

Corporate Social Responsibility Report 2016

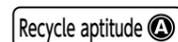
The Global Production Engineering Company
Hirata
Hirata Corporation
www.hirata.co.jp



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CSR 1308-E1607NI04

Hirata Corporation

Top Message

Prior to the CSR report, we would like to express our sympathy to anyone affected by the Kumamoto earthquakes, as well a big gratitude towards those who have shown warm support as we are mainly based in Kumamoto.

Introduction

Hirata Corporation strives to become an exceptional company which contributes to society alongside our stakeholders.

Please read our 2016 CSR report compiled by Hirata Corporation including our technology and efforts towards society.

A challenge to develop products that will help achieve a richer life

Since 1951, Hirata Corporation has always challenged the future with cutting-edge technology and contributed to the development of society by providing production systems for the world's top manufacturers in various fields of industry such as automobiles, semiconductors and consumer electronics.

Hirata Corporation creates an integrated manufacturing business structure which opens the doors for development, new project proposal and design, parts processing, assembly, operational trial, production establishment, and maintenance/support systems. This is owed to

the cooperation of sales and production in Japan, North America, Asia, and Europe.

We focus our business operations based on the following management philosophies: "Makes the best use of its members", "Challenges technical innovation", "Respects humanity", "Opens the door to creative life", "Contributes to the society", and "Makes our customers successful" .

Efforts for globalization

The effort for globalization is one of the top priorities for the management at Hirata Corporation.

In the mid-term management plan for 2015-2017, along with the support from its affiliation, Hirata Corporation aims to establish a global position as a manufacturer and integrator.

The same applies for the CSR, and from 2015 the overseas business headquarters have been included to the CSR Committee that is part of the CSR promotion organization, establishing a management system.

In addition, risks associated with globalization has been carefully examined from the viewpoint of compliance, ethics, products and the environment, as well as strengthening the relation with overseas companies and taking actions to ensure the safety of products and managing chemical substances contained inside products.

Aiming to contribute to the society through products

Many countries, not only limited to Japan are concerned about the decrease in the labor force population with the declining birthrate and aging population.

We aim to contribute further to the society by pursuing technological innovation in various fields including medical, pharmaceutical and nursery care by using the automated production system at Hirata Corporation to resolve problems to these solutions.

In addition, as environmental problems are becoming a serious issue, we have a duty to a company to manufacturing eco-friendly goods, taking into account the lifecycle of products, reducing its size and weight, and the use of chemical substances.

We will continue to fulfill our social responsibility to manufacture products that are friendly towards both people and the environment.

Conclusion

In 2015, we were able to record the highest ever consolidated net sales of 53 billion Yen.

We sincerely thank our stakeholders for their support.

With our slogan, "One Hirata For Next Stage - Win the race across the globe -", we aim to continuously improve our corporate values and sustainable growth.

We appreciate your continued support for and cooperation in our endeavors.



President
Yuichiro Hirata

Editorial Policy

In order to inform the business activities of Hirata Corporation and the relationships with our stakeholders, we hereby issue the CSR Report 2016. By closer communications with stakeholders through the Report, we will improve our activity level. We truly appreciate your direct opinions and comments.

Scope of report

Target Period: FY 2015 (April 1, 2015 – March 31, 2016)

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

Published: June 2016 (Next scheduled report: June 2017)

Reference Guidelines: GRI "Sustainability Reporting Guidelines 4."

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

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Management Philosophy, CSR Policy



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

Management Philosophy

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

CSR Policy

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

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

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

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

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

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

4 We build up appropriate relationships with all stakeholders.

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

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

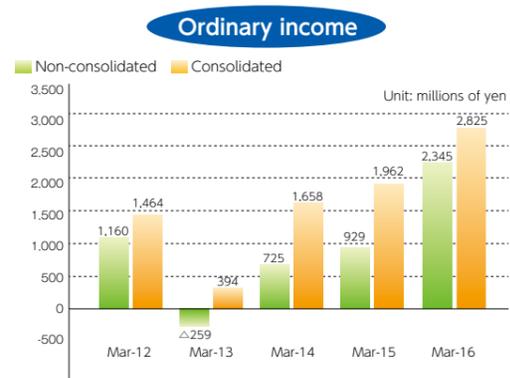
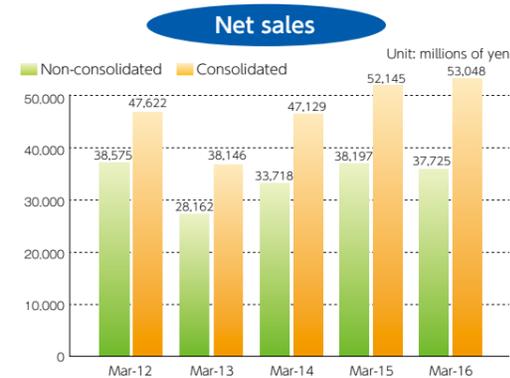
By striving to protect the environment, we ensure a safe and healthy life for local residents and will actively contribute to the society.

Overview of Company and Business



Company Name Hirata Corporation
Headquarters 111 Hitotsugi, Ueki, Kita, Kumamoto, 861-0198 Japan
 TEL:81-96-272-0555
 FAX:81-96-272-7901
Representative President and Representative Director Yuichiro Hirata
Date Established Dec. 29, 1951
Accounts Closed Mar. 31 (annually)
Employee Number Consolidated 2,007 employees (1,663 employees full-time)
 Non-consolidated 1,279 employees (992 employees full-time)
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 1,864 people
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, 2016

Business Results



Products Information



Main Product Line Introduction

Automotive Production Equipment Business

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

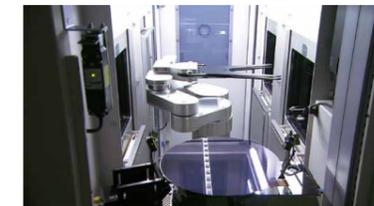


Clutch Assembly Line

Semiconductor Production Equipment Business

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

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



Wafer Transfer Robot



Coating Device



Vacuum Platform

Home Appliances and Other Production Equipment

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

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

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



Automatic Assembly Systems of Home Appliances



We will introduce the main topics from April 2015 to March 2016.

Held the opening ceremony for the subsidiary plant in Indonesia and North America

In April 2015, the subsidiary company in Indonesia, PT. Hirata Engineering Indonesia and in May, the other subsidiary company Hirata Corporation of America held the opening ceremony for the subsidiary plant. In the Southeast Asia region, we provide high-quality products and services to our customers, having our Singapore subsidiary as the main subsidiary, along with subsidiaries in Thailand, Malaysia, and Indonesia.



In addition, in the North America Plant, the trial operation of the production facility of the power train of automobile held is possible. We were able to realize the presidents' concept for corresponding closely from the customer's production base.

Commendation from customers

Commendation from Dyson Ltd. for 2 consecutive years

In June 2015, Hirata Corporation was awarded the "Recognition award lean (an award for distinguished service as a result for corresponding to Dyson's policy)". This is the second consecutive year of winning following last year's award for being an excellent supplier.



Our company has received many orders for various production facilities to build the motor for Dyson vacuum cleaner. The construction of production system of 6 million units/year for the assembly line of the V6 motor for the cordless vacuum was the main product for the company, and the machine with high precision and compact size with flexible and speedy correspondence led to high evaluation, leading to receiving the award.

Letter of appreciation from Daiwa House Industry Co.,Ltd.

In May 2015, we received a letter of appreciation from Daiwa House Industry Co., Ltd. where the strict schedule management for the quick delivery was appraised for the production line of the outer wall panel for the personal custom homes xevo Σ.

In this line, more than 200 of the orthogonal type robots made by our company were used and have been actively used in the company's Okayama, Nara and Tochigi plants.

The development of pallet machine tool for the automatic transporting system

Hirata Corporation developed a pallet machine tool for the automatic transporting system that can transport a maximum weight capacity of 4 tons.

By introducing this system, a wide variety of products for machine tools can be automatically supplied, and the emission, transportation, and storage after processing the product enable continuous manufacturing for over 24 hours.

As an effort to self-manufacture and improve the productivity, this system was installed in September, and the productivity level has increased by double the amount.

Improvement of productivity and the rate operation of the machine tool is a common factor that all manufacturing industry faces.

Based on our performances, we are confident to provide you with this system.

We are also planning on building the system for small-sized and medium-sized machine tools and in the future, we will sell this system to general manufacturing industries.



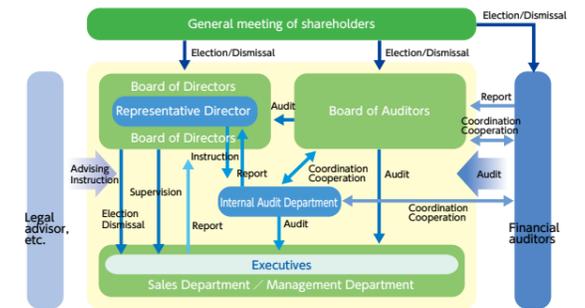
Corporate Governance Risk Management

We continue to enhance our corporate governance and risk management structure to maintain trust and meet the expectation of our stakeholders.

Corporate Governance Framework

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

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



The Board of Directors at Hirata Corporation consists of 11 directors (including 2 outside directors).

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

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

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

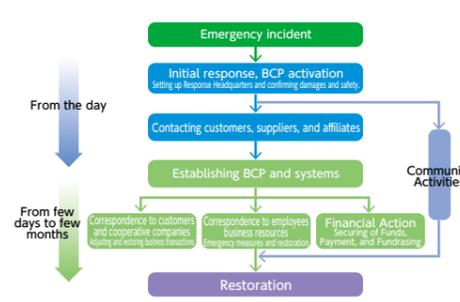
Furthermore, the Company has introduced a management meeting and executive officer system.

We are working to strengthen the corporate governance where 15 executive officers have been appointed (of them 9 also serving as a director) by carrying out each responsibility quickly and accurately, while also participating in discussions related to the importance of business during management meetings.

*Directors Number is as of June 23, 2016

BCP (Business Continuity Plan)

To avoid unexpected disasters and problems that may hinder the business operation, we will consider all possible risks in advance and take prevention, protection, and reduction measures into consideration to ensure continued business operation, to ensure that the business resumes within the shortest time possible after a disaster.



In advance of any possible phenomena (disasters, unexpected problems), we will implement precautions and restoration plans, and will continuously practice disaster prevention and BCP training.

We have introduced a safety confirmation system to rapidly and efficiently ensure the welfare of our employees during disasters by performing emergency drills on a regular basis.

As a result of these efforts, we will prioritize restoring the business even during disasters and will meet the needs of customers and areas that require assistance.

Information Security

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

Compliance, Corporate Ethics

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

Compliance Charter

Fundamental Principles

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

Code of Conduct

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

1. Abiding by legal statutes and regulations

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

2. Engaging in fair and just business

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

3. Disclosure of corporate information

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

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

4. Proper management and utilization of corporate assets

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

5. Contribution to society

We at Hirata, as a good corporate citizen, shall place our energy in protecting the environment, reusing natural resources and developing the local community with the hope of entrenching ourselves deeply within the community.

We are against antisocial movements and organizations that threaten the order and security of the citizenry and vow never to associate with them.

6. Respecting the individual

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

7. Controlling confidential information

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

8. Duty of practice and accountability

We at Hirata shall promptly report any and all infractions of this Code of Conduct in the event of their detection during the course of the execution of business in accordance with the same.

Should such a report be issued, the employee or employees in question shall be protected from liability.

Compliance Education

Hirata Corporation provides various opportunities to educate our employees such as learning about the act against delay in payment, export trade control, security control, prevention of insider trading, work safety, etc. based on the business principles and compliance charter to ensure compliance with related laws in Japan and overseas, company regulations and any other social norms.

During the training program for the prevention of insider trading, we have increased our understanding through specific examples of actions that should be taken to ensure the trust of shareholders and investors to provide the integrity and fairness of the stock market.

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



Helpline

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

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

Social Report



Together with Customers

We strive to provide the highest satisfaction by corresponding to the customer's demand for quality and safety.

Quality Assurance

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

We are working to provide consistent quality, especially for mass-produced products by enhancing the management level and to build quality assurance system including the supplier.

In addition, as part of the quality assurance, in order to provide safe products that can be used safely by our customers, the qualified person with safety assess* will provide education towards the design and manufacturing staff within the company to increase the application performance and basic knowledge of standard and certification related to safety.



■ System for Quality Management System Promotion

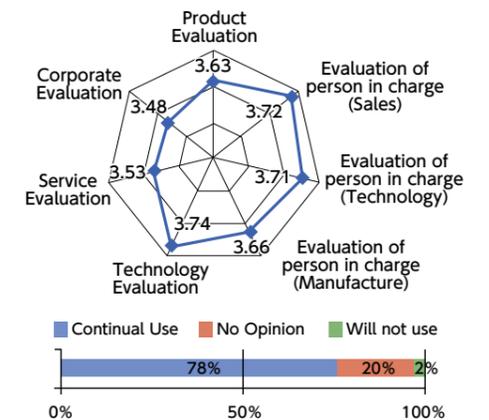
*Qualification system that authenticates that the knowledge and safety of the validity decision incredible according to the international safety standards.

Customer Satisfaction

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

Furthermore, we have conducted customer satisfaction surveys in 2015 whose survey items are in common with those carried out at all other companies.

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



From the FY2015 Customer Satisfaction Survey Results, Satisfaction weighted average score (5 points max.)

VOICE

Kumamoto Plant authorized as a UL Registered Plant by United States' safety standard

In December 2015, the Kumamoto plant (Device Center Electronics Department) received authorization by the United States' safety standard and became a registered plant receiving the safety standard UL 508A for control panels for North America.

As a result, we are able to correspond quickly to customer's needs to manufacture products using the control panel under UL standard.

There are only around 10 companies in Japan that have been authorized by the UL standard. Hence, in the future, we also aim to expand our market to equipment manufacturers that require control panel of UL508A authentication in the country.



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 May 2015, we held the 2015 Supplier Meeting in Kumamoto City's Ueki Culture Hall with attendants from 222 people and 140 companies.

In this meeting, we awarded the best performance award (3 companies), the best supplier award (10 companies), the special award (2 companies), and the letter of appreciation (20 companies) to suppliers that have contributed greatly to our manufacturing at Hirata Corporation in 2014.

Furthermore, the explanation of financial results, trends in each business department, and the procurement policy made it possible to understand the current situation and future prospects, which brought good feedback from a number of participants.

We would like to continue this meeting in the future.



Skill Training Seminars, Study Sessions

At Hirata Corporation, we are continuously offering skill training seminars and study sessions to strengthen the competitiveness of suppliers.

In August 2015, we conducted a practical workshop with companies who have top-level engineers enrolled for skill improvement.

In addition, we conducted 6 coaching/management/business manner workshop inviting professional instructors to teach to the 19 members of the senior management of suppliers over the span from September to October.

It was the first time organizing this. However, we received many feedbacks from our employees telling us how these workshops led to improving their skills.

Hirata Corporation aims to build the ongoing partnership with our suppliers and to work with coexistence with all suppliers.



VOICE

Grow Together as a Good Partner

Fujimoto Piping Co., Ltd. President and Representative Director **Masaru Fujimoto**

At our company, we conduct contract works for design and manufacture for devices and plumbing construction work and assembly of units.

At this supplier meeting, we received the best performance supplier award.

We have continuously received awards after the implementation of the award system, and for 22 years since the foundation of the company, working together for a long time has been evaluated highly, and we are pleased to have developed this trust with Hirata Corporation.

We can quickly learn about the new trends in manufacturing to come in the next generation by working with the globally advanced Hirata Corporation.

By continuously challenging ourselves to these new technologies lead to the improvement of our technology as well as bringing motivation for our employees.

As a partner, we hope to always try new things and continue to grow together.



Together with Employees

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

Global Human Resource Policies

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

1. Respect for human rights and diversity

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

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

We definitely do not employ child labor or forced labor.

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

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

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

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

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

3. Fair, equal, and transparent HR system

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

4. Support for skill development

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

We support professional development.

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

With this mind, we set a basic policy of human affairs where "[Talent Cultivation] is the key to management" and aim to support the advancement of employee capabilities.

In FY 2015, in addition to the conventional systematic style of education and curriculum plan, professional studies and subject-based education has been included.

Hirata Corporation is a build-to-order company. Therefore, it is crucial that the required skills are available for the success of order. We aim to continuously augment the abilities of employees through project management training.

Furthermore, to cope with globalization, we are committed to fostering a structure which cultivates talented individuals who can perform on a global stage and grow alongside employees.

VOICE

To create a vibrant company that "Makes the best use of its members"

Machine Design Third Section, Second Mechanical Design Group, Second System Department, Kumamoto Office, Operational Headquarters **Hisayuki Sueoka**



In the project management training (below is called PM), we aim to "visualize" the problem and learn techniques to analyze this.

One of the elements for PM is "empowerment (management technique that gives authority and force of the administrator to subordinates to meet the goals)" and is an important element to create a high-quality manufacturing system that is becoming more sophisticated, complex, and large scale.

Currently, using the empowerment technique, we have been scoping out the individual skills, aiming to improve the technical skills that would lead the project to success.

By having the participants spread the word of the effectiveness of this technique in the company, we would like to create a vibrant company that "Makes the best use of its members".

Together with Employees

Respecting human rights and diversity

Efforts for Re-employment

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

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

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

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

Fiscal Year	Retired Employees	Re-employment Applicants	Re-employed Persons
2011	16	11	11
2012	25	18	18
2013	23	17	17
2014	11	9	9
2015	13	9	9

Proactive Employment of Disabled Persons

The employment rate of disabled persons for FY2015 was 1.67%, falling below the statutory employment rate of 2.0% after the revision.

We strive to recruit individuals and achieve the statutory employment rate by participating in briefing sessions hosted by related organizations and acquiring trainees from vocational schools.



Changes in Employment Ratio of Disabled Persons (%)

Measures Against Harassment

We have been holding seminars on compliance, abuse of authority, and sexual harassment in seminars held annually for new chiefs and managers and labor management seminars (for administrators and managements), which began in June 2015.



Retirement Ceremony

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

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

Work-life Balance

In FY2015, we focused on "work efficiency" and enforced three regulations as a measure for "reducing overtime work": (1) Prohibiting overtime work on Wednesdays, (2) Prohibiting overtime work past midnight, and (3) Prohibiting working without any days off (At least one day off every week, four days off every 4 weeks).

Efforts to achieve these regulations led to making improvements and creating efficiency in our operations and as a result, we reduced overtime work by 10% without affecting our production.

We plan to create new measures as we continue to enforce these regulations for further improvements in the work-life balance.

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

Fiscal Year		FY2013	FY2014	FY2015
Childcare Leave	Female	6	15	15
	Male	1	1	1
Shorter Working Hours for Childcare	Female	8	10	9
	Male	0	0	0
Nursing Care Leave	Female	0	1	2
	Male	0	0	0

Together with Employees

VOICE

Support for Balancing Work and Childcare

Department of General Affairs and Human Resources, Management Head Office **Eriko Hayashi**

*As of April, 2016

I received a childcare leave and shorter working hours for childcare after giving birth to my first child. I was able to spend my time with my child and see my child's growth.

My mother told me that 30 years ago when she gave birth to me, she had to work until right before she was due and then return to work a few months after giving birth. Now being in the same position as my mother, I am not only thankful for the welfare of my company, but also the understanding and support from my co-workers and family. I am very fortunate for the environment that I am in.

I hope to become a support through my work for the younger co-worker in balancing work and childcare when they have children.

I aim to continue advancing while always remembering to be thankful for the support I get from my co-workers and family.



Labor Safety and Health

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

At the company-wide health and safety meeting, we create plans for constant improvement using the PDCA system (Plan Do Check Act).

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

We strive to ensure the safety in Hirata Corporation factories and our client factories with risk assessment and hazard prediction training during a morning meeting of each work site.

All executives including the CEO will conduct a safety patrol of the plants during the annual "National Safety Week" in July to manage work environment and raise awareness for safety in the workplace.

In FY2015, there was one occupational accident that required the worker to take time off from work for recovery. We strive for zero occupational accidents in FY2016

Implementing Safety and Health Training

We provide appropriate education and offer courses for operating cranes, forklifts, and industrial machinery. Health and safety education is a must for employees and contractors working in plants.

Handbooks on Hirata Corporation Codes are distributed to enforce safety and health.

TOPICS

Implementing Safety Operation Training

Every year, we invite instructors from non-life insurance companies to conduct seminars on road traffic safety.

Employees learn about accident cases of company-owned cars and causes of general traffic accidents based on analysis. They study driving safety from DVDs.

According to our insurance company, the number of accidents we have had is few considering the number of cars we own. We will continue to promote our efforts to bring down our traffic accidents to a zero.



Together with Shareholders and Investors

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

IR Activity Policy

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

We will accurately and appropriately disclose relevant information from institutional disclosure materials such as financial reports and quarterly reports and material facts and any other important corporate information.

Holding information sessions for investors

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

In 2015, we held the sessions in Tokyo, Kumamoto, Fukuoka, and Kagoshima and had many participants.



Briefing for Individual Investors

IR Tools

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

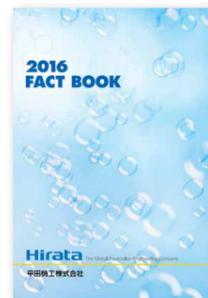
1. Briefing documents for financial results and quarterly financial results

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



3. FACT BOOK

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



2. Hirata Report

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



4. General Meeting of Shareholders

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

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

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



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

Together with Local Communities

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

Donating Blood

Each Hirata Corporation factory participates in donating blood as one of the simplest ways to volunteer.

Kumamoto factory has been donating blood for over 30 years. They promote blood donation with posters and factory announcement and about 200 people donate blood every year.

All the factories have been proactive participants, and Kansai factory has received a Japanese Red Cross Society Silver Order of Merit. We will continue to raise awareness in social responsibility and donate blood, which also offers us opportunities to think about our health.



Internships

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

In the summer and winter of 2015, we accepted ten students in total from technical colleges, universities, and technical high schools.

We also have accepted over 600 high school students for a factory tour to help them have a better grasp on our occupation and select their academic courses efficiently.

We have also been promoting global human resources in the recent years and accepted three interns and gave a factory tour to 116 people at our overseas affiliate, (Taiwan Hirata).

Career Talks and Hands-on 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 talks and invite students to the company for hands-on learning.

In addition, we invited ten third-year students from Kumamoto Municipal Kanan Middle School for hands-on learning in October 2015.

After explaining the work, products, and history of Hirata Corporation using documents and 3D videos, we demonstrated teaching an SCARA robot and checked its movement. We then gave a tour of the office and factory.

The students were able to have a better grasp of what we do by coming in touch with unfamiliar industrial robots and receiving our video lectures.



VOICE

Student Feedback

Kanan Middle School Third-Year Student

- I thought that Hirata Corporation was a car parts and robot manufacturer, but I was surprised to learn that in addition to the robots, they also produced equipment for manufacturing cars, semiconductors, and home appliance-related products.
 - I was surprised to learn that the factory in Ueki that I always walk past works globally with Dyson and Intel.
- Now I know what that blue building is for.

Environmental Report



Environmental Management

To realize a sustainable society, we have developed an 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 protecting the global environment by reducing the environmental load of our business activities, products, and services.

1. ISO (9001/14001) Basic Policy

- (1) Putting customers first and providing high-quality products that meet the customer satisfaction.
- (2) Producing high value-added, environmentally-friendly, and 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 manufacturing products with a reduced environmental load considering the product lifecycle by implementing production engineering.
 - Promoting energy-saving products
 - Promoting recyclable design and manufacturing of products
 - Reducing 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 a sustainable society, striving to conserve the environment technologically and economically in all business activities and production processes including sales, designing, manufacturing, installing and services after sales.
 - Reducing energy usage
 - Reducing waste and promoting recycle
 - Reducing harmful materials and using substitute article
 - 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

■ Structure of Promotion for Environmental Management System

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

■ Continual Improvement

Twice a year, we review our management system by implementing a management review by each department head, discussing the results, and coming up with the improvement strategies.

We bring the results of the management reviews to the environmental conference to further materialize the strategies and achieve improvements.

Abiding Laws and Regulations and Preventing Pollution

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

There was no law violation, accident, or claim against the Hirata Corporation on environmental matters in FY 2015.

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

TOPICS

Efforts of the Environmental Month

We called for senryu (Japanese poems) and poster designs with an environmental theme in June, which is the environmental month. We received many works with themes on saving energy and resources and eco-friendly design and production.

These works were put up on the notification boards and cafeteria to raise environmental awareness.



Environmental Goals

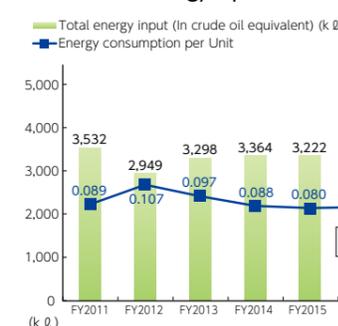
○ : achieved, △ : nearly achieved, × : unachieved

Categories	Long-term Goals (FY2015-2017)	FY2015 Accomplishments	Evaluation	FY2016 Plans	
Global Warming Countermeasures	Reducing CO ₂ emissions	More than 3% decrease in CO ₂ emission in comparison with actual production in 2014	12% decrease in comparison with actual production by installing of energy-saving equipment such as LED lighting	○	Focus efforts on the reduction of electricity usage in particular by the introduction of energy-saving equipment and reinforcement of energy management.
	Reducing CO ₂ emissions from producing energy saving products	Environmentally friendly designs Implementing energy saving designs on the products	Conducted product assessments and designed smaller and lighter products	○	Continue conducting product assessments
Using the resources effectively	Reducing water usage	More than 3% decrease in water usage in comparison with actual production in 2014.	1% decrease in comparison with actual production	△	Investigate and consider recycling water used in production
	Reducing and recycling industrial wastes	More than 3% decrease in waste in comparison with actual production in 2014	8% increase in comparison with actual production As production increased; oil, plastic, and wood waste increased.	△	We endorse recycling waste plastic.
Chemical Substance Management	Producing smaller, lighter, and recyclable products	Environmentally friendly designs Implementing smaller and lighter designs on the products	Implemented product assessments and designed smaller and lighter products	○	Continue conducting product assessments
	Reducing the consumption of materials subject to the PRTR Law	More than 3% decrease in PRTR Law Substances usage in comparison with actual painting production in 2014	18% decrease in comparison with actual production	○	Promote replacement of materials subject to the PRTR Law
	Managing chemical substances contained in products	Implementing the management of chemical substances contained in mass-produced products (Building and operating an information management system)	Built an investigation system on the chemical substances contained in products (Refer to "Response to Management of Chemical Substances Contained in Products" for details)	○	Promote efficiency in investigating the chemical substances contained in products

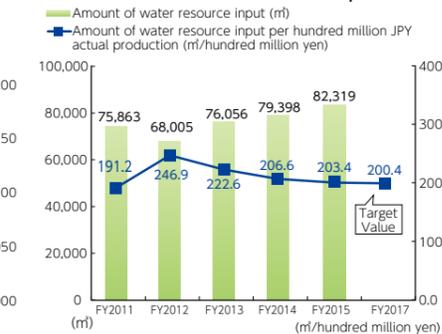
Environmental Performance

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

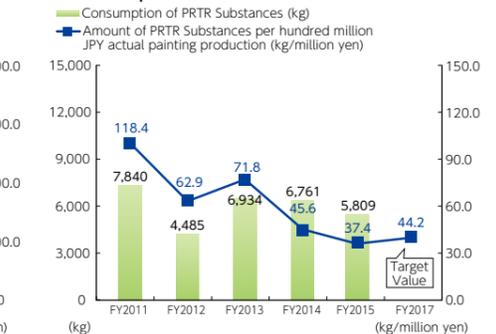
■ Total energy input



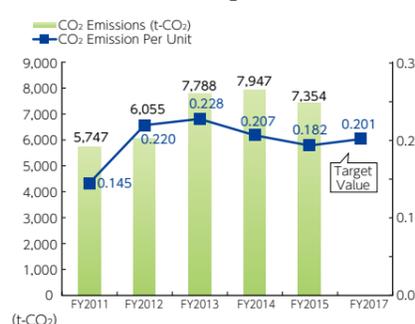
■ Amount of water resources input



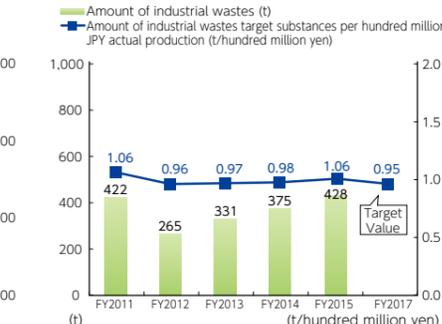
■ Consumption of PRTR Substances



■ Amount of CO₂ Emissions



■ Industrial Wastes



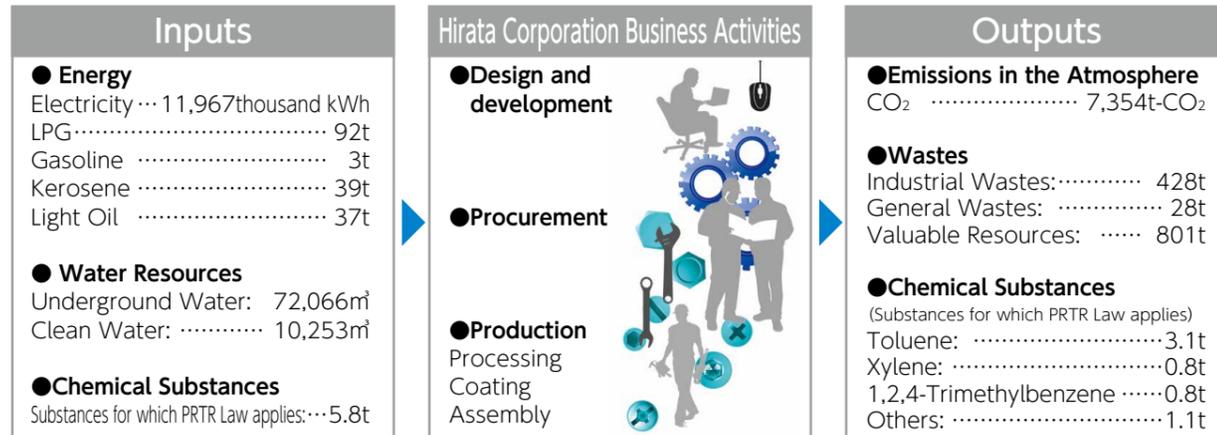
* Actual output is used to calculate energy use and CO₂ emission per unit.

Environmental Conservation in Business Activities

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

Environmental Load

Environmental loads in 2015 are as follows.



Environmental Accounting

The below is a status of environmental preservation cost.

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

(Unit: thousand yen)

Categories	Major Activities	Investment	Cost
Business Area Cost	Cost for Preventing Pollution - Replacing septic tank	2,966	73
	Global Environmental Protection Cost - Installing energy-saving equipment	26,564	74,301
	Cost of Resource Cycle - Disposal of general and industrial wastes	—	16,816
Administration Cost	- Maintenance of environmental management system - Environmental measurement - Environmental education	—	30,496
Social Activity Cost - Environmental preservation and improvement	- Nature conservation and beautify - Donations to environmental protection groups	—	333
Total		29,530	122,019

TOPICS

Replacement to LED Lights in Factories and Offices

In August 2015, our Kanto Factory replaced mercury lamps in the factory and fluorescent lights in the office with LED lights.

As a result, we were able to save two-thirds of energy; reduce cost, waste, and emission; and improve illuminance.

We also introduced LED lighting at Kumamoto Factory (Higashi Factory), Kusuno Factory, and Shichijo Factory in the Kumamoto Region.

We will continue to introduce LED lighting to save energy and prevent global warming.



Kanto Factory introducing LED lighting

Environmental Consideration for Products

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

Environmentally-Friendly Products

The development of pallet machine tool for the automatic transporting system

We will introduce our environmental efforts involved in the automated conveyor system for machine tool pallets, which can transport up to a maximum of four tons.



Key Points of Environmental Conservation

- Casting the parts reduced the number of parts by about 40% and also cut the welding processes.
- Changing the power supply from oil to air pressure reduced supplementary equipment by about 50%, e.g. oil pressure pump, and increased safety.
- Examining structures and design and installing lower output motors saved energy by 25%.
- Installing trays and gutters to catch scraps and cutting fluid increased efficiency of the cleaning process and prevents oil wastes from leaking

Voices of the Factory Workers and Building Company Communications

Automated supply system in the manufacturing industry with machine tools could only transport up to about one-ton, and no system could support a heavier weight regardless of the need.

With our needs unmet, we decided, "If it is not available, we will make one ourselves," and developed this system.

It is rare for our company to manufacture equipment for ourselves.

We began by interviewing the processing department which would be where this system was going to be installed.

After interviewing and collecting large amounts of opinions and requests, the robot department began working on the design and manufacturing, and we set up systems to cooperate and coordinate within the company.

We were able to develop an environmentally friendly system by listening to the needs of the factory workers.

Currently, our processing department uses the system as a field-test.



We have received requests for improvement after actual use and are currently in the process of rethinking concept and design.

We are also aiming to market this system overseas and are working to reduce chemical substances to pass restrictions set by different countries.

Device Center Robot Department Hirofumi Ueda (Left) Hidenori Kikuchi (Center)
Device Center Processing Department Ikuo Sawada (Right)

Managing Chemical Substances Contained in Products

In order to respond to a chemical substance related laws and regulations in Japan and overseas, including European RoHS Directive (*1) and REACH Regulations (*2), we will strengthen management of chemical substances contained in our products.

Hirata Corporation's products were large and involved many parts, making it difficult to examine efficiently the chemical substances contained in products.

As an organization subordinate to Green Procurement Subcommittee, we established the Subcommittee for Chemical Substances Contained in Products in 2015 and investigated on conducting efficient examinations of chemical substances contained in products.

To deliver our products to customers around the world, it is important to gather and relay information on regulations of each country on chemical substances contained in products, and such information is shared in the subcommittee we have established.

To reduce risks caused by the chemical substances contained in products, we will continue to coordinate with our customers and strengthen our management of chemical substances contained in products.

*1 RoHS Directive: Regulations on chemical substances in EU

*2 REACH Regulations: Chemical substance management regulations in EU