Value Chain Management

With the globalization of the Hitachi Group’s businesses, procurement risks are also increasing in supply chains. That is why we are going beyond merely understanding and mitigating supply chain risks to pursue sustainable procurement instead. We recognize that we must actively work with our procurement partners to improve social, environmental, and economic value for our customers, and we are working with procurement partners to achieve carbon neutrality throughout our value chain as well.

Hitachi was founded on the principles of “Harmony, Sincerity, and Pioneering Spirit.” We ensure product quality and safety by adhering to these principles, along with the basics and ethics, and by putting right and wrong before profit and loss. All employees embrace our policy of making quality and reliability a top priority, and this strengthens our quality assurance activities. By continuing to provide high-quality, thoroughly safe products, Hitachi will maintain the trust of customers and society.

---

**Why**

**Responsible Procurement**

- Implementing sustainable procurement
- Encouraging procurement partners to reduce their environmental load
- Implementing procurement BCP initiatives
- Responding to the conflict minerals issue

**Policy and promotion structure**

Positioning the Hitachi Group Global Procurement Code as the highest code, Hitachi promotes sustainable procurement based on the Hitachi Group Sustainable Procurement Guidelines and other accompanying guidelines. Also, our Value Integration Division, which reports directly to the President & CEO, discusses sustainable procurement policies and initiatives, and the actions they decide on are thoroughly disseminated throughout the Hitachi Group by the Sustainable Procurement Conference, which includes the heads of procurement divisions at Business Units (BUs) and major Group companies. In fiscal 2021, we established the new Sustainable Procurement Office to strengthen sustainability activities pursued in cooperation with our procurement partners.

**How**

**Achievements in FY 2021**

- Revised the Hitachi Group Sustainable Procurement Guidelines and distributed them to procurement partners to raise awareness of them as a code of conduct for procurement partners.
- Assessed and analyzed the status of procurement partners’ sustainability initiatives through surveys with a focus on human rights and environmental risk assessment.
- Conducted sustainability audits of procurement partners in China and other Asian countries (Target: 25 companies).
- Held sustainable procurement seminars online on Hitachi Group sustainability initiatives for procurement partners (Target: 359 companies in China and the rest of Asia).
- To coincide with COP26, organized “Towards Net Zero—Hitachi Value Chain Innovators,” an online event concerning value chains.
- Received the highest rating for CDP supplier engagement.
- Revised the Hitachi Group’s Conflict Minerals Procurement Policy to formulate the Hitachi Group’s Policy for Responsible Supply Chain of Minerals in response to the expanded scope of responsibilities expected of companies in their procurement of minerals.

Note: Hitachi normally refers to its suppliers (including vendors or providers) as “procurement partners” who build business together on an equal footing.

---

**Relevant SDGs**

- GRI 103-2
- Implementing sustainable procurement
- Encouraging procurement partners to reduce their environmental load
- Implementing procurement BCP initiatives
- Responding to the conflict minerals issue

---

**Social**

- Innovation Management
- Human Capital
- Human Rights
- Value Chain Management
  - Executive Summary
  - Responsible Procurement
  - Quality and Product Safety Management
  - Customer Satisfaction

**Community**

- Social Data
### Quality and Product Safety Management

<table>
<thead>
<tr>
<th>What we are doing</th>
<th>How we are doing it</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engaging in quality assurance activities</td>
<td>Ensured technical law compliance</td>
</tr>
<tr>
<td>Commissioning external audits concerning product quality assurance</td>
<td>Pursued thorough safety design and safety monitoring for products and services</td>
</tr>
<tr>
<td>Acquiring international standards certification for our quality management system</td>
<td>Commissioned regular external audits concerning product safety</td>
</tr>
<tr>
<td>Providing quality and reliability education</td>
<td>Surveyed the number of certified business sites</td>
</tr>
<tr>
<td>Acting to provide product safety</td>
<td>Provided various forms of training and education in accordance with the target recipients</td>
</tr>
<tr>
<td>Responding when incidents occur</td>
<td></td>
</tr>
</tbody>
</table>

### Customer Satisfaction

<table>
<thead>
<tr>
<th>What we are doing</th>
<th>How we are doing it</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementing initiatives to improve communication with customers</td>
<td>Dedicated account managers serve as gateways for corporate customers to deal with Hitachi Group companies in Japan. The entire Group works with these managers to build even closer relationships with clients and to improve customer satisfaction (CS).</td>
</tr>
<tr>
<td>Conducting digital marketing</td>
<td></td>
</tr>
<tr>
<td>Engaging in advertising activities</td>
<td>Held seminars and forums to improve CS</td>
</tr>
<tr>
<td>Providing comprehensive customer support online</td>
<td></td>
</tr>
<tr>
<td>Engaging in activities to improve customer satisfaction (CS) regarding home appliances</td>
<td>Promoted communication activities based on our Advertisement Guidelines and Social Media Policy</td>
</tr>
<tr>
<td>Activities to improve CS regarding home appliance</td>
<td>Conducted a CS survey using the evaluation survey for customer repair services (Satisfaction rate: 95.4%)</td>
</tr>
</tbody>
</table>
Responsible Procurement

Basic Procurement Guidelines

We believe that putting sustainability at the core of our business throughout our value chain will lead to mutual prosperity for procurement partners and the Hitachi Group. We are also working to proactively identify and mitigate procurement risks.

Hitachi instituted the Hitachi Group Global Procurement Code. This is our highest code for procurement activities. It calls on Group companies and procurement partners to give due consideration to human rights, labor practices, safety, ethics, quality, and security in the supply chain. Procurement partners are also selected strictly in accordance with the code's provisions.

We also established the Hitachi Group Sustainable Procurement Guidelines, which are a code of conduct for procurement partners. We aim to develop sustainable business and society together with procurement partners by promoting procurement activities that adhere to this code.

Sustainable Procurement Management Framework

Policies and initiatives related to sustainability are discussed within Hitachi’s Value Integration Division, which reports directly to the President & CEO of Hitachi, Ltd. Policies and initiatives adopted after this discussion are thoroughly disseminated throughout the Hitachi Group through the Sustainable Procurement Conference, which includes the heads of the procurement divisions at Business Units (BUs) and major Group companies. We established the Sustainable Procurement Office in fiscal 2021 to strengthen our sustainability activities in coordination with procurement partners. This division takes the lead in planning and formulating sustainable procurement measures in close cooperation with stakeholders both inside and outside of the company. It also promotes these activities by cooperating with Hitachi Group procurement divisions both inside and outside of Japan.

Note: Hitachi normally refers to its suppliers (including vendors or providers) as “procurement partners” who build business together on an equal footing.
Implementing Sustainable Procurement

Hitachi is implementing the following wide variety of initiatives to promote and ensure sustainable procurement. And, when we start to do business with new procurement partners, we work to enhance risk management by making careful selections based on the Hitachi Group Global Procurement Guidelines, and distributing the Hitachi Group Sustainable Procurement Guidelines to each partner.

Making the Hitachi Group Sustainable Procurement Guidelines Known to All
The Hitachi Group Sustainable Procurement Guidelines, revised in July 2021, informs procurement partners what we want them to comply with. The contents fall into seven major categories: labor, health and safety, environment, business ethics, management system, product quality and safety, and prevention of personal and confidential information leakage. It is also positioned as a communication tool to inform procurement partners about Hitachi Group initiatives, and describes our policies and initiatives related to sustainability.

We make these guidelines available in four languages (Japanese, English, Chinese, and Thai), and distribute them to approximately 30,000 procurement partners. We also ask for compliance and continually explain the contents through sustainable procurement seminars.

Sustainability Monitoring of Procurement Partners
With the purpose of risk management and engagement with procurement partners, the Hitachi Group evaluates and analyzes the state of sustainability initiatives by procurement partners through surveys. In fiscal 2021, we focused on human rights and environmental risk assessment.

• Human Rights Initiatives Survey
As part of human rights due diligence (HRDD) initiative in fiscal 2021, we conducted a survey of efforts to address forced labor and violations of the rights of migrant workers, which we have defined as a human rights risk that the entire Hitachi Group should handle. In this survey, 2,524 procurement partners performed self-evaluations concerning initiatives related to (1) labor, (2) health and safety, and (3) a point of contact for reporting. After analyzing the results of the survey, we provided feedback to the procurement partners.

Details of Feedback
(1) Introduction to Hitachi Group initiatives and approach to human rights (Familiarization with Hitachi Group Human Rights Policy)
(2) Survey results and analysis
(3) Approach to measures addressing key points
(4) Request for efforts toward remedy and improvement

• Environmental Initiatives Survey
In fiscal 2021, we selected approximately 1,000 procurement partners which accounts for 70% of our procurement spending (excluding publicly listed subsidiaries), to be environmental focus partners, then carried out a survey of environment-related initiatives. We received replies from 708 companies about the status of: (1) establishment of a policy on climate change, (2) efforts to reduce greenhouse gas emissions, and (3) measurement of energy consumption. Based on the information we obtained through this survey, we intend to move forward with sharing issues and pursuing concrete CO2 reduction measures through dialogue with a number of procurement partners who are implementing advanced initiatives, and encouraging lessons and successful practices developed through this initiative to be adopted and applied by our environmental focus partners.

Starting in fiscal 2022, we have adopted the EcoVadis™ third-party evaluation platform for monitoring and evaluating the sustainability performance of our procurement partners. We are working towards further strengthening engagement with our procurement partners.

Conducting Sustainability Audits
Hitachi, Ltd. has been auditing the manufacturing bases of its and Group companies’ procurement partners in China and other Asian countries. For these audits, we engaged external evaluators such as auditing company Intertek Certification. Our audits are based on the international SA8000 certification standard developed by Social Accountability International (SAI). These audits investigate our workplace practices, and a Responsible Business Alliance (RBA)-recognized auditor checks procurement partners’ sustainability initiatives from the perspectives of labor and human rights, health and safety, the environment, and ethics. Procurement partners needing improvement were requested to submit improvement action plans, and Hitachi, Ltd., together with Group companies, will work with and advise the procurement partners 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.
In fiscal 2021, audits were conducted of 25 procurement partners in China and other Asian countries. Though there were no significant violations, minor problems with the following issues were identified for some procurement partners, which they were asked to remedy accordingly.

- Provision of emergency exits
- Management of overtime hours
- Construction of frameworks for initiatives that promote human rights
- Identification of physically demanding tasks such as work that requires standing for long hours

### Holding Sustainable Procurement Seminars for Procurement Partners

We held sustainable procurement seminars in an effort to deepen procurement partner understanding of Hitachi policies and the importance of sustainability.

### Activities in 2021

To prevent the spread of COVID-19, in fiscal 2021 we held these seminars online for partners in China and other Asian countries just as we did in fiscal 2020.

Our seminars in China were attended by approximately 200 people from 133 companies. We explained policies and measures for sustainable procurement activities, including carbon neutrality and HRDD. We also asked partners to comply with the Hitachi Group Sustainable Procurement Guidelines.

Our seminars in other Asian countries were attended by approximately 300 people from 226 companies. We shared the details of our Group-wide sustainable procurement activities, and invited two experts in human rights and environmental issues as guest lecturers to conduct training on the importance of sustainability (latest trends, specific approaches to human rights and environmental initiatives, etc.). We also shared the results (average score) of the sustainability monitoring for each item, and worked to raise awareness to strengthen the sustainability activities at each company.

### Strengthening Global Partnerships

With the worldwide expansion of Hitachi’s business, our procurement partners have become increasingly globalized as well, and we now have dealings with around 30,000 procurement partners in over 60 countries. Accordingly, we have appointed procurement officers to oversee procurement activities locally in China, other Asian countries, Europe, and the Americas in order to encourage procurement from locally based partners in line with the principle of promoting local production for local consumption. These officers carry out activities such as sustainability monitoring, sustainability audits, and sustainable procurement seminars for procurement partners in their respective regions to strengthen sustainable procurement.

Local procurement officers in China 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 which have transactions with these enterprises but also for urging the enterprises themselves to make improvements.

### Note

Hitachi normally refers to its suppliers (including vendors or providers) as “procurement partners” who build business together on an equal footing.

---

**Rate of Local Procurement of Materials for Main Regions (Fiscal 2021)**

<table>
<thead>
<tr>
<th>Region</th>
<th>Rate of Local Procurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>95%</td>
</tr>
<tr>
<td>Other Asian countries</td>
<td>87%</td>
</tr>
<tr>
<td>Europe</td>
<td>83%</td>
</tr>
<tr>
<td>Americas</td>
<td>83%</td>
</tr>
</tbody>
</table>

Note: Hitachi normally refers to its suppliers (including vendors or providers) as “procurement partners” who build business together on an equal footing.
Encouraging Procurement partners to Reduce their Environmental Load

**Policy**

Sharing Our Green Procurement Guidelines and Related Initiatives
We distribute the Green Procurement Guidelines that define our basic position on procuring environmentally friendly parts and products as well as our requirements of procurement partners. The guidelines set out requirements, such as establishing environmental management and recommend obtaining environmental certificates. They also include environmental conservation—reducing the impact of products supplied to Hitachi, such as conserving resources and energy, recycling, managing chemical substances in products, and fully disclosing related information.

To address the issue of chemical substances in products, we recommend using chemSHERPA CI/AI, a standardized format for communicating information on chemical substances in products throughout the supply chain.

*1 chemSHERPA: Developed by the Japanese Ministry of Economy, Trade and Industry to facilitate the management of chemical substances in products by creating a standardized format throughout the supply chain. The chemSHERPA-CI standard is applicable to chemical substances contained in chemical products and chemSHERPA-AI to those contained in molded products.

**Activities**

Expanding Our Green Purchasing Rate for Office Supplies
We are working to expand the green purchasing rate*¹ for office supplies Group-wide. We are striving to increase the number of items eligible for green purchasing, and encouraging our employees to purchase them.

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

Received the Highest Rating for CDP Supplier Engagement
Hitachi, Ltd. was recognized for its efforts to realize a net-zero society, including the reduction of CO₂ emissions throughout its supply chain. The CDP, an international NGO working in the environmental sector, selected the company as a Supplier Engagement Leader, which is their highest rating for supplier engagement.*¹

*¹ Supplier Engagement Rating: Used to evaluate corporate supply chain engagement on climate issues, and select companies with particularly outstanding initiatives as Supplier Engagement Leaders.

Procurement BCP Initiatives

We are working to enhance procurement-related business continuity plans (BCPs) across Group companies worldwide to ensure that significant incidents*² do not disrupt our business and seriously impact society.

*² Events such as natural disasters (including major earthquakes) serious enough to disrupt business.

Note: Hitachi normally refers to its suppliers (including vendors or providers) as “procurement partners” who build business together on an equal footing.
Response to the Conflict Mineral Issue

System and Initiatives
Sales divisions, business groups, manufacturing sites, procurement divisions, and other divisions within individual BUs and Group companies work together to respond to investigation requests and inquiries relating to conflict minerals. We also strive to grasp developments in conflict minerals-related laws and regulations in each country and region and what global society demands of enterprises, and work to share information within the Group.

Each BU 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 BUs and Group companies’ sales, procurement, and Sustainability divisions. In addition, Hitachi, Ltd. is a member of the Japan Electronics and Information Technology Industries Association (JEITA)’s Responsible Minerals Trade Working Group. This working group has been addressing the issues of conflict minerals with other members of the association. In June 2021, the working group held an online information session targeted at personnel in-charge of investigation of conflict minerals at companies and organizations that face common issues related to Responsible Minerals. The working group explained the background behind responsible minerals to 1,700 people.

Employee Education
In 2021, about 270 employees participated in the Hitachi Group Conflict Minerals Seminar, which was held for the sales, procurement, and Sustainability divisions of our BUs and Group companies, with the aim of enhancing our Group response to conflict minerals issues. A visiting lecturer gave talks to deepen understanding of human rights violations in mineral producing countries (which are the root cause of the conflict minerals problem), risk of corporate complicity, regulatory trends relating to conflict minerals, the Conflict Minerals Reporting Template (CMRT), and the Hitachi Group’s Policy the Responsibility Supply Chain of Minerals.
Quality and Product Safety Management  

**Approach to Quality Assurance Activities**

**Approach**

Hitachi was founded on the principles of “Harmony, Sincerity, and Pioneering Spirit.” We ensure product quality and safety by adhering to these principles, along with the basics and ethics, and by putting right and wrong before profit and loss. We engage in quality assurance activities through our unique practice of OCHIBO-HIRIOI, which means “gleaning” in English and involves analyzing and learning from failure to further develop our technologies.

As stipulated in the Hitachi Group Codes of Conduct, we aim to provide products and services that meet the needs and requirements of our customers, complying with relevant laws and standards and ensuring quality and safety by setting additional standards of our own where necessary. We strive to ensure quality and safety by setting independent standards as necessary, in addition to complying with all relevant laws and standards. The Quality Assurance Standards in our corporate regulations also set out our basic principles for quality assurance and aim to promote employees’ awareness of them.

Hitachi promotes internal awareness of product regulations, compliance and implementing continuous process improvements with our product compliance management system. We are also strengthening governance by giving greater authority to the Corporate Quality Assurance Group.

Against a backdrop of the increased number of mergers and acquisitions outside Japan, in recent years, we have been working to strengthen our global quality assurance framework as a high-priority initiative. Specifically, we are promoting awareness of Hitachi's basic principles of quality assurance globally, receiving incident reports from Group companies outside Japan, and, as in Japan, we are also establishing international quality assurance reporting lines that are independent of the business divisions, as well as practicing OCHIBO-HIRIOI.

**Quality Assurance Structure**

 HITACHI's basic principles of quality assurance globally, receiving incident reports from Group companies outside Japan, and, as in Japan, we are also establishing international quality assurance reporting lines that are independent of the business divisions, as well as practicing OCHIBO-HIRIOI.

**Global Quality Assurance Framework**

*Approach*

Hitachi was founded on the principles of “Harmony, Sincerity, and Pioneering Spirit.” We ensure product quality and safety by adhering to these principles, along with the basics and ethics, and by putting right and wrong before profit and loss. We engage in quality assurance activities through our unique practice of OCHIBO-HIRIOI, which means “gleaning” in English and involves analyzing and learning from failure to further develop our technologies.

As stipulated in the Hitachi Group Codes of Conduct, we aim to provide products and services that meet the needs and requirements of our customers, complying with relevant laws and standards and ensuring quality and safety by setting additional standards of our own where necessary. We strive to ensure quality and safety by setting independent standards as necessary, in addition to complying with all relevant laws and standards. The Quality Assurance Standards in our corporate regulations also set out our basic principles for quality assurance and aim to promote employees’ awareness of them.

Hitachi promotes internal awareness of product regulations, compliance and implementing continuous process improvements with our product compliance management system. We are also strengthening governance by giving greater authority to the Corporate Quality Assurance Group.

Against a backdrop of the increased number of mergers and acquisitions outside Japan, in recent years, we have been working to strengthen our global quality assurance framework as a high-priority initiative. Specifically, we are promoting awareness of Hitachi's basic principles of quality assurance globally, receiving incident reports from Group companies outside Japan, and, as in Japan, we are also establishing international quality assurance reporting lines that are independent of the business divisions, as well as practicing OCHIBO-HIRIOI.

**Quality Assurance Activities**

*Activities*

We are strengthening the organization and management, technology, and human capital aspects of our quality assurance activities in every process—from planning and development to design, manufacturing, testing, delivery, and maintenance. Furthermore, under our approach of “making prevention the duty of quality assurance,” we are going beyond the strengthening of reoccurrence prevention and striving to prevent incidents from occurring in the first place.

**Technical Law Compliance Activities**

Hitachi promotes internal awareness of product regulations, amendment trends, and enforcement dates in each country and region. We also work to clarify product-specific laws (with our product-specific laws map) as well as promoting regulatory compliance and implementing continuous process improvements with our product compliance management system.
Thorough Safety Design and Safety Monitoring for Products and Services
When developing products, Hitachi makes the safety of our customers’ lives, health, and property the top priority in product design and works to ensure safety at every step, from development and production to sales and maintenance. We strive to ensure safety through risk reduction according to the following order of priority: design (fundamental safety design), protective measures (safeguards), and usage information such as user instruction manuals. Also, we conduct risk assessments from a wide perspective in collaboration with related BUs and research laboratories.

External Audits of Product Quality Assurance
For certified products and other products, Hitachi has been commissioning regular external audits of product safety. Relevant marks indicate products that have received certification. Periodic external audits are conducted following certification, as well, to confirm the validity of their quality maintenance.

The S-Mark: Indicates third-party certification for electronics based on a certification system administered by the Steering Council of Safety Certification for Electrical and Electronic Appliances and Parts of Japan (SCEA).

The UL Mark: Indicates compliance with safety standards established by UL Solutions, a safety certification company.

International Standards Certification for Our Quality Management System
Hitachi’s quality management system has acquired certification from an external certifying organizations. We are committed to effectively applying the findings of third-party evaluations to our activities as well.

We have also obtained quality management system certification for each of our product categories worldwide. The chart below shows a representative sample.

<table>
<thead>
<tr>
<th>Category</th>
<th>Name of standard</th>
<th>Number of certified sites</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall quality</td>
<td>ISO 9001</td>
<td>318 sites</td>
</tr>
<tr>
<td>Railway business</td>
<td>ISO/TS 22163</td>
<td>7 sites</td>
</tr>
<tr>
<td>Medical devices</td>
<td>ISO 13485</td>
<td>13 sites</td>
</tr>
</tbody>
</table>

(Results as of the end of June 2022)

Product Safety Response when Incidents Occur
When an incident occurs, the division responsible acts swiftly to resolve the problem. We not only investigate the technical causes, but also thoroughly discuss the process, framework, and motivating factors leading up to the occurrence, along with ways to prevent reoccurrences, in order to ensure product safety.

In the case of a severe incident, we work to provide a prompt status report to top management, reports to government agencies in line with legal requirements, and relevant information disclosure to customers on our website and through other communication channels. At the same time, we have a framework in place to ensure that fast and appropriate action is implemented at all companies across the Group.

In the case 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.

Service, Software, and Security Quality Enhancement Activities
For our services business, which continues to grow in scale, we have established a Service and Software Quality Enhancement Division and are sharing quality activities and current challenges. We are also applying our solutions division’s software development capabilities and reliability enhancement expertise to assist our product divisions (embedded software development divisions) in enhancing the reliability of embedded software as the field becomes more advanced and complex.

Quality and Reliability Education
Hitachi regularly provides various forms of education and training related to quality and reliability, including the safety of products and services, depending on the target employees. In addition to implementing e-learning courses on Hitachi’s philosophy regarding quality for all employees, quality assurance is also featured as a theme in position-specific and executive-oriented training, as well as new employee education. In addition, we conduct field-specific technical lectures for engineers engaged in MONOZUKURI (manufacturing) at a range of levels from basic to expert. Each BU also conducts specialized technical courses regarding manufacturing, quality assurance, and maintenance at their quality assurance training centers.
Reoccurrence Prevention Measures in Response to Inappropriate Conduct Discovered by Hitachi Astemo

Hitachi Astemo, discovered inappropriate conduct, such as issues involving periodic testing of some of the brake components manufactured at its Yamanashi Plant (Minami-Alps City, Yamanashi Prefecture) and suspension components manufactured at its Fukushima Plant (Koori Town, Date District, Fukushima Prefecture), based on information that was shared by an employee.

We sincerely apologize for the significant inconvenience we may have caused our customers and concerned parties. At Hitachi Astemo, to ensure such incidents do not occur again, in April 2021, we established a new governance office to function as a headquarters and strengthen risk management in addition to a dedicated auditing organization in the Quality Management Division, and in December 2021, we established a special investigation committee through external legal counsel to investigate the facts and root causes of the issue independently and objectively. We are working to enact sweeping measures to prevent reoccurrences. Going forward, we are fully committed to strengthening compliance even further to regain the trust of our partners and customers.

Notice of Inappropriate Conduct for Certain Products, Including Unperformed Periodic Tests
Customer Satisfaction (CS)  GRI 103-2

Initiatives to Improve Communication with Customers

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Outline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive seminars</td>
<td>Strengthen ties with customers through customer-oriented seminars and use these opportunities to develop sales activity proposals that reflect customer needs.</td>
</tr>
<tr>
<td>Hitachi Social Innovation Forum</td>
<td>Encourage co-creation with customers and business partners worldwide with these events, which consist of seminars and exhibits, with the aim of realizing a sustainable society through our Social Innovation Business.</td>
</tr>
<tr>
<td>Technology Community program</td>
<td>Facilitate direct dialogue between researchers and customers regarding Hitachi's diverse range of advanced technologies and contribute to co-creation through new businesses matching Hitachi technology with customer needs.</td>
</tr>
</tbody>
</table>

Digital Marketing

Based on strict personal information-protection rules, Hitachi collects and analyzes customer information acquired from participants in various online seminars and events, and from website browsing-history data. Our digital marketing activities are used for product development, improvement of customer service, and sales promotion activities linked with a sales support system (SFA).

Advertising Activities

Because Hitachi, Ltd. believes that advertising activities must show proper consideration for society as a whole as well as comply with laws and regulations, it has established a set of Advertisement Guidelines.

To ensure that these guidelines are strictly followed at all business locations globally, even where languages and customs may vary, an Advertising Material Checklist is included. All items on the checklist are confirmed in multiple languages when creating advertisements.

When conducting communications and promotional activities on social media channels, we abide by the Hitachi Social Media Policy, which consists of the Communication Guidelines and the Guidelines for Employees, to not only protect our brand, but also to avoid violating the rights of others. It stipulates our policies for social media use and specific promotional methods.

To raise awareness of this policy among members of the company, we carry out e-learning activities in Japanese, English, and Chinese about the use of social media and addressing associated risks.

Social Media Communication Guidelines

https://www.hitachi.com/utility/socialmedia/index.html
Comprehensive Customer Support Online

Activities

Hitachi offers comprehensive global customer support on its website to respond to customer inquiries, opinions, requests, and complaints. Since fiscal 2009, we also have conducted training courses, including our Web Inquiry Responsiveness Improvement Course, to improve our handling of these inquiries. Going forward, the Hitachi Group will continue to work to strengthen and improve cooperation among Group companies in order to respond more quickly and accurately to customer feedback.

Customer Support Activities in Fiscal 2021

Table: Web Inquiry Responsiveness Improvement Course attendees

<table>
<thead>
<tr>
<th>Course Type</th>
<th>Attendees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not held in fiscal 2021 due to the pandemic (2019-2021)</td>
<td>868 attendees</td>
</tr>
</tbody>
</table>

Activities to Improve Customer Satisfaction Regarding Home Appliances

Activities

The Home Appliances Customer Satisfaction Division provides services and solutions to improve the quality of life for people of all ages and regions. In Japan, these initiatives are carried out under the slogan, “360° Happiness: More smiles to life for one and all.”

The call centers and websites for the Customer Support Center (no repair) and Repair Contact Center handle about 2.09 million customer inquiries, repair requests, and complaints about washing machines, refrigerators, and other appliances per year. We have undertaken a number of initiatives to better respond to inquiries and to reflect customer feedback in our MONOZUKURI (Manufacturing), including improving the call center call completion 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 after-sales services through CS training courses and other programs. In fiscal 2021, more than 20,000 customers responded to the questionnaire, and 95.4% of them expressed satisfaction with our customer service.

Flow of Customer Service

Diagram: Flow of information

Results of Evaluation Survey for Customer Repair Services (CS)

Table: Customer Contact Cases, Call Completion Rate at Customer Support Center (12-Month Average)

<table>
<thead>
<tr>
<th>Year</th>
<th>Repair Request</th>
<th>Repair</th>
<th>Repair Request</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>97.3%</td>
<td>97.3%</td>
<td>96.5%</td>
</tr>
<tr>
<td>2018</td>
<td>94.6%</td>
<td>94.6%</td>
<td>94.6%</td>
</tr>
<tr>
<td>2019</td>
<td>95.4%</td>
<td>95.4%</td>
<td>95.4%</td>
</tr>
<tr>
<td>2020</td>
<td>97.3%</td>
<td>97.3%</td>
<td>97.3%</td>
</tr>
<tr>
<td>2021</td>
<td>97.3%</td>
<td>97.3%</td>
<td>97.3%</td>
</tr>
</tbody>
</table>

Notes: Target scope: Customers for whom repair services are provided (approx. 1.04 million cases a year)
Survey response rate: 52% (203,120 responded out of a total of 396,230)
Questions: How satisfied were you with the service from the repair request to completion?
Responses: Satisfied/Somewhat satisfied/Somewhat dissatisfied/Dissatisfied (4 levels)
Satisfaction level: Percentage of respondents who answered “Satisfied” or “Somewhat satisfied”