

The Global Production Engineering Company
Hirata

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Hirata
CSR Report 2013
Corporate Social Responsibility Report

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CSR 1308-1308020TP01

Editorial policy

We decided to issue a CSR Report to widely inform of business activities and relationships with stakeholders of Hirata Corporation this time.

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

Scope of Report

Period covered: Fiscal Year 2012 (from April 1, 2012 to March 31, 2013)

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

Published: August 2013 (Next scheduled report: August 2014)

Reference Guidelines

GRI "Sustainability Reporting Guidelines 3.1"

The Ministry of the Environment, "Environmental Report Guidelines (2012 Ed.)"

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1 President's Message

Corporate Social Responsibility Report



Representative Director, President

Yuichiro Hirata

Hirata Corporation has established a management philosophy of

"MAKES THE BEST USE OF ITS MEMBERS"

"CHALLENGES TECHNICAL INNOVATION"

"RESPECTS HUMANITY"

"OPENS THE DOOR TO CREATIVE LIFE"

"CONTRIBUTES TO THE SOCIETY"

"MAKES OUR CUSTOMERS SUCCESSFUL"

since its incorporation in 1951 and has pursued quality and safety of products corresponding to the needs of the times with a consistent attitude of respecting people.

We have continued to challenge new markets and new technologies and built up an integrated system corresponding to development and design by proposal, components manufacturing, assembly, verification, launch of production and maintenance and services. As a result, we are valued as a production engineering manufacturer that proposes and supplies optimum production systems to customers in various industrial fields all over the world.

Our global capacity realizes entry in overseas markets for customers and our engineering capacity builds up production systems that generate added value for our customers who are manufacturers in Japan as well.

By carrying out impartial and fair business activities, including compliance and timely and appropriate information disclosure, we have built up a strong level of trust not only with customers but with all stakeholders, including employees, such business partners as suppliers, shareholders, investors and people in local communities. We believe it is our duty and reason for existence as a public corporation of society that we continue to develop perpetually under such strong relationships of trust.

We will strive for business development by creating workplaces, where employees can feel satisfaction from work through development of human resource skills and by offering opportunities and we will also perform our corporate responsibility for protection of the environment while contributing to the technological development of society.

We would like to ask for your continued support.

The Global Production Engineering Company

Hirata

2 Management Philosophy, CSR Policy

Corporate Social Responsibility Report

Hirata Corporation will continue to contribute to sustainable social development under its management philosophy and CSR Policy in conducting business activities and through the activities of every employee in mutual support and cooperation with our many stakeholders.

Management Philosophy

Hirata

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.

Through ceaseless technological innovation, by realizing each customer's desire for quality, safety and productivity, we will meet the expectations of society.

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 build up a workplace, where employees can feel pride and job satisfaction.

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, including business partners and cooperate with each other for sustainable growth.

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

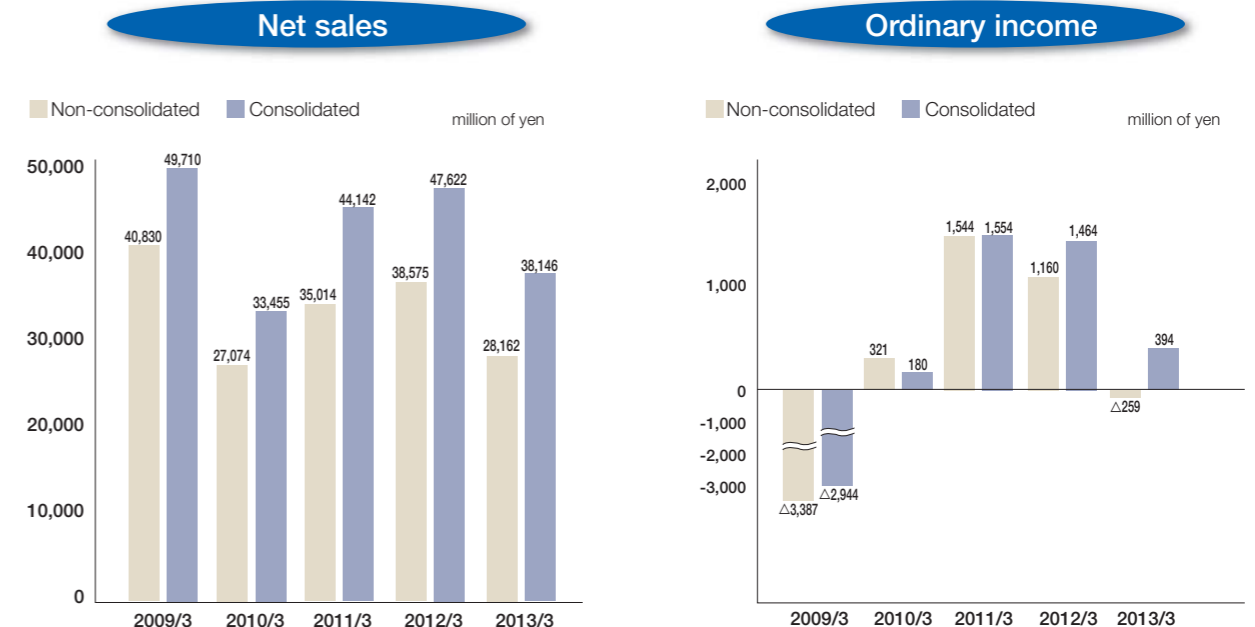
By striving to protect the environment, we ensure a safe and healthy life for local residents and actively contribute to society.

3 Overview of Company and Business

Corporate Social Responsibility Report

Company Name	Hirata Corporation
Headquarters	3-9-20 Togoshi, Shinagawa, Tokyo 142-0041 JAPAN TEL.81-3-3786-1226 FAX.81-3-3786-1264
Representatives	Yuichiro Hirata, President
Date Established	Dec. 29, 1951
Accounts Closed	Mar. 31 (annually)
Employees	Employees Consolidated 1,888 Non-Consolidated 1,229
Capital	2,633 million yen
Stock Exchange Listings	Tokyo Securities Exchange JASDAQ (Code : 6258)
Issued Number of Shares	10,756,090 shares
Number of Shareholders	2,483
Production base	Kumamoto prefecture : Kumamoto Plant Kumamoto, East Plant Kusuno Plant Shichijo Plant Tochigi prefecture : Kanto Plant Shiga prefecture : Kansai Plant ※As of March 31, 2013

Business Results



Hirata Corporation supplies optimum production equipment to customers in various industrial fields all over the world.

Automotive Production Equipment Business

We are engaged in the manufacture and sale of a wide range of assembly equipment, such as major components for power transmissions and drive-trains, including engines and transmissions called power trains, electronic devices, including controlling computers, automotive electronic components such as various sensors, air compressors for air conditioners, ABS brake modules, etc.

In recent years, we have met demands for state-of-the-art component production such as motors and driving inverter assemblies for hybrid cars.

Automotive Equipment



Engine assembly line



Above:
Leak test machine
Right:
Cold test machine



Automotive components assembly line (Image)



ACS-C (Automotive components assembly unit)

Semiconductor Production Equipment Business

We manufacture and sell load ports which incorporate silicon wafers into various processing devices and wafer transportation robots corresponding to air and vacuum environments and integration of EFEMs (Equipment Front End Modules).

For FPDs (Flat Panel Displays), we manufacture and sell panel coating device "head coaters," panel glass cutting devices and glass laminating devices, etc.

Semiconductor Production Equipment



EFEM



Wafer transfer robot

FPD Production Equipment



Head coater (coating device)



Glass cutting device

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.

We supply equipment and systems that assemble hard disks with a high degree of cleanness and high-speed transportation, which can select a component supply method based on products and install glass plates, backlights and printed wiring boards, etc., in the frames of panels of large TVs.

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.

Home Appliance Production Equipment



Refrigerator assembly line



Large TV automatic assembly line

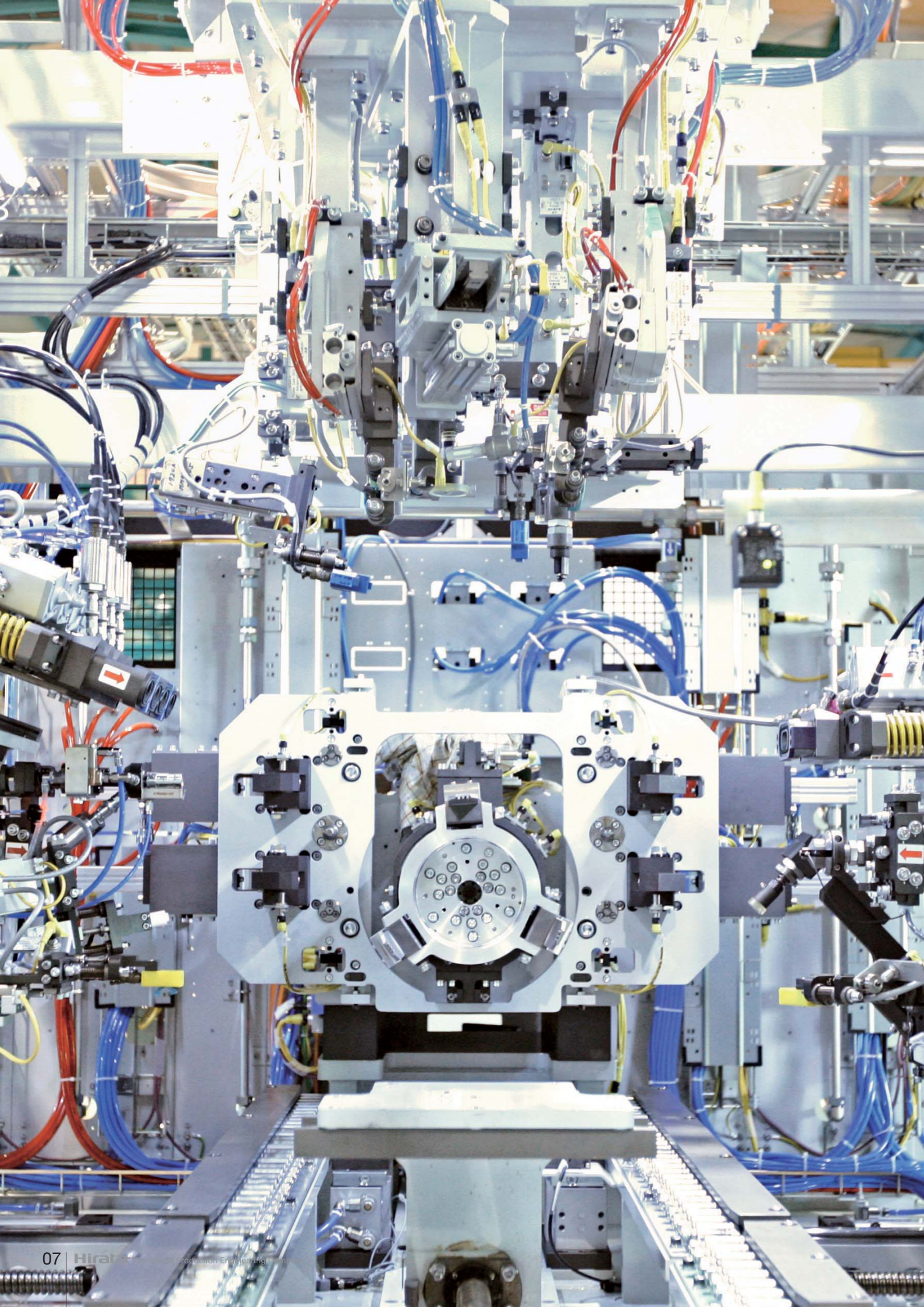
Electronic Components Production Equipment



ACS-MD (mobile device assembly equipment)



Condenser assembly system



Together with Customers

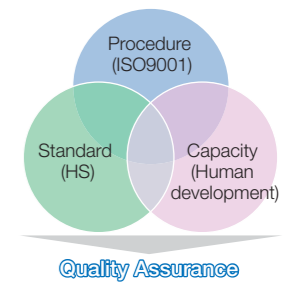
Quality Assurance

Quality assurance activities are implemented by the entire company and entire processes in order to satisfy customer demands

Hirata Corporation implements quality assurance activities in each process from receiving orders to design, manufacture and shipment under a comprehensive quality management system based on ISO9001 in order to supply customers with safe and secure products and services. As part of quality assurance, we implement product safety activities to supply safe products to customers and maintain compliance with laws and regulations.

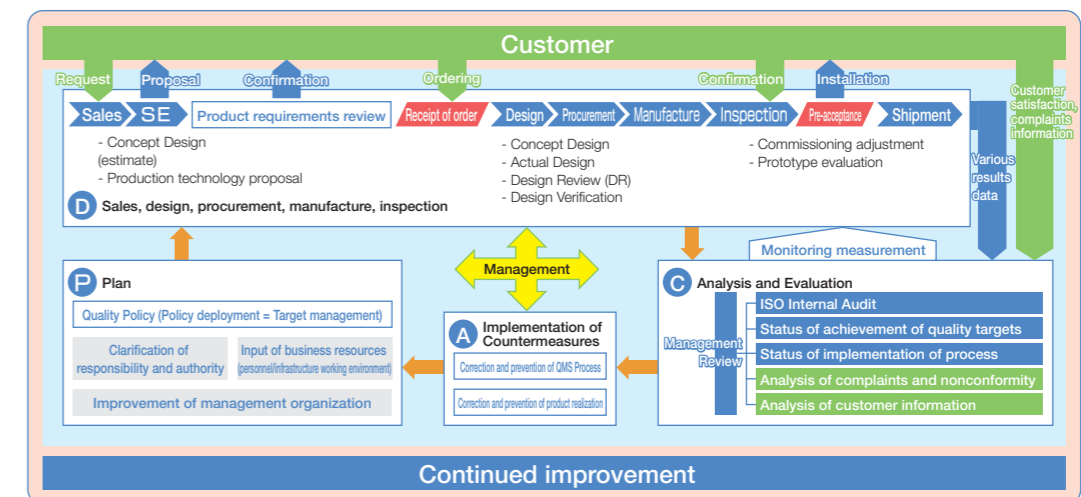
Three Major Elements of Quality Assurance of Hirata Corporation

- 1 Procedures for manufacturing and confirming quality products
 - ▶ ISO9001 quality management system
- 2 Management criteria for performing business, determination criteria for evaluation and determination criteria for design/execution/product quality
 - ▶ Internal specifications and standards are improved (Technical Internal Specifications: Hirata Standard (HS))
- 3 Capacity to perform business and evaluate and improve



We make efforts for quality assurance based on the above three major elements.

Concept Chart of Quality Management System



Recognition for efforts by Hirata Corporation

Hirata Corporation has received recognition for its efforts by customers (the following are just a few of them).



2006:
From SHARP,
we received
the LCD Award
Equipment
Department Prize



2008:
From Toyota Motor,
we received
the Technical
Development Award



2011/2012:
From GM, we received
"Supplier of the Year 2011"
"Supplier of the Year 2012"

Together with Employees

Providing Opportunities for a Variety of Human Assets

Efforts for Re-Employment

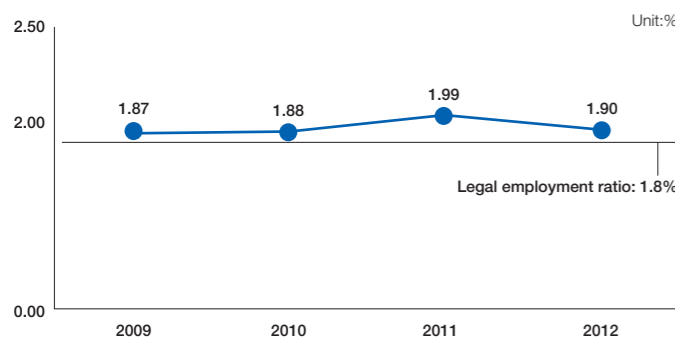
Number of re-employed persons above 60 years old

Year	2009	2010	2011	2012
Persons retired by age limit	4	7	16	25
Persons who sought re-employment	4	5	11	18
Re-employed persons	4	5	11	18

Unit: person

Active Employment of Disabled Persons

Changes in Employment Ratio of Disabled Persons



Unit: %

Legal employment ratio: 1.8%

Under the “Re-Employment System” established in 2006, the Company enters 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.

The employment rate of disabled persons in 2012 was 1.90%, exceeding the legal employment rate of 1.8%. For employment, we try to match individual needs and business by participation in explanation meetings held by related organizations and acceptance of practical training from special support schools.

Support to Ability Development

The source of corporate competitiveness is “people.” Under the management philosophy of Hirata Corporation, “makes the best use of its members,” the Company creates an environment, where every employee can exert his or her ability to the extent possible, as the top priority of management and sets its personnel basic policy as “human development” shall be the core of management in the medium-term management plan. We aim at growth and development of the Company by revitalized systematic education and training and rotations throughout the group and providing opportunities for challenge and growth of individuals, while the Company responds to globalization.

In 2012, we provided stratified training as training mainly for new employees, section managers, deputy

department managers, etc. In particular, for training for new employees, we thoroughly improve field power through practical training of about six months in various departments to strengthen development from the early stages of career. We also focus on professional training and training by subject. In particular, as Hirata Corporation carries out about several hundred ordered projects a year based on MTO projects, management skills are very important for the success of projects and we strengthen project management training for section managers and team leaders.



New employees at OJT

Work-Life Balance

Hirata Corporation is making efforts to realize “work-life balance” so that a comfortable working environment can be improved and employees can use time freely for themselves. Specifically, they have as their main pillars [1] improvement and enhancement of childcare leave of absence, childcare shorter working hours and nursing care leave of absence, [2] overtime work reduction.

For childcare leave of absence, more employees return to ordinary work after taking leave of absence and shorter working hours, which means that a system that allows for concentration of childcare has been securely established.

For overtime work reduction, we are making efforts at reductions by each department proposing ideas in cooperation between management and labor.

We will make efforts to improve work-life balance through efforts at enlightenment activities for childcare leave of absence and nursing care leave of absence and overtime work reduction.

Number of employees who took childcare and nursing care leave, etc.

Year	2010	2011	2012	Average
Childcare leave of absence	16	11	4	10.3
Childcare shorter working hours	19	15	8	14.0
Nursing care leave	2	2	1	1.7

Unit: person

I am grateful to the childcare support system and for the understanding from my colleagues

Misa Murata : Administration Division, Legal Department

I was given the time to watch my children grow through the childcare leave of absence and childcare shorter working hours system. I am grateful as this was due to the enhanced childcare support system of the Company and understanding and cooperation from my colleagues. It is hard to balance work and childcare, but I will make my best efforts for my family who provide understanding and cooperation in my continuing to work.



Occupational Safety and Health

Under the motto of “participation with zero-disasters by all employees,” Hirata Corporation holds a safety and health committee at each factory and a company-wide safety and health committee, a supervisory committee, every month to promote organizational safety and health activities. At sites, through risk assessment and danger prediction drills at morning meetings, we strive to secure safety during work at the Company and customer factories. As a result of these efforts, we have realized zero accidents requiring absence of an employee since 2011.

Distribution of Safety and Health Handbook

The Company prioritizes work safety by distributing to all employees, including subcontracting companies,

the safety and health handbook which summarizes basic knowledge on safety and health and rules for onsite work.

Implementation of Mental Health Training

The Company provides mental health training for all employees. The purpose of this training is so that every employee shall understand the idea of self-care, “I protect my health on my own” and acquire the knowledge and skills to respond to stress and practices at workplaces and in daily life.



Participants learning responses to stress

Together with Business Partners

Hirata Corporation selects appropriate suppliers, comprehensively considering cost, delivery date, quality, service, payment terms and credibility in purchasing the materials used for production of various products.

In order to maintain long, stable and sound business relationships with suppliers, we strive to maintain impartial, fair and clean relationships and build up cooperative relationships of trust.

Suppliers Meeting

Hirata Corporation holds suppliers meetings every year for the purpose of building up relationships of trust with suppliers. In 2012, it was held in June and about 140 suppliers attended.

At first, a director in charge of procurement explained that we had to build up a mechanism for producing a large amount of equipment in a short period of time as the number of production units required by customers will increase by one digit as we would be dealing with global companies.

Thereafter, an explanation was made about the business results of 2011 and the procurement policy for 2012 and production plan for 2012. For each company which significantly contributed to the production activities of Hirata Corporation in the

processing field and services, we expressed our thanks through letters of appreciation and commemorative gifts.



The hall is filled with suppliers

Receiving the 1st letter of appreciation

Mr. Hideki Baba, SMC Corporation, Kumamoto Sales Office Director

We are very honored as our company was chosen to be the recipient of the 1st letter of appreciation. I believe quality, cost and delivery date of air pressure equipment, including air cylinders, which we have delivered since the 1970's, have been appreciated and particularly, our response to short delivery periods and secured product traceability have been appreciated.

The supplier meeting is an opportunity to listen to the trends of Hirata Corporation and the forum for obtaining information on developing production plans. It is also meaningful as a forum for exchanging information among suppliers.

While we are pleased to receive a letter of appreciation, I also feel pressure that we have to be a model for other suppliers, but we will make our best efforts to contribute to society through our business relationship with Hirata Corporation.



Together with Shareholders and Investors

IR Activities

Hirata Corporation believes it is the assumption of impartial and fair price formation of shares that information on investment decisions shall be properly supplied in a timely manner and also recognizes that we are required to supply important corporate information, constituting the basis for investment decision-making by many investors who are market participants in a fair, equal, correct and swift manner.

For such institutional disclosure materials as financial reports and quarterly reports, we have improved our organization system to make correct and timely disclosure of the details of the Company and for material facts and any other important corporate information, we disclose the information promptly after making a formal decision and the occurrence of the facts.

For major IR activities, we hold closing explanation and second quarter closing explanation meetings for institutional investors and also individual consultations with institutional investors and analysts.

IR Tools

In addition to financial reports, announcements on closings, which are prepared under laws and regulations of financial instruments exchanges, Hirata Corporation makes every possible effort for shareholders and investors to deepen their understanding of the business of Hirata Corporation by independently preparing the following materials.

① Closing explanation materials, quarterly closing explanation materials

These are the materials explaining the summary of the closing of a term in easy to understand language and are used as materials for closing explanation meetings for institutional investors for the final closing and second quarter.

② Hirata Report

This report, for shareholders, describes the business content, results, plans and topics in easy to understand and is issued and sent by mail after disclosure of the final closing and second quarter closing.

③ Fact Book

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

④ Materials for explanations at general meetings of shareholders

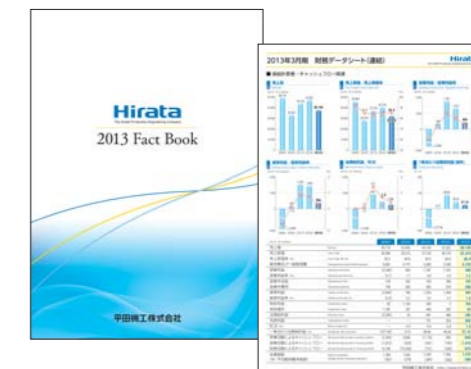
These are materials used for explanations at general meetings of shareholders.

⑤ "To our Shareholders and Investors" on the Hirata Corporation website

This page collects information for our shareholders and investors and posts the information about shares, company profile information for individual investors in addition to the above materials. We intend to promote understanding of Hirata Corporation.



Hirata Report



Fact Book

Together with Local Communities

Solar Power Generation Business

Hirata Corporation loans part of the roofing of the Kumamoto Plant and Kumamoto East Plant to Taihei Technos Co., Ltd., a subsidiary which carries out the installation business of solar power generation systems and installed solar power generation panels on the roofs. The maximum power (capacity) is 1,000kW in total, which is so-called mega-solar size and all the electric power generated is sold to Kyushu Electric Power Co., Inc. by Taihei Technos. Annual power generation is expected to reach approximately 1 million kWh and we believe this is a meaningful effort in terms of countermeasures related to power shortages with

suspension of nuclear power plants and for society through reductions in environmental loads, and also in terms of effective use of idling space on the premises. In 2013, we will expand the system by 1,000kW at the Kumamoto East Plant and Shichijo Plant, and as a result, total maximum power will be 2,000kW.



Solar Panels installed at Kumamoto Plant (left) and Kumamoto East Plant

Internship

Hirata Corporation provides internships of a “working experience type,” by which the Company provides opportunities for students to think “What it means to work at a company” or “How much what I have learned can be applied.” In 2012, during summer and winter season, we accepted seven students in total from technical colleges, universities, support schools and schools for children with hearing disabilities. For

high school students, we provided motivational lectures prior to the internship and accept plant visits of several hundred students so that they can efficiently develop correct job perceptions and selection of a career.

As a new effort, we plan internships at overseas subsidiaries to develop global human resources and invite schools to participate.

Donations and Cooperation

For support of the victims of the North Kyushu Heavy Rains in July 2012, who suffered from enormous damage, we made a joint donation by the Company, employees and Hirata Union. Also, we have cooperated every year since 2008 in the environmental photo contest, “O(good) and X(bad) of our Town, Kumamoto,” to promote enlightenment of environmental awareness.



Donations to victims of North Kyushu Heavy Rains Disaster

Cleaning Activities

Hirata Corporation regularly continues cleaning and beautification activities at each Plant, Office and the surrounding areas. We also participate in volunteer support activities in conjunction with the Ministry of Land, Infrastructure, Transport and Tourism.



Posted at the Gate of Kumamoto Plant

5 Environmental Report

Environmental Management System

Environmental Policy

We at Hirata establish environmental policies and promote environmental activities in line with the policies. We contribute to global environmental protection by reducing environmental load on our business activities, products and services.

1. ISO (9001/14001) Basic Policy

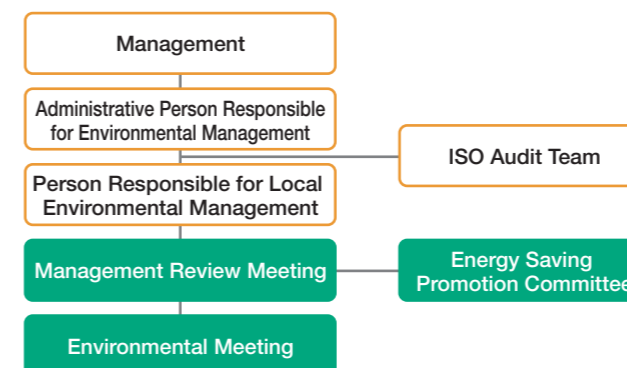
- ① Putting customers first, and providing the high-quality products that meet customer satisfaction.
- ② Producing high value-added and environmentally-friendly original products through efforts in technical innovation and improvement.
- ③ Upholding laws and regulations and making products that are safe and easy to use.
- ④ Working towards the prevention of pollution and the enhancement of quality through the continuous improvement of our EMS/QMS effectiveness.
EMS: Environmental Management Systems
QMS: Quality Management Systems

2. Particulars of our environmental policy

- ① Working towards the manufacturing of products considering the product life cycle through implementing production engineering.
 - Promoting energy-saving products
 - Promoting recyclable design and manufacturing of products
 - Reduction or substitute of harmful materials used in products
- 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 In order to construct sustainable society, striving to conserve the environment technologically and economically in the business activity and the all production process including sales, designing, manufacturing, installing and service after the sales.
 - Reducing energy usage
 - Reducing waste and promoting recycle
 - Reduction or substitute of harmful materials
 - Preventing environmental problems and pollution
- ④ Increasing environmental awareness through implementing education and publicity programs.
- ⑤ Reviewing EMS regularly for continuous improvement.

Environmental Management System

Environmental Management System Promotion Organization



Hirata Corporation builds up its Environmental Management System (EMS) promotion organization. Under the responsibility and authority of the person responsible for Environmental Management, each department promotes EMS.

EMS is examined and reviewed at the Management Review (MR) meeting held twice a year.

Also, international standards, ISO14001 certification was obtained at production bases in Kumamoto District, Kanto District and Kansai District.

Environmental Targets

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

Item	Mid and long-term targets (2012-2014)	Results of 2012	Evaluation	Activities Plan for 2013
Supplying products that reduce environmental loads	Implementation of environmental-friendly designs	Conducting product assessments and reduced number of components, power consumption, hazardous materials and waste, etc.	○	Product assessments will continue to be conducted.
Countermeasures for chemical substances, hazardous materials	Promotion of green procurement	Implementation of management of chemical substances contained in products	△	Conduct thorough management of chemical substances contained in products at supply chains.
	Reductions in consumption amounts of materials subject to the PRTR Law	Reduction of more than 10% of actual production amount ratios to the consumption amount of materials subject to the PRTR Law in 2009	○	Promote replacement of materials subject to the PRTR Law.
Water resource countermeasures	Reduction of water consumption	Reduction of more than 5% of actual production amount ratios to the water consumption amount in 2009	○	In the Kumamoto District, we promote efforts to reduce use of underground water.
Global Warming Countermeasures	Reduction of energy input	Reduction of more than 5% of actual production amount ratios to energy inputs in 2009	○	Focus on reductions in power consumption by introduction of energy saving equipment and thorough energy management.
	Reduction of CO ₂ emissions	Reduction of more than 5% of actual production amount ratios to CO ₂ emissions in 2009	×	An increase of 13% of actual production amount ratios. We reduced energy inputs, but the change in global greenhouse gas coefficients worsened the figures.
Waste Countermeasures	Reduction of industrial waste amounts	Reduction of more than 5% of actual production amount ratios to waste amounts in 2009	○	We promote reduction of waste oil, waste plastics and woodchips.

Compliance with Legal Regulations and Pollution Prevention

Confirmation of compliance with environmental laws and regulations is regularly made by the ISO Secretariat and ISO Internal Audit and also some self-standards are determined to comply with laws and regulations.

At Hirata Corporation, there was no breach of environmental laws and regulations or accidents in 2012. With regard to complaints, one complaint about noise was raised at Kumamoto Plant, but after taking

measures for preventing recurrence, we received no similar complaint.

In 2012, we carried PCB (polychlorobiphenyl) waste (three condensers) stored at Kumamoto Plant into the Japan Environmental Safety Corporation, Kitakyushu Plant and proper disposal was conducted. PCB waste stored at the Hirata Corporation comprises one condenser at the Kanto Plant and it is properly managed.

Importance of Complying with Rules

Yoichi Sakata : Device Center, Processing Department

As a pollution prevention manager and hazardous materials handling manager, I inspect press machines and manage receiving and delivery of the hazardous materials at storage area in compliance with laws and regulations. Fortunately we have no previous experience with accidents, I feel the importance of working in compliance with rules when I watch and hear news about fires at chemical plants. We will make efforts to prevent environmental pollution with all employees united as one.

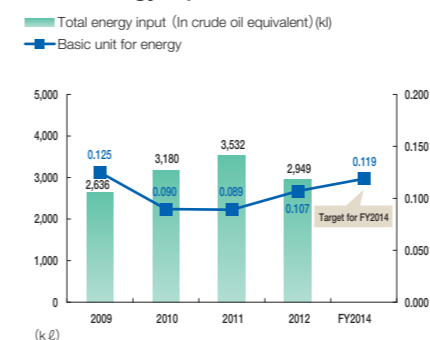


Consideration for the Environment in Business Activities

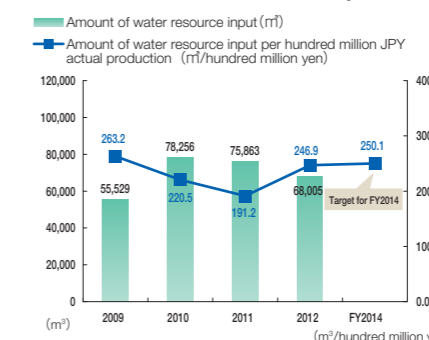
Environmental Performance

Grasping the impact on the environment by business activities, we are striving to reduce environmental loads to achieve our mid term targets (2012-2014).

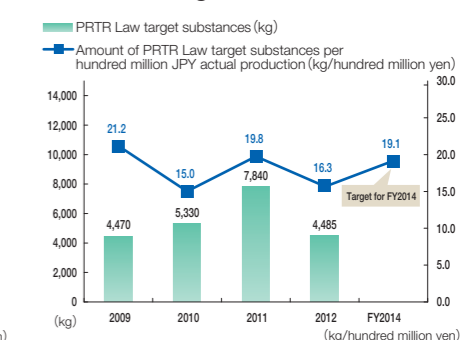
Total energy input



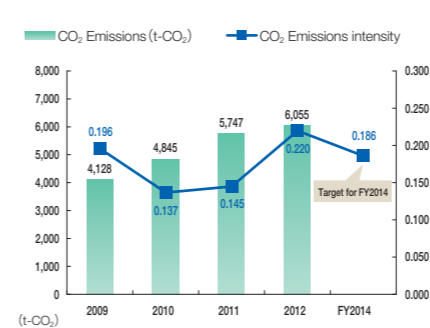
Amount of water resource input



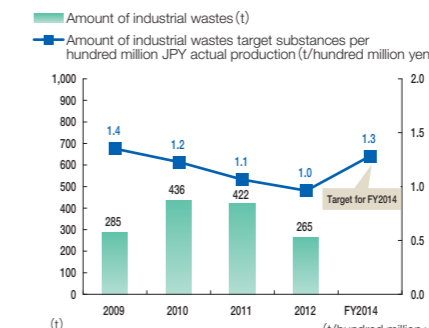
PRTR Law target substances



Amount of CO₂ emissions



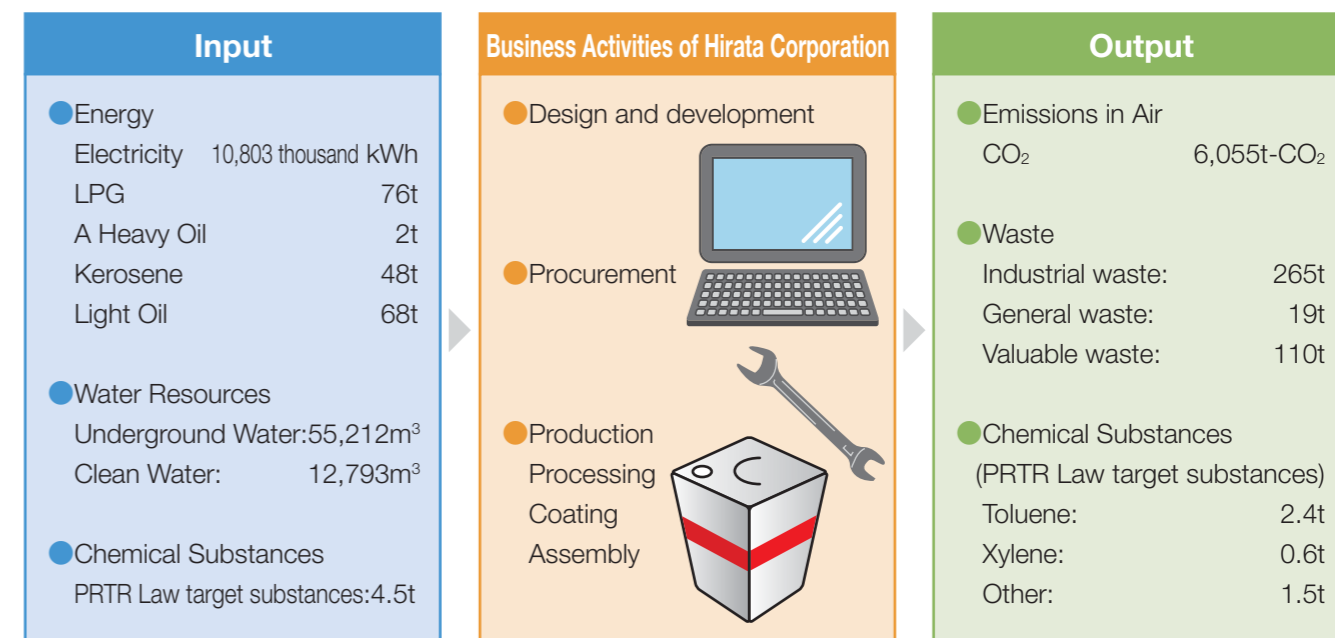
Industrial wastes



*Actual production amounts used for calculation of energy use and CO₂ emission intensity.
*In each graph, the target figures for 2014 are included, which is the last year of the mid and long-term targets.

Material Balance

Environmental loads in 2012 are as follows.



Environmental Consideration in Products

Environmentally-Friendly Products

We strive for production of products that reduce environmental loads, considering lifecycle in order to realize a sustainable society.

FOUP Opener, KWF Series



This is a device to open and close FOUP of a container containing wafers in the semiconductor manufacturing process.

By reducing the number of components, the product was made lighter than the previous model by 15%. It has an excellent power saving capacity and by removing the battery for data backup, it improved the reliability of storage, using magnetic memory and also contributes to easier maintenance and reduction of waste.

Wafer Vacuum Transport Robot, AR-Wn VD Series



This is a robot for wafer transportation in the semiconductor production process.

Reducing magnetic fluid, waste was reduced by about 65% from the previous model.

In addition to robots, a battery for data backup is removed from the controller, which contributes to easier maintenance and reduction of waste.

Manufacturing contributing to environmental protection

Seiji Matsuda, Tetsuya Sakai : Business Headquarters, Equipment Business Div.

We faced many problems in development, but we coped with problems in cooperation with the manufacturing department and manufacturers from the prototype production stage and by maintaining close communications with customers. For chemical substances contained in products, which have been a problem in recent years, awareness and the ability of each designer are required for response. We will continue to make efforts to manufacture environmentally-friendly products in order to contribute to global environmental protection to the extent possible.



Photo below:
Development Designer
Seiji Matsuda (Left)
Tetsuya Sakai (Right)

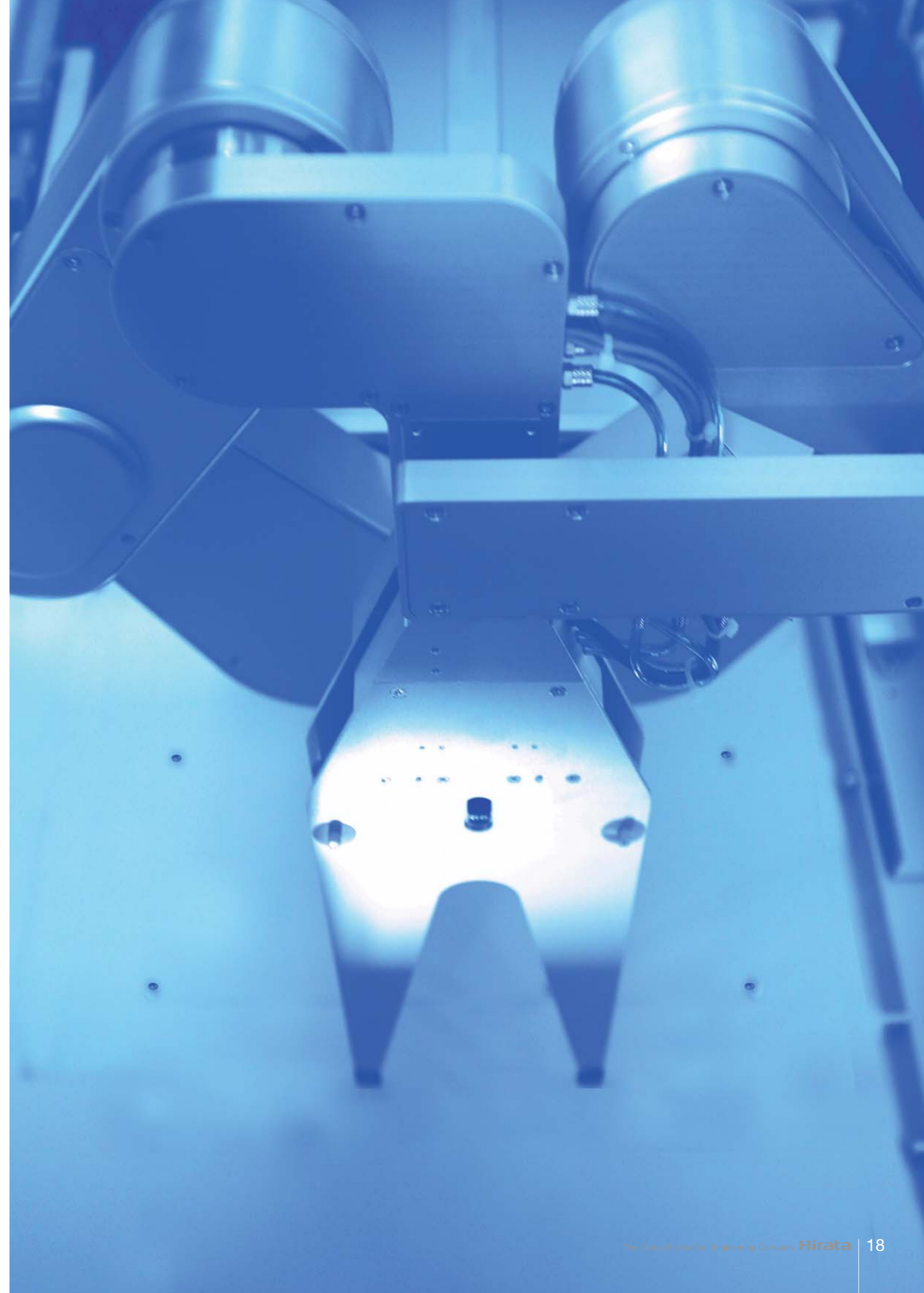
Response to Management of Chemical Substances Contained in Products

In order to respond to chemical substance related laws and regulations in Japan and overseas, including European RoHS Directive^(*1) and REACH Regulations^(*2), we promote strengthened management of chemical substances contained in our products. In FY2012, we made a response to the standards of customers based on the procedures for management

of chemical substances contained in our products, which was established in FY2011. In order to conduct thorough management of chemical substances contained in products in supply chains, we will continue to strengthen our systems and operations.

*1 RoHS Directive: Regulations of hazardous materials of EU

*2 REACH Regulations: Chemical substance management regulations of EU

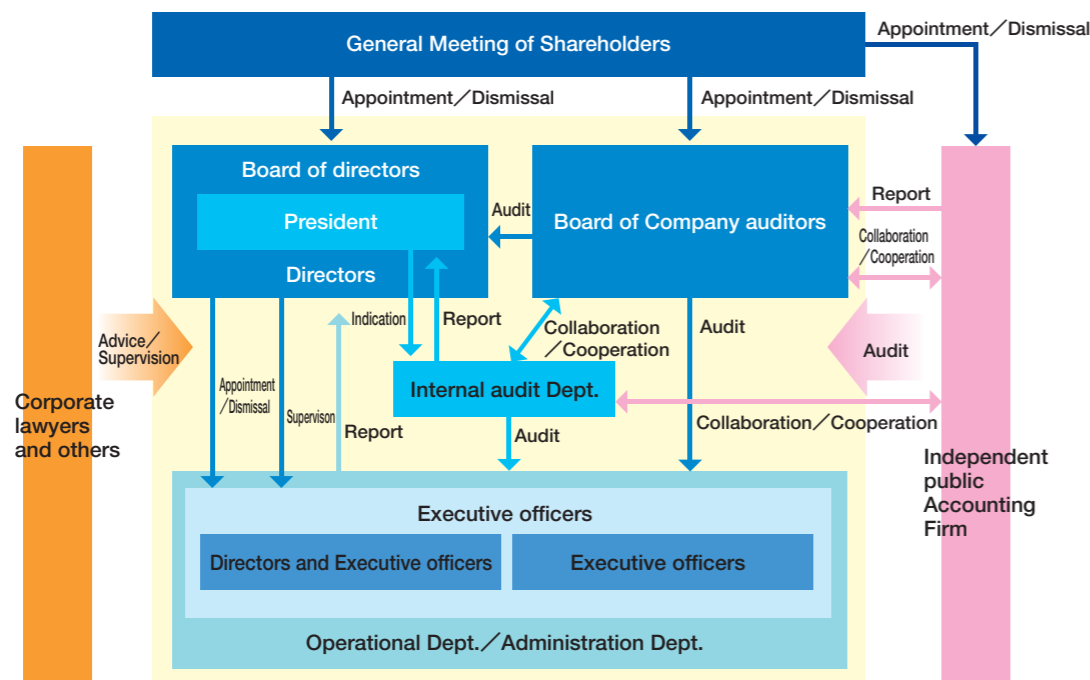


Corporate Governance

Basic Stance

Hirata Corporation, as a company which targets on the global marketplace, has promoted sound and effective operation action focusing on corporate governance in order to discharge its social responsibilities. Hirata is thus working to enhance compliance system, improve corporate value and strengthen business competitive edge. As companies are placed in roles of publicness, public benefit, and sociality, Hirata believes that the maintenance of good relations with all stakeholders will lead to the longer-term improvement of shareholder value.

Corporate Governance Framework



Hirata Corporation has built up a corporate governance system through its board of directors, its supreme decision-making authority, and the board of auditors, which audits the appropriateness of the status of execution of duties by directors and also by the following institutions. 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 auditors.

Hirata Corporation has accounting audits performed under an audit engagement with an audit corporation

and receives advice on proper accounting methods upon consultation on important accounting matters as needed. For important matters of compliance, the Company consults with legal advisers as appropriate to receive useful advice. Further, the Company has introduced a Management Meeting and Executive Officer System. Executive officers execute business in each field promptly and precisely and participate in deliberations of important matters concerning execution of business at the Management Meeting to enhance corporate governance.

Compliance, Corporate Ethics

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 to this Code of Conduct in the event of their detection during the course of the execution of business in accordance to the same. Should such a report be issued, the employee or employees in question shall be protected from liability.

Export Control

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

“Regulations for Security Export Controls” for the purpose of compliance with laws including the Foreign Exchange Law and proper export controls in order to contribute to maintaining global peace and safety and has built up a security export control system.

Compliance Education

Hirata Corporation provides various opportunities for employee education in order to thoroughly comply with related laws in Japan and overseas, various regulations of the Company and any other norms socially required for compliance. In addition to providing basic education on the necessity of compliance and the concept to all employees, the Company established programs by managerial ladder and department on such subjects as the Subcontract Law, corruption prevention, export control, confidential management, prevention of insider trading, labor management, occupational safety and environmental protection, etc., based on amendment of laws and systems of the Company.

Such education is part of the ability development

plan and education and training records are retained by each person. If any matter of concern about compliance occurred, we provide the related persons with education and training as needed to improve awareness about compliance and prevent recurrence.



Scene of the Subcontract Law Education activity

Helpline

Hirata Corporation established an external reporting contact (Hirata Helpline) in May 2008 under the “Code of Conduct” for employees to report problems which might violate laws and internal regulations and to address with the potential risks which 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 content of a report and investigation results shall be reported to the Compliance Committee.

Risk Management

BCP (Business Continuity Plan)

To avoid unanticipated disasters and problems from hindering uninterrupted business operation, we consider all possible risks in advance, and take prevention, protection and reduction measures into consideration to ensure continued business operation, giving our customers piece of mind against risks while ensuring that business returns to normal within the shortest time possible 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.



Information Security

Roles and Functions of Information Security Committee

Hirata Corporation has prepared information security management regulations to protect such information assets as information and information devices from threats, including leakage and damage and conducts business activities safely and is addressing prevention of leakage of confidential matters by building up a management system centering on the Information Security Committee.

Major Examples of Management of Information Security

- For use of email and the Internet, log records are

kept and access is restricted and installation of dangerous software such as file sharing software is prohibited.

- Passwords used for individual authentication are required to be changed regularly and the notice of changes is sent to individuals whose date of change is near.
- A backup file server is located outside of the main bases of Hirata Corporation to avoid loss of material data in case of disasters, including earthquakes, etc.