

Corporate Social Responsibility Report

CSR REPORT 2021

Executive Message

First, I would like to express my deepest condolences to all the victims and their families who have been affected by COVID-19, and sincerely hope that those currently suffering from the virus will recover quickly.

■ For creating a sustainable society after COVID-19

The year 2020 was marked with the COVID-19 pandemic, which halted the business of many companies. In these uncertain, seemingly endless COVID-19 times, Hirata will play its role as your best partner to help overcome this pandemic, with its 70 years of proven record of delivering quality production facilities and services.

Our markets including the EV market have a growing need for decarbonization-oriented facilities. In the New Normal where businesses are required to embrace remote working and other new working styles, Hirata is continuously contributing to create a sustainable society and achieve the SDGs through its businesses.

■ Business development and social contribution

In June 2020, our new Kumamoto headquarters factory "Headquarters Building" was completed finishing the construction which started in January 2018. This new factory has the headquarters and factory operations under one roof for greater efficiency and production capacity. With the machine tools programmed to run unattended overnight, the factory can now operate around the clock for further reinforcement of our operating base.

As a contribution to the community, our employees volunteered to help victims of the "2020 July Kyushu floods" in Kuma-mura, Kuma-gun, Kumamoto Prefecture. Also, we have been a main sponsor of Roasso Kumamoto in the J-League (Japan professional football league) since 2018. Hirata will work for the development of our native region together with the people from the community.

February 2021 marked my 10th year as the president of Hirata. Thank you very much for the warm supports you have consistently made for us over this ten years.

We at Hirata will strive for all interests involved and look forward to your continuing close relations.

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 2021.

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	: FY2020 (April 1, 2020 to March 31, 2021)
Organization	: Hirata Corporation, non-consolidated (consolidated results are added to the changes in business results)
Published	: June 2021 (Next scheduled report: June 2022)
Guidelines referred	: GRI "GRI Standards 2016" The Ministry of the Environment, "Environmental Report Guidelines (2018 edition)"
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Management Philosophy

Under the management philosophy and basic 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.

- 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.

Basic 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 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 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, including business partners and cooperate with each other for sustainable growth.
- 5 We make efforts to protect the environment and contribute to society through all corporate activities.**
By striving to protect the environment, we ensure a safe and healthy life for local residents and actively contribute to the society.

SUSTAINABLE DEVELOPMENT GOALS



About the Sustainable Development Goals (SDGs)

The Sustainable Development Goals are universal call included as a part of the 2030 Agenda for Sustainable Development which was adopted in the UN Summit held on September 2015 to action toward realizing a better, sustainable world by 2030.

The SDGs represent 17 goals that pledge to leave no one behind on the planet. These are now a common goal for the global community. Hirata contributes to the achievement of the SDGs goals through its business activities.

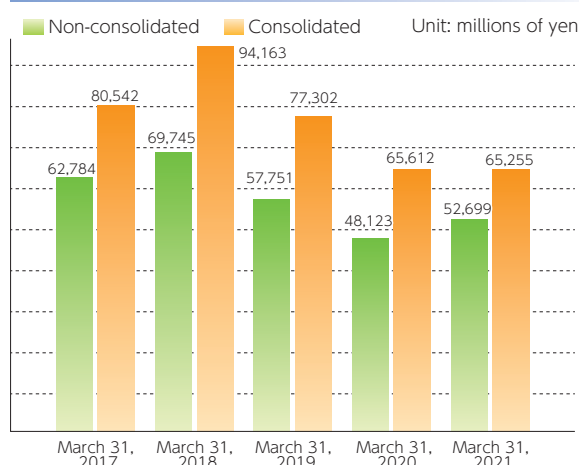
Overview of Company and Business

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 December 29, 1951
Accounts Closed March 31 (annually)
Employee Number Consolidated 2,221 employees (1,862
 employees full-time)
 Non-consolidated 1,382 employees (1,065
 employees full-time)

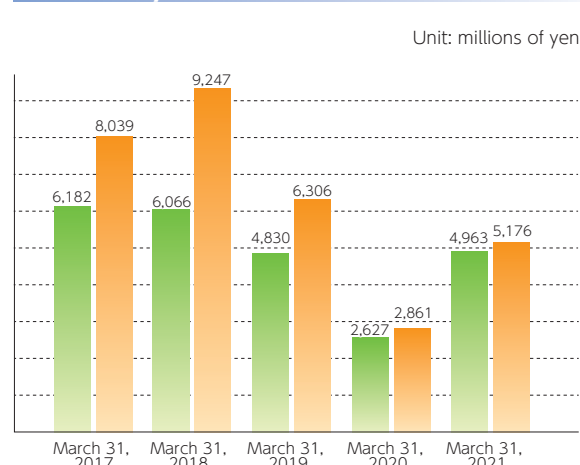
Capital 2,633 million yen
Stock Exchange Listings The First Section of the Tokyo
 Stock Exchange (Code 6258)
Issued Number of Shares 10,756,090 shares
Number of Shareholders 9,708
Production base Kumamoto prefecture:
 Kumamoto plant, Kumamoto
 east plant, Kusuno plant,
 Shichijo plant
 Tochigi prefecture: Kanto plant
 Shiga prefecture: Kansai plant

Business Results

Net sales



Ordinary income



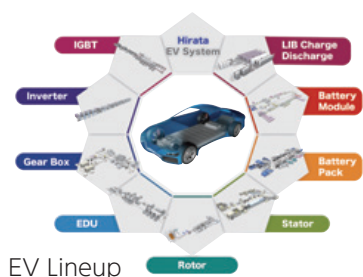
*As of March 31, 2021

Products Information

Main Product Line Introduction

Automotive Production Equipment Business

We manufacture state-of-art parts production equipments for assembling electric vehicle (EV) drive units and battery packages as well as hybrid vehicle motors and drive inverters. Our range of assembly equipment is used in automobile manufacturing, from powertrains - the power transmission/drive key components, through electronics like computers for controlling such key components, in-vehicle electronic components like sensors, air-conditioning air compressors, and ABS brake modules.



EDU (Electric Drive Unit)



Inverter

Semiconductor Production Equipment Business

We manufacture and sell equipment platforms, conveyors, and heat treatment equipment for the semiconductor front-end process as well as intra- and inter-process conveyors for the back-end process.

For panel production, we offer solvent coaters for flat panels and boards used for organic EL/liquid-crystal displays, glass cutting/transport/cutout/transfer systems, and others as the optimum solution for customer's factory layout and logistics.



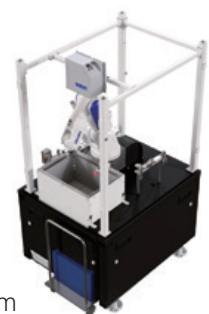
4-port transfer robot



Coating equipment Head Coater HC series

Home Appliances and Other Production Equipment

Making the most use of Hirata Group's technologies in transfer, robot, clean, and precision areas, we globally manufacture and sell ever-evolving home appliances from parts production to final assembly, logistics-related equipment such as stockers and carrier devices, and tire-related production facilities.



3D picking system

Topics

Discover some of our stories from April 2020 through March 2021.

World-class Headquarters Building complete

Headquarters and factory operations under one roof to enhance efficiency and productivity

In June 2020, our new Kumamoto headquarters factory "Headquarters Building" (called the HQ building) was completed finishing the construction which started in January 2018. The HQ building is on the Kumamoto plant premises. With an overall length of 200 meters and a total floor area of 22,458 square meters, this 4-story building incorporates the headquarters and factory operations under one roof for greater efficiency and production capacity.

The factory area is approximately 150 meters long with a three-story ceiling. Automobile- and semiconductor-related production equipment parts are manufactured in this area. Equipped with 20 processing facilities with machine tools programmed to run unattended overnight, the factory can operate 24 hours a day. We will promote more self-manufacture using digital technologies.



Factory area equipped with machine tools including five-face processing machines



A Noh stage built in the entrance hall. Symbolizes the HQ building as a place to appeal about Kumamoto and Japan to the rest of the world.



A 150-meter aluminum design panel over the outer wall having a mural of Mount Aso, Kumamoto Castle, Higo Rokka or six unique local flowers, and part of the Five Bridges of Amakusa.

Concludes basic tie-up agreement with SONIRE

In January 18, 2021, Hirata concluded with SONIRE Therapeutics Inc. (called SONIRE) a business collaboration agreement on co-development and manufacturing of high intensity focused ultrasound (HIFU) treatment devices. SONIRE is currently developing HIFU treatment devices targeting specifically on the treatment of pancreas cancer which is currently considered incurable. SONIRE's HIFU technology, combined with Hirata's robotics, will come into products that help physicians provide patient-friendly, non-invasive cancer treatments.

Receives Production Response Award from Hitachi Automotive Systems

In October 6, 2020, Hirata received the "production response" award from Hitachi Automotive Systems, now Hitachi Astemo, Ltd. (called Hitachi AMS). We were awarded for the contribution to Hitachi AMS' earlier launching by meeting their request to move up the delivery of rotor assembly equipment that had been ordered in 2019.



HAS, a Hirata Group company receives "Special Award" from JATCO Suzhou

Hirata Automated Machinery (Shanghai) Co., Ltd. (called HAS), a Hirata Group company in China received the "Special Award 2019" from JATCO Suzhou (called JSZ) in September 14, 2020. HAS was evaluated for its large-scale CVT production line delivered to JSZ, which contributed noticeably to the startup of JSZ factory.



Management

Related SDGs



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 risk management/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 is as follows as of June 25, 2021:

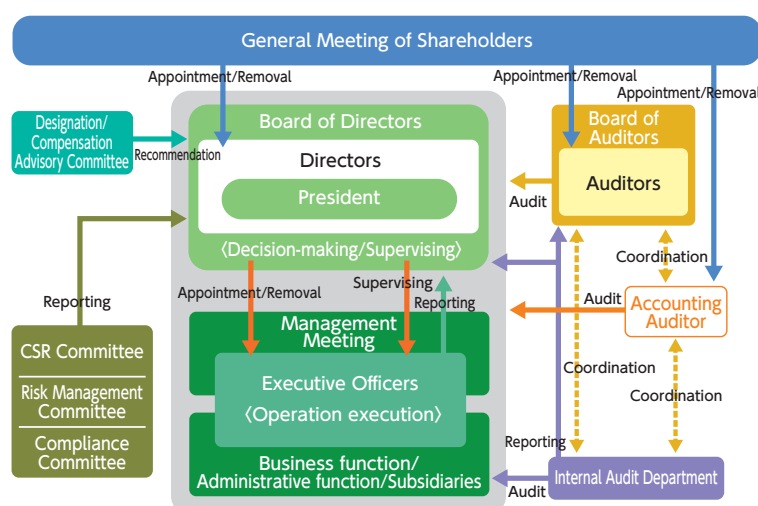
〈Board of Directors〉 It is held once a month as a scheduled meeting or ad hoc as required to decide important matters including the management policy and the intermediate or annual management plan of the Hirata Group and supervise the progress of the management plan and the operation execution status of the management personnel. Four of the ten 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 (6 interlocking directors and 9 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 is established to audit the appropriateness of the duty execution status of the directors in the Board of Directors. The Board of Auditors consists of four auditors all of which are outside auditors. 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.



Related SDGs



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

Hirata Group ensures its employees take compliance training programs covering the Subcontract Act, security trade control, and so on. We also provide appropriate measures and education based on the results of harassment comprehension tests and compliance surveys. The compliance committee met twice a year for a regularly scheduled meeting and deliberated on the implementation state of compliance measures in Hirata Group, promotion programs, law compliance state, etc. Also, a compliance awareness document is issued periodically to help employees foster compliance mindedness.

Helpline

Hirata Group, under our Code of Conduct, established an external reporting contact 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.

Anyone can report to the external reporting contact anonymously without reprisal. The investigation result will be reported to the Compliance Committee and addressed appropriately.

Related SDGs



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.

Risk Management System

With Administration Division Director as risk management manager, we have been working on minimizing risks associated with compliance, information security, incidents, and disasters that may seriously affect Hirata Group's business operations. Furthermore, the Risk Management Committee has been set up for further enhancement of our integrated risk management system across the entire Group.

The Risk Management Committee oversees integrated risk management, including preparation of risk response policy and related rules, risk information collection/analysis, and development of countermeasures such as loss avoidance/recommendation/transfer. Through the Committee's regular monitoring and risk management auditing of our operating organizations and group companies, we ensure that our risk management system is appropriately built and operated with continuous improvement.

BCP (Business Continuity Plan)

To ensure our business continuity in unexpected disasters and problems, we are promoting the BCP (Business Continuity Plan) for preventing, defending against, and reducing risks that are identified in advance.

[Coping with COVID-19]

Amid the globally spreading COVID-19 pandemic, the BCP Task Force has pursued and thoroughly implemented measures such as workplace infection prevention, remote working, health monitoring of employees on business travel, utilization of Web meeting, and regular disinfection of facilities.

In FY2020, one employee tested positive but no other employees confirmed to be infected and there was no impact on our operations. We will continue our measures until the pandemic is over.

[Disaster response]

In 2020, Japan experienced one disaster after another - 2020 Kyushu floods, Typhoon 10, and Fukushima offshore earthquake. Based on our policy of putting maximum priority on human life, the safety of Hirata employees and their families was confirmed via the safety confirmation system every time after such a disaster. We also checked for damage at our factories and offices as well as customers and suppliers. Fortunately, no great damage was done to our stakeholders.



Droplet infection prevention panel

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 one of your best partners, we deliver reliability and satisfaction to the world by materializing various customer requests for quality, safety, and productivity.

Quality Assurance

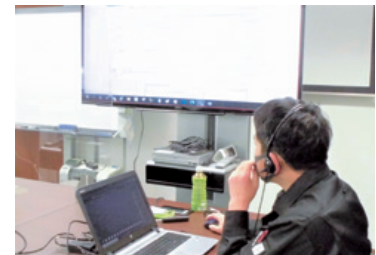
As part of quality assurance, Hirata is working on product quality improvements. Due to the increasing risk of COVID-19 transmission, we have a new education style such as online seminars to upskill our employees to deliver safer and more secure products.

■ For enhanced product reliability

As in the previous fiscal year, a reliability education was provided by an outside lecturer for design department employees. This education is intended to help them learn the FMEA* concept leading to product reliability assurance, incorporate it in the design phase, and thus make our products more reliable.

In addition, basic metal-surface treatment education was provided for employees of design and procurement departments. We are constantly providing education in pursuit of higher reliability at component level.

* Failure Mode and Effect Analysis



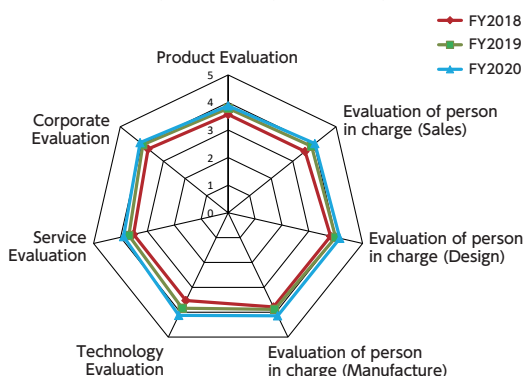
Learning online

Customer Satisfaction

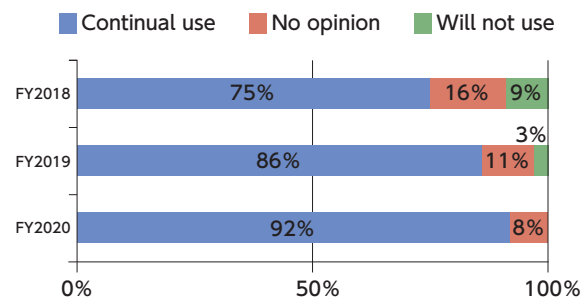
We are working to improve customer satisfaction through the opportunity for each department to interact with customers, collecting customer's opinions and suggestions to improve our products, as well as our service support. Every year, all Hirata Group companies distribute customer satisfaction surveys with a common set of questions to all customers. Based on these valuable opinions, we will strive towards strengthening the service support and cooperation among departments in the future.

Customer satisfaction survey results for FY2018 to FY2020

<Satisfaction weighted average score (5 points max.)>



<Continuity for the future>



Related SDGs



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 order to prevent the spread of infection, the Web EDI posting replaced the physical gathering of the Suppliers Meeting in FY2020. Following is the extraction from the EDI.

Procurement policy for FY2020

Basic policy

- (1) We respect law and ethics. We behave without discrediting ourselves.
- (2) We procure from suppliers in a fair and equitable manner treating them as our equal partners.
- (3) We mind environmental load reduction when selecting suppliers and goods procured.

Request to our suppliers

- (1) We are restructuring our procurement methods for cost competitiveness.
For any goods procured, the procurement method and source may be reviewed for any change whenever there will be mutual benefits, without regard to conventional customs and channels. Parts will be further standardized to narrow down procured item types.
Example) Some different parts with similar function currently procured from several manufacturers will be reduced in variations while increased in quantity per type. We adopt products from potential suppliers that may be beneficial to us.
- (2) Request for achieving the on-time delivery rate of 99% or up and the defect rate of 0.3% or less
- (3) Your cooperation is appreciated in our efforts for green procurement and conflict minerals survey.
- (4) Request for continuing supplies in case of contingency
- (5) We take an active interest in "CSR procurement and SDGs" in order to achieve a sustainable society.

FY2020 Supplier Recognition Awards

We honored suppliers for their outstanding performance by awarding Best Supplier award to three companies, Excellent Supplier award to three companies, Citation of Length-of-Service award to one company for its 50 years of business with Hirata, and Citation to 12 companies.



Welding skills workshop

We held the welding skills workshop for suppliers to help foster expert welders with an organized education system for ensuring stable quality control. The workshop, once an annual event in the past five years, has been upgraded to a full-scale program with the lecturer Shigeyoshi Koga, a retiree from Japan Marine United and a Contemporary Master Craftsman, decorated with the Yellow Ribbon Medal. The workshop held from July 2020 through October 2020 consisted of six parts, stepping up from (1) basics, to (2) in-house training back at each trainee's company, and then to (3) one-on-one tutoring with the lecturer, after which (2) and (3) were repeated. A total of five motivated trainees from three companies attended the workshop for the mastery of highly difficult welding techniques. We will plan and hold workshops on practical skills focusing on fostering of experts for continued partnership with our suppliers.



VOICE

Keep on being a good partner

Kyushu Mitsubishi Electric Sales Corporation

Keiichiro Segawa, Executive Managing Director, 3rd Sales Headquarters General Manager

Yuji Matsumura, Executive Officer, Kumamoto Branch Manager



We are very proud and honored to be receiving the Best Supplier award.

As the Mitsubishi Electric's FA engineering trading company, we have been challenging new technologies demanded by markets together with Hirata Corporation over 50 years with our many new products adopted. Our challenge is endless and is aiming higher than ever.

Even in this tough corona situation, the business must go on. We are making our working environment adaptive to new normal with specific measures such as: (1) staggered commuting and remote working, (2) temperature screening and hand sanitizing points, (3) limits on the number of people allowed for a meeting, (4) air purifier and LOSSNAY® in all the rooms, (5) Web-based user meeting, (6) Teams-based PCs supplied for all employees working from home, (7) droplet infection prevention partitions installed, (8) online participation of employees from other prefectures in office meetings.

We are eager to continue our partnership with Hirata Corporation in an even better way for years to come while flexibly taking measures to prevent the spread of the coronavirus. Each one of us at Kyushu Mitsubishi Electric Sales Corporation is forever striving to advance our technologies as well as make personal and professional progress.

Related SDGs



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.

I Respecting 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.

II 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.

III Fair, equal, and transparent HR system

We aim for a fair, equal and transparent HR system. The concept of the system should be properly communicated to employees and be as open as possible.

IV 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. Along these lines, we have enriched our off-the-job training (off-JT) programs by levels and themes.

In FY2020, we held approximate 50 seminars on different levels and themes, with the goal of improving human skills, problem-solving abilities, and project management skills.

Our human resource development programs will be continuously reviewed and improved through post-training follow-up sessions and verification of effects, in order to ensure that Hirata and its employees can fully respond to the stakeholders' expectations.

VOICE

Toward creation of technologies with innovative ideas

Yumi Abe, #1 Engineering Department, Kanto Division, #1 Business Unit

The 3-day training course for newly appointed section chiefs guided me through the management basics such as "how administrative post and role differ from the rank-and-file employees" and "what is management all about", problem solving/ management process, and practical affairs like how to foster subordinates. The training gave me a clear concept of "what a manager is about" and increased my awareness as a manager. Discussion in a group of trainees from various departments allowed me to see the subject from diversified standpoints.

Through this training I learned a lot about manager's key roles, including to help subordinates bring out their own ideas, ways of thinking, and strong points and turn them into resources with flexible mindset and creativity. Making most use of the methods learned from the training, I am committed to increasing our organization's power and creating technologies with innovative ideas while improving my own human skills. Also, it's my objective to contribute to Hirata and our society by cultivating excellent engineers with technological competence.



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. The number of workdays and hours is adjusted for each re-hired person's lifestyle by reflecting his/her wish and the work contents contracted. According to the Act for Stabilization etc. of Employment of Older Persons etc., we are rehiring employees who wish to remain employed until age 65.

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

Fiscal Year	Retired Employees	Re-employment Applicants	Re-employed Persons
2016	27	23	23
2017	17	14	14
2018	22	17	17
2019	33	25	25
2020	14	8	8

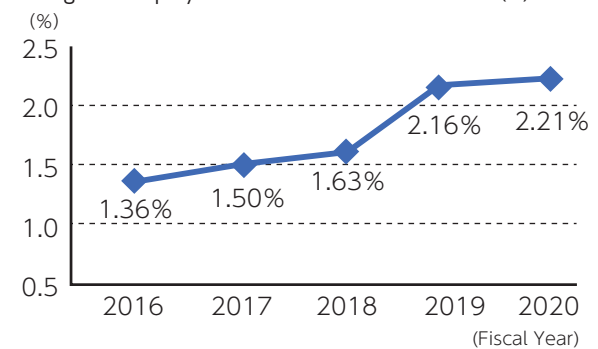
■ Proactive Employment of Disabled Persons

Our disability employment rate in FY2020 was 2.21%, nearly close to the legal rate 2.3%. We are actively seeking opportunities to hire persons with disabilities through participation in disability career fairs and Web-based public relations.

■ 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). Both include a training session on how to prevent power harassment or sexual harassment. Furthermore, starting in FY2018, a 90-minute harassment prevention class is provided by an outside expert for all the employees to increase awareness of harassment in general. With regular questionnaires to remind harassment prevention and monitor the present situation, we are making company-wide efforts to ensure a harassment-free, better workplace.

Changes in Employment Ratio of Disabled Persons (%)



■ Retirement Ceremony

We hold a retirement ceremony in March to commemorate those who are beginning a new phase of life in retirement. This ceremony is an important opportunity for Hirata to express its appreciation to all the people for their years of devoted service to the company. For the retirees, it will mark a start of the new chapter in life, regardless of whether they have chosen to leave or get re-hired.

Work-life Balance

In addition to our continuous commitment to work-life balance improvements including setting or compensating leave-work-on-time days, we have further decreased the overtime work hours in the special clause under Article 36 (Agreement on Overtime) to 75 hours in response to the reform of working practices starting on April 2019 which legislates the annual overtime work hours limited to 720 hours. Days on business trip are now managed on the basis of actual time to pay more attention to the employees' healthcare. With the interval time system in practice, the overtime average for FY2020 has increased to 26.00 hours, an approximately 4-hour increase from 22.09 hours for FY2019. However, considering the large number of new orders received in FY2020, we recognize this to be a good figure which shows improvements in our productivity through a variety of programs.

In response to the need for diverse forms of employment, a program has been instituted for employees to change their work hours as desired on specific days. We will continue to take further measures to improve the employees' work-life balance.

VOICE

"Thinking the way to return the favor when my parenting passes its peak..."

Hiromi Sakai, Human Resources Department

I moved back from Tokyo to my hometown Kumamoto and joined Hirata three years ago when my child was four years old. While many companies have a child-care reduced working hours program recently, it is limited for a period until the child reaches the 1st or 2nd grade at most companies. But Hirata's program is available to employees until their child finishes the 3rd grade. In addition to the program, "modified working hours leave-work-on-time days" launched this year, Hirata is planning to introduce many other programs for better work-life balance. As a matter of fact, I myself have been using the child-care reduced working hours program since the first year at Hirata. This helps my daughter, now in the 2nd grade, have a positive image of working mother. Companies are often unwilling to hire mothers with young children, but not at Hirata. With many thanks to Hirata's employee-friendly programs, I'm enjoying personal growth both at work and in my private life, and thinking the way to return the favor when my parenting passes its peak.



Labor Safety and Health

With the slogan, "All employee participation in zero accidents", Hirata 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.

With the spreading of COVID-19 infection, the company-wide safety and health committee is held online, continuously conducting activities including departmental reporting/checking, discussion about preventive actions, and planning/setting up of safety/health rules, based on the annual plan. The safety and health committee at each plant is also committed to implementing safety and health patrols, taking corrective action according to the results of the patrols, and keeping everyone informed of the contents discussed at the company-wide committee. Our field personnel ensure shop-floor safety through social distancing and hazard prediction training or KYT (kiken yochi training) at the morning meeting. The safety patrol by top management is conducted every year during the National Safety Week in July to check on our factories to protect employees in the management's point of view.

After a single accident with lost workdays occurred in FY2020, we took preventive steps by communicating the reviewed work procedures interdepartmentally to all the personnel. We will keep committed to achieve "no accidents with lost workdays" with more safety awareness, enhanced KYT, and tighter patrolling.

TOPICS

Fire/disaster drill takes place in the office area of the Headquarters building



The fire/disaster drill was held first time at the office area in the Headquarters Building completed in June. Assuming that there was a fire from the switchboard on the first floor due to an earthquake, the drill was conducted to check if each organization was functioning properly and the evacuation routes were safe. The drill also provided hands-on experiences on how to extinguish a fire using the indoor fire hydrant and transfer the injured on a stretcher, upskilling our firefighting/emergency response.



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 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.

■ Financial results briefing and individual interview held via Web and over the phone

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. Due to COVID-19, we decided not to hold a briefing for individual investors this year. Instead, our semiyearly financial results briefing and individual meetings for institutional investors and analysts were all provided via Web and telephone meetings to help them know more about us.

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 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.



③ 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.



② Annual shareholders meeting material

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



④ "IR Information" 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.



Related SDGs



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.

■2020 Kyushu floods - volunteering after the disaster

Hirata participated in the community service three times in September 2020 in Kuma-mura, Kuma-gun, Kumamoto Prefecture hit by torrential rain in July 2020. A total of 32 employees volunteered to help with disaster relief. Some cleared mud out of a submerged house, some washed and restored water-damaged documents at an elementary school, and some removed the mass of dirt at a lumbermill. All of them worked intensely for a limited amount of time, hoping to be a help. We sincerely hope an earliest possible recovery of the disaster-stricken areas.



■Participation in the stone wall replica project commemorating Kumamoto Castle reconstruction

One month after the Kumamoto earthquake, a stone relief of Kannon Deity of Mercy was discovered on a stone from the collapsed stone wall of Kato Shrine on the Kumamoto Castle premises. The chief priest of Kato Shrine thought if this Kannon stone could be left in some other form to symbolize the recovery of Kumamoto before it was put back into the stone wall, which led to the launching of the replica project. Several Kumamoto-based companies worked together for this wonderful project and made it successful. Hirata took care of 3D modeling and 3D printing of the replica.



Replica of the stone relief (right) and Kannon Deity of Mercy (left)



President Hirata receiving a citation from the chief priest of Kato Shrine

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

Hirata has a shareholder special plan for post-earthquake reconstruction assistance to Kumamoto.

A shareholder can donate 3,000 yen by choosing either of the followings:

- QUO card with donation for restoration of Kumamoto Castle
- Donation to Kumamoto City as funding for restoration of Kumamoto Castle

By courtesy of 267 shareholders who agreed to the plan as of the end of March 2020, a total of 801,000 yen was donated to Kumamoto City for restoration of Kumamoto Castle.



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■As a main sponsor of Roasso Kumamoto

We have been a main sponsor of Roasso Kumamoto in the J-League football league since 2018. Immediately after the 2016 Kumamoto Earthquake, our company moved from Tokyo back to its hometown Kumamoto with the slogan "born in, grown up in, and thrive in Kumamoto". This Kumamoto spirit of ours is quite resonant with that of Roasso Kumamoto, "Energy to People, Dream to Children, and Power to Kumamoto". It's Hirata's earnest desire to help the restoration of Kumamoto by supporting Roasso Kumamoto together with the people of the local communities.



Environmental Report



Environmental Management

We are working hard to protect the environment to realize a sustainable society.

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 We lower the environmental load of our products by considering each phase of product lifecycle throughout our supply chain from raw material sourcing to design, production, transportation, use of product, and disposal after use.
 - Making products more energy saving when in use
 - Designing and manufacturing products recyclable at disposal
 - Reducing the amounts of harmful materials used in our products and using substitutes
- ② We abide by environmental laws, treaties, requirements and voluntary standards set as needed. We also develop coordination and cooperative relations with relevant government agencies and contribute to the local society.
- ③ We strive 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 We increase environmental awareness through implementing education and publicity programs.
- ⑤ We review our EMS regularly to enhance environmental performance and striving for continuous improvement.

Environmental Management System

■ Promotion framework

We have a structure of promotion organized 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.

■ Renewal audit

Our ISO14001 certification was renewed following the renewal audit by the certifying organization amid the COVID-19 pandemic.

Auditors' suggestions and advices will be utilized for further improvements through the feedback to each department's responsible person.

Abiding by laws and regulations and preventing pollution

Our ISO office monitors compliance of environmental laws and regulations through regular internal audits.

Our factories test the wastewater to ensure it meets the standards defined in the Water Pollution Prevention Law and even stringent effluent regulation of each local government.

Our new factory completed in FY2020 is also operating properly, with no environmental violations, incidents, or complaints.

Environmental Goals

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

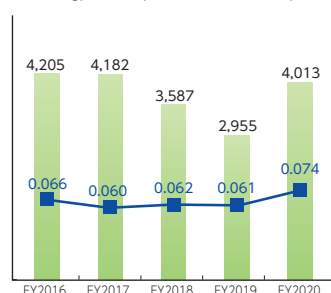
Item	Medium- to long-term goals(FY2018-2020)	FY2020 Accomplishments	Evaluation	FY2021 Plans
Reducing CO ₂ emissions	By the end of 2020, we will decrease more than 3% of the amount of CO ₂ emissions compared to that of FY2017 when measured based on the actual production amounts.	CO ₂ emissions per actual production reduced by 8% over FY2017. The energy inputs per actual production increased by 23% over FY2017.	○	We work toward CO ₂ emission reduction by decreasing energy inputs through replacement to energy-saving facilities and tighter energy management.
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	Broader targets are covered on new purchases at estimation by conducting RoHS compliance survey.	○	We improve the response rate by expanding chemSHERPA target parts and reviewing the survey method.

Environmental Performance

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

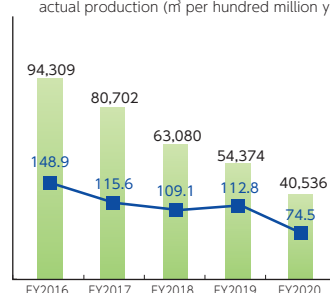
Total energy input

■ Total energy input (In crude oil equivalent)(kℓ)
■ Energy consumption unit (kℓ/million yen)



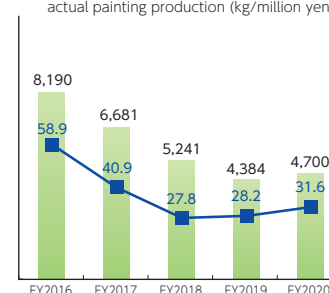
Amount of water resources input

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



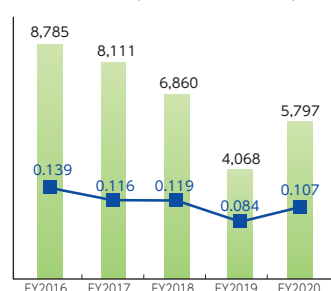
Consumption of PRTR Substances

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



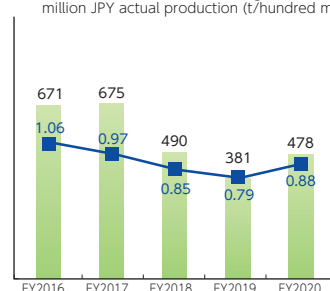
Amount of CO₂ Emissions

■ CO₂ Emissions (t-CO₂)
■ CO₂ emission per unit (t-CO₂/million yen)



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.

Related SDGs

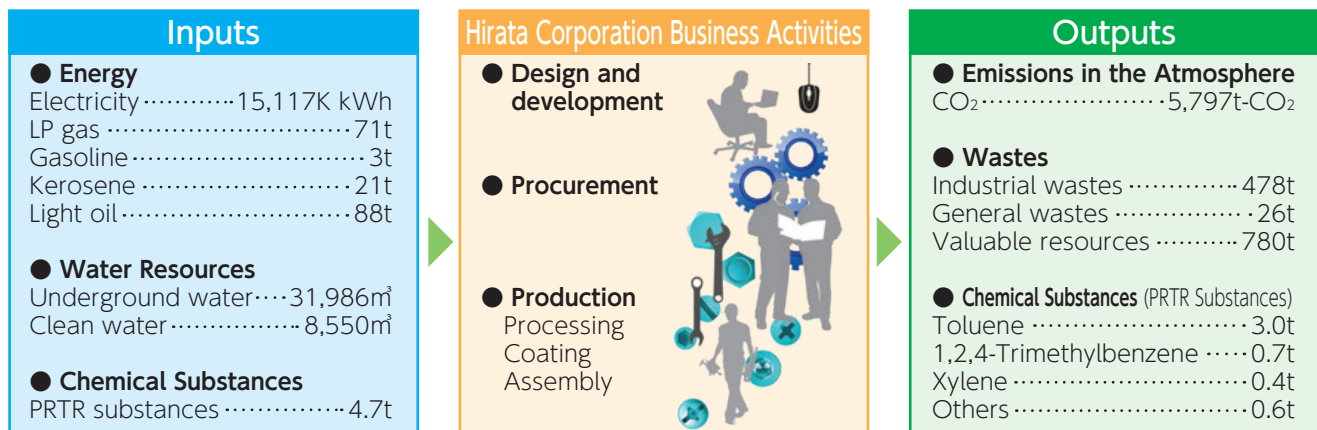


Environmental Conservation in Business Activities

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 FY2020 are as follows.



Environmental Accounting

The below is a status of environmental preservation cost. We categorize these into investment amount and cost concerning the "Environmental Accounting Guidelines" by the Ministry of the Environment.

(Unit: thousand yen)

Item		Major Activities	Investment	Cost
Business area cost	Cost for preventing pollution	• Maintenance of septic tanks	9,473	12,240
	Global environmental protection cost	• Installing energy-saving equipment	226,151	165,676
	Cost of resource cycle	• Leakage control construction • Disposal of general and industrial wastes	—	32,268
Upstream and downstream costs		• Investigation of chemical substances contained in products	—	6,968
Administration cost		• Maintenance of environmental management system • Environmental measurement • Environmental education	—	35,221
Social activity cost - Environmental preservation and improvement		• Nature conservation; beautification • Donations to environmental protection groups	34,640	2,267
Total			270,264	254,640

TOPICS



Groundwater protection efforts reduce its usage by 80%

The Kumamoto plant depends on the groundwater in its operations chiefly for cooling the facilities. The cooling water after use, once was released as is, is now recycled through a newly installed water circulation system, drastically reducing the groundwater usage at Kumamoto plant to one fifth of the peak term.

Water circulation system



Related SDGs



Environmental Consideration for Products

We produce and develop lifecycle oriented products by understanding their environmental load.

Environmentally-Friendly Products

■ **ECO Electric DC Conveyor** (DC: direct current, AC: alternate current)

With every component operated on DC including drive motors and the peripheral devices, our ECO Electric DC Conveyor saves more energy than conventional AC conveyors. Thanks to its all-DC transfer line, the ECO Electric DC Conveyor no longer needs AC power supply, air devices, driving board, controllers, or inverters, achieving substantial energy saving.



ECO Electric DC Conveyor

For an AC conveyor, its drive unit needs to be installed outside the conveyor due to the size of its AC motors. Consequently, this type of conveyors has restrictions including installation space. On the ECO Electric DC Conveyor, the use of DC brushless motors makes the drive unit compact and storable inside the frame itself. This has realized success in saving the conveyor footprint, 40% reduction from the conventional company products.

Other advantages are "easy maintainability" where all you have to do is just replace the drive unit, "simplified layout change" where you just connect the I/O slave to the M12 connector, and "quick startup". Furthermore, the machine can stop safely in case anyone accidentally hits a work in transportation. This feature of "low thrust for safety", in our "human-friendly" production system created based on our goods making basics, is one of the points favorably received by many customers.

VOICE

Developing far more energy-conscious products

Yuichiro Ueda, Product Development Department, #1 Business Unit

"Let's make our conveyors more user satisfactory" - this led me to the development of the ECO Electric DC Conveyor. My idea for this goal was an all-DC conveyor using DC brushless motors in a compact frame that requires less restrictions for layout planning and change.

We struggled with how to cool down the motors. First we used a cooling fan. But the fan needs regular maintenance to prevent efficiency degradation due to inclusion of dust and foreign materials. Furthermore, water or oil may drip in some use environments, requiring resistance to water and oil. Then, we changed over to use a heatsink. In this approach, the motor is cooled through heat conduction by an aluminum block on it. Test after test, we finally found the mechanism capable of efficiently cooling the motor, realizing a maintenance free product.

I'd like to develop products that consist an overall energy saving system by creating more variations of transfer system units.



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 FY2020, we started RoHS compliance survey on new purchases at estimation. Thanks to suppliers' cooperation, we were able to further understand the chemical substance inclusion status. The information submitted by suppliers through chemSHERPA ^{(*)3} helped us a lot in the survey of chemical substances contained in our products. We are continuously working for controlling chemical substances contained in our products.

* 1: Regulations on chemical substances in EU

* 2: Chemical substance management regulations in EU

* 3: Format for providing data on chemical substances contained in products in a supply chain

