

CSR REPORT 2019



Top Message

■ Social contribution through environmental load reduction, and technical innovation

Since established in 1951, Hirata Corporation has offered production systems to the leading manufacturers in various industries including automobile, semiconductor and home appliance industries.

In recent years, worsening environmental problems has brought changes to the business environment also. Hirata Corporation has aggressively advanced into the market of electric vehicle (EV) and delivered production systems such as motors, batteries, and inverters. Hirata is also promoting development of unique products that can contribute to drastic and worldwide energy conservation in the factory power, including motors and electric stoppers. We continue to pursue research, development, and delivery of products that contributes to environmental load reduction and also pursue further technical innovation.

■ Toward the age to come

We have to sustain our business on a long-term basis in order to be adopted globally. For this purpose, today's society requires us to fulfill our responsibility as a company in order to create a sustainable society.

Since 2019, Hirata Corporation has employed the commissioned executive officer system to enhance corporate governance. We also continue to struggle with improvement of the work-life balance and have introduced the new interval time system as a measure to reduce overtime work hours. In addition, we are also striving to create opportunities that enable excellent human resources to exercise their abilities by, for example, holding the "round table" meetings in which design issues are discussed beyond the boundary of departments.

As regional contribution activities, we continue to provide support for the rebuilding activities after the Kumamoto earthquakes and act as a main sponsor of Roasso Kumamoto. Since 2018, we exhibit our IoT robots in the "IoT Square Kumamoto" which is a base of information spreading about IoT, aiming at attracting local people including students to craftsmanship. We plan to complete the construction of our new head factory in 2020, and hope to utilize it as a place to contribute to the future of our local community.

■ Conclusion

Hirata Corporation will respond to requirements and expectations of the society by addressing proactive information disclosure, compliance, considerations on the environment, faithful customer cares, improved working environment, self-fulfillment of employees, and contributions to the local community.

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



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Editorial Policy

In order to inform the business activities of Hirata Corporation and the relationships with our stakeholders, we hereby issue the CSR Report 2019.

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 2018 (April 1, 2018 – March 31, 2019)
Organization	: Hirata Corporation, non-consolidated (consolidated results are added to the changes in business results)
Published	: June 2019 (Next scheduled report: June 2020)
Referenced guideline	: GRI "GRI Standard 2016" The Ministry of the Environment, "Environmental Report Guidelines (2018 edition)"
Contact details	: Corporate Planning Department TEL:81-96-272-3668 FAX:81-96-272-3696 Accounting Department IR group TEL:81-96-272-5558 FAX:81-96-272-3618 Website/http://www.hirata.co.jp/en/

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.

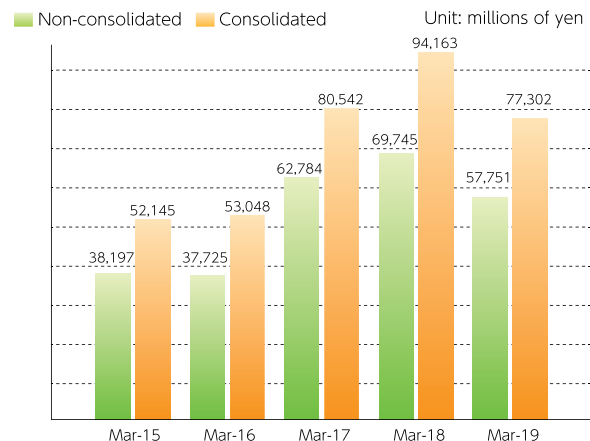
By striving to protect the environment, we ensure a safe and healthy life for local residents and will actively contribute to the society.

Overview of Company and Business

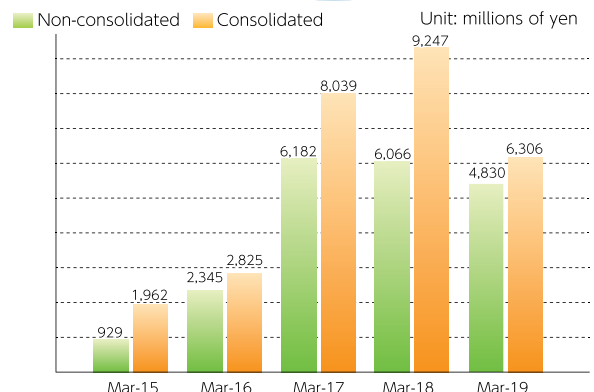
Company Name	Hirata Corporation
Headquarters	111 Hitotsugi, Ueki, Kita, Kumamoto, 861-0198 Japan TEL:81-96-272-0555 FAX:81-96-272-7901
Representative	President and Representative Director Yuichiro Hirata
Date Established	Dec. 29, 1951
Accounts Closed	Mar. 31 (annually)
Employee Number	Consolidated 2,225 employees (1,848 employees full-time) Non-consolidated 1,363 employees (1,049 employees full-time)
Capital	2,633 million yen
Stock Exchange Listings	The First Section of the Tokyo Stock Exchange(Code: 6258)
Issued Number of Shares	10,756,090 shares
Number of Shareholders	9,663 people
Production base	Kumamoto prefecture: Kumamoto Plant, Kumamoto East Plant, Kusuno Plant, Shichijo Plant Tochigi prefecture: Kanto Plant Shiga prefecture: Kansai Plant

Business Results

Net sales



Ordinary income



*As of March 31, 2019

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

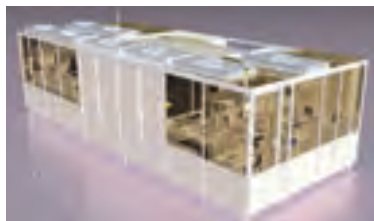
Semiconductor Production Equipment Business

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.

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



Automatic assembly systems of home appliances

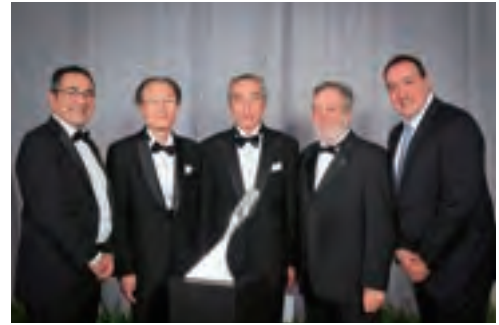


Topics

Clients Accolade

Awarded "Supplier of the Year" from General Motors Company

Hirata Corporation won the award "2017 Supplier of the Year" from General Motors Company (hereinafter "GM"). This award was granted to 132 companies from 17 countries, which generated the values beyond the expectation of GM and provided innovative technologies and high quality. This is the third time for Hirata Corporation winning this award and selected from the transmission assembly facility section.



Scenes of the award ceremony

Hirata received a "Best Partner Award" from Canon Tokki Corporation

Hirata Corporation won the "Best Partner Award" two years in succession from 2017 owing to its contribution to the organic EL panel production facility business of Canon Tokki Corporation. 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.



Chairman and CEO Teruhisa Tsugami (to the right) of Canon Tokki Corporation having the prize shield

"Cognitive Factory" won the "Best of Show" in the Application/Service section

Hirata Corporation and Internet Initiative Japan Inc. (hereinafter "IIJ") won the "Best of Show" in the Application/Service section of Impress DX Awards 2018 for their jointly developed solution "Cognitive Factory". The reason of this honor was that Cognitive Factory "was expected to fuse Japanese craftsmanship with the latest overseas vision/framework" because Hirata Corporation had global operations.

Hirata Corporation, in cooperation with IIJ, will continue to provide highly value-added production facilities by the Cognitive Factory.



Received the trophy in the award ceremony held in Tokyo American Club



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 corporate governance system of Hirata Corporation is as follows:

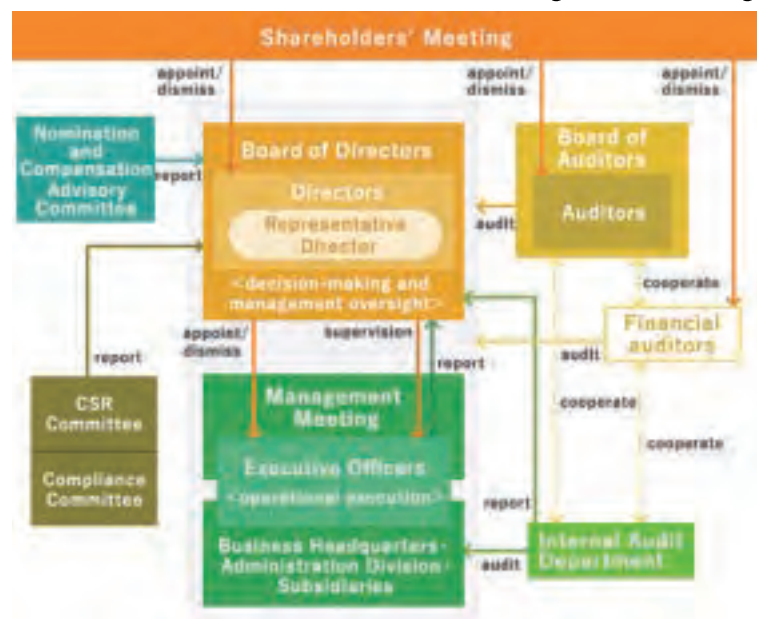
<Board of Directors> It is held once a month as a scheduled meeting or ad hoc as required to decide important matters including the management policy and the intermediate or annual management plan of the Hirata group and supervise the progress of the management plan and the operation execution status of the management personnel. Two of the six directors constituting the Board of Directors are outside directors in order to strictly exercise the surveillance function over the Board of Directors. Their term is one year in order to clarify their management responsibility as a director.

<Management Meeting> It consists of 15 executive officers (4 interlocking directors and 11 full-time executive officers) elected by the Board of Directors, and deliberates the resolution matters of the Board of Directors in advance and decides various matters on the execution of operation based on the management policy and the plans specified by the Board of Directors. It is held once a month as scheduled or ad hoc as required. In order to clarify the operational responsibility, all of the executive officers are elected as commissioned officers and their term is one year.

<Board of Auditors> It, consisting of four auditors all of which are outsiders, is established to audit the appropriateness of the duty execution status of the directors in the Board of Directors. The auditors have a high degree of professionalism and perform an appropriate audit from the standpoint of the outside auditor.

<Accounting Auditor> We enter into an audit contract with KPMG AZSA LLC. and are receiving their accounting audit. We consult the auditing company on important accounting issues as needed and receive advices about appropriate measures.

<Designation/Compensation Advisory Committee> It has been established as an arbitrary advisory organization of the Board of Directors. The purpose of this committee is to deliberate important matters such as the designation and compensation of directors and executive officers, secure the objectivity and transparency of these matters and further enhance the corporate governance system.



* The number of officers is as of June 26, 2019.



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.

Promotion of Compliance

Provided training for the employees of our group about insider trading, laws for subcontracting, confidentiality management, labor management, safety assurance export control, harassment, etc. In addition, in order to improve the work-life balance, we have introduced several measures and the interval time system to reduce overtime work hours and we made it obligatory to take five paid holidays in advance to law amendment.

We hold the compliance committee twice a year to deliberate on the social trends including law amendments and misconducts, the implementation state of compliance measures in Hirata Corporation, promotion programs, law compliance state, etc.

Compliance and Internal Control Dept. newly established in April 2018 is aggressively working to cultivate the employees through various activities including publishing monthly "Compliance Communication".

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.



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.

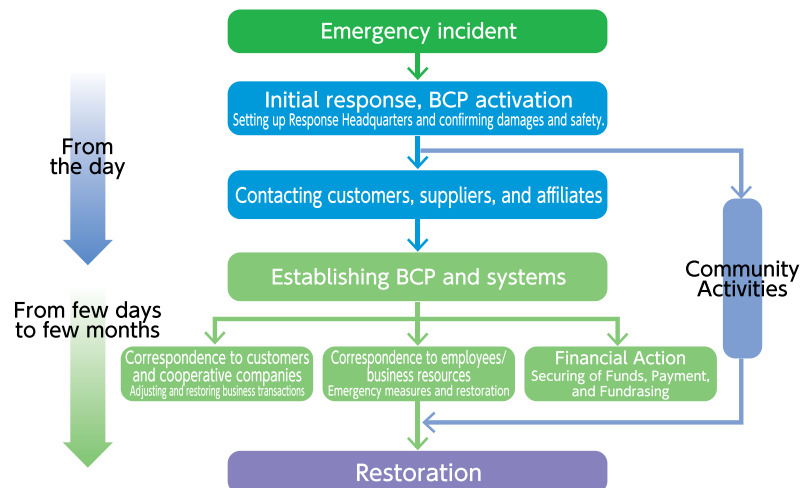
BCP (Business Continuity Plan)

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.

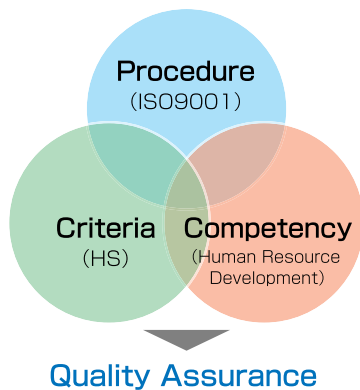
Quality Assurance

Hirata Corporation is working hard to drive QMS (Quality Management System) and the quality assurance activity.

■ Three Major Factors of Quality Assurance

- 1 Procedures to elaborate and check high quality products
→ ISO9001 Quality management system
- 2 Management standard to perform business and criteria to evaluate Judgment criteria for design/construction/product quality
→ Develop in-house standard and criteria
< In-house technical standard : Hirata Standard (HS) >
- 3 Competency to perform, evaluate, and improve operations

We are working on the quality assurance stressing the above three major factors.



■ Provision of Hirata Standard through Online Storage

In order to improve the quality and productivity, Hirata Standard (hereinafter HS) provides Hirata Corporation with the basis of craftsmanship that integrates the industrial standards with the criteria and standard of machine and control design of Hirata Corporation. All employees are allowed to browse all contents of HS through the in-house intranet. Although we had been providing this information to the group companies and suppliers which had

entered into a non-disclosure agreement with us in the handbook format since April 2014, we replaced the way to provide the information using the online storage from fiscal 2018 because there occurred some problems such as insufficient announcement of revised contents. We prepared the environment in which the latest HS documents can be viewed from anywhere using the ID to access. We will continue to improve the quality using this environment.

Customer Satisfaction

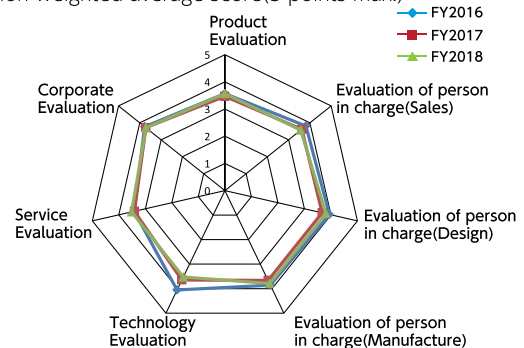
We are working to improve customer satisfaction through the opportunity for each department to interact with customers, collecting customer's opinions and suggestions to improve our products, as well as our service support.

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

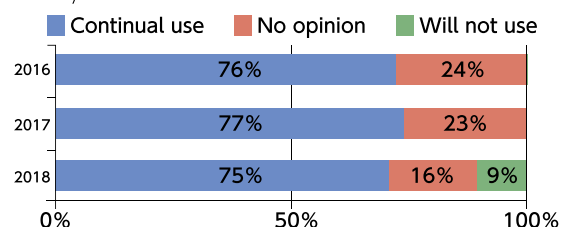
Based on these valuable opinions, we will strive towards strengthening the service support and cooperation with departments in the future.

(from customer satisfaction survey results for FY2016 to FY2018)

Satisfaction weighted average score(5 points max.)



Continuity for the future





Together with Business Partners

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

Suppliers Meeting

In June 2018, Hirata Corporation held a supplier meeting in the large hall of the Ueki Culture Center in Kumamoto city for which 234 persons from 143 companies attended. On the account settlement of Hirata Corporation group, we presented description and status of the settlement; status, policy, and procurement policy of each business unit; our efforts to control the quality and the environment; and the report of the supplier satisfaction survey result. We also honored the best 4 suppliers and 11 select suppliers for their great contributions to the production activities in fiscal 2017 and offered a letter of gratitude to 15 companies. Many participants gave us their comments, such as "Descriptions of specific trend and policy are significant to reflect to their production plan".



Skill Training Seminars, Study Sessions

To support suppliers, we held a management study session aiming at resolving any management issues and supporting business sustainability, and a short course to improve welding skills. Starting on September 2018, we held short courses regarding four topics including coaching by experts, site remediation, enhancement of sales force, and newly added Seminar for Reform of Working Practices for 28 executive managers from 20 suppliers. We have received comments from the corporate managers of participant suppliers saying, "The participant took the role of instructor to spread the learned contents internally and is making efforts of improvement with aggressive inventive ideas" and "The ability to lead subordinates has been improved". The welding course was offered in October 2018 with the collaboration of the company that employs some best welding engineers in Japan and mainly provided practical skill trainings to 15 suppliers from 9 companies.

We will continue to hold management study sessions and skill training courses, and build the sustainable partnership with suppliers aiming at coexistence and co-prosperity.

VOICE

Building a Relationship of Trust by Sharing Information

Representative Executive **Hiroyasu Yamamoto**, Senior Manager of Manufacturing **Kazuhiro Shino**, TechnoDesign Co., Ltd.

Founded in 1988, we have engaged in various energy savings of semiconductor devices, etc. and other businesses including designing and manufacturing mechatronics application machinery, electronic components, and electronic devices.

We started business with Hirata Corporation in 2013, when we established Manufacturing division in our Fab2 factory for processing of semiconductor-related precision components, and now we also engage in processing of precision components of organic EL-related equipments.

It is important to understand the client's business situations and production plan in order to flexibly correspond to any changes in the ordered amount according to the product life cycle. We can take smooth actions by preparing internal processes in advance since Hirata Corporation provides us with the information required for our tasks through the supplier meetings, regular meetings, and face-to-face meetings of the persons in charge.

In addition, during the factory tour, we could get the idea to improve our products since we could understand how and in which products they were used. We will build further relationship of trust and improve VA (Value Analysis) and quality by making use of these experience.





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 "making the best use of its members", we shall positively support for professional development.

Support for Capability Development

Hirata Corporation thinks, according to its management policy of "making the best use of its members", that one of the most important issues is to provide each employee with the opportunities to challenge and grow, and develop the environments that enable them to fully exercise their abilities.

In 2018, we reorganized our training contents from the conventional hierarchical structure to the topic specific structure which enables participants to learn each topic in more depth regardless of its position in the hierarchical structure.

Specifically, we added 5 topics to the curriculum including the logical thinking training, the facilitation training, etc., to further enhance the basic competency of each employee.

In addition, to enhance the project management ability, we have introduced a practical type of project management training in which an actual ongoing project is adopted as a subject and the training is performed in parallel throughout the year.

We continue to extend and enhance the contents of human resource development program so that we can fully satisfy the expectations of interested parties around us.

VOICE

Aiming at Activation of Business Units and Development of Ability

Yoshitoshi Jono, Section 2 of Product Business Promotion Group 2, Product Business Promotion Department



Product Business Promotion Department has selected several units that are treated as internal standards from the equipment units delivered to customers, and reorganize them as catalog products to sell through new sales channel. This business style is a new one for us.

In 2018, as the middle level course of ordinary project management training, the skill to perform a project and the strategic framework were learned using actual cases as subjects.

In addition, we could raise the level of the process to apply the contents learned in the training to practical use through the evaluation by external instructors in regular workshops. In the future, we aim at developing strategic organizations and products while extracting and organizing problems and issues.

Respecting human rights and diversity

■ Efforts for Re-employment

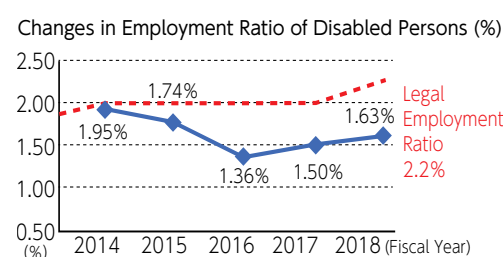
Under the "Re-employment System" established in 2006, Hirata Corporation has entered into re-employment agreements with retired employees so that they can continue to apply their skills, utilizing their superior knowledge and experience. We make efforts so that re-employed persons can work in accordance 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
2014	11	9	9
2015	13	9	9
2016	27	23	23
2017	17	14	14
2018	22	17	17

■ Proactive Employment of Disabled Persons

The employment rate of disabled persons for FY2018 was 1.63%, falling below the statutory employment rate of 2.2% 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 two employees in FY2019. We will also continuously endeavor to achieve statutory employment rates.



■ Measures Against Harassment

We hold compliance training for employees (60 minutes/training, 12 times a year) and training for newly appointed section chiefs and supervisors (240 minutes/training, once a year) include a training session on how to prevent power harassment or sexual harassment. Furthermore, we hold training by an outside lecturer (90 minutes/training, once a year) about harassment in order for all of the employees to deepen their knowledge started from FY2018. We are engaged on provide a greater work environment without any harassment for the employees.

■ Retirement Ceremony

We hold retirement ceremonies two times a year in June and December to commemorate those who are beginning a new phase of life in retirement. It is a ceremony to show Hirata Corporation's gratitude towards those who have supported our company for years on end. Retirees should consider this ceremony to be the best time to start their second life or, for rehired employees, to be the best opportunity to make a new start with a fresh state of mind.

Work-life Balance

In addition to the conventional activities including setting or compensating leave-work-on-time days, we have altered the special clause of 36 agreement from 100 to 80 hours from fiscal 2018. Lowering the upper limit raised the awareness on reduction of overtime work. In addition, we introduced the interval time system and started its operation with 8.5 hours in fiscal 2018. We are always trying to improve our workplace environments that help employees to swiftly start or stop daily work. As the result of these measures, the company-wide average overtime work hours decreased from 24.77 hours in 2017 to 23.56 hours in 2018, showing 1.21 hours reduction compared to the previous fiscal year. We will continue to further improve the work-life balance in the future.

VOICE

Precious Time to Feel Pleasure of Finding Growth of Children Closely

Akihiko Nakajima, Machine Design Section 4, Kumamoto 2nd Business Division



Birth of twins triggered me to use the system of childcare leave.

While my wife hoped my temporary absence from work, I had several concerns about criticism toward a man's use of the system of childcare leave and about my absence from the ongoing job. When I consulted my boss about those concerns, he agreed to take a six-month childcare leave saying, "Please dare to use the system". I was able to spend a valuable time feeling the pleasure of finding growth of our children closely, from the time they began rolling over to the time they pulled up to standing.

Through the experience, I found that not only working but also raising children and housekeeping while raising children is also a hard work and that it is important to prepare myself fully not to cause my workfellow trouble before getting leave.

In the future, I will offer support to my workfellow who wants to use this system as much as possible.

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. I am going to improve the system by going through the PDCA cycle of implementation, validation, and review based on the annual plan.

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.

■ Training for the Case of Fire or Disaster

We conduct a firefighting training every year in each factory for the purpose of rediscovering the risk of fire, confirming the role of the fire-fighting team and training of fire extinguishing and escaping. In 2018, we allowed the fire department to use our factory to be demolished to conduct rescue work and firefighting trainings.

TOPICS



Conducting Traffic Safety Sessions

We offer traffic safety sessions to the employees and supervisors who frequently drive company cars. We promote understanding of legal responsibility accompanying a traffic accident, including the violation code and damage compensation, possible causes and adverse impacts of traffic accidents, and make every effort to avoid the risk of traffic accident and prevent a traffic accident.

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 2018, we held the sessions in Tokyo, Osaka, Fukui, Shiga, Hiroshima, Fukuoka, and Miyazaki and had many participants.



Sessions for Sales and Marketing of Securities Companies

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 IR info

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.

Contribution to Local Communities, Providing Support and Cheering for Hometown

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

■Offering Hirata's Robot for the IoT Transmission Site of Kumamoto

To provide support for the IoT Information Transmission project jointly conducted by Kumamoto prefecture, Kumamoto city, and NTT West, we have offered Hirata Corporation's robot exhibition machine to "IoT Square Kumamoto" in the Kumamoto branch of NTT West. This space is used for human resource development of engineers and as the study, dissemination and enlightenment field, and Hirata Corporation introduced the remote control and preventive maintenance technology implemented using IoT.



■Shareholder Special Benefit Plan, Donation as Support for Restoration of Kumamoto Castle

Hirata Corporation presented donation to Kumamoto city from its shareholder special benefit plan. The amount of donation was 117,305,000 yen which is the sum of the amount calculated by multiplying the number of shareholders at the end of March 2018, 11,351, with 10,000 yen and the amount of donation from 1,265 shareholders who agreed to cooperate on the restoration of Kumamoto Castle.



■Occupation Lecture at Tamana Senior High School and Junior High School

Hirata Corporation delivered an occupation lecture aiming at presenting career options and enhancing ambition for learning at Tamana Senior High School and Junior High School, where Yuta Tashiro from Kumamoto 2nd Business Division gave a lecture on several topics such as satisfaction and difficulty related to his job, and also gave advices about the subjects that the students should learn in high school days.



■Roasso Kumamoto, Hirata Thanks Match

On September 8, 2018, a thanks match sponsored by Hirata Corporation was held as Roasso Kumamoto vs. Oita Trinita in the J2 Football League and gathered 10,226 spectators. In 2019, Hirata Corporation continues to support Roasso Kumamoto as a main supporter with the people of the local communities.



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.

■ Continual Improvements

The management conducts a management review once a year to review the system taking into account the external and internal issues related to the environment management system and changes in the needs and expectations of the interested parties.

The person in charge in each section embodies the output of management review in the environment meeting to lead to improvements.

Abiding by laws and regulations and preventing pollution

In October 2018, we conducted a soil investigation in the Kumamoto factory based on Soil Contamination Countermeasures Act to find out that the concentrations of lead and boron exceeded the specified criteria in some soil. We promptly reported the soil investigation results to Kumamoto city and removed the contaminated soil according to the instruction of Kumamoto city. Regarding to the boron, we also conducted investigations of groundwater after the removal to have confirmed that there was no contamination.

■ Soil Investigation Results

Item	Specified criteria*	Investigation results
Lead (contained amount)	150 mg/kg or lower	Maximum 1,800 mg/kg
Boron (elution amount)	1 mg/ℓ or lower	Maximum 1.9 mg/ℓ



Soil investigation



Removal of soil

Environmental Goals

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

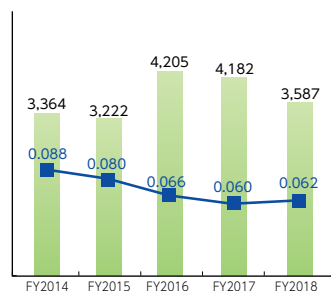
Categories	Long-term Goals (FY2018-2020)	FY2018 Accomplishments	Evaluation	FY2019 Plans
Reducing CO ₂ emissions	By the end of 2020, we will decrease more than 3% of the amount of CO ₂ emissions compared to that of 2017 when measured based on the actual production amounts.	2% increase in comparison with actual production Although we introduced energy saving equipments such as LED illuminations, high efficiency air conditioners, etc., the rate of energy consumption slightly increased due to the decrease of production amount and changes to the emission coefficients of greenhouse effect gas.	△	We continue to make efforts to reduce the CO ₂ emission amount by introducing energy saving equipments and strengthening the energy management practices.
Provision of Products with Reduced Environmental Load	Development of environment-friendly design (energy saving, space/weight saving, substitution of harmful materials)	We conducted product assessments to have achieved energy and space/weight saving products.	○	We continue to conduct product assessments.
Managing chemical substances contained in products	Inspection of Chemical Substances Contained in Our Products	We checked the hazardousness of our products by investigating the chemical substances contained in our products, gave training to our employees, and introduced the control system of chemical substances contained in the products.	○	We will expand the scope of investigation on the chemical substances through the control system of chemical substances contained in the 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.

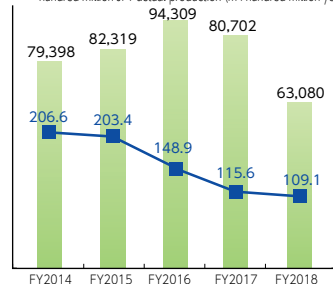
Total energy input

■ Total energy input (In crude oil equivalent) (k2)
■ Energy consumption per Unit



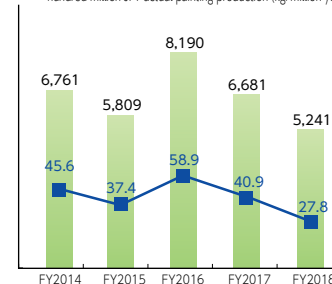
Amount of water resources input

■ Amount of water resource input (m³)
■ Amount of water resource input per hundred million JPY actual production (m³/hundred million yen)



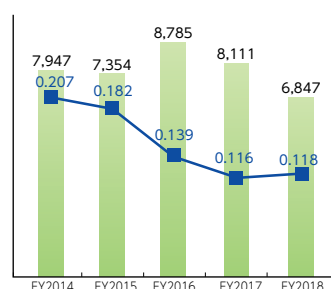
Consumption of PRTR Substances

■ Consumption of PRTR Substances (kg)
■ Amount of PRTR Substances per hundred million JPY actual painting production (kg/million yen)



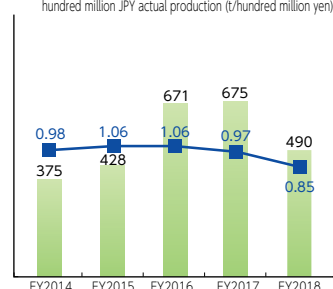
Amount of CO₂ Emissions

■ CO₂ Emissions (t-CO₂)
■ CO₂ Emission Per Unit



Industrial Wastes

■ Amount of industrial wastes (t)
■ Amount of industrial wastes target substances per hundred million JPY actual production (t/hundred million yen)



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

* Figures for Hirata Corporation on an unconsolidated basis

Environmental Conservation in Business Activities

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

Environmental Load

Environmental loads in 2018 are as follows.

Inputs	Hirata Corporation Business Activities	Outputs
●Energy Electricity 13,116thousand kWh LPG..... 85t Gasoline 3t Kerosene 25t Light Oil 139t ●Water Resources Underground Water... 54,836m³ Clean Water 8,243m³ ●Chemical Substances Substances for which PRTR Law applies 5.2t	●Design and development ●Procurement ●Production Processing Coating Assembly	●Emissions in the Atmosphere CO ₂ 6,860t-CO ₂ ●Wastes Industrial Wastes 490t General Wastes 29t Valuable Resources 680t ●Chemical Substances (Substances for which PRTR Law applies) Toluene 3.3t Xylene 0.6t 1,2,4-Trimethylbenzene 0.5t 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	35,018	3,350
	Global environmental protection cost	154,673	59,107
	Cost of resource cycle	15,730	29,733
Upstream and downstream costs	• Introduction of the control system of chemical substances contained in the products • Investigation of chemical substances contained in products	19,624	4,220
Administration cost	• Maintenance of environmental management system • Environmental measurement • Environmental education	—	42,345
Social activity cost – Environmental preservation and improvement	• Installation of percolation well • Donations to environmental protection groups	31,726	526
Supporting cost for environmental damages	• Removal of contaminated soil	—	65,610
Total		256,771	204,891

(Unit: thousand yen)

TOPICS



Visualization of electricity usage

Visualization of Factory Electricity Usage

In FY2018, a power monitoring apparatus was introduced in the Kansai Factory. The electricity usage was reduced by comprehending the electricity usage of equipments in the factory by each time period of a day, reducing the standby electricity during the night and holiday, and reviewing the settings of compressors which consume large electricity.

We continue to visualize the electricity usage of the factory and reduce unnecessary electricity to 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

■Eco-Electric Stopper

This is a stopper with excellent energy saving performance which does not require an air device or a controller and needs only 24VDC power supply to operate.

It can be used in any field such as automotive related production and home appliance production and is available as the standard product of Hirata Corporation.



Product Feature

- ① Energy saving : Power consumption is about 1/36 (compared to our conventional products) and CO₂ emission is also reduced.
- ② Low cost : Requires only 24VDC to install lowering the initial investment and running cost.
- ③ Compatibility : Employs the same standard as the domestic big manufacturers of the air equipments realizing easy replacement.
- ④ Safety : Since its movable range is small, there is no danger to tuck a finger. In addition, use of toxic substances is reduced to conform to the RoHS Directive (prohibited 6 substances as of March 2019).

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 fiscal 2018, we introduced and built the control system of chemical substances contained in the products. In fiscal 2019, we established the organization to check all chemical substances contained in our products with regard to all materials. Since cooperation of suppliers which deliver their products to us is indispensable for our investigation of chemical substances contained in our products, we held meetings for suppliers to explain the purpose and investigation method of chemical substances contained in the products.

Until now, the investigation of chemical substances contained in our products focused on the semiconductor/medical-related products and mass-produced products to find any inclusion of the toxic substances. However, from fiscal 2019, we expand the scope to include all materials used in our products to enforce compliance and promote production of safe products.

From July 2019, phthalic acid ester is added to RoHS Directive as a target substance. To cope with the tightening of regulations, we continue to conduct the compliance training for our employees to let them understand the alterations of legal restraints including RoHS Directive and REACH Regulations. In addition, we expand the training to the related companies to thoroughly control the chemical substances contained in the products within the group.

We continue to tighten the control of the chemical substances contained in the products by promoting cooperation with suppliers in order to comply with the legal restraints and reduce the inclusion risk of toxic substances in our products.

*1 RoHS Directive: Regulations on chemical substances in EU

*2 REACH Regulations: Chemical substance management regulations in EU



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