

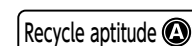
Corporate Social Responsibility Report 2017



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Top Message

Introduction

Hirata Corporation, as of June 15, 2017, changed its stock market listing to the First Section of the Tokyo Stock Exchange.

We take this opportunity to express our sincere gratitude to all related parties, including shareholders and business partners, for their support.

We will accept the challenge of creating new manufacturing opportunities as a company that contributes to society and turns our customers' desires into reality while also, as a Kumamoto-based company listed with the First Section of the Tokyo Stock Exchange, aiming to both accelerate the recovery of Kumamoto and increase corporate value.

We look forward to your continued support and guidance.

Together with stakeholders

FY2016 became an unforgettable year for us.

The Kumamoto earthquakes that occurred in April 2016 caused damage to our plant when part of the ceiling peeled off and some component processing machines required adjustment, but the effect on our production capacity was negligible.

However, since many employees as well as our business partners and affiliated companies were also affected by the earthquakes, we had to continue production during the upheaval.

In such circumstances, we received heartfelt

messages of encouragement and support from all quarters, and we once again gratefully acknowledge the support from our many stakeholders - enabling Hirata Corporation to continue its business operations. We sincerely appreciate your continuing support and the encouragement we have received.

In June 2016, we relocated our head office from Tokyo to Kumamoto for the first time in 35 years, aiming to assist the restoration of Kumamoto, our birthplace, which was heavily damaged by the earthquakes.

We will make every effort to work with local communities in the development of Kumamoto under the slogan "from Kumamoto to the world".

Aiming at sustainable growth

In FY2016, the second year of the mid-term management plan (FY2015 to FY2017), we recorded the highest ever consolidated net sales of 80.5 billion yen.

We sincerely thank our stakeholders for their support.

"Efforts for globalization", one of pillars of the mid-term management plan, is the top priority issue for Hirata Corporation, whose delivery points for equipment are mostly overseas.

In FY2016, we promoted group-wide globalization by implementing a system of mutual personnel rotations between overseas subsidiaries and Hirata Corporation.

In order to increase order volume and strengthen

cost-competitiveness, we are also focusing on the expansion of business in our global markets by taking appropriate measures, such as increasing the ratio of local procurement and local production through cooperation and collaboration with overseas subsidiaries.

In keeping with expansion of our business operations, enhancing corporate governance, compliance and risk management systems becomes important.

We could minimize the impact of the Kumamoto earthquakes on our business activities by putting the BCP (Business Continuity Plan) into practice.

We will further strengthen our systems by incorporating lessons learned from these earthquakes.

We will enhance value in all stakeholders and increase profits by making sustainable growth decisions, pursuing manufacturing capability, enhancing management and by returning profits to stakeholders, thereby fulfilling our social responsibilities.

Conclusion

In the future, Hirata Corporation, as a company listed with the First Section of the Tokyo Stock Exchange, aspires to contribute to society by aiming for sustainable development and a close cooperative relationship with more of our stakeholders.

We appreciate your continued support and cooperation in our endeavors.



President
Yuichiro Hirata

Editorial Policy

In order to inform the business activities of Hirata Corporation and the relationships with our stakeholders, we hereby issue the CSR Report 2017.

By closer communications with stakeholders through the Report, we will improve our activity level. We truly appreciate your direct opinions and comments.

Scope of report

Target Period: FY 2016 (April 1, 2016 – March 31, 2017)

Organization: Hirata Corporation, non-consolidated (consolidated results are added to the changes in business results)

Published: July 2017 (Next scheduled report: June 2018)

Reference Guidelines: GRI "Sustainability Reporting Guidelines 4."

The Ministry of the Environment, Environmental Report Guidelines (2012 edition)

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Management Philosophy, CSR Policy



Under the management philosophy and CSR policy, Hirata Corporation will continue to contribute to developing a sustainable society, cooperating and providing mutual support with our many stakeholders to conduct business activities and activities of every single employee.

Management Philosophy

- MAKES THE BEST USE OF ITS MEMBERS.
- CHALLENGES TECHNICAL INNOVATION.
- RESPECTS HUMANITY.
- OPENS THE DOOR TO THE CREATIVE LIFE.
- CONTRIBUTES TO THE SOCIETY.
- MAKES OUR CUSTOMERS SUCCESSFUL.

CSR Policy

1 Through technological innovations, we manufacture products that contribute to social development.

By realizing customers' desire for quality, safety, and productivity, we will meet these expectations of society through our ceaseless technological innovations.

2 We respect human rights of all persons who are involved with our company.

We respect the individuality and personality of everyone involved with our company and will build a workplace, where employees can feel pride and satisfaction in their job.

3 We comply with related laws, social norms and internal regulations and carry out fair and impartial business activities.

We carry out fair and impartial business activities in compliance with laws, etc., and secure transparency through timely and appropriate information disclosure. Through these activities, we maintain a sound investment environment.

4 We build up appropriate relationships with all stakeholders.

We formulate appropriate relationships based on mutual trust with all stakeholders, and business partners and will cooperate with each other for sustainable growth.

5 We make efforts to protect the environment and contribute to society through all corporate activities.

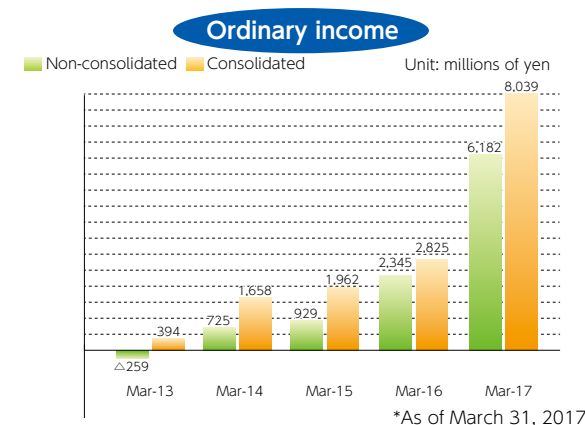
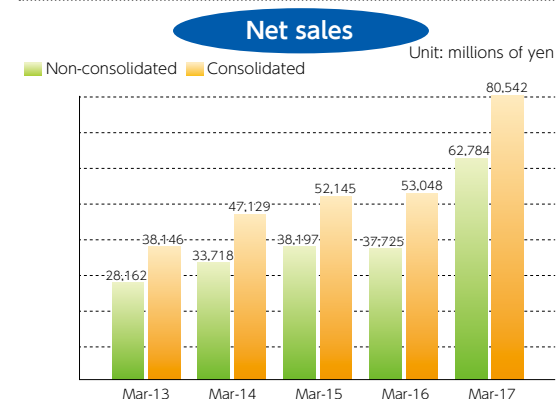
By striving to protect the environment, we ensure a safe and healthy life for local residents and will actively contribute to the society.

Overview of Company and Business



Company Name	Hirata Corporation
Headquarters	111 Hitotsugi, Ueki, Kita, Kumamoto, 861-0198 Japan TEL:81-96-272-0555 FAX:81-96-272-7901
Representative	President and Representative Director Yuichiro Hirata
Date Established	Dec. 29, 1951
Accounts Closed	Mar. 31 (annually)
Employee Number	Consolidated 2,111 employees (1,710 employees full-time) Non-consolidated 1,325 employees (990 employees full-time)
Capital	2,633 million yen
Stock Exchange Listings	Tokyo Securities Exchange The First Section of the Tokyo Stock Exchange (Code: 6258) *Changed stock market listing on June 15, 2017
Issued Number of Shares	10,756,090 shares
Number of Shareholders	3,829 people
Production base	Kumamoto prefecture: Kumamoto Plant, Kumamoto East Plant, Kusuno Plant, Shichijo Plant Tochigi prefecture: Kanto Plant Shiga prefecture: Kansai Plant

Business Results



Products Information



Main Product Line Introduction

Automotive Production Equipment Business

We engage in the manufacturing and sales of a wide range of products and major components from our facilities, such as engines called power-train and main components for the power transmission/driving of transmissions, as well as electronic devices controlling computers, automotive electronic components for various types of sensors, air compressors for air conditioners, ABS brake modules, motors of hybrid cars and driving inverter, etc.

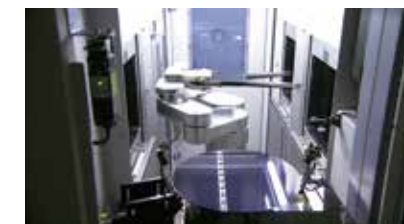


Clutch Assembly Line

Semiconductor Production Equipment Business

In the field of the semiconductor related production facility, we manufacture and sell load ports which transfer silicon wafers into individual processing devices, wafer transfer robots for atmospheric and vacuum environment, as well as EFEMs (Equipment Front End Modules) that integrates these components.

In the field of manufacturing panel devices, we manufacture and sell coating devices for panels and cutting apparatus for glasses, and vacuum platform for processing, that corresponds to the production facilities that are related to LCD screens and the organic electroluminescence (organic EL).



Wafer Transfer Robot



Coating Device



Vacuum Platform

Home Appliances and Other Production Equipment

We manufacture and sell production equipment for manufacturers of electronic and electric machinery and equipment, including such home appliances as flat TVs, refrigerators, and vacuum cleaners.

Our products adapt to automatic assembly systems with various sizes and shapes, including high-speed assembly of small condensers, incorporated into electronic components, compressors for refrigerators and air conditioners.

They also adapt to transportation equipment and manufacturing devices of automotive tires.



Automatic Assembly Systems of Home Appliances

Topics



Reports on the Kumamoto earthquakes

We report on the Kumamoto earthquakes that occurred in April 2016.

Conditions when the earthquakes occurred

A large magnitude 7 earthquake struck the Kumamoto region at 21:26 JST on April 14, 2016 (Thursday).

Though there were some employees in the office, working overtime, fortunately nobody was injured.

We conducted an investigation of buildings and equipment, but no significant damage was found except for minor cases such as the collapse of shelves and objects falling from shelves in the upper floors of buildings.

While we were relieved that the extent of damage suffered was not as serious as expected, a second magnitude 7 earthquake (the main shock) hit Kumamoto again at 01:25 JST on April 16, 2016 (Saturday).

Since the shock of the quake was bigger than the foreshock, we suffered more serious damage, such as the cracking of building walls, overturning of racks, and the failure of elevators.

However, there was little damage to production facilities and electricity was back on in a few hours. Though some turbid water was also found, there was no suspension of water supplies because we were utilizing groundwater.

We avoided any damage that may have had a devastating effect on the business continuity, and were able to continue production activities without suspending operations, while also helping with tidying up and restoration activities.

Activation of the BCP (Business Continuity Plan)

Hirata Corporation has introduced a safety confirmation system which confirms the safety and damage status of employees and their family members whenever there is an earthquake, while informing them of the Company policy that places the maximum priority on human life.

As the main shock occurred during a holiday, the BCP Secretariat and the manager of each business division confirmed the damage status of facilities and equipment, while collecting information and taking emergency measures.

Based on the information received, the person responsible for the BCP determined the actions to be taken and informed employees of the decisions made through the safety confirmation system.

We could perform all confirmation and information transmission smoothly utilizing the safety confirmation system because response training had been held twice a year.

On the first working days after the main shock, we also held an BCP emergency response meeting where we considered subsequent responses based on the safety and evacuation status of employees and their family members, as well as the state of damage to facilities and equipment. Instructions were also issued to each department.

During the initial activation of the BCP, even though we faced unexpected difficulties in identifying the overall extent of damage and there were some points to be reviewed and issues to be addressed, the cooperation received from all employees enabled us to cope.

Support for business partners

After the initial Kumamoto earthquake foreshock on April 14, 2016 (Thursday), we created an emergency response project team within the procurement headquarters on 9 a.m., April 15 (Friday) and checked the status of damage suffered by suppliers.

Following the main shock on April 16 (Saturday), we conducted a further investigation.

Fortunately, no-one was hurt by either the foreshock or the main shock, but some suppliers were affected by the earthquakes and suspended production.

	Damage status		Restoration status (the number of suppliers that suspended production)		
	After the foreshock on April 14, 2016	After the main shock on April 16, 2016	April 28	May 9	June 6
Suspension of production	14 companies	37 companies	15 companies	4 companies	0 companies
Affected suppliers	33 companies	71 companies			

*excluding the partial suspension of production

After the main shock, 37 suppliers suffered damage to their production facilities. 22 suppliers recovered at the end of April (two weeks after the main shock), and 11 more suppliers recovered by May 9 (after Golden Week). By mid-June, two months after the Kumamoto earthquake, operations were back to pre-earthquake levels.

As part of our support for damaged suppliers, we mainly placed orders with suppliers in Kumamoto, provided support for logistics, and made payments in cash.

The amount of orders placed with processors in Kumamoto in FY2016 doubled compared to the previous fiscal year.

We will continue cash payments and offering support for restoration activities.

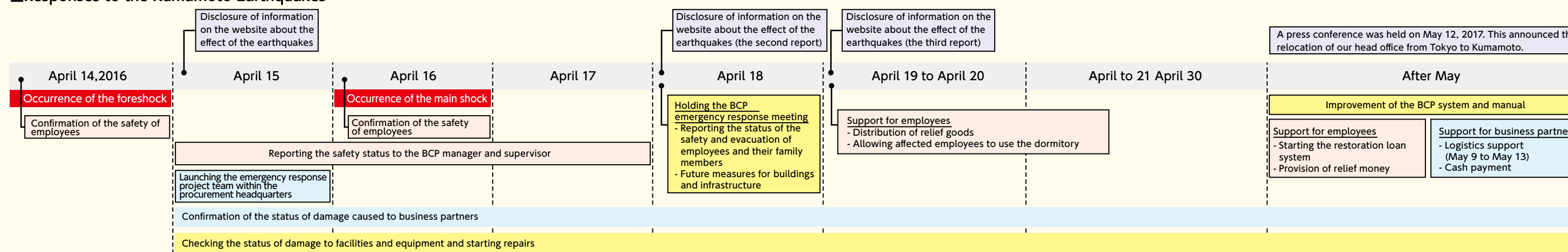
Support for employees

Immediately after the earthquake, frequent aftershocks meant that water and gas supplies were suspended in some areas.

We allowed access to our shower rooms and distributed relief goods because many employees had to continue to live in evacuation centers or stay in vehicles.

In terms of our systems, we granted special leave to employees who were forced to be absent from work due to the earthquakes, started up a restoration loan system, and provided relief money as a means of life-support for employees.

Responses to the Kumamoto Earthquakes



Restoration support efforts for Kumamoto

Hirata Corporation will continue proactive efforts to assist the restoration of our hometown.

Live together with Kumamoto. We relocated our head office from Tokyo to Kumamoto.

On June 23, 2016, we relocated our head office from Tokyo to Kumamoto.

When our company was founded, our head office was located in Kumamoto but we relocated it to Tokyo, the center of Japan, in 1981 in order to do business with the world.

In recent years, we have become increasingly able to deal with companies in more than 40 countries around the world in various fields including automobiles, semiconductors and home electronics. Therefore, we concluded that our original goals had been attained. Thus, we were considering returning our head office to Kumamoto to further improve the efficiency of our business operations.

Then the Kumamoto earthquakes occurred.

We decided on the relocation of our head office, wishing to do something for our hometown.

We want to contribute to Kumamoto using the global business network of the Hirata Corporation, accepting orders from all over the world.

We hope to overcome any hardships by working together with people in our hometown.



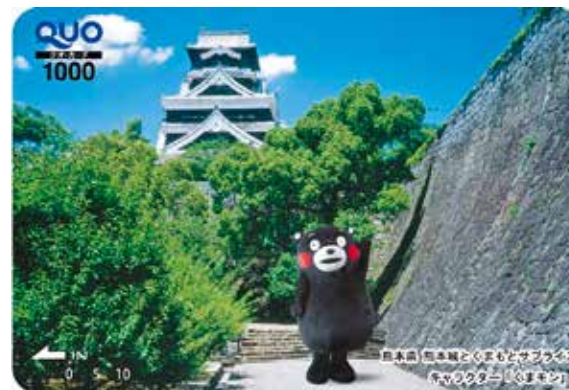
On May 12, 2016, a press conference was held regarding the relocation of our head office

Introduction of a shareholder special benefit plan supporting the restoration of Kumamoto Castle

In FY2016, we introduced a shareholder special benefit plan aiming to provide support for earthquake restoration and the restoration of Kumamoto Castle.

We multiplied the number of shareholders by 10,000 yen then donated this amount to Kumamoto-shi through the "revival lord of a castle" system.

Privileges such as the "revival lord of a castle", including free admission to tourist facilities and discounts at participating stores in Kumamoto-shi, will be granted to participating shareholders through the issuance of special "lord of the castle" identification.



Shareholders' special benefit prepaid card (called a "QUO" card) with donations for rebuilding Kumamoto Castle
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We will introduce the main topics from April 2016 to March 2017.

Expansion of the production area and relocation of an office

■ Expansion of the organic EL-related production area at the Kumamoto East Plant in October 2016

We added 2,570m², including a clean room, at the Kumamoto East Plant (Ueki-cho, Kita-ku, Kumamoto) for organic EL-related production and started operation in October 2016.

Production space extended to about 4,400m² to deal with increased production.

Hirata Corporation has technical strength in the production of various devices involved in each process carried out by organic EL-related production equipment.

With this enhancement of the production environment, it is now possible to deal with the increase in orders and production.



The portion circled with a red line indicates an addition.

■ We relocated our Tokyo office to Minato-ku.

We relocated our Tokyo office from Togoshi, Shinagawa-ku, to Kaigan, Minato-ku, in October 2016 to provide a better working environment for employees, to safeguard the structure of the building, and to allow good traffic accessibility.

The office provides us with more convenience and mobility because we can now easily access major stations and Haneda International Airport.



Commendation from customers

■ We received the "Partnership Award" from Dyson Ltd., for the third consecutive year

Hirata Corporation received the Partnership Award at Dyson's supplier day held in 2016.

We were honored for our contribution to Dyson's production of various types of motors, as well as our contributions to its delivery management, technological capabilities, and quality control. This is the third consecutive year that we have received this award.

At the launch of Dyson's hair dryer, held in Tokyo, Mr. James Dyson, the founder of Dyson Ltd., commended the Hirata Corporation on being an excellent company which has partnered with Dyson throughout the years.



■ We received a "Global Cooperation Award" from DENSO Corporation

Hirata Corporation received a "Global Cooperation Award" from DENSO for the first time. We were recognized for our significant contributions to DENSO, such as the short delivery time and the on-site installation of its injector assembly line, which is used in the fuel injection equipment of diesel engines supplied to Thailand and Hungary.



Management



Corporate Governance

We are enhancing corporate governance to meet the expectation of trust from all of our stakeholders.

Basic Stance

At Hirata Corporation, as a company targeting the global market, we promote the effective management as well as the emphasis on corporate governance to fulfill the social responsibilities, while also enriching the compliance system and by planning to strengthen the competitiveness of business to improve the corporate value.

Moreover, we believe that companies should assume and stand in the shoes of the public, public interest, and social factors and keep a good relationship with all of our stakeholders will lead to the improvement of shareholders.

Corporate Governance Framework

The Board of Directors at Hirata Corporation consists of 12 directors (including 2 outside directors).

The appropriateness of the president's duties in the Board of Directors is audited by the Board of Auditors including an external auditor and all audit members.

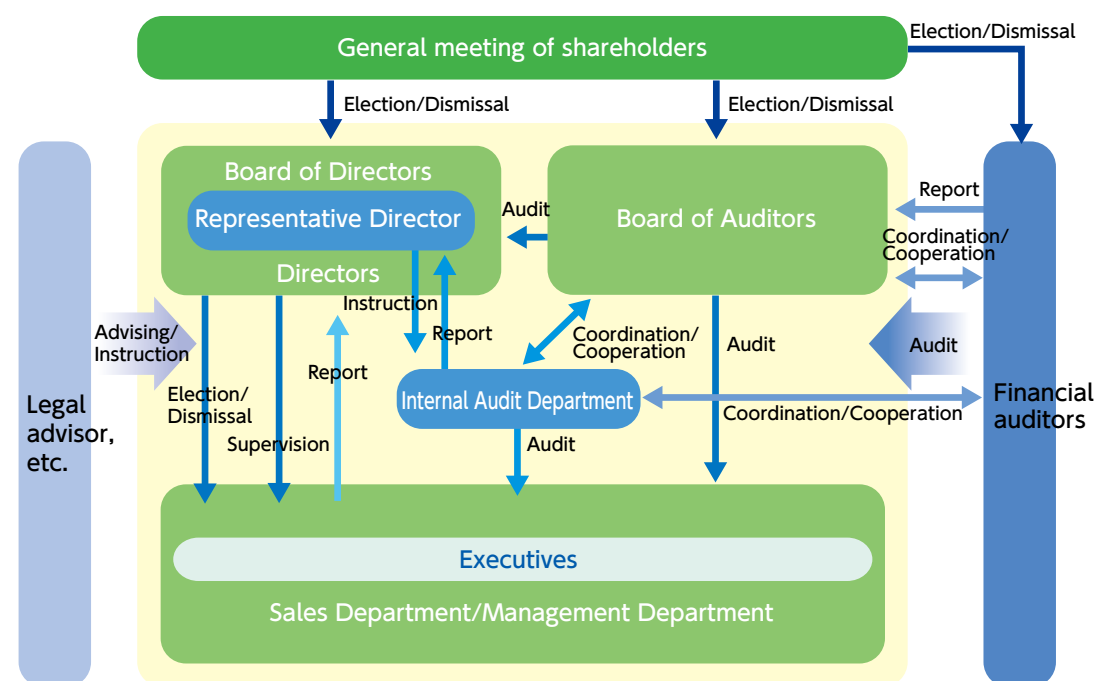
The Internal Audit Department, which was established as a department directly reporting to the President, conducts audits of the Business and Administration Divisions in collaboration and cooperation with the auditors.

For important matters of compliance, the Company will consult with legal advisers if necessary to receive useful advice.

Furthermore, the Company has introduced a management meeting and executive officer system.

We are working to strengthen the corporate governance where 16 executive officers have been appointed (of them 10 also serving as a director) by carrying out each responsibility quickly and accurately, while also participating in discussions related to the importance of business during management meetings.

※Directors Number is as of June 27, 2017



Management

Compliance, Corporate Ethics

We are committed to ensuring thorough implementation of compliance and corporate ethics to conduct fair and impartial business activities.

Compliance Charter

Fundamental Principles

Because of our "global" nature, we at Hirata Corporation as well as each of our Group companies abide by a set of established rules we call our "Code of Conduct" and strive for total compliance to it in order to effectuate commercial endeavors that are both fair and transparent always in accordance with legal statutes both domestically and abroad along with societal norms and in-house regulations.

Code of Conduct

Based on our business principles, we at Hirata are fully aware of our mission and role as a corporate entity with respect to our valued customers, shareholders, business partners, employees as well as the members of our local community and, in order to make a contribution to society at large, the following Code of Conduct is applied to all employees of every company in the Hirata Group with every single employee having the responsibility of maintaining and improving upon them.

1. Abiding by legal statutes and regulations

We at Hirata shall always abide by relevant laws and internal regulations whenever engaging in business activities, always compliant with social logic.

2. Engaging in fair and just business

We at Hirata, as a company that develops and provides optimal products and systems that benefit society, shall prioritize customer satisfaction and work to build fair, just and transparent relations with business partners.

3. Disclosure of corporate information

We at Hirata shall disclose information on the management of our company as well as on the condition of our activities to shareholders and investors at the suitable time and in an appropriate and fair method always in accordance with relevant laws and statutes.

We shall take all the proper precautions whenever handling non-disclosed corporate information (insider information) making sure there is no profit-sharing or favors bestowed to individuals involved in the transaction of equity and other securities based on this information or to other parties.

4. Proper management and utilization of corporate assets

We at Hirata shall manage our company's tangible and non-tangible assets in accordance with internal regulations and never for personal gain or in ways contrary to corporate objectives.

5. Contribution to society

We at Hirata, as a good corporate citizen, shall place our energy in protecting the environment, reusing natural resources and developing the local community with the hope of entrenching ourselves deeply within the community. We are against antisocial movements and organizations that threaten the order and security of the citizenry and vow never to associate with them.

6. Respecting the individual

We at Hirata shall strive to respect the rights, privacy, character and individuality of each and every single individual and make for a happy workplace for all.

7. Controlling confidential information

We at Hirata are devoted to the strict management of not only our valued customers' personal information but also our own secret corporate information and employees' confidential data, which we vow never to illegally or unfairly, disclose or leak either during their employment or after their departure from this company.

8. Duty of practice and accountability

We at Hirata shall promptly report any and all infractions of this Code of Conduct in the event of their detection during the course of the execution of business in accordance with the same. Should such a report be issued, the employee or employees in question shall be protected from liability.

Compliance Education

Hirata Corporation provides various opportunities to educate employees regarding business principles and compliance changes in order to ensure compliance with all relevant laws and regulations in Japan and overseas, company regulations, and any other social norms.

In FY2016, we provided training which focused on the prevention of insider trading, extending the scope of targets to also include domestic affiliated companies.

We worked to reduce the risk associated with insider trading within the Hirata Group by providing training to the officers and employees of domestic affiliated companies, using specific examples of actions to be taken by employees to ensure the trust of shareholders and investors and the integrity and fairness of securities trading.

If concerning matters related to compliance occur, internal notification will be issued, and training for anyone related will be conducted to improve the awareness of compliance and to prevent the relapse of this.

Helpline

In May 2008, Hirata Corporation established an external reporting contact "Hirata Helpline" under the "Code of Conduct" for employees to report problems that may violate laws and internal regulations, and to address potential risks that may violate laws and internal regulations as early as possible.

"Hirata Helpline" has a principle of anonymous reporting and a whistle-blower shall not face retaliation due to whistleblowing.

The investigation result will be reported to the Compliance Committee and addressed appropriately.

Risk Management

We have developed a risk management system which enables us to accurately determine various risk factors and respond to them appropriately and promptly.

BCP (Business Continuity Plan)

To avoid unexpected disasters and problems that may hinder business operations, we will consider all possible risks in advance and take into account prevention, protection, and reduction measures to ensure that our business operations resume in the shortest possible time after a disaster.

- In the unlikely event that our company itself is the victim of a disaster, we make re-establishment of our business a priority to ensure that we are there to meet the needs of our customers and/or stricken areas that require assistance.
- In advance of any possible phenomena (disasters, unanticipated problems), we implement precautions and restoration plans taking into account any possible risks which may exert a large effect on core business operations, as well as continually practice disaster prevention and BCP training.
- During normal hours, we provide training for our employees, implementing a clearly defined plan of action for emergencies and disasters.

Confirmation of safety of employees in case of disasters is a top priority item in the efforts of BCP.

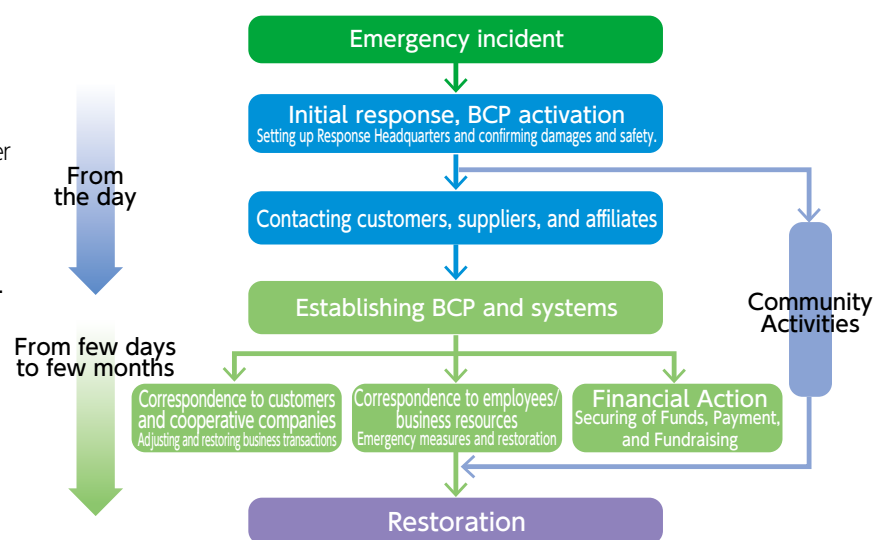
Hirata Corporation has introduced an external system of confirming safety in order to confirm safety quickly and efficiently.

With the above system, mail can be sent to confirm safety from the outside or remote areas and totals can be confirmed.

We regularly send test emails as drills for employees to respond quickly.

Making the best use of lessons learned from the Kumamoto earthquakes, we prepared the "BCP card" in which actions to be taken, communications, and all other necessary matters to be dealt with upon the occurrence of an earthquake are summarized.

Employees can carry this handy-sized BCP card in their wallets, etc., in order to help raise awareness of disasters, even during normal times, as well as to help them take appropriate action in the event of an earthquake.



Information Security

In order to protect information assets from threats such as leakage and damage and to safely carry out business activities, the information security management system and the information management committee has been established to develop security management regulations to prevent exposure of confidential information.

Export Control

In the global community, the importance of security trade controls has been increasing against the backdrop of global threats (terrorism and the development of nuclear weapons, etc.)

Hirata Corporation has established the "Regulations for Security Export Controls" to help implement appropriate security trade controls designed to maintain global peace and safety and has strengthened security export control systems regarding the appropriateness of goods and technologies, responses to the revision of laws, employee education, and internal audit procedures.

We also obtained special blanket permission for export and service (program relating to use) transactions, by which individual export exemptions can be obtained from the Minister of Economy, Trade and Industry with respect to some goods and services.

Social Report

Together with Customers

We are working hard to meet the needs of our customers regarding quality, safety and productivity and provide products and services that satisfy them.

Quality Assurance

Hirata Corporation has constructed a framework to promote a Quality Management System (QMS). Under the responsibility and authority of the quality control representative, each department promotes QMS and engages in quality assurance activity.

In order to provide safe products that our customers can use with peace of mind, we are working to improve the basic knowledge of those in charge of design and production regarding standards and certification systems relating to product safety by providing in-house education (ISO, IEC, and risk assessment) conducted by a qualified person (safety assessor)*.

In this fiscal year, to assist the updating of ISO9001 and ISO14001 standards to the 2015 version, we provided specialist education for each organizational layer (management, managers, auditors, and persons in charge of administration) by inviting external specialists.

Based on the contents of this education, we conducted a review of the mechanism by which standards in the 2015 version were incorporated, and provided education to all employees on the correct operation of the restructured contents.

*A qualification system that certifies that the holder of the qualification has a comprehensive knowledge of safety standards for machinery, based on international safety standards (ISO and IEC), and is able to judge whether or not something is safe.



ISO education to management

Customer Satisfaction

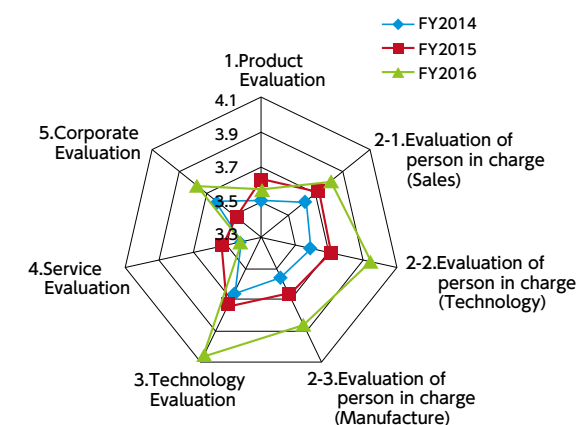
We are working to improve customer satisfaction through the opportunity for each department to interact with customers, collecting customer's opinions and suggestions to improve our products, as well as our service support.

From FY2014 onwards, we distributed customer satisfaction surveys with a common set of questions to all customers.

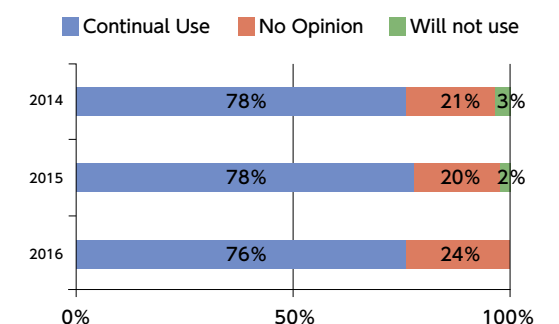
Based on these valuable opinions, we will strive towards strengthening the service support and cooperation with departments in the future.

(from customer satisfaction survey results for FY2014 to FY2016)

Satisfaction weighted average score (5 points max.)



Continuity for the future



Together with Business Partners

We are working to build cooperative relationships based on trust with our business partners to secure good long-term business partnerships.

Suppliers Meeting

In June 2016, we held the 2016 Supplier Meeting in Kumamoto City's Ueki Culture Hall with attendants from 217 people and 141 companies.

At this meeting, we focused mainly on financial results and trends in the Hirata Group, market trends, and the business plan and procurement policy of each department. We also awarded best performance awards (3 companies), best supplier awards (10 companies), special awards (2 companies), and letters of appreciation (20 companies) to suppliers that had contributed greatly to the production activities of the Hirata Corporation in FY2015.

In addition, we expressed our sympathy to all those affected by the Kumamoto earthquakes and our gratitude towards all those who showed such warm support. We also reported on the status of damage to the Hirata Group.

All participants found this a useful and productive meeting, the contents of which may be passed on to each supplier for incorporation in their business plans.



Skill Training Seminars, Study Sessions

We held a training session to enhance welding skills and a seminar to support the development of human resources, aiming to build an ongoing partnership with suppliers.

In August 2016, we provided a practical workshop for 16 suppliers (27 participants), inviting an instructor from a Japanese company employing top-class welding engineers.

In September 2016, we provided 6 coaching/business/management/finance seminars for senior management and upcoming managers from 23 suppliers (31 participants) to support the development of human resources. The "reporting, contacting and information sharing" seminar was a new addition this year.

We received positive feedback from participants agreeing that the contents of this seminar are useful for promoting high-quality business operations.

Hirata Corporation aims to build an ongoing partnership with our suppliers and to work collaboratively with them.



VOICE

Overcome hardships and take on more challenges

Representative Director, Kumabou Metal Co., Ltd. **Hiroaki Maeda**

Our company engages in metal-surface treatment such as the polishing and plating of metals. We received the best supplier award in FY2016.

I feel very honored that the quality, prices, deliveries and services provided by our company have been commended.

In April 2016, our office and plant were affected by the Kumamoto earthquakes.

At that time, peer companies from the Kyushu Electro Industry Association undertook our business. The construction company that built our plant was the first to arrive to help us restore the plant, and Hirata Corporation supported us in terms of physical distribution.

In June, we completed restoration work thanks to the united efforts of all employees. We are very grateful to all those who supported and helped us.

We will endeavor to keep taking on new challenges, cultivating new skills, and improving quality - strengthening the collective power of our company.



Together with Employees

We are working to develop a workplace where individuality and personality of employees are respected, and they can take pride and satisfaction in their work.

Global Human Resource Policies

By combining our basic policies concerning the mechanisms and operations of the Hirata Group's various common systems as "Human Resource Policies," and implementing specific measures based on these, we will strengthen our commitment to being a company where employees can act with pride and satisfaction through their work.

1. Respect for human rights and diversity

We shall respect the individual character and the human rights of all people working in the Group.

We definitely do not do any harsh and inhumane treatment including sexual harassment, sexual abuse, abuse of authority, corporal punishment, mental or physical coercion or verbal abuse of workers.

We definitely do not employ child labor or forced labor.

We shall treat and appraise each and every employee in a fair and impartial manner.

We shall not discriminate against any employee on the basis of nationality, race, religion, age, gender, physical or mental disability, or other legally protected attributes.

2. HR activities in compliance with applicable laws and regulations.

We shall comply with all applicable laws and regulations of each region regarding the employees' rights.

The rights of workers to associate freely, join or not join labor unions, seek representation, and join workers councils in accordance with local laws shall be respected.

3. Fair, equal, and transparent HR system

We aim for a fair, equal and transparent HR system.

4. Support for skill development

Based upon our Corporate Philosophy of "Makes the best use of its members", we shall positively support for professional development.

We support professional development.

Hirata Corporation strives to create a work environment where employees can grow and realize their potential under our management philosophy, "Makes the best use of its members".

In FY2016, in addition to the stratified educational program that has been implemented every year, we introduced an overseas posting program - announcing suitable opportunities.

The purpose of this program is to encourage young people, who will lead the next generation, to develop into highly capable leaders who can perform on a global stage.

We introduced this program by focusing on enhancing communication skills, management capability, and professional abilities, including language skills and cross-cultural understanding developed by engaging in business activities in overseas subsidiaries for a few years.

In the first year, 11 employees who applied were selected and posted to 8 countries (9 business locations).

Though it requires a lot of time for this sort of program to produce results, we will continue to implement it in order to steadily enhance the capabilities of Hirata Corporation and meet the expectations of customers around the world.

VOICE

Develop and refine an international outlook and sensibility that, in turn, enhances both personal growth and the accumulation of company assets

Hirata Engineering Europe GmbH (Germany) **Yosuke Sora**



I applied for the overseas posting program through the opportunity announcement system because my goal is to become an engineer who can play a part on the global stage. I was then selected to go to Germany.

If I raise my hand, I may have a chance to gain valuable experience. I really appreciate such a supportive environment.

I would like to develop my international awareness and sensibility so that I can engage in effective face-to-face dialogues and discussions in overseas countries.

I think that if we proactively introduce the latest technology from Europe, enabling us to enhance the technical assets of the Company, we can then deal more effectively with the requirements of customers around the world.

I will ensure that I link this opportunity to my personal growth, and I would also like to thank my colleagues at work and my family who have all helped me.

Together with Employees

Respecting human rights and diversity

■ Efforts for Re-employment

Under the "Re-employment System" established in 2006, the Company has entered into re-employment agreements with retired employees so that they can continue to apply their skills, utilizing their superior knowledge and experience.

We make efforts so that re-employed persons can work in accordance with their respective lifestyles, adjusting and considering working days and hours based on the desires of re-employed persons and the content of each business contract.

Based on the Law Concerning Stabilization of Employment of Older Persons as revised in April 2013, we have revised our re-employment system, and reemploy those who desire until 65 years of age.

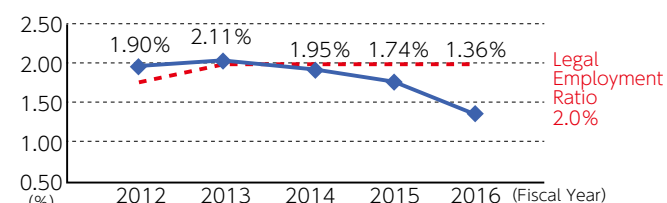
Number of re-employed persons above 60 years old (Unit: persons)

Fiscal Year	Retired Employees	Re-employment Applicants	Re-employed Persons
2012	25	18	18
2013	23	17	17
2014	11	9	9
2015	13	9	9
2016	27	23	23

■ Proactive Employment of Disabled Persons

The employment rate of disabled persons for FY2016 was 1.36%, falling below the statutory employment rate of 2.0% after the revision.

We will endeavor to achieve the statutory employment rate - adjusting the balance between individuals and duties, having staff participate in briefing sessions hosted by related organizations, and acquiring trainees from vocational schools.



Changes in Employment Ratio of Disabled Persons (%)

■ Measures Against Harassment

We held power and sexual harassment workshops during compliance training for employees (60 minutes/each and 12 times/year), training for newly appointed section managers and chiefs (240 minutes/each and once a year), and labor management training for management staff and managers (90 minutes/each and 9 times/year), respectively.

■ Retirement Ceremony

We hold retirement ceremonies two times a year in June and December to commemorate those who are beginning a new phase of life in retirement.

It is a ceremony to show Hirata Corporation's gratitude towards those who have supported our company for years on end.

Retirees should consider this ceremony to be the best time to start their second life or, for rehired employees, to be the best opportunity to make a new start with a fresh state of mind.

Work-life Balance

In FY2016, we implemented new policies (1) prohibiting overtime work on a pay-day and (2) prohibiting overtime work on a bonus pay-day, in addition to "prohibiting overtime work on Wednesday", "prohibiting overtime work past midnight", and "prohibiting work on statutory holidays".

As a result, despite a significant increase in orders received and increased sales, the average overtime work in FY2016 for the whole company decreased to 26.6 hours, compared with 26.9 hours recorded in FY2015.

In addition, we implemented new policies whereby "the eligibility for shorter working hours was significantly extended from an employee who has a child less than three years old to an employee with a child in the third grade at elementary school" and new systems by which "an employee can take special leave for up to 4 weeks before taking pre-childbirth leave", making them available for all employees who wish to make use of these benefits.

We will aim to create a better workplace environment in order to facilitate further improvements in the work-life balance.

Number of Employees Receiving Childcare and Nursing Care Leaves (Unit: persons)

Fiscal Year		FY2014	FY2015	FY2016
Childcare Leave	Female	15	15	17
	Male	1	1	1
Shorter Working Hours for Childcare	Female	10	9	14
	Male	0	0	1
Nursing Care Leave	Female	1	2	0
	Male	0	0	0

Together with Employees

VOICE

Significant support for balancing work and family

Business Management Gp International Business Headquarters, Yuko Tashiro

Regulations for childcare and nursing care leave have been revised, as from January 2017, and eligibility for shorter working hours has been extended to include any employees with a child in the third grade at elementary school. I am also entitled to obtain this benefit.

My husband has difficulty in arranging his work schedule around the time our child arrives home, and we have few close friends nearby who can help us. Therefore, I couldn't have asked for a better solution for us.

Before, I was always pressed for time and in a bad mood. But now, I am less rushed and have more time to interact with my child.

I thought I would avoid causing trouble for my co-workers at work as much as possible and reviewed my previous duties. Now I am trying to be more creative.

I think this system, with better cooperation and surroundings, will provide a lot of support for balancing work and family, and also help junior staff who will play an important role in the Company in the future.

I will live my life and carry out my daily activities remembering that a balance between work and family cannot stand firm without the cooperation of society, workplace, and family.



Labor Safety and Health

With a motto, "All employee participation in zero accidents", Hirata Corporation holds a safety and health meeting in each plant and a company-wide safety and health meeting every month to promote systematic health and safety activities.

The company-wide safety and health committee receives reports from each department relating to the promotion of safety measures based on the annual plan, confirms the details of any accident that occurs, discusses how best to prevent any recurrence, and formulates and establishes new rules regarding safety and health.

In the health and safety committee held at each plant, we correct according to the results of patrol and brief on all information discussed at the company-wide meeting.

In addition, we strive to ensure the safety of our plants by means of risk assessment and hazard prediction training during the morning meeting held at each work site.

Executives carry out safety patrols during "National Safety Week" every July to help manage the work environment and raise awareness of safety in the workplace.

As a result, we were able to achieve a zero accident result in FY2016.

We will strive to maintain a zero accident rate through the continuing participation of all employees.

TOPICS

Implementing a joint fire drill with a local fire station

We implemented a joint fire drill with the newly established Kumamoto Kita Fire Station on the first day of the 2016 Autumn Fire Prevention Campaign.

A successful fire drill was carried out, including reporting, evacuation and fire extinguishing, as well as an evacuation drill using a ladder truck and a rescue drill involving firefighters wearing breathing apparatus.



Evacuation drill involving a ladder truck

Together with Shareholders and Investors

We provide appropriate and timely disclosure of information to our shareholders and investors, with the intent of enhancing IR tools.

IR Activity Policy

Hirata Corporation believes that a fair and equal pricing of shares is on the premise that information on investment decisions are being shared appropriately in a timely manner. Therefore, we recognize the need to fairly, equally, accurately, and quickly provide the investors with important company information that influences investment decisions.

In the case of mandatory disclosure materials, such as annual securities reports, quarterly reports and material facts or other company information, Hirata Corporation discloses the contents thereof correctly.

■ Holding information sessions for investors

With a purpose of publicizing Hirata Corporation and gaining investors, we hold company information sessions and financial results briefing for institutional investors, analysts, and private investors.

In 2016, we held the sessions in Tokyo, Kumamoto, and Miyagi and had many participants.



Briefing for Individual Investors

IR Tools

In addition to the financial reports prepared under laws and regulations of financial exchanges, Hirata Corporation makes an effort for shareholders and investors to deepen their understanding of our businesses by preparing the following materials on our own.

1. Briefing documents for financial results and quarterly financial results

These documents explain the summary of financial results in each term for an easier understanding and are used as materials for financial results briefing for institutional investors in the final and second quarter financial results.



2. Hirata Report

This report, for shareholders, describes the business content, results, plans and topics for an easier understanding and is issued and sent by mail after the disclosure of the final and second quarter financial results.



3. FACT BOOK

consolidated statement of leasing for the past five (5) years

These are materials summarizing the consolidated financial statements, consolidated statement of income and financial results index for the past five (5) years both in Japanese and English.



4. General Meeting of Shareholders

These are materials used for explanations at general meetings of shareholders.

5. "To Our Shareholders and Investors" on the Hirata Corporation Website

This page is a collection of information for our shareholders and investors with the intention of promoting understanding of Hirata Corporation.



*1 - 5 above can be found on the Hirata Corporation Website.

Together with Local Communities

We are diligently engaged in activities that contribute to society in our commitment to be a company rooted in the local community as a good corporate citizen.

Conclusion of a comprehensive partnership agreement with Kumamoto University

Hirata Corporation concluded a comprehensive partnership agreement with Kumamoto University in August 2016, covering the development of human resources and research & development.

Through collaboration with Kumamoto University, we aim to improve the exchange and integration of human resources and intellectual resources, as well as the creation of local innovation originating from Kumamoto, thereby aiming to assist regional revitalization.



Internships

Hirata Corporation offers internships to "experience work," which gives the students opportunities to think "what it means to have a corporate job," or "how much of their academic knowledge can be applied."

In the summer and winter of 2016, we accepted 37 students in total from technical colleges, universities, and technical high schools.

We also have accepted over 300 high school students for a factory tour to help them have a better grasp on our occupation and select their academic courses efficiently.

■ Students from the technical high school in Kumamoto visited our subsidiary in the United States (HCA)

In October 2016, the Hirata Corporation of America (HCA), our subsidiary in the United States, accepted 10 students from technical high school in Kumamoto as interns and gave them a tour of the factory.

This initiative was implemented as part of a program designed to encourage the cultivation of global human resources, who will contribute to the development of the industry of Kumamoto prefecture in the future, and was organized by the Kumamoto Prefecture Board of Education.

We wish to maintain strong ties with local communities and society, so that we can continue to grow together.



Donation to the roadside rest area "Suika no Sato", located in Ueki-cho, Kumamoto-shi

Hirata Corporation donated the figure of Kumamon and the bench bearing the illustration of Higomaru, while Taihei Technos, our subsidiary, donated hand dryers in a nursing room for "Suika no Sato", which opened in Ueki-cho, Kita-ku, Kumamoto in November 2016.



Environmental Report



Environmental Management

To realize a sustainable society, we are working hard to protect the environment.

Environmental Policy

We at Hirata establish environmental policies and promote environmental activities in line with the policies.

In FY2016, we revised our policies, aiming to expand our environmental activities and enhance their performance.

In keeping with these policies, we contribute to protecting the global environment by reducing the environmental load of all aspects of our business activities, products, and services.

Particulars of Our Environmental Policy

Hirata Corporation contributes to protecting the global environment by reducing the environmental load of all aspects of our business activities, products, and services in order to achieve a sustainable society.

- (1) Working towards manufacturing products with a reduced environmental load, considering the product lifecycle throughout its supply chain.
 - Promoting energy-saving products
 - Promoting recyclable design and manufacturing of products
 - Reducing the amounts of harmful materials used in our products and using substitutes
- (2) Abiding by environmental laws, treaties, requirements and voluntary standards set as needed. Also, developing coordination and cooperative relations with relevant government agencies and contributing to the local society.
- (3) Striving to improve productivity and conserve the environment throughout all our business activities and production processes, including sales, design, manufacturing, installation, and after-sales service.
 - Reducing energy usage and the emission of greenhouse gases
 - Reducing waste and promoting recycle
 - Reducing harmful materials and using substitute article
 - Preventing environmental problems and pollution
 - Preserving biological diversity
- (4) Increasing environmental awareness through implementing education and publicity programs.
- (5) Reviewing the EMS regularly to enhance environmental performance and striving for continuous improvement.

Environmental Management System

■ Structure of Promotion for Environmental Management System

Hirata Corporation has built up a structure of promotion for the Environmental Management System (EMS) led by top management and environmental management manager and obtained an international standard ISO14001 certification at the Kumamoto, Kanto, and Kansai region production bases.

■ Preparation for and responses to emergencies

Hirata Corporation eliminates any potential problems from its production activities, products and services that may result in emergencies and makes preparations and conducts response training to keep potential damage to a minimum.

When the Kumamoto earthquakes occurred in April 2016, the ISO office and an environmental management representative investigated whether there was any failure or environmental impact on facilities, including the hazardous materials warehouse, LPG tank, and septic tank.

Though part of the piping to the groundwater tank and LPG tank was damaged, we immediately carried out repairs and were able to minimize the environmental impact.



Problems with the groundwater tank

Abiding Laws and Regulations and Preventing Pollution

The abiding of environmental laws is examined by the ISO office and ISO internal audit. We also have set up voluntary standards on particular matters and enforce the abiding of laws and regulations.

There was no law violation, accident, or claim against the Hirata Corporation on environmental matters in FY 2016.

Drainage measurements are conducted yearly to assess the quality of water in our plants and ensure it meets the requirements standardized by the local administration and water pollution control laws.

Environmental Report

Environmental Goals

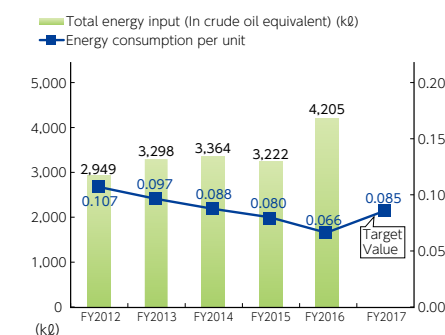
○ : achieved, △ : nearly achieved, × : unachieved

Categories		Long-term Goals (FY2015-2017)	FY2016 Accomplishments	Evaluation	FY2017 Plans
Global Warming Countermeasures	Reducing CO ₂ emissions	More than 3% decrease in CO ₂ emission in comparison with actual production in 2014	33% decrease in comparison with actual production Significant decrease due to the increase in production, in addition to the introduction of energy-saving equipment such as LED-lighting and high-efficiency air conditioners	○	Focus efforts on the reduction of electricity usage in particular by the introduction of energy-saving equipment and reinforcement of energy management.
	Reducing CO ₂ emissions from producing energy saving products	Environmentally friendly designs Implementing energy saving designs on the products	Conducted product assessments and designed smaller and lighter products	○	Continue conducting product assessments
Using the resources effectively	Reducing water usage	More than 3% decrease in water usage in comparison with actual production in 2014.	28% decrease in comparison with actual production Significant reduction due to the introduction of the water circulating system (see page 21) in the Kumamoto region and the increase in production	○	Investigate and consider recycling water used in production
	Reducing and recycling industrial wastes	More than 3% decrease in waste in comparison with actual production in 2014	8% increase in comparison with actual production Increase in the discharge of wood waste in connection with the increase in production	△	Maintaining the status quo due to the difficulty of reducing the discharge of wood waste
	Producing smaller, lighter, and recyclable products	Environmentally friendly designs Implementing smaller and lighter designs on the products	Implemented product assessments and designed smaller and lighter products	○	Continue conducting product assessments
Chemical Substance Management	Reducing the consumption of materials subject to the PRTR Law	More than 3% decrease in PRTR Law Substances usage in comparison with actual painting production in 2014	29% increase in comparison with actual painting production Significantly below the target due to the increase in the use of thinners for cleaning imported parts during the painting process in the Kumamoto region	×	Promote switching to thinners that contain fewer substances subject to the PRTR law
	Managing chemical substances contained in products	Implementing the management of chemical substances contained in mass-produced products (building and operating an information management system)	Implemented the investigation on chemical substances contained in products and confirmed the toxicity of products (see page 22).	△	Promoting the continuation of investigations on chemical substances contained in products

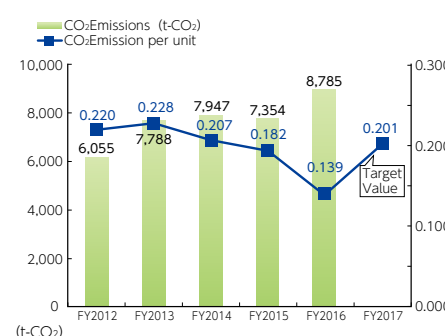
Environmental Performance

We are pursuing to reduce the environmental load and achieve our environmental goals by understanding the impact made by our business activities.

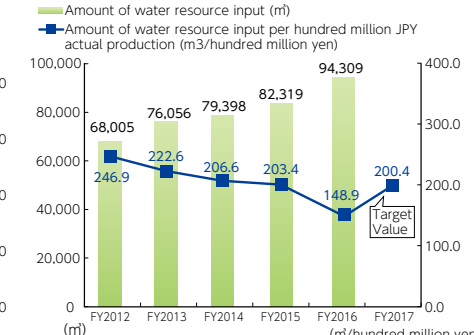
■ Total energy input



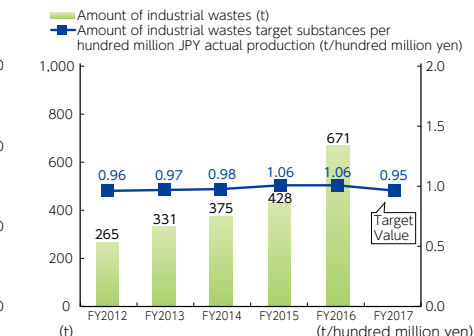
■ Amount of CO₂ Emissions



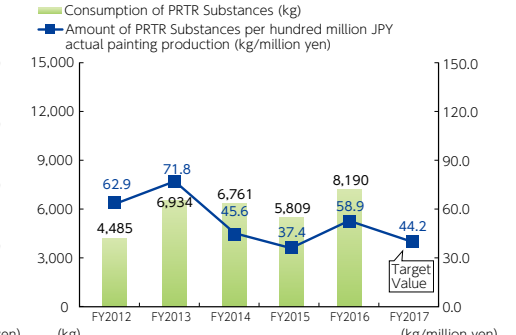
■ Amount of water resources input



■ Industrial Wastes



■ Consumption of PRTR Substances



* Actual output is used to calculate energy use and CO₂ emission per unit.

* Figures for Hirata Corporation on an unconsolidated basis

Environmental Conservation in Business Activities

We are proactive in measuring and reducing the environmental load throughout the product lifecycle in design and development, procurement, production, etc.

Environmental Load

Environmental loads in 2016 are as follows.

Inputs	Hirata Corporation Business Activities	Outputs
<div>● Energy Electricity... 14,896thousand kWh LPG... 94t Gasoline ... 6t Kerosene ... 37t Light Oil ... 286t</div> <div>● Water Resources Underground Water... 83,200m³ Clean Water ... 11,109m³</div> <div>● Chemical Substances Substances for which PRTR Law applies...8.2t</div>	<div>● Design and development</div> <div>● Procurement</div> <div>● Production Processing Coating Assembly</div>	<div>● Emissions in the Atmosphere CO₂ 8,785t-CO₂</div> <div>● Wastes Industrial Wastes 671t General Wastes 32t Valuable Resources 770t</div> <div>● Chemical Substances (Substances for which PRTR Law applies) Toluene5.3t Xylene0.8t 1,2,4-Trimethylbenzene0.9t Others1.2t</div>

Environmental Accounting

The below is a status of environmental preservation cost.

We categorize these into investment and cost concerning the “Environmental Accounting Guidelines” by the Ministry of the Environment.

(Unit: thousand yen)

Categories		Major Activities	Investment	Cost
Business Area Cost	Cost for Preventing Pollution	- Replacing septic tank	—	118
	Global Environmental Protection Cost	- Installing energy-saving equipment	78,832	53,879
	Cost of Resource Cycle	- Introduction of a cooling tower and water circulation system - Disposal of general and industrial wastes	37,943	28,643
Upstream and downstream costs		- Investigation of chemical substances contained in products	—	2,700
Administration Cost		- Maintenance of environmental management system - Environmental measurement - Environmental education	—	31,271
Social Activity Cost – Environmental preservation and improvement		- Nature conservation and beautify - Donations to environmental protection groups	—	359
Total			116,775	116,970

TOPICS

Efforts aimed at reducing underground water usage

Kumamoto prefecture, which contains a major portion of our production bases, is a groundwater-rich area but faces the problem of lowering underground water levels. Hirata Corporation has established the cooling tower in conjunction with the Kumamoto East Plant expansion, and makes use of cooled water. The Kumamoto Plant also introduced a circulation system for the cooled water that is used in the clean room. To help preserve the shared, underground water resources of the Kumamoto region, we will make an effort to reduce our underground water usage and protect water quality.



Cooling tower introduced at the Kumamoto East Plant

Environmental Consideration for Products

We determine the environmental loads caused by products and try to produce products with reduced environmental load, taking their lifecycle into account.

Environmentally friendly designs

Hirata Corporation conducts a lifecycle evaluation of all products at the design stage, taking environmental issues into consideration. Hirata Corporation's products are large and involve many parts. Therefore, their environmental load tends to increase at each stage from design through to the procurement of materials and parts, manufacturing, transportation, and eventual use by customers. Pursuant to the product assessment regulations, we are working towards resource savings, energy savings, and the reduction of waste and emissions at each stage of the product lifecycle, while setting energy conservation and the production of smaller and lighter products as company-wide environmental targets. These are being addressed by the technical division.

Managing Chemical Substances Contained in Products

In order to respond to a chemical substance related laws and regulations in Japan and overseas, including European RoHS Directive (*1) and REACH Regulations (*2), we will strengthen management of chemical substances contained in our products. In FY2016, we conducted an investigation on chemical substances contained in products and mass-produced parts at the request of customers to confirm the status of any chemical substances present. As part of the promotion of green procurement, we revised the suppliers' environmental management regulations, in which the management status of chemical substances contained in products is now provided for. To reduce the risks posed by chemical substances contained in our products, we will continue to coordinate with our customers and strengthen our management of such substances.

*1 RoHS Directive: Regulations on chemical substances in EU
*2 REACH Regulations: Chemical substance management regulations in EU

VOICE

Aim to produce environmentally friendly products by means of external and internal cooperation

Process Equipment Dept. Equipment Business Div. Kosei Mishima

In recent years, requests regarding environmentally friendly products have been increasing. In particular, products must now comply with the laws and regulations of their destinations with regard to energy savings and chemical substance management, for which I feel a deep sense of responsibility. When I was appointed to the role of person responsible for managing chemical substances contained in products and ordered to carry out an investigation of these chemical substances, I was unsure how to handle this issue as no adequate system or mechanism had yet been developed. In that case, customers kindly taught me how to proceed with the investigation so that I could learn about the management of chemical substances contained in products, and determine how best to investigate and deal with them. The development of systems and procedures for the promotion of in-house green procurement, as well as the cooperation of suppliers who provided us with information on chemical substances contained in parts and materials, enabled me to perform the management of chemical substances contained in products. With the reinforcement of laws and regulations, the management of chemical substances contained in products will become increasingly important. Hirata Corporation's environmental targets include the design of smaller and lighter products. As products get smaller, we also use less chemical substances. As a designer of products, I would like to contribute to global environmental protection by recognizing the importance of minimizing the environmental load at the design stage.

