

Supply Chain Management

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

Procurement Basic Policy	(1) In compliance with laws and ethics (2) In a fair and just manner as an equal partner with our suppliers (3) Giving due consideration to human rights concerns and the reduction of environmental impact in the selection of suppliers and procured items
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Initiatives for Sustainable Procurement Activities

Under the lead of its director, the Procurement Division plays a central role in promoting sustainable procurement activities in cooperation with sustainability promotion activities. The Sustainability Promotion Committee oversees initiatives by reporting, discussing, and making decisions on directions and issues.

- Holds supplier meetings (Company performance reports, explanation of market trend policies, explanation of trends and policies of the Procurement Division, and supplier awards)
- Conducts CSR procurement self-assessments and sends out consent forms
- Exchanges information and provides improvement support through CSR procurement audits
- Builds a cooperative framework for BCP

CSR Procurement Self-Assessments

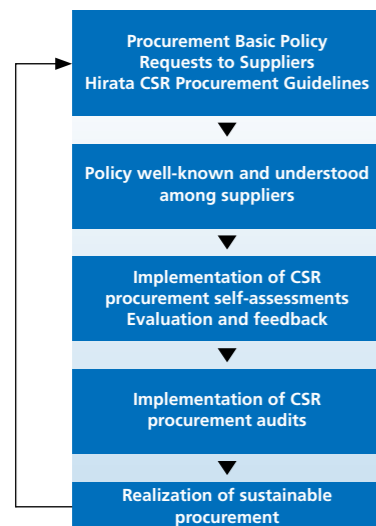
In procuring products, materials, and raw materials, we are promoting CSR (corporate social responsibility) throughout the supply chain and making improvements in accordance with conventional requirement items of quality, performance, price, and delivery time and items added from the perspective of the environment, working environment, human rights, etc.

In fiscal 2021, we conducted CSR procurement self-assessments for the top 70% of the transaction value suppliers (the top 100 domestic transaction value suppliers). In fiscal 2022, we completed responses for the top 80% of the transaction value suppliers (the top 120 domestic transaction value suppliers), as a result of the surveys conducted for suppliers that have not yet implemented the

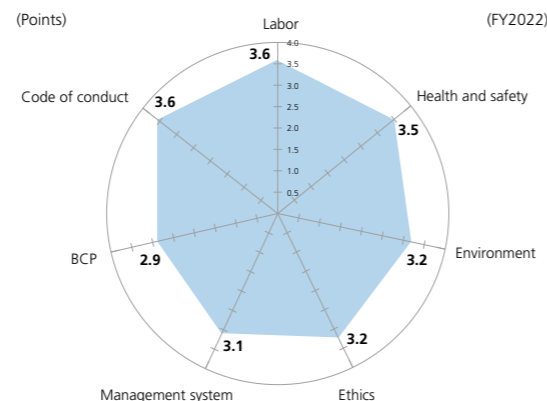
previous surveys. In addition, we have received consent to the Hirata CSR Procurement Guidelines along with requests for cooperation in self-assessments (100% recovery rate for self-assessment and consent forms).

Furthermore, in fiscal 2022, we worked to formulate a CSR procurement audit sheet and conducted trial audits of some suppliers. Although no major problems have been confirmed at this time, we will make improvements as necessary and strive to maintain sustainable procurement activities, such as expanding the scope of audits.

▶ For more information on the Hirata CSR Procurement Guidelines, please visit the website below.
https://www.hirata.co.jp/files/uploads/esg_20230301_05.pdf



Results of CSR Procurement Self-Assessments



Supplier Engagement

In June 2023, we held a supplier meeting to talk about the Group's consolidated results for fiscal 2022, the forecast for fiscal 2023, trends and policies of business divisions, basic procurement policies, and priority measures.

In fiscal 2023, we established and shared two new items that we would like our suppliers to actively work on in the fields of society and the environment. We will promote this with the goal of having all Tier 1 suppliers, which account for the top 80% of the transaction value suppliers, focus on these items.

The Company will continue to engage in sustainable procurement activities while engaging in dialogue with suppliers about its business activities and sustainability.



Matters to be promoted in the social and environmental fields

1. Establishment of social and environmental policies
 - Labor and human rights policies
 - Health and safety policies
 - Environmental policies
 - Ethics policies
2. Understanding of the CO₂ emissions of suppliers

Business Continuity Plan

As a result of conducting an assessment of the business continuity plan (BCP) through the CSR procurement self-assessment, it was found that there were issues in the status of initiatives compared to other items.

In recent years, in order to minimize the impact on our production activities in the event of serious natural disasters,

such as frequent earthquakes and floods, we have been promptly confirming the damage situation with our suppliers. In FY2022, we investigated the impact of four natural disasters on production activities among our suppliers.

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 in 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 provide disadvantageous treatment to whistleblowers as a result.

Reporting method	We have set up a dedicated point of contact on our website. https://www.hirata.co.jp/en/contact/
Those subject to reporting	Suppliers (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, correction or recurrence prevention, to be taken if non-compliance proven
Number of reports	1

Responsible Procurement of Minerals

We are aware of and actively cooperate with international efforts to investigate and monitor the use of conflict minerals,* which have been implicated in human rights abuses and labor problems, and minerals that pose a risk of child labor and environmental destruction. In line with the update of the RMI (Responsible Minerals Initiative)

information, we regularly conduct surveys of each supplier using survey templates (CMRT, EMRT, etc.).

* Conflict minerals: The term refers to minerals, among them tantalum, tungsten, tin, gold, 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.