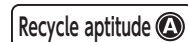




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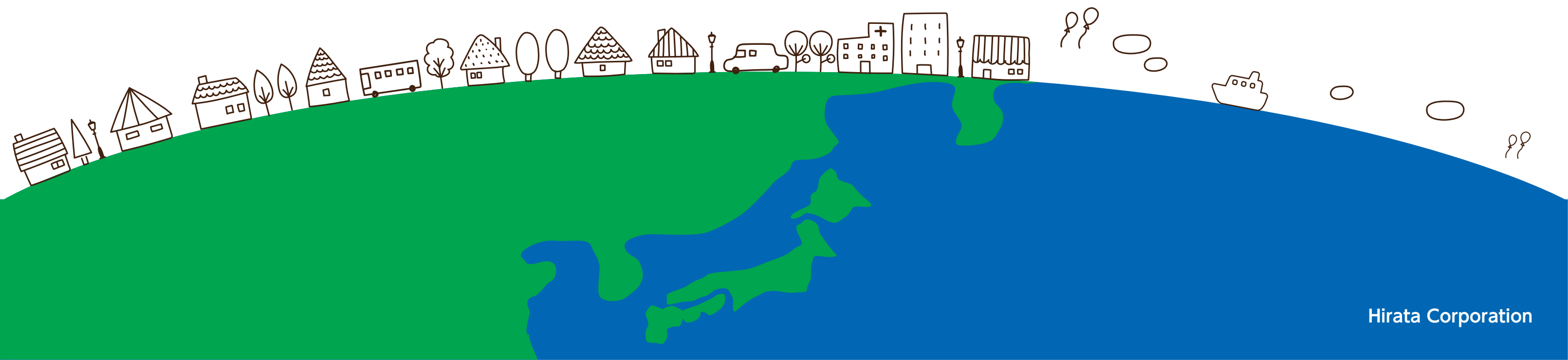


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CSR 1308-E1806NI01

Corporate Social Responsibility Report

CSR REPORT 2018



Top Message

Introduction

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

We would like to take this opportunity to express our sincere gratitude to all those who have helped us achieve this milestone, including shareholders and business partners, for their support.

Since the foundation of Hirata Corporation in 1951, we have provided production systems to the world’s top manufacturers in various field of industry, such as automobiles, semiconductors and consumer electronics. We believe that “contribution to society through products” is the most important thing we can offer to the world. We will continue to pursue technological innovation so that Hirata Corporation's production systems can help solve problems that companies around the globe are facing, such as declining birth rates and aging populations, decreases in the labor force population, and changes in the global environment.

We also place high priority on the restoration of Kumamoto, our birth place, which was severely affected by the Kumamoto earthquakes which occurred in April 2016. We will continue to contribute to local communities through sports promotion as a main sponsor of Roasso Kumamoto, a J2 Football League team, as well as a sponsor for the Kumamoto Castle Marathon.

We see our listing on the First Section of the Tokyo Stock Exchange as a new start, not an end goal, and we will continue to fulfill our social responsibility as a company that contributes to society.

Aiming to be an integrator of production equipment systems for global customers

In FY2017, the final fiscal year of the current medium-term management plan (FY2015 – FY2017), we recorded our highest ever consolidated net sales of 94.1 billion yen, well surpassing the target of “consolidated net sales of 50 billion yen or more and operating margin of 5% or more”. We

sincerely thank our stakeholders for their support.

The rapid growth Hirata Corporation achieved during the previous three-year medium-term management plan allowed us to identify new issues. In order to address these issues, Hirata Corporation will, in the medium-term management plan starting from FY2018, make efforts to strengthen internal control systems within the entire Hirata Group, working primarily on enhancement of our mass production businesses, penetration in growth markets, further cultivation and expansion of existing businesses, and reinforcement of ordering, production and development systems. Under the banner of the Group’s slogan, “Top Integrator of Production Equipment Systems for Global Customers”, we will provide Hirata’s unique value.

Conclusion

Hirata Corporation aspires to contribute to society aiming for sustainable development and close cooperative relationships with more of our stakeholders.

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 2018. 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 2017 (April 1, 2017 – March 31, 2018)
Organization: Hirata Corporation, non-consolidated (consolidated results are added to the changes in business results)
Published: June 2018 (Next scheduled report: June 2019)
Reference Guidelines: GRI “Sustainability Reporting Guidelines 4.”
The Ministry of the Environment,
“Environmental Report Guidelines (2012 edition)”
Contact details: Quality Control Department
TEL : 81-96-272-3277 FAX : 81-96-272-3345
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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.

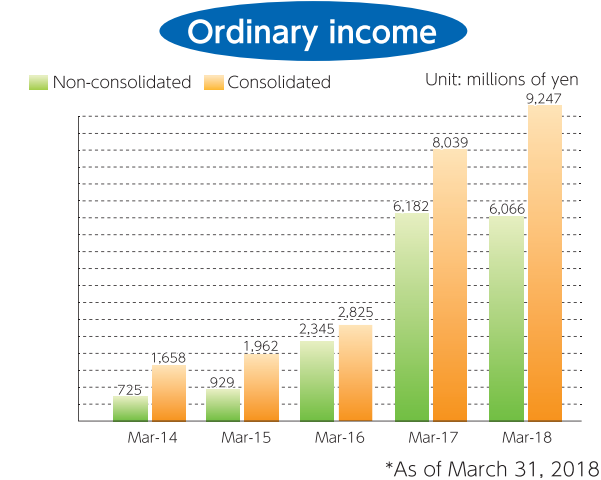
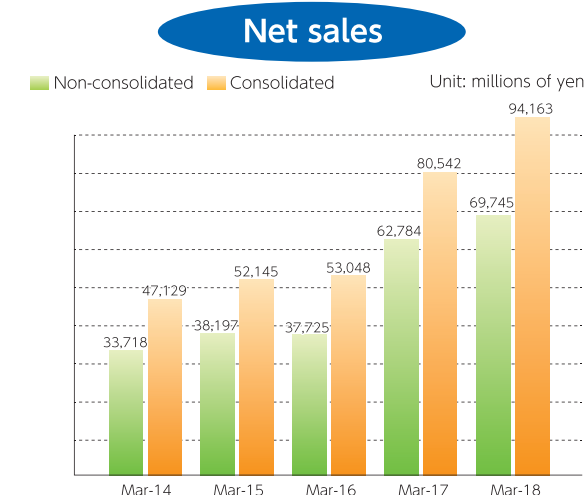
5 We make efforts to protect the environment and contribute to society through all corporate activities.

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 2,185 employees (1,773 employees full-time) Non-consolidated 1,360 employees (1,021 employees full-time)
Capital	2,633 million yen
Stock Exchange Listings	Tokyo Securities Exchange The First Section of the Tokyo Stock Exchange(Code: 6258)
Issued Number of Shares	10,756,090 shares
Number of Shareholders	11,351 people
Production base	Kumamoto prefecture: Kumamoto Plant, Kumamoto East Plant, Kusuno Plant, Shichijo Plant Tochigi prefecture: Kanto Plant Shiga prefecture: Kansai Plant

Business Results



Products Information

Main Product Line Introduction

Automotive Production Equipment Business

We engage in the manufacture and sales of a wide range of production equipment, such as power transmission/driving devices for engines and transmissions, so-called power trains as well as drive units and packaging for electric vehicles (EV), computers to control electronic devices, automotive electronic components for various sensors, air compressors for air conditioners, ABS brake modules, motors for hybrid cars, and driving inverters.

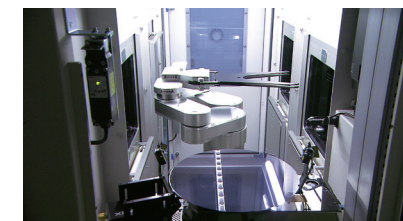


Clutch Assembly Line

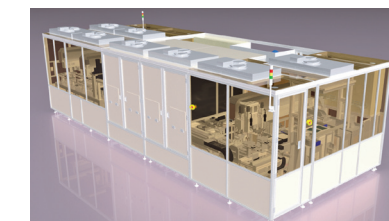
Semiconductor Production Equipment Business

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 panel device manufacturing field, we mainly engage in consignment manufacturing of liquid crystal glass conveyance systems, resist coating systems, and evaporation equipment related to organic electroluminescence (organic EL). In addition, we also manufacture and sell cutting apparatus for tempered glass, vacuum platforms for processing, and other products.



Wafer Transfer Robot



Laser Glass Cutting System



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 are capable of adapting to automatic assembly systems with various sizes and shapes, including high-speed assembly of small condensers, incorporated into electronic components such as vacuum cleaners, compressors for refrigerators and air conditioners.

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



Automatic Assembly Systems of Home Appliances



Topics

Medium-Term Management Plan

Group Slogan of Medium-term Management Plan Overview for FY 2018–2020.

Group slogan

Hirata is striving to become the Top Integrator of Production Systems for Our Global Customers.

Outline and Positioning

2018-2020
Aims of Medium-term
Management Plan

Strengthening management bases

- Toward continuous growth -

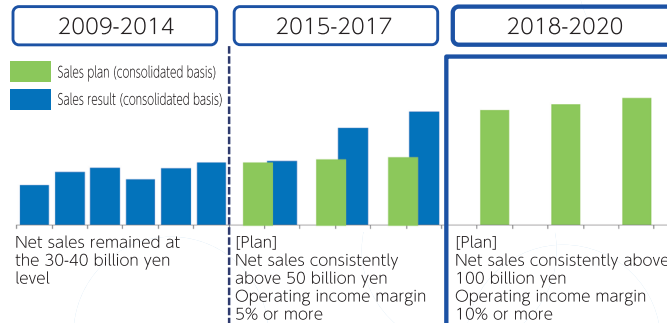
Fundamental Principles

Strengthening order-receiving/production/development systems

Deepening and expanding existing business

Venturing into growing markets

Establishing mass production business and commercialization



Toward continuous growth

Strengthening order-receiving/production/development systems

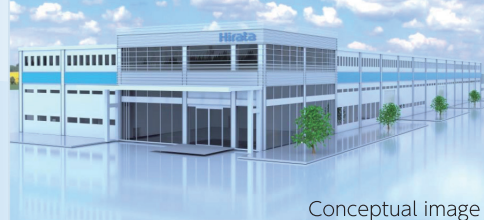
Strengthening order-receiving/production/development systems

We expect opportunities for receiving orders to increase in the semiconductor and automobile fields. To cope with the production expansion while providing the products with the quality required by customers, we will implement the following capital investment and research and development.

	Medium-term Management Plan		Details
	2015-2017 (Actual)	2018-2020	
Amount of capital investment and other items	55	150	• Increase in-house fabrication of machined components by updating machining devices. • Investment related to M&A and strategic alliances
Research and Development	20	50	• Develop process equipment for EV, batteries. • Develop process compatible with next-generation equipment in the semiconductor field.

(Unit: 100 million yen)

New Plant in Kumamoto



Conceptual image

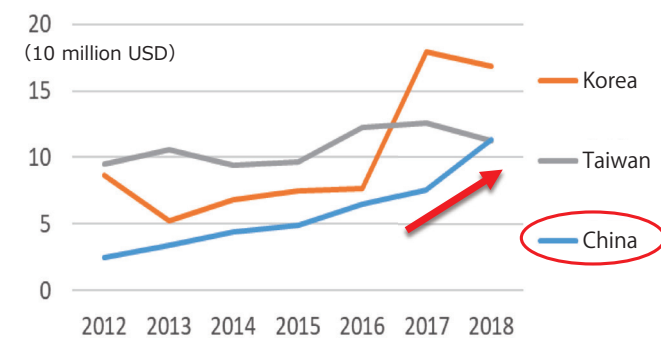
We will upgrade to new equipment to improve production efficiency in new plants where integrated production is possible, from machining parts to assembling.

We will also establish a clean room there to manufacture various products including robots designed for clean rooms.

Construction started on January 15, 2018
Floor area of the new plant: 15,841 m²

Deepening and expanding existing business / Venturing into growing markets

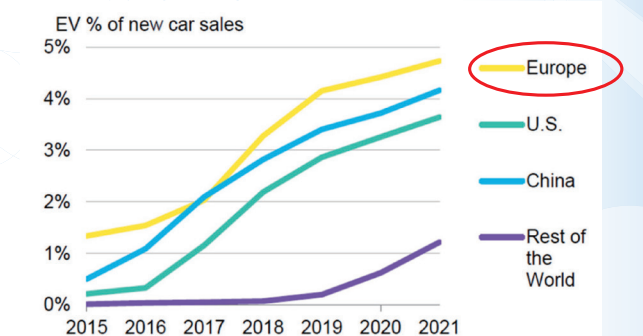
Sales of semiconductor production equipment by region (Actual and forecast)



Acquiring new regions and customers in the semiconductor field

- Accommodate increasing demand for semiconductors in association with the expansion of applications
- Respond to the domestic production of semiconductors in China
- Development and proposals in Hirata's specialty areas (vacuum, coating, lamination, lasers, and robotics technologies)

Forecast of the share of EV (%) in the number of new cars sold in each country



Acquiring new regions and customers in the EV field

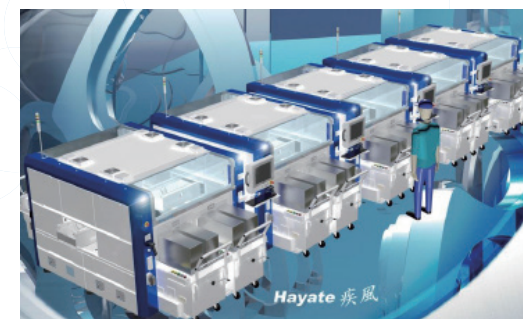
- Acquire European customers and secure market share in Europe, which is leading global efforts related to automotive fuel economy restriction
- Development and proposals in Hirata's specialty areas (motors/EDU, batteries, inverters)

(Upper left) Prepared by the Company in reference to SEMI - press releases on December 15, 2015 and December 12, 2017
(Lower right) Bloomberg New Energy Finance "Electric Vehicle Outlook 2017"

Establishing mass production business and commercialization

Mass Production

Move to mass production by modularizing individual design products

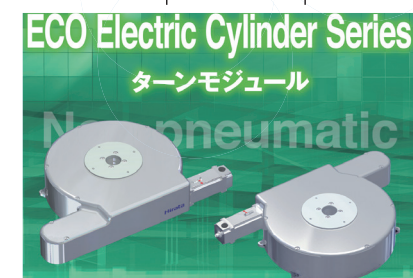


- Reduce cost by mass production.
- Launch high-performance and high-quality production lines in short lead time by combining standard modules (ACS concept).
- Develop a system by which products needed in the market are offered for sale with the required quantity and timing.

Commercialization

Development and sales promotion of single item goods

- Select components for potential unit sales from our own existing product line.



- Develop new products through alliances with other companies and strengthen sales promotion through the acquisition of sales channels.
- Establish production systems at affiliated companies overseas.
- Unify Hirata branding.
(Unify the design, color, and other aspects of products)



Topics

Company highlights from April 2017 to March 2018

Hirata received a “Best Partner Award” from Canon Tokki Corporation

Hirata Corporation (hereinafter Hirata) continuously receives orders from Canon Tokki Corporation (hereinafter Canon Tokki) for vacuum deposition equipment, which is the heart of organic EL panel production equipment.

Recently, Hirata received the “Best Partner Award” for our contribution to the organic EL panel production business of Canon Tokki.

We see this award as a validation of our technology and production capability for vacuum deposition equipment, which Hirata supplies to Canon Tokki.

Hirata will continue to supply Canon Tokki with products which will build on and improve our excellent reputation.



Together with Mr. Shigeyuki Uzawa, President and COO of Canon Tokki Corporation



Vacuum deposition equipment (image)

Starting construction of new plant in Kumamoto scheduled for completion in 2020

Hirata Corporation (hereinafter Hirata) plans to build their headquarters office, a three-story headquarters building (total floor area: 6,000 m²) structurally integrated with the four-story plant (total floor area: 15,841 m²).

Following the Kumamoto earthquakes that occurred in 2016 and also taking into account structural safety, Hirata aims to build plants where employees can work safely and about which Hirata can boast to customers around the world.

In addition, Hirata wants to contribute to the local community by promoting employment and improving the economy in Kumamoto through its business.

Construction of the new plant is scheduled to start on January 15, 2018 and complete in January 2020.



Image of the new plant

Product production, sales and technology

■ Start of production and sales of SCARA type robots by our subsidiary in China

Hirata Automated Machinery (Shanghai) Co., Ltd. (hereinafter HAS), a subsidiary of Hirata Corporation in China, started production and sales of SCARA type robots AR-F from July 2017.

Previously, these products to be sold in China have been manufactured in Japan and transported to China. However, now HAS is capable of handling everything about these products, including procurement, quality inspection, manufacture and sales, and we were able to reduce costs and lead-times, which have been concerns in the past.

In the future, we will focus on sales promotion and enhancement of competitiveness by using our existing sales networks to respond to strong demand in the China market.

In addition, we will upgrade and expand the variation of robots sold by HAS to actively enter the robotics market in China.



External appearance of the HAS plant, our subsidiary in China



SCARA type robot AR-F

■ Hirata's booth at the International Exhibition

Hirata Corporation (hereinafter Hirata) hosted a booth at the International Robot Exhibition 2017 held at Tokyo Big Sight from November 29, 2017 to December 2, 2017.

There were 3 main displays. The first was in-house robotics, such as vertical articulated robots, horizontal articulated robots, and demonstrations of a 3D picking assembly line using five orthogonal type robots. Another was an introduction of the Smart Factory (a collaboration with Internet Initiative Japan Inc. which was announced on October 19, 2017), which can help manage production lines remotely and provide maintenance services with IoT. The last one was having interested attendees take a virtual factory tour using 3D CAD. Hirata displayed its technological ability as a system integrator that can offer reliable production engineering ranging from mechanical/software design and programming for manufacturing all the way to IoT integration, which differs from general-purpose robot manufacturers.



Demonstration of assembly line using five robots



Introduction of Smart Factory



Management

Corporate Governance

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

Basic Stance

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

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

Corporate Governance Framework

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

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

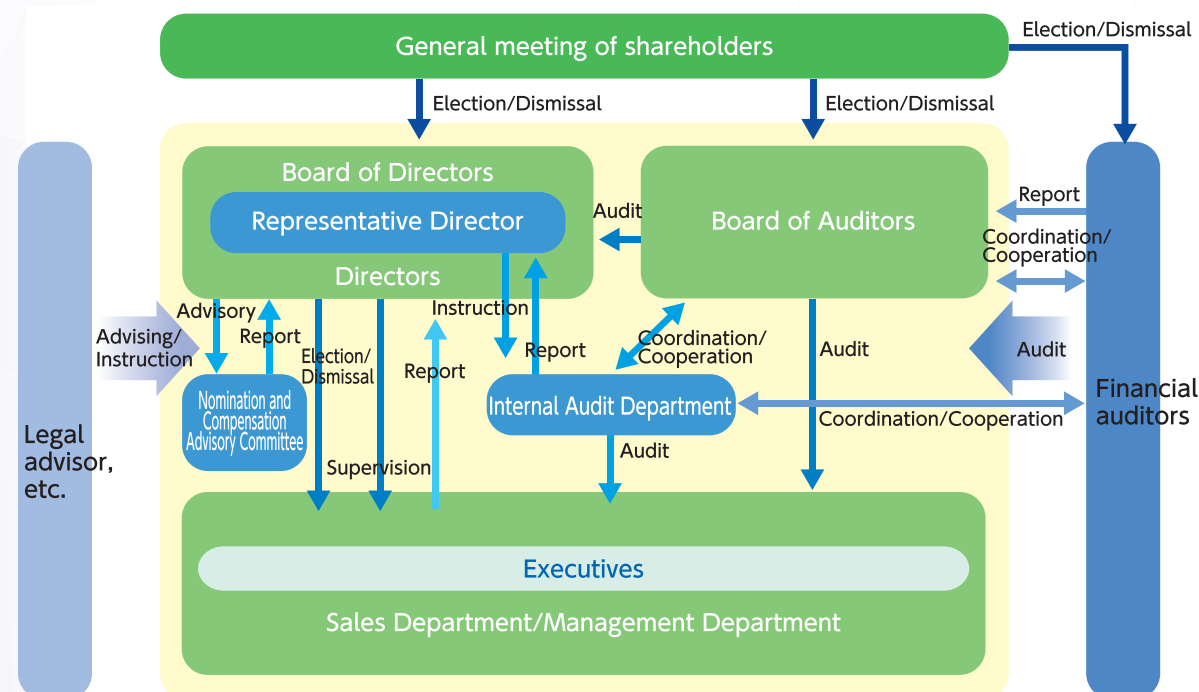
The Internal Audit Department, which was established as a department directly reporting to the President, conducts audits of the Business and Administration Divisions in collaboration and cooperation with the auditors.

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

The Company has introduced a management meeting and executive officer system, and 14 executive officers (10 of whom also serve as directors) are working to strengthen corporate governance by carrying out their duties quickly and accurately in each of their areas of responsibility, while also participating in discussions on important matters relating to the execution of business at management meetings.

In addition, as of June 1 2018, the Company established the Nomination and Compensation Advisory Committee as a voluntary advisory body of the Board of Directors.

*Directors Number is as of June 27, 2018



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

1. Abiding by legal statutes and regulations

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

2. Engaging in fair and just business

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

3. Disclosure of corporate information

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

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

4. Proper management and utilization of corporate assets

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

5. Contribution to society

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

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

6. Respecting the individual

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

7. Controlling confidential information

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

8. Duty of practice and accountability

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

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

Compliance Education

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

In FY2018, we provided training that focused on the prevention of insider trading, extending the scope of targets to include domestic affiliated companies.

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

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

Helpline

From May 2008, Hirata Corporation, under our Code of Conduct, established an external reporting contact, called Hirata Helpline, in addition to the internal reporting contact for employees to report problems that 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 whistleblower shall not face retaliation due to whistleblowing.

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



Management

Risk Management

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

BCP (Business Continuity Plan)

To avoid unexpected disasters and problems that may hinder business operations, we will work to mitigate risks to the business continuity and, furthermore, to customers as well as to resume our business operations in the shortest possible time after a disaster by considering all possible risks in advance and taking into account prevention, protection, and reduction measures.

- 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 times, we provide training for employees, implementing a clearly defined plan of action in emergencies and disasters.

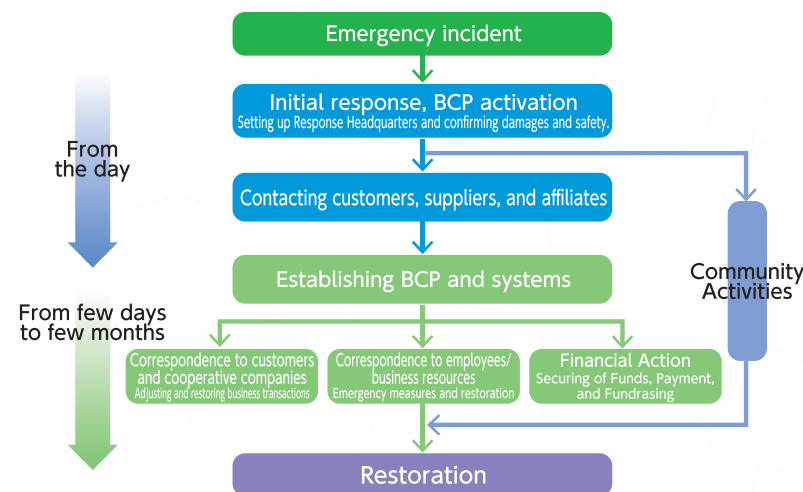
Confirmation of safety of employees in case of disasters is a top priority item in the efforts of BCP.

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.

Moreover, we believe that companies thinking and acting from the positions of the public, public interest, and society and maintaining good relationships with all of their stakeholders will lead to improvements for shareholders.



Information Security

In order to protect information and information assets (information devices and the like) from threats such as leakage and damage and to safely carry out business activities, Hirata Corporation is working to develop information security management regulations and prevent leakage of confidential information and other similar incidents through systems and activities centering on the information security committee.

Export Control

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

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

We have also obtained the "special blanket permission for export and services (program relating to use)" and the "special blanket permission for service transactions" by which individual permission from the Minister of Economy, Trade and Industry is not required with respect to some goods and services.

Social Report

Together with Customers

As the best partner of our customers, we will endeavor to deliver trustworthiness and satisfaction to the whole world, being sure to embody various requests for quality, safety, and productivity.

Quality Assurance

Hirata Corporation engages in quality assurance activities based on the framework to promote a Quality Management System (QMS), and has completed the transition to the 2015 version of ISO9001 in October 2017.

By integrating with the business management system, we will ensure the reinforcement of quality assurance systems as well as enhance performance.

Above all, we work on the thorough implementation of change management in order to eliminate the degradation of quality of mass produced products in the course of manufacturing.

In FY2017, we provided education not only to staff within the Company but also to HAS, our subsidiary in China.

We work on early detection of problems and prevention of failures at the production stage by raising the awareness, enhancing skills, and risk response capabilities of staff engaged in production.

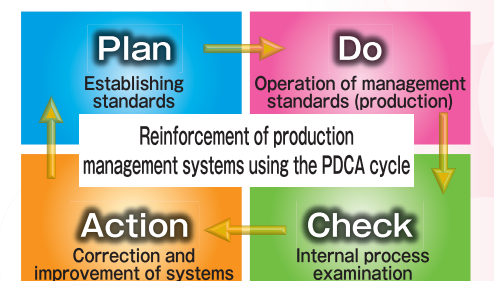
From FY2017, we introduced an internal process examination conducted by internal third parties to check the status of production management of products from a third-party perspective.

We work to improve quality and productivity by solving problems identified by the examination and sharing information throughout the company.

Responding to changes in the market environment in a flexible manner, we will achieve productivity enhancement and stable quality and continue to improve production management systems by using the PDCA cycle to obtain trust and satisfaction from our customers.



Change management education for internal workers



Process of reinforcing production management systems using the PDCA cycle

Customer Satisfaction

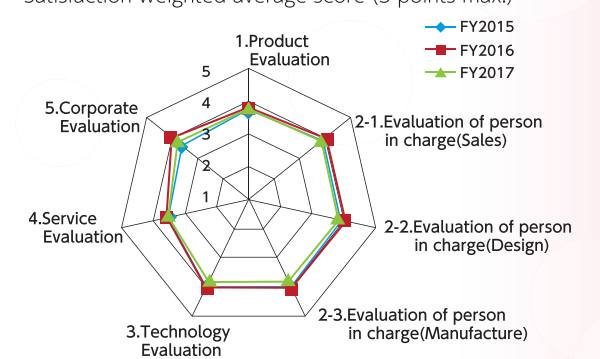
We are working to improve customer satisfaction through the opportunity for each department to interact with customers, collecting customer's opinions and suggestions to improve our products, as well as our service support.

Every year, all Hirata Group companies distribute customer satisfaction surveys with a common set of questions to all customers.

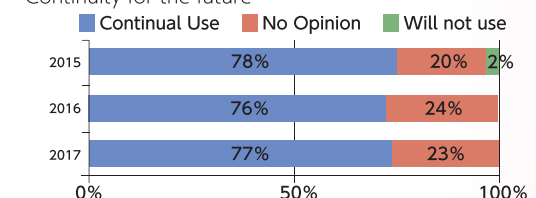
Based on these valuable opinions, we will strive towards strengthening the service support and cooperation with departments in the future.

from customer satisfaction survey results for FY2015 to FY2017

Satisfaction weighted average score (5 points max.)



Continuity for the future





Social Report

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 July 2017, we held the 2017 Supplier Meeting "Evening of appreciation (Sincere gratitude with Kumamoto)" at a hotel in Kumamoto City with attendees from 132 suppliers, for a total of 210 people including officers and employees of the Company.

At this meeting, we focused mainly on financial results and trends in the Hirata Group as well as the business plan and procurement policy of each department. We also presented letters of appreciation to 5 companies that have been supporting the Company for more than 5 decades and 18 companies that have been conducting transactions with the Company for over 40 years, and honored 15 companies (best performance awards to 4 companies and best supplier awards to 11 companies) that had contributed greatly to the production activities of Hirata Corporation in FY2016.

This meeting was where we expressed our gratitude to suppliers that support the Company and a wish for the restoration of Kumamoto.

We received some impressions of the meeting from participants such as "I sincerely felt your wishes for the restoration" "I am very glad to hear the words of gratitude directly from Hirata", and "I can make use of these business trends in the future".

Skill Training Seminars, Study Sessions

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

In October 2017, we provided a practical workshop to 20 participants from 12 suppliers, inviting a top-class welding engineer in Japan as an instructor.

In addition to the business succession/executive fostering support seminars regarding reporting, contacting and information sharing, and coaching seminars, we also held 4 Workplace Improvement and Next Generation Manager Fostering seminars, which were newly added this year.

We received positive feedback from some participants saying "I learned a wide range of human resource creation and management/sales strategies from a specialist and immediately put them into practice at the workplace. I expect to continue these activities".

Hirata Corporation will review the contents for further improvement to strengthen the relationship with suppliers for the future.



VOICE

Aiming to be Your Real Partner

Executive Officer and Deputy General Manager for Sales Division, Industrial Machinery Business Division of NSK Ltd. **Mr. Tatsuya Atarashi**



Our company has been supplying ball screws and linear guides to Hirata Corporation for many years.

At this 2017 Supplier Meeting, we received the prestigious best supplier award. I am very honored that the quality, prices, and deliveries provided by our company have been commended.

Through various business transactions with Hirata Corporation, we have fostered the abilities required to respond to the needs and requests of Hirata Corporation which has abundant knowledge regarding manufacturing and production equipment, and furthermore, helped us train our proposal skills to help promote our products.

As a Your Real Partner that can contribute to further expansion of business, we will do our best to live up to expectations.

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 believes that it is important to create a work environment where employees grow and realize their potential under our management philosophy, "Get the best from each person". Following this philosophy, we have improved OFF-JT education year by year, to include stratified educational programs and theme-based educational programs.

An overseas posting program for young employees was started from the previous fiscal year as part of our support for capacity development, in addition to programs that have been implemented every year, and we additionally made three internal opportunity announcements in FY2017, which made it possible to post selected staff to all overseas subsidiaries.

We will continue to implement this program to offer opportunities where young people, who will lead the next generation, can develop into highly capable leaders who can perform on a global scale.

Considering the change in the market listing to the First Section of the Tokyo Stock Exchange as one of our milestones, we will put a high priority on the development of human resources so that the Company and its employees will be able to live up to expectations of our new surroundings.

VOICE

Cultivate a flexible mind through learning different cultures

Hirata Engineering Europe GmbH (Germany) **Megumi Hatanaka** *As of April 2018

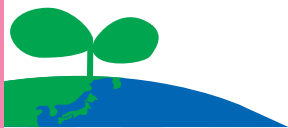


With the aim to help maintain smooth communication in entering into a contract for new projects between Hirata Engineering Europe GmbH (Germany) and Japan, I applied for this overseas posting program and left for a new post in Germany.

I am sincerely grateful that I could receiving such a challenging opportunity.

Prior to the posting, during training in German language and on different cultures, I learned how to deal with situations that arise from cultural backgrounds or ways of thinking that differ from mine.

In practice, though there will be cases where I face complicated situations, I will strive to develop European markets, learning how to deal with such cases and cultivating a flexible mind to respond whether overseas or in Japan.



Social Report

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.

■ Proactive Employment of Disabled Persons

The employment rate of disabled persons for FY2017 was 1.50%, falling below the statutory employment rate of 2.0% after the revision.

Efforts were made this fiscal year to have staff participate in briefing sessions hosted by relevant organizations and to acquire trainees from vocational schools, which resulted in the recruitment of four employees in FY2018.

We will also continuously endeavor to achieve statutory employment rates.

■ Measures Against Harassment

We held power and sexual harassment workshops during compliance training for employees (60 minute sessions, 12 times/year) and training for newly appointed section managers and chiefs (240 minute sessions, once a year), respectively.

■ Retirement Ceremony

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

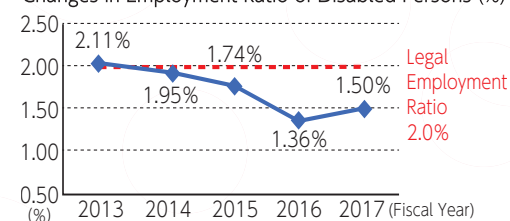
It is a ceremony to show Hirata Corporation's gratitude towards those who have supported our company for years on end.

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

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

Fiscal Year	Retired Employees	Re-employment Applicants	Re-employed Persons
2013	23	17	17
2014	11	9	9
2015	13	9	9
2016	27	23	23
2017	17	14	14

Changes in Employment Ratio of Disabled Persons (%)



Work-life Balance

In FY2017, in addition to the existing policies of prohibiting overtime work on Wednesdays, paydays, and bonus paydays, prohibiting overtime work past midnight, and prohibiting overtime work on statutory holidays, we implemented a new policy by which working hours are managed based on actual working hours without exceptions, abolishing the discretionary work system that had been introduced mainly to the design division and a deemed working hours system applied to the sales division. As a result of the introduction of management based on actual working hours, the working system has been changed to the one by which we can focus on working hours and productivity more than before.

Furthermore, we implemented measures putting top priority on the health of employees, such as extending 3-day good-life leave to 5 days a year and prohibiting spending all of Sundays only for travelling during business trips.

As a result, the average overtime work in FY2017 for the whole company decreased by 1.49 hours from FY2016 to 25.07 hours.

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

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

Fiscal Year		FY2015	FY2016	FY2017
Childcare Leave	Female	15	17	25
	Male	1	1	1
Shorter Working Hours for Childcare	Female	9	14	20
	Male	0	1	0
Nursing Care Leave	Female	2	0	2
	Male	0	0	1
Shorter Working Hours for Nursing Care	Female	-	-	1
	Male	-	-	0

VOICE

Thank you colleagues for your understanding and cooperation. I hope I can support you in turn.

Administration Dept.
Kansai Div. **Asako Ichiki**



I obtained childcare leave for my two children. Now, I attend work using a shorter working hour system.

When I was away from work for a long period of time, I felt unease about whether I could return to work again. However, in-house magazines and various notices sent to me by the personnel department provided me with information on the state of the Company, which was a spiritual support for me.

I also felt very encouraged when colleagues helped me when I returned to work.

I greatly appreciate being able to continue my work while receiving the understanding and cooperation of colleagues and support of my family members.

In the past few years, use of the system relating to childcare has been increasing in the Kansai Business Division, where I work.

I hope I can support those who use this system in the future, making use of my experience.

Labor Safety and Health

With the slogan, "All employee participation in zero accidents", Hirata Corporation has formed safety and health committees in each plant and a company-wide safety and health committee, which oversees the whole company, to promote systematic safety and health activities.

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

In the safety and health committee held at each plant, we implement safety and health patrols, take corrective action according to the results of the patrols, and keep everyone informed of the contents discussed at the company-wide committee.

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

We ensure the importance of safety by providing safety education to employees as well as contracting companies for work in plants and also distributing handbooks that contain the rules of Hirata Corporation.

In FY2017, two occupational accidents occurred, and the consecutive zero occupational accident days have stopped.

In order to achieve "zero occupational accident for 365 days", we will work to ensure awareness of safety and reinforce KYT and patrols.

TOPICS



Implementation of AED training

We have installed AEDs (Automated External Defibrillator) at each plant.

Every year, to prepare for emergencies, we implement training for AED usage and cardiopulmonary resuscitation (CPR), in which about 50 employees participate.



Social Report

Together with Shareholders and Investors

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

IR Activity Policy

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

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

■Holding information sessions for investors

With a purpose of publicizing Hirata Corporation and gaining investors, we hold company information sessions and financial results briefing for institutional investors, analysts, and private investors. In 2017, we held the sessions in Tokyo, Kyoto, Nagoya, Kobe, and Sapporo and had many participants.



Briefing for Individual Investors

IR Tools

In addition to mandatory disclosure materials, such as annual securities reports and quarterly financial reports, which are prepared under laws and regulations of financial instrument exchanges, Hirata Corporation works to disclose the following materials on our website to allow shareholders and investors a deeper understanding of our business.

① Briefing documents for financial results and quarterly financial results

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



② Hirata Report

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



③ General Meeting of Shareholders

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



④ "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.



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.

Providing support and assistance to Kumamoto

Hirata Corporation will work to help the restoration of Kumamoto through the following community support projects.

■ Supporting the restoration of Kumamoto Castle through a shareholder special benefit plan

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

- Donations for rebuilding Kumamoto Castle or QUO cards with donations for rebuilding Kumamoto Castle
- Granting the privilege of the "revival lord of the castle" identification to participating shareholders



■ Establishing a joint research course with the Faculty of Medical and Pharmaceutical Sciences of Kumamoto University

As of July 1, 2017, we established a joint research course for natural drug discovery in collaboration with the Faculty of Medical and Pharmaceutical Sciences of Kumamoto University, thereby carrying out the following research and development activities.

- Drug discovery and development using existing technologies
- Collaboration and cooperation for the development of therapeutic agents for diseases, such as AIDS, chronic kidney disease, Alzheimer's disease, and discovering drug candidate substances.



■ Main sponsor for Football J2 League team Roasso Kumamoto in 2018

Hirata is a uniform sponsor of Football J2 League team Roasso Kumamoto. Hirata Corporation fully understands Roasso Kumamoto's philosophy "Energy to People, Dreams to Children, and Power to Kumamoto", and supports their activities.



■ Sponsor for the Kumamoto Castle Marathon

Hirata Corporation supported the Kumamoto Castle Marathon held on February 18, 2018.



Internships

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

In the summer and winter of 2016, we accepted 56 students in total from technical colleges, universities, and technical high schools.

We also have accepted over 500 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 resource development in recent years. This year, we accepted 59 people and gave them factory tours at our overseas affiliated companies, HCT (Taiwan) and HSL (Singapore).



Environmental Report

Environmental Management

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

Environmental Policy

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

We will contribute to protect the global environment by reducing the environmental load in all aspects of our business activities, products, and services.

Particulars of Our Environmental Policy

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

- ① Working towards manufacturing products with a reduced environmental load, considering the product lifecycle throughout its supply chain.
 - Promoting energy-saving products
 - Promoting recyclable design and manufacturing of products
 - Reducing the amounts of harmful materials used in our products and using substitutes
- ② Abiding by environmental laws, treaties, requirements and voluntary standards set as needed.

Also, developing coordination and cooperative relations with relevant government agencies and contributing to the local society.
- ③ Striving to improve productivity and conserve the environment throughout all our business activities and production processes, including sales, design, manufacturing, installation, and after-sales service.
 - Reducing energy usage and the emission of greenhouse gases
 - Reducing waste and promoting recycle
 - Reducing harmful materials and using substitute article
 - Preventing environmental problems and pollution
 - Preserving biological diversity
- ④ Increasing environmental awareness through implementing education and publicity programs.
- ⑤ Reviewing the EMS regularly to enhance environmental performance and striving for continuous improvement.

Environmental Management System

■ Structure of Promotion for Environmental Management System

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

■ Responses to ISO14001:2015

In October 2017, All of our production bases that had obtained ISO14001 certification completed the transition to the 2015 version thereof.

By integrating business management systems and improving compliance, we will ensure the efficiency of environmental management systems as well as enhance performance.

Abiding by laws and regulations and preventing pollution

In June 2017, the BOD* value of the drainage in the Kumamoto Plant exceeded the standard value specified in the Water Pollution Prevention Act, and we received a warning and guidance from Kumamoto city.

The incident was caused by drainage from a septic tank installed at the Kumamoto Plant, and we improved the operating mode of the septic tank and conducted drain cleaning.

Corrective measures have been completed because a drain measurement conducted thereafter showed that the BOD value was within the standard value.

To prevent recurrence, we will ensure thorough implementation of facility management and enhanced monitoring of drainage conditions.

Except for the above incident, there were no violation of laws and regulations, accidents, or complaints against Hirata Corporation in FY2017.

* BOD: BOD stands for Biological Oxygen Demand, which is the index of water pollution.



Drainage inspection at the Kumamoto Plant

Environmental Goals

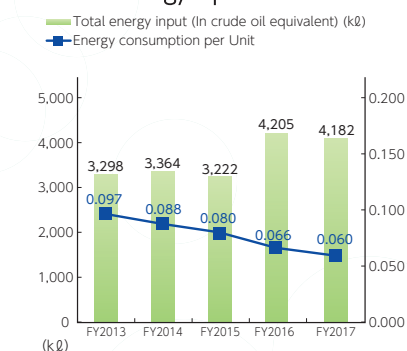
○ : achieved, △ : nearly achieved, × : unachieved

Categories		Long -term Goals (FY2015-2017)	FY2017 Accomplishments	Evaluation	FY2018 Plans
Global Warming Countermeasures	Reducing CO ₂ emissions	More than 3% decrease in CO ₂ emission in comparison with actual production in 2014	32% decrease in comparison with actual production Significant decrease due to the introduction of energy-saving equipment such as LED-lighting and high-efficiency air conditioners, as well as changes in the emission factor of greenhouse gases.	○	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.	44% decrease in comparison with actual production Significant reduction due to the effect of the introduction of the water circulating system in the Kumamoto region and an increase in production.	○	Change from objective management to operational management and usage monitoring.
	Reducing and recycling industrial wastes	More than 3% decrease in waste in comparison with actual production in 2014	1% decrease in comparison with actual production In association with the increase in production, emissions of waste wood, waste oil, and waste plastic increased.	△	Operational management applies due to the difficulty in reducing waste wood, waste oil, and waste plastic that account for the majority of emissions.
	Producing smaller, lighter, and recyclable products	Environmentally friendly designs Implementing smaller and lighter designs on the products	Implemented product assessments and designed smaller and lighter products	○	Continue conducting product assessments
Chemical Substance Management	Reducing the consumption of materials subject to the PRTR Law	More than 3% decrease in PRTR Law Substances usage in comparison with actual painting production in 2014	10% decrease in comparison with actual painting production Reduction by the increase in painting production and switching to low toxicity products.	○	Change from objective management to operational management and usage monitoring.
	Managing chemical substances contained in products	Implementing the management of chemical substances contained in mass-produced products (Building and operating an information management system)	Implemented investigations on chemical substances contained in products and confirmed toxicity. Provided education to employees (see Page 22).	○	Improved efficiency of investigations on chemical substances contained in products and implemented investigations on chemical substances contained in purchased products.

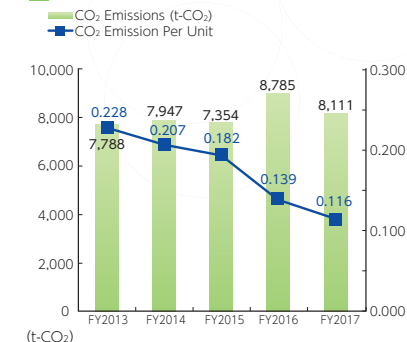
Environmental Performance

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

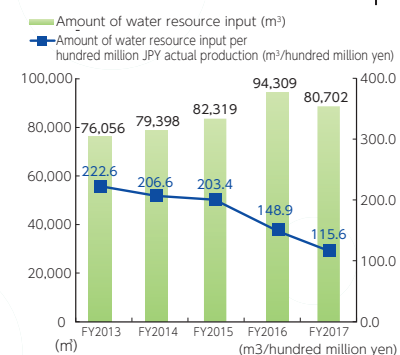
■ Total energy input



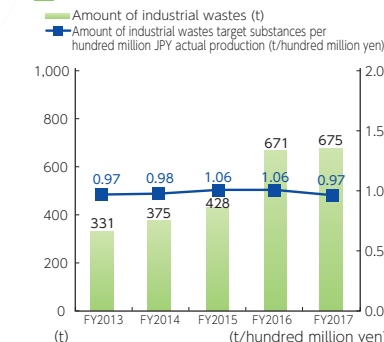
■ Amount of CO₂ Emissions



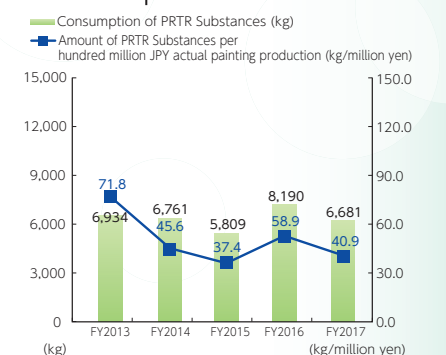
■ Amount of water resources input



■ Industrial Wastes



■ Consumption of PRTR Substances



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

* Figures for Hirata Corporation on an unconsolidated basis



Environmental Report

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 2017 are as follows.

Inputs	Hirata Corporation Business Activities	Outputs
●Energy Electricity... 14,843 thousand kWh LPG... 98t Gasoline... 4t Kerosene... 38t Light Oil... 274t ●Water Resources Underground Water... 71,420m ³ Clean Water... 9,282m ³ ●Chemical Substances Substances for which PRTR Law applies... 6.7t	●Design and development ●Procurement ●Production Processing Coating Assembly	●Emissions in the Atmosphere CO ₂ ... 8,111t-CO ₂ ●Wastes Industrial Wastes... 675t General Wastes... 34t Valuable Resources... 710t ●Chemical Substances (Substances for which PRTR Law applies) Toluene... 4.3t Xylene... 0.6t 1,2,4-Trimethylbenzene... 0.8t Others... 0.9t

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.

Categories	Major Activities	Investment	Cost
Business Area Cost	Cost for Preventing Pollution • Replacing septic tank	9,780	2,128
	Global Environmental Protection Cost • Installing energy-saving equipment	191,841	95,489
	Cost of Resource Cycle • Introduction of a cooling tower and water circulation system • Disposal of general and industrial wastes	—	26,343
Upstream and downstream costs	• Investigation of chemical substances contained in products	—	3,000
Administration Cost	• Maintenance of environmental management system • Environmental measurement • Environmental education	—	36,312
Social Activity Cost - Environmental preservation and improvement	• Nature conservation and beautify • Donations to environmental protection groups	—	77
Total		201,621	163,349

(Unit: thousand yen)

TOPICS



Kumamoto Plant introducing LED lights

Conversion to LED lights in plants

In FY2017, our Kumamoto Plant and Kumamoto Plant (East Plant) replaced mercury lamps with LED lights.

As a result, we were able to reduce power consumption, cost, and waste emissions, and improve illuminance.

We will continue to introduce energy efficient products to save energy and prevent global warming.

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.

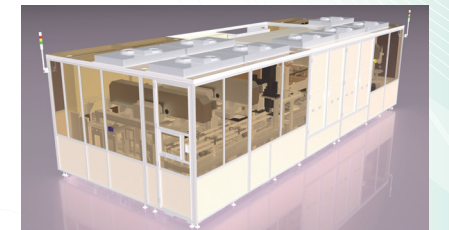
Environmentally-Friendly Products

■Organic EL and a new type of laser panel cutting system for LCD panels

We developed a new type of laser panel cutting systems necessary for manufacturing panels for smartphones and tablets and started the provision of the systems from October 2017.

We were able to combine four laser-irradiation oscillators into a single oscillator at each processing stage, which reduced power consumption resulting in energy-saving products.

We changed the panel cutting method from cutter to laser processing, which eliminated tooling exchanges for each model and cut shape, and also improved the production efficiency at customers' factories.



VOICE

Aim to increase contribution to society by environmental consideration for products

Process Equipment Dept.
Equipment Business Div. **Hideki Tokunaga**



These products are produced by drastically refined laser glass cutting systems that were developed in 2012. We extracted risks and issues from various aspects, such as technique, cost, and delivery time, and then the related parties repeatedly discussed and implemented measures with respect to these risks and issues.

In this Report, energy-saving is the main subject of environmental consideration. However, in expanding sales, how to respond to the regulations of each country with respect to chemical substances contained in products is also an issue to be addressed.

I would like to increase my contribution to society through our products by addressing issues concerning the reduction of hazardous substances.

Managing Chemical Substances Contained in Products

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

In FY2017, we conducted investigations with customers on the management of chemical substances contained in products to confirm the status of any chemical substances present.

In addition, we provided compliance education to employees aiming to fully familiarize them with revisions to the relevant laws and regulations, such as RoHS Directives and REACH Regulations.

We also provided this education to HAS, a subsidiary in China, and also started implementation in groups managing chemical substances contained in products.

We conducted investigations on chemical substances contained in products targeted at semiconductors, medical-related products, and mass-produced products and confirmed the state of any chemical substances present.

We also conduct investigations on frequently used electronic component inventory items that have high chemical risk.

Laws and regulations related to chemical substances have been strengthened year by year, such as through the addition of substances prohibited by the RoHS Directive from July 2019.

To comply with the relevant laws and regulations and reduce risks posed by hazardous substances contained in products, we will continue to coordinate with our customers and strengthen our management of such substances.

*1 RoHS Directive: Regulations on chemical substances in EU

*2 REACH Regulations: Chemical substance management regulations in EU



Compliance Education(RoHS Directive・REACH Regulations)