

The Global Production Engineering Company  
**Hirata**

Corporate Social Responsibility Report



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**Hirata**  
CSR Report 2014  
Corporate Social Responsibility Report

Hirata Corporation

## Editorial policy

With a view to widely informing of the business activities of Hirata Corporation and the relationships with our stakeholders, we hereby issue the CSR Report 2014.

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 2013

(from April 1, 2013 to March 31, 2014)

Subject Organization: Hirata Corporation, non-consolidated

(consolidated results are added to the changes in business results)

Published: August 2014

(Next scheduled report: August 2015)

### Reference Guidelines

GRI "Sustainability Reporting Guidelines 3.1"

The Ministry of the Environment,

"Environmental Report Guidelines (2012 Ed.)"

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# President's Message

## Preface

Last year, Hirata Corporation issued the "CSR Report 2013" and presented to our stakeholders an overview of the Corporation's ideas and approaches toward technology and society. Since then we have continuously made efforts with your cooperation, to strengthen our commitment as a corporation capable of contributing to society and now issue the "CSR Report 2014."

## Always Meeting the Needs of the Times Based on Our Management Philosophy

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.

## Relationship of Trust with Stakeholders

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,



Representative Director, President

## Yuichiro Hirata

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.

## Closing Remark

This year, we are in the last year of "PLUS ONE 61," the mid-term management plan covering the three years from FY2012 to FY2014. All employees will continue efforts to meet the expectations of stakeholders, and we would appreciate your ongoing support.

## Management Philosophy, CSR Policy

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.

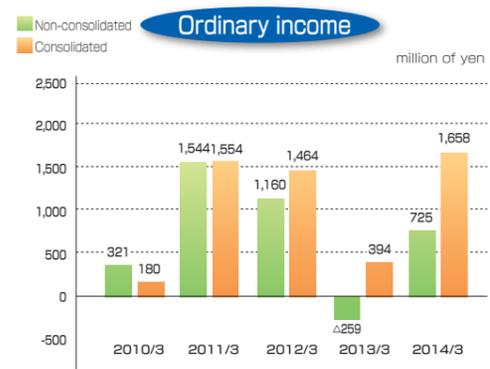
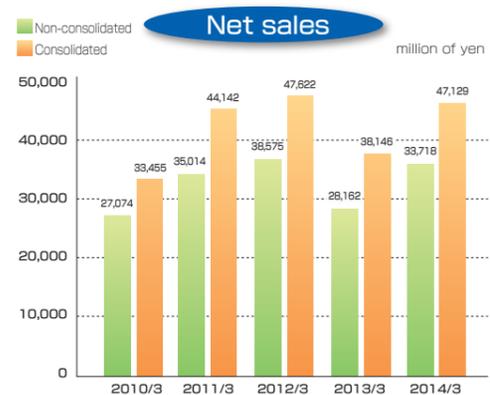
**4 We build up appropriate relationships with all stakeholders.**  
We formulate appropriate relationships based on mutual trust with all stakeholders, including business partners and cooperate with each other for sustainable growth.

**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.

## Overview of Company and Business

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	
Consolidated	1,940
Non-Consolidated	1,264
Capital	2,633 million yen
Stock Exchange Listings	Tokyo Securities Exchange JASDAQ (Code : 6258)
Issued Number of Shares	10,756,090
Number of Shareholders	2,460
Production base	Kumamoto prefecture: Kumamoto Plant Kumamoto Plant (East Plant) Kusuno Plant Shichijo Plant Tochigi prefecture:Kanto Plant Shiga prefecture:Kansai Plant ※As of March 31, 2014

### Business Results



## Products

### 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.



Engine assembly line

### 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.



EFEM

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 cleanliness 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.



Mobile device assembly equipment ACS-MD



Conveyance equipment for materials for tires

# Topics

## Establishment of a New Plant in Malaysia and a Branch in Guangzhou, China

### Manufacturing Department Transferred from Singapore to Malaysia

We established "Hirata FA Engineering (M) Sdn. Bhd. ("HFM")," a subsidiary of Hirata Corporation's Singaporean subsidiary "Hirata FA Engineering (S) Ptd. Ltd. ("HSL"), in the Nusa Industrial Park, Johor, Malaysia, which commenced operation on August 1, 2013.

Hirata Corporation formerly operated sales, design and manufacturing departments located at HSL as the Southeast Asian sales and manufacturing base, but with a view to enhancing its production system and reducing labor and other costs, we have transferred the manufacturing department to HFM in Malaysia, which has a building area 20% larger than that of HSL. We are planning to develop sites according to demand,

mainly in the home appliances production system and automotive production system fields.



New plant with a larger production space

### Branch in Guangzhou, China, Commenced Operation

We established "Hirata Automated Machinery (Shanghai) Co., Ltd. Guangzhou Branch," a branch office of Hirata Corporation's subsidiary "Hirata Automated Machinery (Shanghai) Co., Ltd. ("HAS")," in Guangzhou, China, which commenced operation on July 1, 2013.

HAS is carrying out business operating in the East China area including Shanghai city where HAS head office is located and the South China area including Guangzhou city as the main business regions. Since South China area can be expected the same market size with East China area especially in the automobile related equipment field, HAS established

branch at Guangzhou city as a sales base, and meet the customer's needs promptly.



Building in which the Guangzhou Branch is located

## Hirata received the "Global Special Award" from JATCO Ltd.

Hirata Corporation received the "Global Special Award" on July 31, 2013, whereby our contribution to the delivery of production lines and production start-ups upon JATCO's expansion of several production bases including in Mexico, China, etc., was recognized.

We started a business relationship with JATCO in 2000, and we recently deliver large transmission equipment to the company every year. JATCO commends parts manufacturers and equipment manufacturers which have contributed to its development, quality improvement and manufacturing every year. For FY2013, 24 companies from 6 sectors were commended in total, and Hirata Corporation was selected as one of them.

The award ceremony was held at Shin Yokohama Prince Hotel on the same day, where Yuichiro Hirata, our president, received a commemorative plaque.



Plaque in commemoration of the Global Special Award

# Corporate Governance

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

## 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

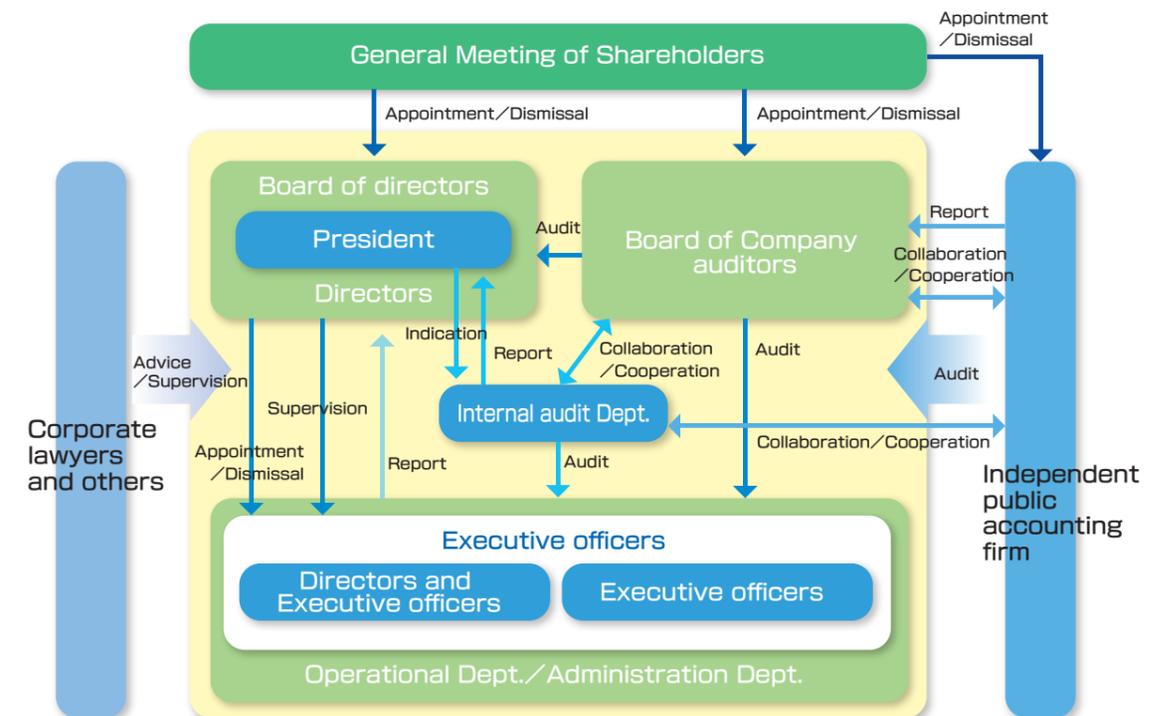
benefit, and sociality, Hirata believes that the maintenance of good relations with all stakeholders will lead to the longer-term improvement of shareholder value.

## 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

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 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.

## 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.

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

Early detection and correction of problems through this whistle-blower system enable us to prevent violations of laws and internal regulations.

# 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 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

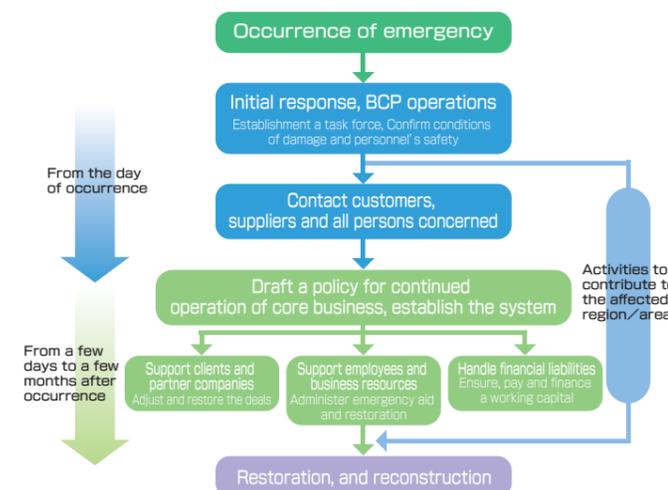
Hirata Corporation has prepared information security management regulations to protect such information assets as information and information devices from threats, including leakage and damage and conducts business activities safely and is addressing prevention of leakage of confidential matters by building up a management system and activities 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 important data in case of disasters, including earthquakes, etc.

## 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 been making efforts to build up a security export control system.



# 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 developed the Quality Management System (QMS) Promotion Organization, and under the responsibility and authority of the quality control manager, the QMS is promoted by department, working on quality assurance activities. At the Management Review (MR) meeting held twice a year, we check the status of operations and examine and review the QMS.

### Quality Management System Promotion Organization



### Three Major Elements of Quality Assurance

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.



## Product Safety

Hirata Corporation is making the following efforts as part of its commitment to quality assurance to provide our customers with products (equipment) that can be safely used.

### Development of Internal Standards and Procedures

We conform to various certification systems including international standards (ISO/IEC), national standards, and industrial standards (SEMI Standards, etc.) as well as set out ISO9001 as our procedures to advance product safety [measures] and the HS (Hirata Standard) as our internal technical standard to achieve product safety.

### Implementation of Education

In order to improve our ability to respond to standards and certifications, etc., we provide our employees various opportunities to take part in product safety education. We have provided staff in charge of sales, design and manufacturing with education regarding standards in Europe, the US and China etc.



Participants learning Chinese National Standards as part of our educational activities

### Information Sharing

We collect actual cases relating to international standards (ISO/IEC), national standards and certifications, etc., from Business Divisions and post them on the intranet together with our procedures and standards to share information company-wide. This leads to improvements in QCD, enabling us to proceed with operations efficiently by referring to past cases.

## TOPICS

### “Hirata Standard Handbook 2014” Issued and Distributed

The Hirata Standard (abbreviated as “HS”) is the basis of ‘monozukuri (manufacturing)’ by Hirata Corporation, which puts together industrial standards and Hirata Corporation’s machine and control design standards that aim at quality and productivity improvements. The entire contents of the HS are available on the intranet, but frequently used contents are excerpted and compiled into a handbook for greater convenience, and distributed within the Hirata Group and to our Suppliers who have signed a confidentiality agreement.

The handbook is utilized for quality and productivity improvements as a convenient and practical tool portable to any site without an Internet connection or for a business trip.



# 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 2013, we held the FY2013 Suppliers Meeting at the Ueki-cho Culture Hall of Kumamoto City, which 192 people from 132 suppliers attended.

At this Meeting, we commended 10 good suppliers and 4 best suppliers among our suppliers that contributed to the production activities of Hirata Corporation in FY2012, based on their transaction value, quality, costs, delivery times, etc., as well as awarded a special prize to 3 suppliers which showed a remarkable performance in BCP or improvement activities.



The award ceremony

## Supplier Satisfaction Survey

Hirata Corporation commenced the Supplier Satisfaction Survey from FY2013 in order to have our suppliers evaluate whether procurement operations are conducted in a fair manner in compliance with laws and internal regulations.

The Survey was conducted among our 259 major suppliers on 20 items, including reliability of Hirata Corporation’s staff, procedures for determining prices and delivery times, etc.

The overall trend indicated that they evaluated

their business partnerships with Hirata Corporation as good and desired to continue business relations with it in the future as well, while as a problem, opinions have been received that delivery periods are short. We will respond to them by introducing a system which enables a more speedy order issuance process.

We will continue with this Survey to ensure further improvements with our partnerships.

## VOICE

### As a Partner to Survive Difficult Times



Nichiden Corporation  
Mr.Hajime Sasaki (Left)  
in charge of Kyushu Area/  
Kyushu Branch Director  
Mr.Katsusuke Wada (Right)  
Kumamoto sales office  
2nd section Manager

We are a business that has been delivering mainly transmission devices such as timing pulleys and chains for more than 30 years. Since we are in a position to communicate our customers’ ideas and directions to our manufacturing suppliers, we consider the Hirata Corporation’s Suppliers Meeting an important meeting in obtaining information such as their policies for the current term.

The year before last, we were looking up at the award-winning suppliers from the audience, hoping to stand on the stage someday, and we are grateful to have received the best supplier prize the following year.

We understand that our high rate of delivery date compliance as well as our contributions to the tentative slips eradication activities according to Hirata Corporation’s policy have been recognized, and this is a result of our various efforts including guidance and education to our suppliers.

This award is only a starting point for us, and it will be meaningless unless we can continue. We would like to take this opportunity to become a partner to survive the difficult times by not only maintaining existing business relationships, but also selling the products of Hirata Corporation through our networks.

# 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 Resources 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. Based upon our Corporate Philosophy, 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, 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 definitely do not discriminate against any employee on the basis of nationality, race, religion, age, gender, physical or mental disability, or

other legally protected attributes.  
 2. We carry out our HR activities in compliance with applicable laws and regulations. We shall comply with all applicable laws and regulations of each region regarding 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. We operate and faithfully accommodate, whenever applicable, conversations or discussions with employees or their representatives.  
 3. We aim for a fair, equal and transparent HR system. The human resource policies have to be reasonable and persuasive to the employees. We shall clearly explain the contents of the policies to the employees and make it open to the maximum extent.  
 4. We support professional development. Based upon our Corporate Philosophy of "Makes the best use of its members", we shall positively support for professional development.

## Providing opportunities for a variety of human assets

### Efforts for Re-Employment

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.

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

Year	Persons retired by age limit	Persons who sought re-employment	Re-employed persons
2009	4	4	4
2010	7	5	5
2011	16	11	11
2012	25	18	18
2013	23	17	17

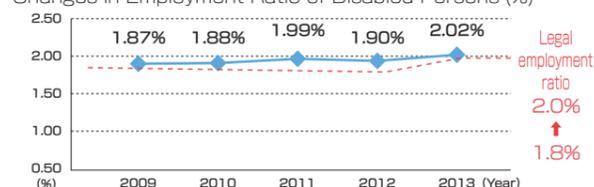
Based on the Law concerning Stabilization of Employment of

Older Persons as revised in April 2013, we have revised our re-employment system, and reemploy those who desire until 65 years of age.

### Active Employment of Disabled Persons

Employment rate of disabled for FY2013 was 2.02%, exceeding the statutory employment rate of 2.0% after the revision. We will continue our efforts to match individuals with work through participation in briefing sessions hosted by related organizations as well as receiving trainees from schools for special needs education.

Changes in Employment Ratio of Disabled Persons (%)



## Employee Satisfaction Survey

Hirata Corporation conducted an Employee Satisfaction Survey among our employees in FY2013. (Response rate was 85%). Our aim is to determine employee opinions concerning our business management and internal systems and thoughts concerning their work from the perspectives of "management direction," "job satisfaction,"

"communication," "personnel management system" etc., to identify issues, and reflect them to specific measures and action plans to lead in steady improvements.

We will work to improve job satisfaction by conducting fixed-point observation continuously in the future.

## Support to Ability Development

We recognize that the top priority of our business management is to develop an environment in which each and every employee can grow and exert her/his abilities to the extent possible under the Corporation's management philosophy of "maximizing the potential of its personnel," and accordingly, we have set out a personnel basic policy that "human development" shall be the core of management" in the mid-term management plan. As further responses to globalization are required, we will develop a mechanism to steadily

foster human resources to realize global strategies, and provide our employees with opportunities for growth.

As from FY2013, we have reviewed our education system including stratified education, specialist education, theme-specific education, etc., to further enhance education and training, and have been implementing curriculum programs systematically. Particularly, skills to lead order projects to success are important for a make-to-order company such as Hirata Corporation, which makes to order, so we are conducting practical project management training.

### VOICE

#### Mastered Skills Are Immediately Put into Practice



Kumamoto Business Div.  
Sachio Ideta

Project management training was a practical course consisting mainly of group work, where we worked in teams to solve presented problems using methods unique to project management. The main method was to visualize project information for sharing, and as the framework and application of these ideas are learned and understood their effectiveness can be realized to improve actual business operations, applying the mastered skills already in on-going projects.

The times during which "whatever is produced will be sold" are gone, and QCD demands from customers are getting tougher year after year. Under such circumstances, I strongly felt the needs to adopt such scientific and practical methods actively.

## 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 (Unit: person)

		2011	2012	2013
Childcare leave of absence	Female	11	6	6
	Male	0	0	1
Childcare shorter working hours	Female	15	13	8
	Male	0	0	0
Nursing care leave	Female	1	1	0
	Male	1	0	0

## 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. We develop a yearly plan concerning safety and health every year to improve the situation based on the PDCA Cycle of plan, do, check and act.

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.

### Safety Patrol by the Directors

During safety week held in July every year, the president and all the other directors carry out safety patrols of the factories in order to improve the situation by recording good points and points requiring improvement. Morale at the site is raised by such patrols by the directors.

### Implementation of Safety and Health Education

We provide safety and health education required at the time of employment and also to employees of our contractors engaged in on-site work, as well as distribute the safety and health handbook. Further, we have internal instructors to provide specialist education on industrial robots as this is essential in handling Hirata Corporation's robots.

# 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 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.



# 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.

## Solar Power Generation Business

Hirata Corporation has loaned a part of the roof of Kumamoto Plant and Kumamoto East Plant to Taihei Technos, a subsidiary of Hirata Corporation operating solar power system installation business. In FY2012, Taihei Technos installed solar power generation panels on those 2 roofs. In FY2013, we had additional solar power generation panels installed by Taihei Technos on other roofs on Kumamoto East Plant and Shichijo Plant. This has doubled the maximum output (capacity) from the previous 1,000kW to 2,000kW, and the annual amount of power generation reached around 2 million kWh. The generated power is sold entirely to Kyushu Electric Power Co., Inc.



Solar panels installed at the Kumamoto East Plant (above) and the Shichijo 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 2013 during summer and winter season, we accepted nine students in total from technical colleges, universities and technical high schools.

Also, for high school students, we accept a few hundred of them for plant visits in order to help them develop proper views about occupations and select their courses efficiently. Additionally, in line with our new efforts to develop global human resources, we have started accepting students for internships and plant visits also at an overseas affiliate (Taiwan Hirata Corporation).

## Donations and Cooperation

We collect new year's post cards with written mistakes and unnecessary foreign money held by those who have returned from overseas business trips and donate them to UNICEF, UNESCO, etc.

Also, we have cooperated every year since 2008 in the environmental photo contest, "O (good) and X (bad) of our Town, Kumamoto," to promote environmental awareness.



Foreign money collected with the cooperation of volunteers

## Career-related Lectures / Experience Learning

As part of our community-based social contributions, we have been continuously engaged in activities visiting junior high schools in neighborhoods to give career-related lectures and invite students to the company and provide experience learning opportunities.

In FY2013, we cooperated with the Kumamoto Municipal Kanan Junior High School in their integrated learning program, and received students to allow them to experience the operation of robots after making a presentation on our business and products. We received remarks from students who participated in the program, such as "I had a great fun. It was like playing a game. As I hope to get a job involving robot production in the future, this has been very helpful."



Junior high school students diligently learning to operate a robot

# Environmental Management System

Towards the realization of a sustainable society, we have developed the Environmental Management System and are working hard to protect the environment.

## 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 has built up the Environmental Management System (EMS) Promotion Organization led by management and the environmental management manager, and obtained international standard ISO14001 certification at the Kumamoto, Kanto and Kansai region production bases.

### Environmental Education

We are implementing environmental education systematically to increase environmental awareness and prevent environmental pollution.

In FY2013, we implemented Common Environmental Education, Education for Environmental Management Staff, Education on Environmental Laws and Regulations, Chemical Substance Management Education, etc.

### TOPICS

#### Implementation of Chemical Substance Management Education

We have provided Chemical Substance Management Education to approximately 550 chemical substance handlers and management supervisors to prevent any environmental pollution and health hazards caused by chemical substances. They have learned about the risks of chemical substances, how to read SDS (safety data sheets), related laws and regulations and internal procedures.



## Legal Compliance and Pollution Control

We undergo compliance checks concerning environment-related laws and regulations periodically by the ISO Secretariat and ISO internal audits, as well as having set our own standards to ensure compliance with laws and regulations.

In FY2013, no violation of laws or regulations, accidents or complaints occurred in Hirata Corporation related to environmental issues.

Also, in FY2013, we brought PCB (polychlorinated biphenyl) waste (one condenser) stored at the Kanto Plant to the Japan Environmental Safety Corporation to have it disposed of appropriately. With this, disposal of all PCB waste stored by Hirata Corporation has been completed.

## Environmental Targets

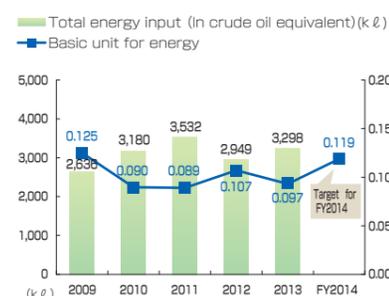
○...achieved, △...nearly achieved, ×...unachieved

Item	Mid and long-term targets (2012~2014)	Results of 2013	Evaluation	Activities Plan for 2014
Supplying products that reduce environmental loads	Implementation of environmentally-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	○	Determine the amount of water consumed in the manufacturing process and consider how to reduce it.
Global warming countermeasures	Reduction of energy input	Reduction of more than 5% of actual production amount ratios to energy inputs in 2009	○	Focus efforts on reduction of electricity usage in particular by introduction of energy-saving equipment and reinforcement of energy management.
	Reduction of CO <sub>2</sub> emissions	Reduction of more than 5% of actual production amount ratios to CO <sub>2</sub> emissions in 2009	×	
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.

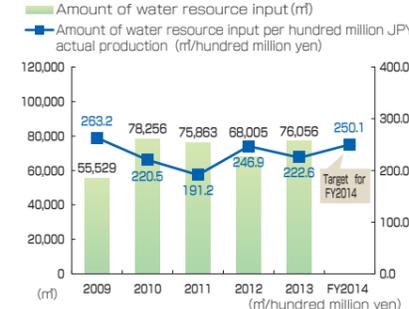
## Environmental Performance

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

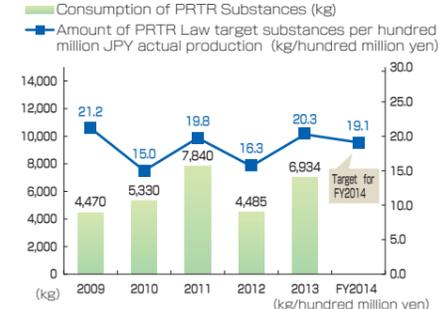
### Total energy input



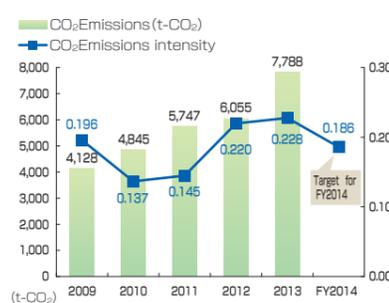
### Amount of water resource input



### Consumption of PRTR Substances



### Amount of CO<sub>2</sub> Emissions



### Industrial Wastes



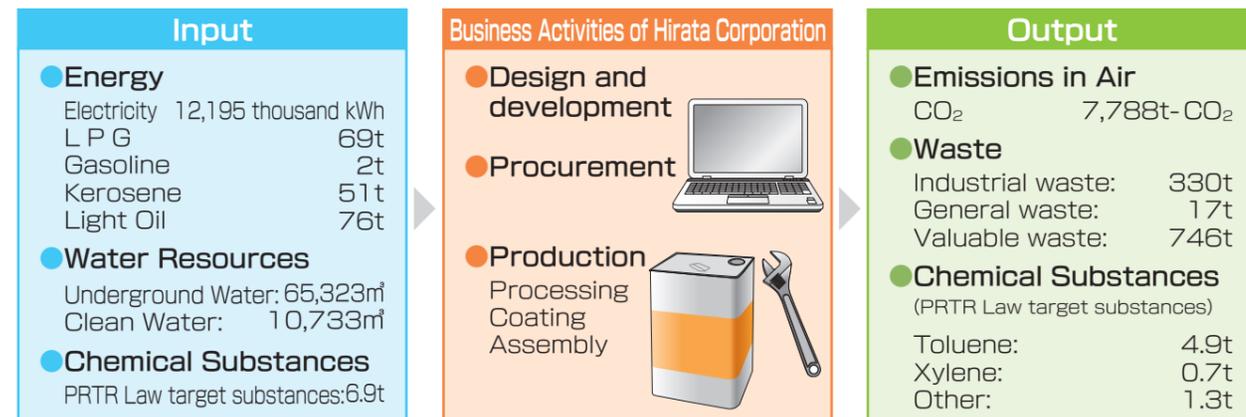
\*Actual production amounts used for calculation of energy use and CO<sub>2</sub> emission intensity.  
\*In each graph, the target figures for 2014 are included, which is the last year of the mid and long-term targets.

# Consideration for the Environment in Business Activities

We are actively working to determine and reduce the environmental loads for the entire lifecycle of products including design and development, procurement, production, etc.

## Environmental loads

Environmental loads in 2013 are as follows.



## Environmental Accounting

As from FY2013, we started to calculate environmental protection costs. We categorize these into investment amounts and cost amounts with reference to the "Environmental Accounting Guidelines" by the Ministry of the Environment.  
(Unit: thousand of Yen)

Item		Major Activities	Investment amounts	Cost amounts
Business Area Cost	Pollution Prevention Cost	•Noise prevention	—	988
	Global Environmental Protection Cost	•Introduction of energy-saving equipment	15,696	42,368
	Resource Circulation Cost	•Disposal of general waste and industrial waste	—	12,346
Administration Cost		•Maintenance of environmental management system •Environmental measurement •Environmental education	—	26,938
Social Activity Cost		•Nature protection, clean-up •Donations to environmental protection groups	—	59
<b>Total</b>			<b>15,696</b>	<b>82,699</b>

### TOPICS

#### Energy-Saving Efforts - Replacement of Lighting with LED

In FY2013, we switched the lighting in the Kumamoto Operations Center building to LED. This will reduce electricity usage to one-third compared to conventional fluorescent lighting, and also contribute to waste reduction as it has a long service life. We plan to work on lighting energy savings at the plants from now on.



# Environmental Consideration in 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 Products

### Eco Electric Stopper

Requires only a 24VDC cable. Stopper with superior energy saving performance requiring neither air equipment nor controller. Usable in any field including automotive and home appliances. We will make new proposals offering it as Hirata Corporation's standard product.



A stopper is a device to keep pallets flowing on a conveyor standing at a fixed position while assembly is being carried out. This can be used to keep them standing until the next process is ready to receive them.



### (Features)

- ① Energy Saving: No power consumption while idling. No need for pneumatic tooling like compressors, and reduces CO2 emission.
- ② Low cost: Requires only a 24VDC cable. Electric power cost will be reduced by more than 90% annually.
- ③ Compatible: Mounting dimension compatible with major Japanese pneumatic stoppers. Easy to replace.
- ④ Safe: Small work envelope and no pinch points.

### VOICE

#### To Make Proposals of More Eco-Friendly Products with Superior Energy-Saving Performance



Kumamoto Business Div.  
Bungo Matsumoto

The eco electric stopper can be operated with only 24 volt direct current, requiring neither air equipment nor controller, because of its use of solenoids (cylindrical coil) and the mechanical structure utilizing the impelling force of the flowing pallets. By eliminating accessories required for conventional air cylinders, power consumption has been significantly reduced. We are currently developing a new product following the electric stopper, and making efforts to create eco-friendly proposals in the future with superior energy saving performance by their combined use.

## 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 FY2013, we established the Green Procurement Subcommittee to reinforce the internal system to share information concerning laws and regulations and the management situation of chemical substances contained in products, as well as any related issues. As it is expected that such laws and regulations and the standards of our customers will be even stricter in the future, we will continue to work proactively on development of efficient and effective internal systems and reinforcement of the system including the supply chain.

\*1 RoHS Directive: Regulations of hazardous materials of EU      \*2 REACH Regulations: Chemical substance management regulations of EU