

Brings Out the Best in Every Person

In the Medium-Term Management Plan FY2022-2024, we returned to our founding principles and management philosophy. In addition to making everyone involved in Hirata content, we decided on Jin-Go-Kou-Ken as a slogan from our desire to contribute to society by means of technology.

Aiming to improve both its corporate value and employee engagement, the Group is actively working to create environments in which each and every employee can make the most of their expertise and individuality

while they and the Company grow together.

We also identified “securing and training human resources” and “creating diverse, safe and secure workplaces” as human resource-related materiality for the Group. We consider that efforts aimed at “securing human resources, developing human resources, and creating environments that bring out the best in every person” will as a result lead to improvements in employee engagement.

Strategic securing of human resources with aim of improving corporate value

While each and every employee has been making the most of their expertise and individuality, the Group has been facing the challenges of new businesses, technological innovation, high-set goals and challenges that have led to sustainable growth.

To further improve our sustainable corporate value and achieve our management strategies, we will work to recruit, train, and relocate highly specialized human resources to strategically secure human resources for

the necessary functions and functions where there is a shortfall, such as in human resources with digital technology expertise and business creation as well as management human resources.

To enhance our ability to respond to changes in the business environment, we will also actively recruit diverse human resources regardless of gender, age, nationality, religion, or whether they have a disability.

Strengthening of human resource development and creation of environments in which employees can continue to take on challenges

Under the Group’s management philosophy of “bringing out the best in every person,” we believe that creating an environment in which each and every employee can grow and maximize their abilities is the most important management issue.

Going forward, we will reallocate human resources to focus businesses to achieve our management plan and aim to develop the human resources necessary for our growth from a long-term perspective. By means of training programs that support the careers of diverse human resources and promoting the activation of staff change

rotations and reviews with regard to evaluations, we will encourage not only human resources who possess high technical skills and expertise but also the continuous development of global human resources and management human resources. In addition, by enhancing our self-development support system, we will actively work to foster environments and the climate in which each and every employee can pursue their own dreams and goals, improve their personalities and abilities, and continue to challenge themselves to reach their potential.

Support for active participation of diverse human resources

Having identified Diversity & Inclusion as one of our material issues, we are supporting the active participation of diverse human resources. By respecting the values of each and every employee, increasing their motivation, providing them with a place where they can make the

most of their abilities and individuality, and bringing together their diverse strengths, we will actively work not only for the well-being of individuals but also for the development of the organization and the sustainable growth of the Company.

• Current Initiative Status

Women	Senior Human Resources	Global Human Resources
<ul style="list-style-type: none"> • Employment of human resources regardless of gender • Enhancement of support systems for balancing childcare/nursing care and work • Dispatch to external training sessions for female employees 	<ul style="list-style-type: none"> • While showing consideration for the work styles desired by senior human resources, promoting the handing down of excellent skills that make use of the knowledge and experience they have cultivated over many years 	<ul style="list-style-type: none"> • Recruitment of human resources regardless of nationality • In addition to training global human resources by sending employees from head office to Group companies, conducting technical training and personnel exchanges by loaning them to head office (Japan) from overseas Group companies

Our Company Vision

Jin-Gi-Kou-Ken
人技幸献

To make **everyone** involved in Hirata **content** and **contribute** to society by means of **technology**

Improvements in corporate value / Corporate growth

Improvements in employee engagement

Strategic securing of human resources with aim of improving corporate value

Strengthening of human resource development and creation of environments in which employees can continue to take on challenges

Support for active participation of diverse human resources
Creation of workplaces where people can work with peace of mind



Creation of workplaces where people can work with peace of mind

Giving top priority to health and safety, the Company has implemented a raft of measures to ensure that our employees remain healthy and active and to improve their work-life balance.

In 2020, we established health management centers, which are working on initiatives aimed at health management. The centers are staffed by professionals with public health nurse qualifications and have consultation desks for mental and physical health.

In fiscal 2021, we were among the first in the Kumamoto area to implement workplace vaccinations with the aim of assisting in the prevention of COVID-19 infections among the many people involved with the Company, including employees and their families, suppliers, and local residents.

• Summary of Previous Measures

2015	<ul style="list-style-type: none"> Ban on working on legal national holidays Ban on overtime work on Wednesdays, the designated day when all employees leave work on time Ban on overtime work after midnight Annual paid leave can be taken in one-hour units
2016	<ul style="list-style-type: none"> Salary and bonus payment days are also on days when employees leave work on time Overtime management changed from 30-minute unit increments to one-minute unit increments
2020	<ul style="list-style-type: none"> Health management centers established
2021	<ul style="list-style-type: none"> Reduced prescribed working hours from eight hours to 7.5 hours Began application of shift work on days when employees leave work on time Systematic implementation of telecommuting
2022	<ul style="list-style-type: none"> Number of annual paid leave days required to be taken increased to eight days

Toward Enhancement of Work-Life Balance

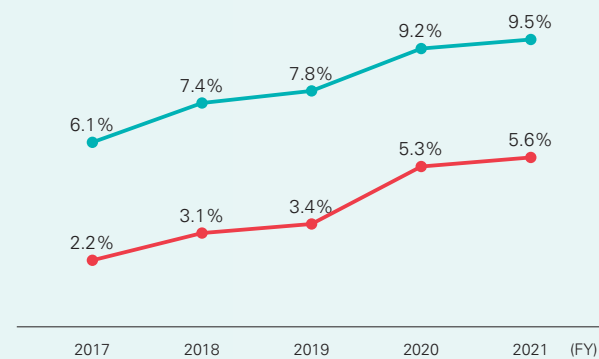
We are implementing measures with regard to work-life balance that are designed to achieve diversity in working styles.

- Ban on overtime work by setting days for leaving work on time (Wednesdays, salary/bonus payment days)
- Eligibility for reduced working hours for childcare expanded to include childcare for children up to the third grade of elementary school
- Prescribed working hours reduced from eight hours to 7.5 hours
- Introduction of shift work system that allows employees

to change their working hours (days when they leave work on time)

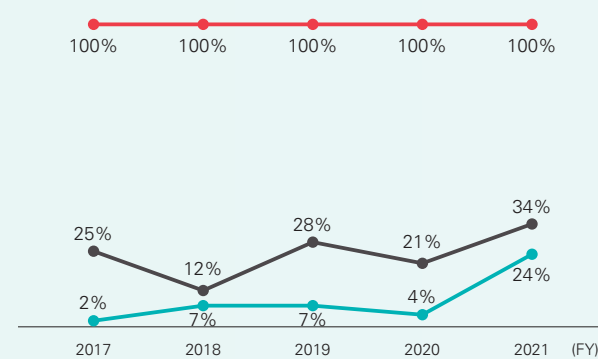
Labor and management will continue to work together to implement measures for the improvement of work-life balance. Starting with increasing the rate of male employees taking childcare leave, we will focus on creating an environment and culture that allows each employee to achieve a work-life balance that meets their individual needs, such as by encouraging male employees to actively participate in childcare as well as by volunteer activities and health promotion.

Ratio of Women in Managerial Positions*



● Percentage of women in management positions
● Percentage of those in managerial positions who are women
Note: Managerial positions is total of managers and assistant managers

Childcare Leave Acquisition Rate



● Male ● Female ● Total
Note: Childcare leave acquisition rate: (Number of people who took childcare leave in the year in which a child was born ÷ Number of people with children born in that year) × 100

Health and Safety Policy

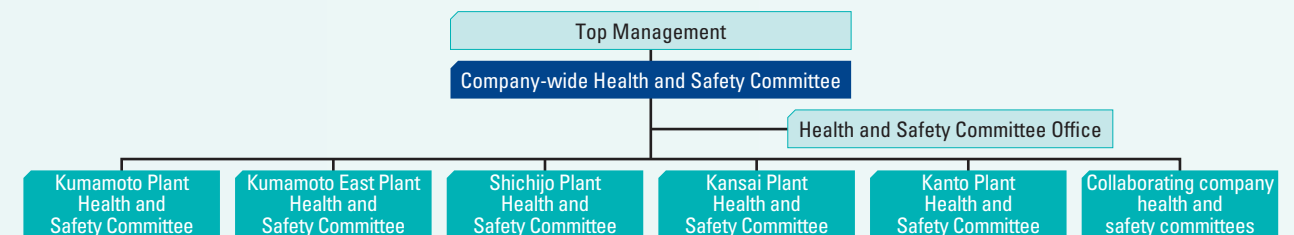
Based on its Sustainability Basic Policy, the Hirata Group engages in the following with the participation of all employees to ensure the health and safety of all people involved in the Group.

- We will give top priority to health and safety while striving to develop and improve our occupational health and safety management system.
- We will work to prevent accidents and disasters by conducting risk assessments, making improvements based on the results, and providing health and safety education.
- We will remain in compliance with occupational health and safety-related laws and regulations and the health and safety rules set by each Group company.
- Promoting the manufacture of safe and secure products, we will meet the expectations of our stakeholders.

Health and Safety Promotion System

Based on its Health and Safety Policy, the Company has formed health and safety committees at all of its business sites, as is required by law. We have also formed a company-wide health and safety committee to investigate and deliberate on health and safety management on a company-wide basis while promoting health and safety.

In accordance with the size of its workforce, each plant's health and safety committee appoints generalist health and safety managers, specialist safety managers and health managers as well as industrial physicians and other relevant personnel.

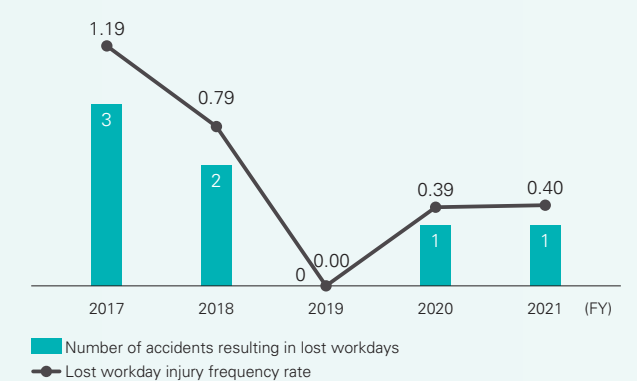


Health and Safety Initiatives

Based on annual plans, the company-wide health and safety committee's remit includes reporting on the status of implementation, discussing measures to prevent the recurrence of accidents as well as the drafting and setting of rules governing health and safety. Carrying out and improving health and safety patrols and conducting *kiken yochi* (hazard prediction) training (KYT) at each site, the health and safety committees at each factory work to ensure safety. Safety patrols of each factory are also conducted by directors every year, and strict checks are carried out from the perspective of management.

Furthermore, many people at the Company are commuting to work by private car, and incidences of commuting accidents are becoming a problem. Traffic safety education was therefore conducted online for all commuters who commute by their own cars, and a comprehension test was also conducted to improve traffic safety awareness.

Occupational Accident Status



Product Safety/Quality Improvement

As the best partner for 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 Management

We have in place an ISO 9001-based quality control system that includes the promotion of measures to improve product quality and safety.

Quality policy details

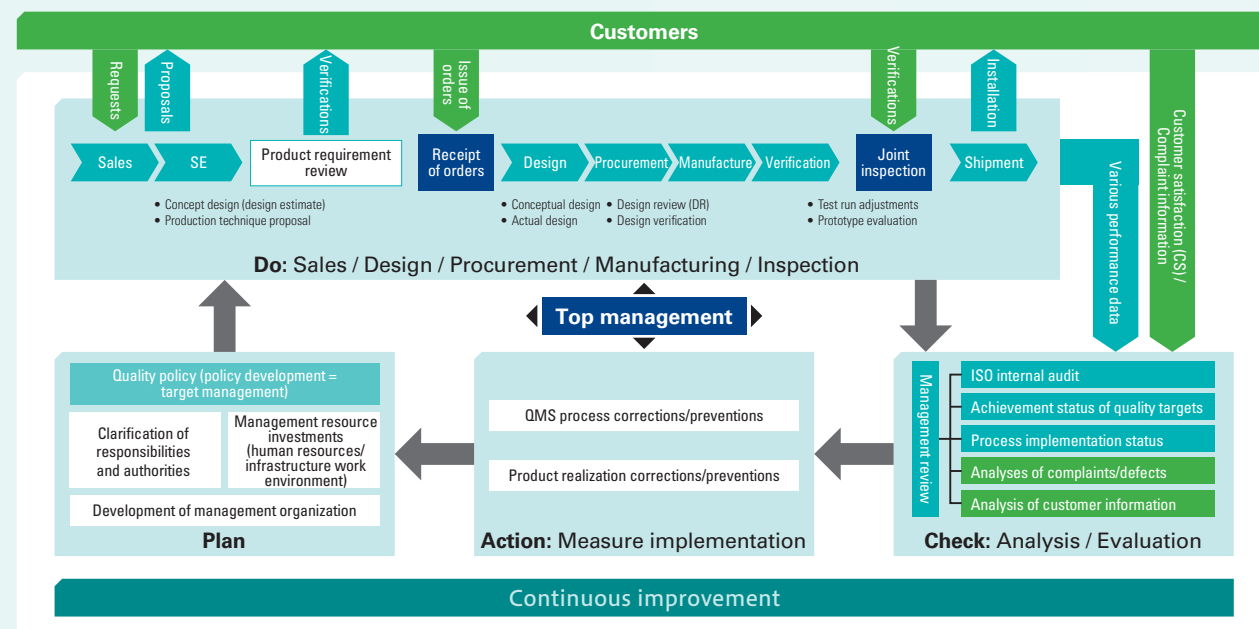
We strive to improve quality, productivity, and customer satisfaction (CS) through continuous improvement of our quality management system (QMS).

- (1) Provision of products and services that satisfy our customers
 - Improving technology and providing safe and highly productive products
 - Confirmation of contract details and sharing of information in documents
 - Establishment of system for handling complaints and thorough prevention of any recurrence
 - CS improvements
- (2) High-quality manufacturing
 - Reliability-ensuring designs based on theories and principles (reliability engineering)
 - Reduction of quality risk through design reviews, verification, and validation
 - Reflection of product safety and Hirata Standard (Hirata internal standards) in products
 - Product perfection improvements by inspection standard clarification
 - Thorough supplier and design change management
 - Improvements in management/enhancement activities and problem-solving capabilities using statistical management methods
- (3) Establishment of standardization and commonality in high-mix, low-volume production
 - Promotion of standardization
 - Promotion of commonality of parts
 - Promotion of unitization
 - Proactive development and management of products (mass produced products)

Quality Management Promotion Framework



Quality Management System (QMS)



Specific QMS Efforts

Utilization of PDCA quality management system

Having obtained ISO 9001 certification, the Company carries out activities with PDCA in mind from order acceptance, design/development, procurement, manufacturing, assembly and shipping/packing processes to continuous improvement based on the results of activities such as CS surveys and management reviews.

Having established procedures in place for each process and promoting standardization, the Company is working to stabilize quality and thereby prevent any risk of a defect arising.

Implementation of ISO internal audits and quality management audits for our suppliers

Evaluating effectiveness and suitability through annual ISO internal audits, the Company utilizes its QMS in its efforts to prevent quality defects by providing corrective guidance as appropriate. We also conduct quality management audits geared towards those suppliers with which the Company does business. Having built a system that can guarantee the quality of each part incorporated in our products, we are working to provide safer and more reliable products.

Knowledge acquisition that leads to improvements in quality awareness and product reliability

We deliver trustworthiness and satisfaction to our customers. With this in mind, we plan and implement a range of educational programs that lead to improved quality awareness and product reliability. Product safety education is provided by qualified safety assessors (Company employees) by means of case studies. In fiscal 2021, we also held seminars by outside lecturers on China's GB standards and China Compulsory Certification (CCC) systems as well as reliability education (Failure Mode & Effects Analysis [FMEA] basics).



In response to the large number of employee attending the seminars, we dispersed the venues to avoid crowding.

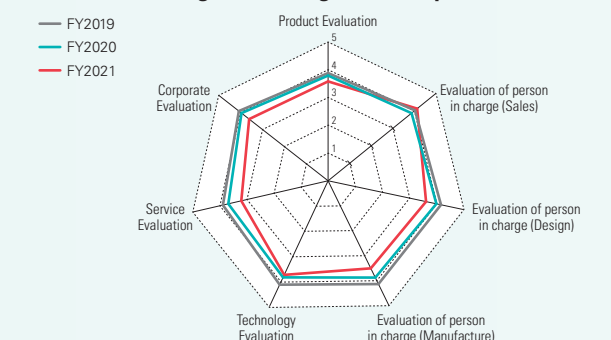
Educational Programs for Improving Quality and Reliability (FY2021 results)	Number of times implemented	Number of participants
Quality control (QC) basic education (ISO 9001, QC procedures)	4	109
Education on changes in management	1	10
Product safety basic training (mechanical safety, electrical safety, product risk assessment)	9	288
Seminar on China's GB standards and China Compulsory Certification (CCC) systems (outside lecturer)*	1	129
Reliability education (Failure Mode & Effects Analysis [FMEA] basics)	2	100

* Conducting education including Group companies

Improvement System That Reflects Customer Feedback

Listening to opinions and suggestions through all departments that have opportunities to interact with customers, we also conduct company-wide CS surveys every year. Based on these valuable opinions, we are striving towards product improvements and strengthened service support.

Satisfaction weighted average score (5 points max.)



Supply Chain Management

To remain a company that is trusted and chosen by all stakeholders, including its customers and suppliers, the Group also fulfills its corporate social responsibility (CSR) in its procurement activities. We will also share the Procurement Policy with our suppliers and work on responsible procurement activities and continuous improvement in accordance with the Hirata CSR Procurement Guidelines.

Procurement Policy

- (1) In compliance with laws and ethics
- (2) In a fair and just manner as an equal partner with our suppliers
- (3) That give due consideration to human rights concerns and the reduction of environmental impact in the selection of suppliers and procured items

CSR Procurement Initiatives

In addition to conventional items, such as quality, performance, price and delivery, when procuring products, materials, and raw materials, the Company adds requirements from the viewpoints of the status of the supplier's response to the environment, labor environment, human rights and other matters. In this way, we are working to improve while promoting CSR throughout the supply chain.

We conducted a CSR procurement questionnaire targeting the suppliers in the top 70% in terms of transaction value (top 100 companies in domestic transaction value; response rate: 100%).

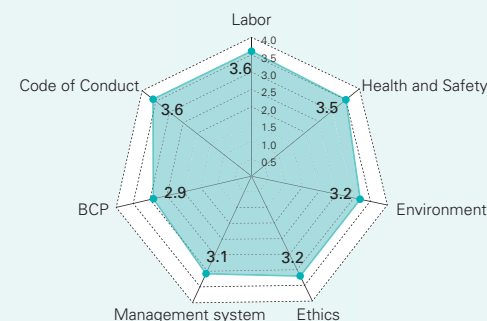
We also obtained confirmation from 98 companies that they were in agreement with our CSR Procurement Guidelines.

The results of the questionnaire revealed that the average score for the Business Continuity Plan (BCP), which is regarded as an important item in the supply chain, was 2.9 points, which was lower than the other items. We also recognized understanding the calculation of Scope 3 as an issue for the future in reducing GHG emissions into the environment.

First of all, we would like to ascertain the current situation and work together with our suppliers to improve the level. We have set a goal of reducing to zero the number of suppliers with evaluation points of 2.5 points or less out of a maximum of 4.0 by 2024.

When promoting CSR procurement questionnaires in the years to come, we will conduct regular evaluations of the top 80% of domestic suppliers in terms of transaction value.

Aggregated Results from CSR Procurement Questionnaire



Business Continuity Plans

As a result of conducting a self-assessment of BCPs in the supplier CSR procurement questionnaire, their implementation status was found to be an issue. Going forward, we will promote improvements designed to raise the level of implementation.

In recent years, when serious natural disasters such as earthquakes and floods have been occurring frequently, we have been promptly confirming the damage situation with our suppliers to minimize the impact on our production activities.

Establishment of supplier whistleblowing contact point (supplier helpline)

In response to the Revised Whistleblower Protection Act and in accordance with the strengthening of governance, the Company set up a supplier helpline on April 1, 2022, and posted the point of contact on its website. Based on the information provided, the helpline secretariat (the

Company's Compliance Department) will conduct an internal investigation and take corrective and preventive measures. Strictly protecting the confidentiality of reports, the Company will not take any retaliatory action with regard to them.

Reporting method	We have set up a dedicated point of contact on our external website https://www.hirata.co.jp/en/contact/
Those subject to reporting	Suppliers (purchasers of goods, software, utilities, equipment, etc. necessary for our production activities)
Post-report handling	Promptly conducting a factual investigation of the reported case, necessary measures, such as an order to cease and desist or recurrence prevention, to be taken if non-compliance proven

Response to Conflict Minerals*

With regard to conflict minerals, which are illegally exploited and mined and are a factor causing human rights violations as well as labor and other problems, the Company is aware of and actively cooperates with international efforts to investigate and monitor their use. In response to inquiries from customers relating to conflict

minerals, we provide any information that we know in good faith.

* Conflict minerals: The term refers to minerals, among them tantalum (Ta), tungsten (W), tin (Sn), gold (Au) and cobalt, produced in the Democratic Republic of the Congo and neighboring countries, which are regarded as a source of funding for armed groups that are committing serious human rights violations.

Respect for Human Rights

Based on its Sustainability Basic Policy, the Hirata Group has established a globally implemented human rights policy to respect the basic human rights of all people involved in its businesses. Having established the human rights policy consisting of the items listed below through a resolution of the Board of Directors, we apply it to all officers and employees of our group while strengthening our efforts. We also ask for the understanding and cooperation of all of our business partners, including our suppliers, with regard to our human rights initiatives.

Basic Approach to Human Rights

Complying with the laws and regulations applicable to Japan and the countries and regions in which it conducts business, the Hirata Group supports and respects the Guiding Principles on Business and Human Rights of the United Nations and other international norms with regard to respect for human rights.

Human Rights Policy (Items only)

- (1) Prohibiting Forced Labor
- (2) Prohibiting Child Labor
- (3) Decent Working Hours
- (4) Adequate Wages and Allowances
- (5) Prohibiting Inhumane Treatment
- (6) Prohibiting Discrimination
- (7) Freedom of Association and Right to Collective Bargaining
- (8) Occupational Health and Safety