives from the perspectives of labor and human rights, health and safety, the environment, and ethics.

No major infringements were found at the suppliers audited in fiscal 2018, but some small areas needing improvement were noted, such as overtime work exceeding stipulated rules (18 suppliers), failure to conduct periodic inspections of machinery and equipment (5), and insufficient management of hazardous waste (3). The relevant suppliers were requested to submit
improvement action plans, and Hitachi, Ltd., together with Group companies, will work with and advise the suppliers until they complete the planned improvements.

*1 Intertek Certification: With a presence in over 100 countries across the globe, the Intertek Group provides a wide array of certification services in every industrial field.

### CSR Procurement Activities Implementation Status

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
<th>Total to date</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR monitoring (self-check)</td>
<td>345</td>
<td>1,510*1</td>
</tr>
<tr>
<td>CSR audits</td>
<td>24</td>
<td>130*2</td>
</tr>
<tr>
<td>Supplier seminars</td>
<td>126</td>
<td>235*3</td>
</tr>
</tbody>
</table>

*1 Total from fiscal 2011–fiscal 2018.
*2 Total from fiscal 2012–fiscal 2018.
*3 Total from fiscal 2015–fiscal 2018.

### Holding CSR Procurement Seminars

In order to share the philosophy of Hitachi among our suppliers, in fiscal 2015 we introduced a new initiative to provide suppliers directly with information in a face-to-face format, in addition to the information shared on the Hitachi website as well as our CSR monitoring (self-checks), CSR audits, and other measures. The most recent of these face-to-face events was held in March 2019 at our CSR and Green Procurement Seminar held for Hitachi Group partners in East and South China. The event was attended by 176 people from 126 companies. At the seminar, Hitachi explained topics including its fundamental CSR philosophy, the CSR audit situation, regulatory trends under Chinese environmental laws, and Hitachi’s related policies. Feedback from participants included a comment from one person who was “impressed by the emphasis the company places not only on monozukuri craftsmanship but also on fulfilling its social responsibility in a range of areas.” Another participant “gained a sense that profitability is not the sole aim and that it is important to adhere to environmental laws.” As reflected in the comments, the seminar served to deepen the understanding of Hitachi initiatives related to CSR and green procurement.
Increasing Green Purchasing of Office Supplies

Objectives, Activities, and Achievements

We are improving our green purchasing rate*1—the ratio of environmentally conscious products purchased to total office supplies—by using a Group-wide online procurement system called the E-sourcing Mall since fiscal 2002. This system has a range of environmentally conscious products and promotes procurement by clearly labeling these products. In fiscal 2018, our green purchasing rate reached 86%.

*1 Green purchasing rate: The ratio, by monetary value, of products with the Eco Mark among all products purchased subject to the Act on Promoting Green Procurement.

Conflict Minerals Procurement Policy

Hitachi released a Conflict Minerals Procurement Policy in September 2013. Our Request to Our Suppliers, based on this policy, is published on our website as a clear statement of our position.

In fiscal 2016, we revised this policy to ensure that procurement of components incorporating conflict minerals does not benefit armed groups in the Democratic Republic of the Congo (DRC) or adjoining countries. The policy now explicitly lays out the measures to be implemented, including inquiries based on international guidelines, to ensure responsible procurement.

Hitachi Group Conflict Minerals Procurement Policy

Conflict Minerals

There are numerous types of mineral resources buried within the lands of the Democratic Republic of the Congo, located in central Africa, and its neighbouring countries. Ores containing minerals such as tin which is used in solders to secure electronic parts to printed circuit boards, tantalum which is used in capacitors, tungsten which is used in superhard materials, and gold which is used in lead frames can be found in this region. The locals extract these ores, which traders and brokers export to other countries in order to earn valuable foreign currencies, but part of those foreign currencies are forcibly collected and used as funds to purchase weapons by armed groups that repeatedly engage in conflict and violate human rights in the same region, which has become a major problem. As such, the minerals listed above are called “conflict minerals”.

Procurement Policy

The policy for procurement departments in all Hitachi Group companies have always been and will continue to be to ensure that procurement activities do not result or aid in conflicts within the same region and that the armed groups described above do not benefit from those activities, while continuing responsible procurement activities of minerals that are not related to the conflicts in the region based on local laws. Additionally, we will continue to support the practice of due diligence based on the “OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas” among companies. With these in mind, Hitachi Group would like to request all our suppliers to utilise the Conflict Minerals Reporting Template developed by RBA/GeSI to continue checking the country of origin and supply chain of minerals, and also to procure from the CFS (Conflict Free Smelter)*1 listed within.

*1 CFS (Conflict Free Smelter): A list of smelters who have been identified as “not being involved in the conflict within the same region” by the Responsible Minerals Initiative (RMI), an organization that was founded by the RBA/GeSI, which is a group that aims to solve the conflict minerals problem.

Conflict Minerals Response Framework

Sales divisions, business groups, plants, procurement divisions, and other divisions within individual business units and Hitachi Group companies work together to respond to investigation requests and inquiries relating to conflict minerals. We also strive to grasp developments in conflict mineral-related laws and regulations in each country and region and what global society demands of enterprises, working to share information within the Group.
Hitachi's Conflict Minerals Response Framework

Based on the Guidelines for Procurement Activities, each Hitachi business unit and Group company investigates its use of conflict minerals and reports the results to customers when requested. Supply chain investigations are carried out with the cooperation of the relevant entities’ sales, procurement, and CSR divisions. In 2017, Hitachi, Ltd. and five key Group companies (Hitachi Metals, Hitachi Chemicals, Hitachi High-Technologies, Hitachi Automotive Systems, and Hitachi Industrial Equipment Systems) performed investigations and replied to a total of 1,422 requests from customers.

Additionally, as a member of the Japan Electronics and Information Technology Industries Association (JEITA)’s Responsible Minerals Trade Working Group, Hitachi, Ltd. attended JEITA’s Responsible Minerals Sourcing Inquiry Briefings for suppliers of JEITA member companies, explaining the latest trends and reporting template related to conflict minerals and responding to questions from attendees. We will continue striving to cooperate with other organizations in developing the awareness of conflict minerals among industry.

JEITA Responsible Minerals Trade Working Group

Quality and Safety Management

Hitachi’s Approach to Quality Assurance Activities

Providing products and services that our customers can use with confidence, along with meeting the requirements and quality standards of our customers in order to achieve this, are important values shared by all our employees and codified in the Hitachi Group Codes of Conduct. Our fundamental philosophy for quality assurance activities is outlined in the Quality Assurance Standards in our corporate regulations, and each of our employees pursues quality assurance activities according to this approach.

Maintaining the values of Harmony, Sincerity, and Pioneering Spirit that comprise the Hitachi Founding Spirit, as well as adhering to basics and ethics and putting right and wrong before profits and losses, we place great emphasis on Sincerity in quality assurance activities as part of earning trust in our products.

One integral aspect of this is our unique and longstanding practice of ochibo hiroi, which means “gleaning” in English and involves learning from failure to further develop our technologies. When an incident occurs, our executive officers take the lead in examining things from the customer’s perspective, not only investigating the technical causes but also thoroughly discussing the process, framework, and motivating factors leading up to occurrence, along with ways to prevent reoccurrence, in order to improve our product reliability and customer satisfaction.
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 include information on the two themes of clarifying product-specific laws (the product-specific laws map) and regulatory compliance activities and continuous improvement of processes, based on our product compliance management system.

Product Safety Activities

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.

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. We also conduct risk assessments from a wide perspective in collaboration with related business units and research laboratories. In responding to these risks, we ensure safety by means of measures to reduce risk through design (fundamental safety design), protective measures (safeguards), and usage information (product manuals), in order of priority.
We conduct product safety risk assessment as well as testing worst-case scenarios—for example, deliberately setting a fire inside a consumer appliance 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.

Handling Product Accidents

When a product accident occurs, the division responsible acts swiftly to resolve the problem and ensure absolute safety 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.

When we determine that retroactive action is necessary, we notify customers via newspaper advertising and websites in order to carry out the necessary repair or replacement program.

Response Flow in the Event of Product Accident
Quality and Reliability Education

We conduct field-specific 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.

Global Quality Assurance Activities

In order to expand our fundamental principles for quality assurance activities around the globe, we have created Global Quality Assurance Standards and are strengthening global governance across the entire Group.

Specifically, we are carrying out quality activities globally by sharing our principles, as described in the Hitachi Group Codes of Conduct and the Hitachi Founding Spirit, as well as through accident prevention activities, recurrence prevention activities, and personnel training activities.

Rigorous Information Management

Information Management Policies on the Use of 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 Social Media Policy and other policies, which are shared globally. The Hitachi Social Media Policy is an umbrella term that includes the Communication Guidelines, which stipulate policies on the use of social media; the Communication Guidelines for Employees, which specify how employees should approach the use of social media, including rules to be followed and proscribed types of activity; and the Operation Manual, which provide specific information on the operation of social media. An e-learning tool is also available in Japanese, English, and Chinese to deepen understanding of how social media should be approached and its risks addressed.

Personal Information Protection Policy

Hitachi, Ltd. has established a personal information protection management system based on its 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.

Management Framework for Customer Information

Hitachi's customer relations management framework, HiCRM, 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. Going forward, we will consider rolling out the system more aggressively across the Group.

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.
Use of Personal Data and Protection of Privacy

Hitachi’s Approach to the Use of Data and the Protection of Privacy

The term “personal data” has come to be used to mean any data associated with individuals, such as location information and purchase history, irrespective of whether or not such data can legally be defined as “personal information.” The use of personal data can be expected to create value going forward, but the privacy of individuals must also be considered carefully. In addition, as the amount of personal data collected continues to increase in the IoT era, risks related to privacy are also likely to change.

In order to create value through safe and secure use of personal data, in 2014 we began efforts to protect privacy in the use of such data, mainly in departments related to information and telecommunications systems.

Framework for Implementing Privacy Protection

In departments related to information and telecommunications systems, which lead our digital business, we have assigned a personal data manager responsible for managing privacy protection and established a privacy protection advisory committee to support risk assessments and develop countermeasures based on knowledge and expertise of privacy protection. Under this system, our employees implement privacy impact assessments for processes where personal data will be handled and take measures to prevent privacy violations. When employees find it difficult to assess risks on their own, or conclude that risks of privacy violation are high, the privacy protection advisory committee will extend support to deal with the case and help reduce risks.

Responding to Personal Data Protection Laws Around the World

With the increasing risk of privacy violation in recent years due to the advent of the digital age following advances in IT and the globalization of socio-economic activities, lawmakers are actively seeking to create and modify relevant laws and legislation in countries and regions around the world. The Hitachi Group pays close attention to relevant laws and legislation on a global basis, including the European General Data Protection Regulation (GDPR), making efforts to comply with them across the Group. It also monitors relevant legislation and social trends and takes action in response when necessary.
Seeking to Ensure the Safety and Security of Consumers and Customers

Objectives, Activities, and Achievements

To meet consumers’ expectations around privacy protection, Hitachi regularly conducts consumer opinion surveys on the use of personal data in big data businesses in order to understand changing consumer perceptions and take them into consideration when updating privacy protection measures.

Hitachi has conducted privacy impact assessments in many business fields. In fiscal 2018, we conducted 180 assessments in a wide range of fields, including finance, public services, social infrastructure, and industry/logistics. In order to leverage the expertise built on these experiences when conducting business with our customers and promote social consensus on the use of personal data, we have made publicly available a whitepaper on Hitachi’s privacy protection initiatives in the use of personal data, which summarizes our privacy protection efforts.

Customer Satisfaction

Hitachi’s CS Improvement Approach

Using the Customer Satisfaction Management Guidelines, one of the pillars of the company’s business management, Hitachi continues to improve customer satisfaction (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

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 constantly evaluating the acceptability of expressions used in advertisements, in collaboration with a division that stands independent of the ad production line. 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, where languages and customs vary, we strive to ensure appropriate advertising activities by confirming all items on the checklist included in the guidelines.

Framework for Reflecting Customers’ Voices

The sales and marketing divisions at Hitachi, Ltd. use 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 CS.

We hold executive seminars for local customers at our operations across Japan. 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 and outside Japan, 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. In Japan, project leaders invite customers to their research labs and show them exhibits of products and systems currently being developed. This program provides opportunities for researchers to speak directly with customers, contributing to collaborative creation of new businesses based on customer needs and Hitachi technology.

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. In fiscal 2018 we had 3,831 customer inquiries globally.

As one initiative, we have been holding the Web Inquiry Responsiveness Improvement Course since fiscal 2009. In fiscal 2018, 32 Hitachi Group company employees took the course (bringing the cumulative total to 827 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.

Customer Survey by Information and Telecommunication Business

The Systems & Services Business at Hitachi, Ltd., which provides information and telecommunication systems, has been conducting a customer survey regularly since 1995 with the aim of accelerating collaborative creation with customers and providing better solution services.

The survey seeks customers’ views and opinions on sales personnel, engineers, and maintenance staff and their expectations for Hitachi. Overall evaluation results and individual customer opinions are shared with relevant divisions centered on responsible sales divisions and used to improve daily activities and actions and build business, sales, and product strategies.

In the Customer Satisfaction Survey 2018–2019 published in the September 13, 2018, issue of Nikkei BP’s Nikkei Computer, we were ranked top in five categories: IT consulting and upper-stream design services, system development-related services, PC servers, enterprise servers, and integrated operation management software.

Improving CS 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 2.22 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)

Flow of Customer Service

Results of Evaluation Survey for Customer Repair Services (CS)

Note: Evaluation survey for fiscal 2018 carried out in June–July 2018 (35,400 respondents; 32.8% response rate) and December 2018–January 2019 (28,800 respondents; 33.8% response rate).