

# Materiality

To achieve both sustainable business growth and the resolution of social issues, even amid an external environment that is dramatically changing, we identified materiality (important issues) in fiscal 2021.

Materiality is organized into four themes and 10 items. Going forward, the Sustainability Promotion Committee will take the lead in setting KPIs and targets and then implement initiatives.

Based on changes in the business environment and social trends, the Company will periodically review its materiality.

## Materiality Identification Process

In addition to discussions at management meetings and Board of Directors' meetings, we received opinions and evaluations from external experts when identifying the important issues. Along with incorporating these materiality

issues into the Medium-Term Management Plan, we will work to instill awareness of them throughout the Company by specifically reflecting our Sustainability Basic Policy and our sustainability activity vision in the form of activity plans.

STEP  
1

### Issue identification and management

Having referred to international guidelines on sustainability and survey results from ESG rating agencies, we have identified social issues that could conceivably have a significant impact on our management and business. Out of almost 100 such issues, we have also organized into groups those that are candidates for materiality in light of the Company's future direction, such as its business characteristics, management plans, and targets.

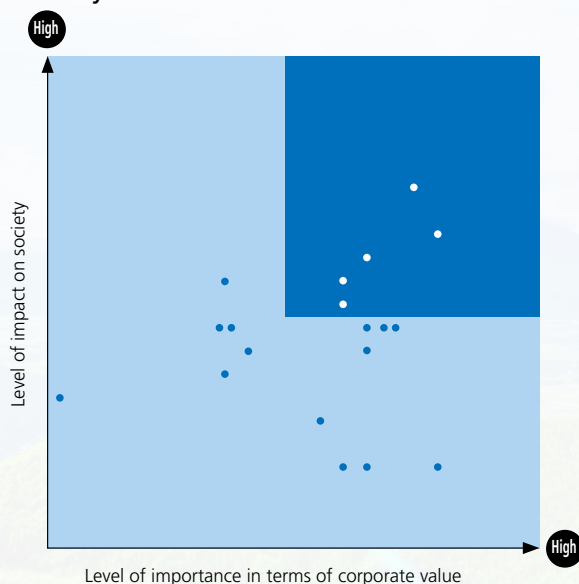
STEP  
2

### Level-of-importance assessments by senior management and external experts

From among the extracted and organized issues, we assessed levels of importance to narrow down the important items in terms of the medium- to long-term management of the Group.

For the assessments, we conducted a questionnaire of internal and external senior management as well as external experts. At that time, we asked them to assess the Company along two axes: level of importance in terms of corporate value (horizontal axis) and level of impact on society (vertical axis).

### Materiality matrix



### Identified materiality (important issues)

- (1) Reduction of environmental impact by the Company and in the supply chain
- (2) Contribution to carbon neutrality through products and services
- (3) Creation of new customer needs in accordance with social changes
- (4) Response to progress of digitalization
- (5) Securing and training human resources
- (6) Creating diverse, safe, and secure workplaces
- (7) Improvement of product safety and quality
- (8) Supply chain management
- (9) Enhancement of corporate governance
- (10) Risk management

STEP  
3

### Approval and inclusion in Medium-Term Management Plan

Following the assessments, the materiality proposal was deliberated at multiple management meetings and Board of Directors' meetings and finally approved at the Board of Directors' meeting held in February 2022. Having adopted "strengthening of ESG management initiatives" as a basic policy under the new Medium-Term Management Plan, which was announced in May 2022, we are setting targets and working on visualizing the initiatives throughout the duration of the plan.

Materiality

With regard to the identified materiality, each working group is currently formulating its 2030 goals and KPIs. The table below shows the goals and KPIs that have already been decided within the Company.

Materiality (Important Issues)	Risks	Opportunities	Goals/KPIs* for 2030	Efforts Implemented
<b>Response to Climate Change</b> <span>▶ P.40</span> <div><div>7</div><div>11</div><div>12</div><div>13</div></div>				
(1) Reduction of environmental impact by the Company and in the supply chain	<ul style="list-style-type: none"><li>Decrease in business opportunities and increase in costs for handling cases where the Company is unable to comply with the environmental requirements of its business partners or industry code of conduct</li><li>Restrictions on business activities due to laws and regulations</li></ul>	<ul style="list-style-type: none"><li>Acquisition of trust by stakeholders by strengthening environmental initiatives and improvement of long-term corporate value</li><li>Reduction of GHG emissions at our plants and reduction of environmental impact on local communities</li></ul>	<ul style="list-style-type: none"><li>Achieve carbon neutrality (zero Scope 1 and 2 emissions)</li><li>Reduce the amount of water used by 1% or more in comparison with actual production</li></ul>	<ul style="list-style-type: none"><li>Established Environmental Policy and environmental management system (acquired ISO 14001 certification)</li><li>Examined Scope 1 and 2 emissions, installed solar panels, and examined renewable energy procurement methods such as PPA</li><li>Promoted the introduction of energy-saving equipment, reviewed water circulation equipment settings, and participated in beautification campaigns</li></ul>
(2) Contribution to carbon neutrality through products and services	<ul style="list-style-type: none"><li>Trade impact due to the provision of products that do not meet the environmental requirements of our business partners</li><li>Reduced competitiveness of our products</li></ul>	<ul style="list-style-type: none"><li>Acquire business opportunities through the provision of products and services with low environmental impact</li></ul>	<ul style="list-style-type: none"><li>Expand Eco Electric Series sales</li></ul>	<ul style="list-style-type: none"><li>Expanded the Eco Electric Series lineup</li><li>Expanded opportunities to make carbon-neutral-related proposals to customers</li></ul>
<b>Building of a Sustainable Society</b> <span>▶ P.45</span> <div><div>9</div><div>11</div><div>12</div><div>15</div></div>				
(3) Creation of new customer needs in accordance with social changes	<ul style="list-style-type: none"><li>Decrease of business opportunities due to delays in understanding needs and R&amp;D due to social changes</li></ul>	<ul style="list-style-type: none"><li>Improve competitive advantage by creating products and services that contribute to carbon neutrality</li><li>Expand business fields beyond existing products and services</li></ul>	<ul style="list-style-type: none"><li>Expand battery and fuel cell-related equipment sales</li><li>Expand semiconductor-related equipment sales</li></ul>	<ul style="list-style-type: none"><li>Developed and improved key devices in the battery field for electric vehicles (EVs) (dual head wire bonders, etc.)</li><li>Developed and improved products to meet customer needs</li><li>Carried out efforts in new fields such as medicine and plant genetic resource research</li></ul>
(4) Response to progress of digitalization	<ul style="list-style-type: none"><li>Decline in competitiveness and outflow of human resources due to a delay in responding to digitalization</li></ul>	<ul style="list-style-type: none"><li>Effective strategy formulation by understanding customer behavior and market trends through data analysis</li></ul>	<ul style="list-style-type: none"><li>Improve work efficiency by replacing core systems (30% workload reduction)</li><li>Reduce the number of working hours per employee per year by 3%</li></ul>	<ul style="list-style-type: none"><li>Enhanced the advancement of 3D design (implementation and training)</li><li>Use of CADVR and emulators</li><li>Automation of other business processes</li></ul>
<b>Bringing Out the Best in Every Person</b> <span>▶ P.46</span> <div><div>4</div><div>5</div></div>				
(5) Securing and training human resources	<ul style="list-style-type: none"><li>Lack of a group of engineers, which is necessary for establishing an order business when human resource development is insufficient</li><li>Productivity decline due to inferior recruitment of human resources amid the shrinking labor force in Japan</li></ul>	<ul style="list-style-type: none"><li>Increase in employee engagement</li><li>Acquisition of a competitive advantage in proposal-based business</li><li>Opportunity to demonstrate organizational strength through diverse human resources in a highly uncertain business environment</li></ul>	<ul style="list-style-type: none"><li>20% employee engagement rate</li><li>Make the percentage of female employees in managerial positions equal to the percentage of male employees in managerial positions</li><li>Increase the employment rate of persons with disabilities by at least 0.3% over the rate required by law</li></ul>	<ul style="list-style-type: none"><li>Engagement surveys</li><li>Enhanced career recruitment</li><li>Expansion of training (specialized themes such as harassment, anger management, mental health, communication, evaluator training, etc.)</li></ul>
(6) Creating diverse, safe, and secure workplaces	<ul style="list-style-type: none"><li>Impact on the physical and mental health of employees</li><li>Stagnation of business activities due to occupational accidents</li></ul>	<ul style="list-style-type: none"><li>Realization of diverse workstyles</li><li>Preservation of the physical and mental health of employees</li></ul>	<ul style="list-style-type: none"><li>Strengthen health and productivity management initiatives (acquire “White 500” certification)</li><li>Achieve occupational accident frequency rate of 0.4 or less</li><li>Establish a human rights due diligence PDCA cycle for the Hirata Group and its suppliers</li></ul>	<ul style="list-style-type: none"><li>Established health management centers</li><li>Expanded rules to make working hours more suitable, such as regular day shift work, time off, and interval time</li><li>Formulated Health and Safety Policy</li><li>Expanded barrier-free accessibility (at facilities, etc.)</li><li>Established a human rights promotion system</li><li>Conducted human rights due diligence at Hirata Corporation alone and formulated human rights due diligence implementation plans for affiliates and suppliers</li><li>Strengthened human rights education within the Company</li></ul>
<b>Strengthening of Our Management Foundation</b> <span>▶ P.50</span> <div><div>16</div></div>				
(7) Improvement of product safety and quality	<ul style="list-style-type: none"><li>Distrust in the safety and quality of products and services</li><li>Distrust of QCD/Poor quality</li></ul>	<ul style="list-style-type: none"><li>Establish and strengthen trust in QCD</li></ul>	<ul style="list-style-type: none"><li>Achieve response rate of 90% for customer satisfaction survey</li><li>Achieve a weighted average score of 4.5 points or more for the customer satisfaction survey</li><li>Continue to report zero serious accidents caused by products</li></ul>	<ul style="list-style-type: none"><li>Established Quality Policy and environmental management system (acquired ISO 9001 certification)</li><li>Promoted standardization</li></ul>
(8) Supply chain management	<ul style="list-style-type: none"><li>Stagnation of business activities and non-fulfillment of contracts due to delays in delivery</li><li>Decrease of business opportunities due to delays in environmental and social practices</li></ul>	<ul style="list-style-type: none"><li>Business continuity and strengthening of the production system</li><li>Creation of trustful relationships with business partners</li></ul>	<ul style="list-style-type: none"><li>Ensure that there are no suppliers with a CSR procurement self-assessment score of lower than 3.7 points (top 90% in transaction value)</li></ul>	<ul style="list-style-type: none"><li>Formulated Procurement Basic Policy</li><li>Formulated procurement guidelines</li><li>Held supplier meetings</li><li>Conducted CSR procurement self-assessments, audits, etc.</li></ul>
(9) Enhancement of corporate governance	<ul style="list-style-type: none"><li>Loss of opportunities due to lack of investor relations and shareholder relations</li><li>Deterioration of the business environment and stagnation of business due to lack of governance function</li></ul>	<ul style="list-style-type: none"><li>Acquisition of trust from stakeholders by responding to global standards</li><li>Increased momentum for strategic change through appropriate oversight and execution of responsibilities</li></ul>	<ul style="list-style-type: none"><li>Zero serious legal violations</li><li>Zero key compliance item violations</li></ul>	<ul style="list-style-type: none"><li>Declared support for TCFD recommendations</li><li>Signed United Nations Global Compact</li><li>Reviewed our Code of Conduct</li></ul>
(10) Risk management	<ul style="list-style-type: none"><li>Loss of social credibility due to violations of laws, regulations, and compliance</li></ul>	<ul style="list-style-type: none"><li>Improvement of management and corporate culture by acting with integrity and ethics in addition to compliance with laws and regulations</li><li>Establishment of a risk management system that aligns with management strategies</li></ul>		<ul style="list-style-type: none"><li>Enhanced risk management system</li></ul>

Note: As of fiscal 2024, the goals and KPIs above are for Hirata Corporation alone.

Comments from Working Group Leaders

Green Factory

The Green Factory working group is carrying out efforts to reduce the Group's GHG emissions and environmental impact on water, biodiversity, etc. In particular, CO<sub>2</sub> emission reduction targets are widely advocated in each country, and we also place importance on them as a company. Hirata Corporation has set a goal of achieving carbon neutrality, meaning zero Scope 1 and 2 emissions, by 2030, aiming for the Group to achieve the same goal by 2035. The Company has also set the goal of achieving carbon neutrality throughout the entire supply chain by 2050 and is examining energy conservation, energy creation, and renewable energy initiatives. In the future, as environmental regulations and technologies in each country are changing drastically, we will respond flexibly by closely monitoring the responses and technological changes in each country.



Jo Yoneda  
Executive Officer

Green Markets/Green Products

“Improvement of product safety and quality” is an important issue to address so that customers can use our products with peace of mind. Therefore, we are making continuous improvements in this area. In addition, the development of new markets through “Creation of new customer needs in accordance with social changes” is positioned as the basis for the Company's continuous growth, and we will aggressively pursue this as a business by introducing environmentally friendly products, aiming to realize a “Contribution to carbon neutrality through products and services.” At the same time, regarding “Response to progress of digitalization,” we will make full use of our newest digital technology to carry out each of our operations to improve operational efficiency, creating added-value products. We will enhance the competitiveness of our products based on these efforts.



Takenori Hirakawa  
Executive Officer

Bringing Out the Best in Every Person/ Respect for Human Rights

In fiscal 2023, through interviews with management and employees, we grasped the current situation, including issues associated with social conditions and changes in generations, and reaffirmed the goodness of the Company that “cares for people” through our activities. I think this idea will become more important as diversity increases in the future. In September 2023, we signed the United Nations Global Compact, and in January 2024, we reviewed the Code of Conduct of the Hirata Group and carried out other initiatives. We will continue to indicate the direction in which Hirata is headed in regard to how we treat our employees, both internally and externally, so that everyone in the Company can work together to embody the concept of “Bringing out the best in every person.” In addition, as an effort to respect human rights, we will establish a system for human rights-related activities in the first year of the Medium-Term Management Plan, and in the future, we will conduct human rights due diligence for the entire Hirata Group and our suppliers, working to respect human rights throughout the entire supply chain.



Miho Mori  
Executive Officer

Supply Chain

“Supply chain management” is an important initiative for the continuation and expansion of our business. To ensure stable procurement, we have formulated the Hirata CSR Procurement Guidelines and are promoting management systems for labor, health and safety, environmental conservation, management, and ethics. In selecting suppliers, we conduct fair and impartial transactions by comprehensively judging suppliers not only in terms of quality, prices, and delivery times but also taking the management conditions, technological capabilities, compliance, and CSR initiatives of suppliers into consideration. Additionally, by solving issues and growing together with our suppliers, we will strengthen mutual trust and promote coexistence and co-prosperity.



Toshiyuki Matsuzaki  
Executive Officer

Corporate Governance

In order to deepen the governance reforms we have been working on so far from form to substance, the Board of Directors will discuss improvement and support measures based on the status of compliance with the Corporate Governance Code and the results of the evaluation of the effectiveness of the Board of Directors, which will lead to the solid implementation of those reforms. In particular, we are examining important themes such as capital policy and financial strategy, investment in human capital and intellectual property, and Company-wide risk management so that they can be reflected in the next Medium-Term Management Plan (which is to begin in fiscal 2025). The fully revised Code of Conduct of the Hirata Group went into effect in January 2024 with guidelines and quality assurance measures being developed to make the code more effective.



Hideki Ninomiya  
Executive Officer



## Materiality Theme 1 Response to Climate Change

### Reduction of Environmental Impact by the Company and in the Supply Chain

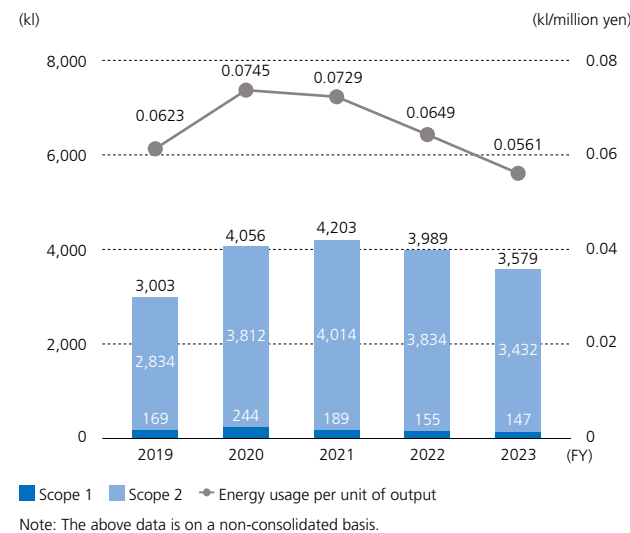
#### Changes in Energy Consumption/CO<sub>2</sub> Emissions

The Company is working to rationalize its energy use based on the Act on the Rational Use of Energy and Shifting to Non-fossil Energy (Energy Efficiency Act). In fiscal 2020, operations started in the new headquarters factory area in the Kumamoto Plant, so both energy consumption and energy consumption per unit of output increased significantly. For environmental targets, we set a target of reducing our energy usage per unit of output by 3% by fiscal 2023, with fiscal 2020 serving as the base year. Energy consumption in fiscal 2023 was reduced by 15.2% (excluding the impact of the conversion factor changes from fiscal 2023 onward) in comparison with actual production in fiscal 2020 due to the introduction of electric

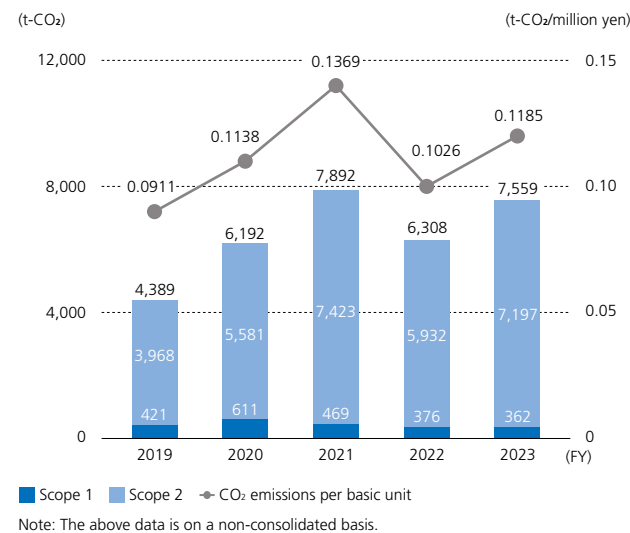
forklifts and high-efficiency air-conditioners, and increased production output.

In terms of environmental targets concerning CO<sub>2</sub> emissions, for which we also deem fiscal 2020 as the base year, we targeted a 3% reduction in CO<sub>2</sub> emissions per unit of production by fiscal 2023. As for fiscal 2023 results, despite the reduction in energy consumption, CO<sub>2</sub> emissions increased 4% in comparison with actual production due to an increase in the CO<sub>2</sub> emission coefficient (basic emission coefficient) of electric power companies. Additionally, the Sustainability Promotion Committee is discussing medium- and long-term initiatives, and is working on concrete measures.

#### Energy Usage



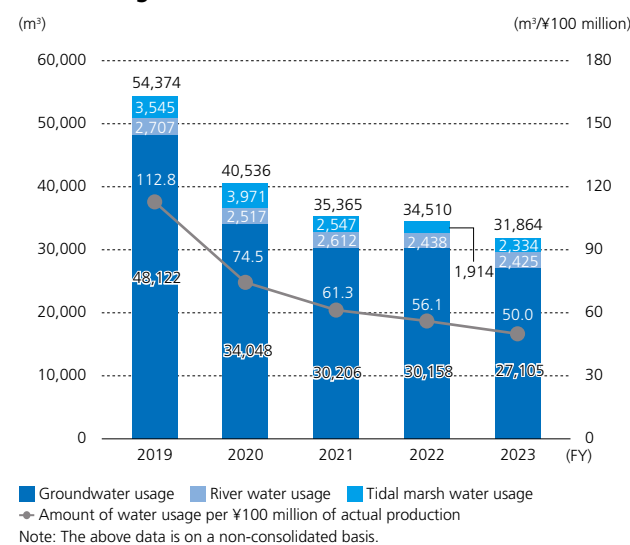
#### CO<sub>2</sub> Emissions



#### Efforts to Conserve Water Resources

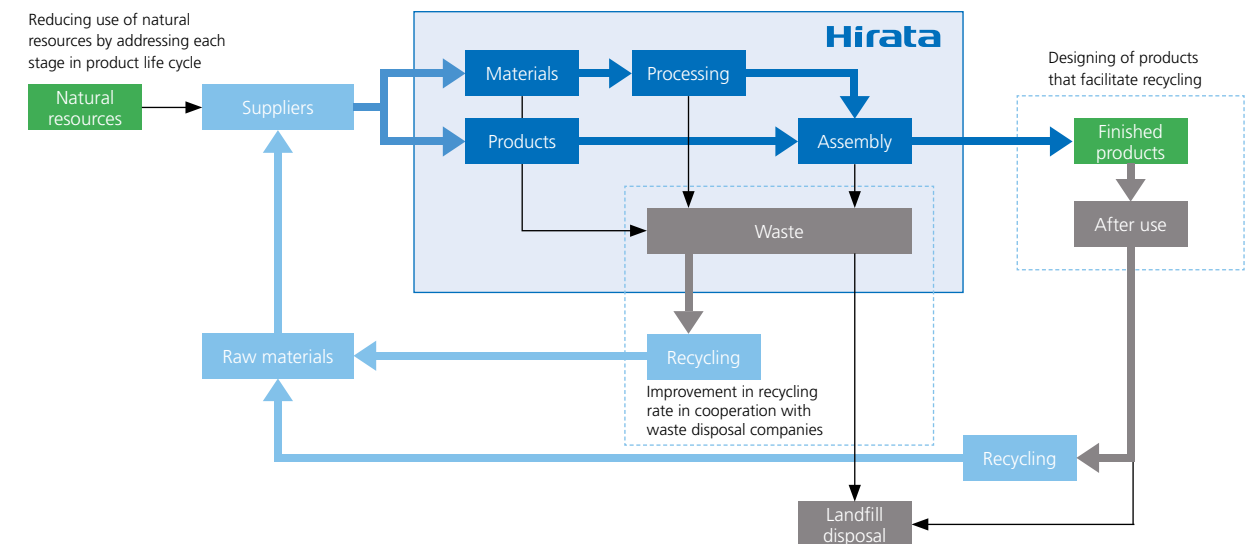
To conserve water resources, the Company is reducing water usage and monitoring factories' wastewater. As an initiative to reduce water usage, we reviewed cooling water circulation equipment settings in fiscal 2021 in order to reduce the amount of cooling water used at the Kumamoto Plant. After making changes, we were able to further reduce the amount of water used. With regard to plant wastewater, we conduct wastewater analysis at all factories annually to confirm that they meet legal and in-house control standards.

#### Water Usage



#### Approach to Resource Recycling

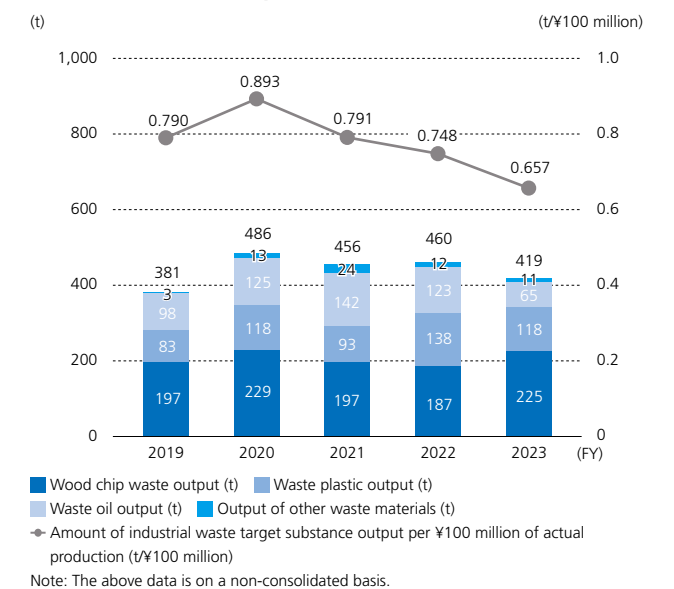
To help realize a sustainable society, we are working to create products that show we have given consideration to resource recycling at each stage of the product life cycle (the procurement of materials and parts, design, production, and disposal after use). Through eco-friendly design, we are promoting the reduction of raw materials used in product manufacturing and the provision of products that can be recycled at the time of disposal. We are also working to reduce packaging materials, reduce waste in production activities, and promote recycling for some equipment imported from overseas.



#### Efforts to Reduce Industrial Waste Output

The industrial waste generated by the Company mainly comprises wood chips, waste plastics, and waste oil. Used to package deliveries to the Company, wood chips and waste plastics are disposed of as waste after unpacking. For this reason, we are working to reduce the amount of waste generated by reviewing and simplifying the packaging methods for some equipment imported from overseas.

#### Industrial Waste Output



#### Managing Chemical Substances

To respond to chemical substance-related laws and regulations in Japan and overseas, including the European RoHS Directive\*<sup>1</sup> and REACH Regulations,\*<sup>2</sup> we will strengthen the management of the chemical substances contained in our products.

We ask our suppliers to submit information through chemSHERPA\*<sup>3</sup> and cooperate with our surveys on the chemical substances contained in our products. We will continue to work on managing the chemical substances contained in our products.

\*1 Regulations on hazardous substances in the European Union

\*2 Chemical substance management regulations in the European Union

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

Disclosure Based on TCFD Recommendations

In 2022, we announced our endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and released information on climate-related risks and opportunities based on the TCFD recommendations. Going forward, we will continue to enhance climate change-related information disclosure and strive to further increase our corporate value by resolving social issues and growing our business.



Governance

Based on our Sustainability Basic Policy, we have established the Sustainability Promotion Committee to promote sustainability management, including climate change. The committee is chaired by the president, with internal directors serving as committee members. Furthermore, in order to enhance opinions from an external perspective and lead to deeper discussions, outside directors are allowed to attend the meetings of the Sustainability Promotion Committee as observers. The Sustainability Promotion

Committee submits proposals and reports, and provides information on matters related to ESG management. The Committee will also be subject to regular oversight by the Board of Directors.

The Sustainability Promotion Committee discusses targets and plans to support the aims to enhance opportunities for more proactive discussions on climate change countermeasures in light of business activities.

Risk Management

The Sustainability Promotion Committee identifies, assesses, and manages risks related to climate change.

We added climate change and other sustainability-related items to the Hirata Risk Map on which the Company's risks are listed.

Strategies

Through scenario analyses, in fiscal 2021, we ascertained the changes in our and our customers' industries in 2030 and 2050—under the 1.5°C and 4°C scenarios, based on scientific information such as that from the International Energy Agency (IEA)—and analyzed climate change risks and opportunities.

Based on the results of the analyses, we worked to expand energy-saving products and reduce physical risks. Specifically, we will expand the product lineup of our Eco

Electric Series, make proactive arrangements to reduce procurement risks, switch to in-house energy (renewable energy), and carry out other initiatives.

In particular, for our Eco Electric Series (see page 44), we will implement initiatives that will lead to the realization of carbon neutrality worldwide, including within the Company, such as reducing CO<sub>2</sub> emissions at plants by approximately 75%.\*

\* Compared with our conventional products

Indicators and Targets

Curbing global warming by reducing CO<sub>2</sub> emissions is becoming an essential activity for realizing a sustainable society.

In order to curb global warming, we aim to achieve net zero CO<sub>2</sub> emissions (Scopes 1, 2, and 3) from our business activities by 2050 (carbon neutrality).

In order to achieve this target, we have made achieving net zero CO<sub>2</sub> emissions (Scopes 1 and 2) by the Company an intermediate target and are considering the formulation of reduction plans and reduction measures. We are also considering a plan to prioritize our supply chain CO<sub>2</sub> emissions (Scope 3) in the high-emission categories.

Scenario Analyses Results

Based on the aforementioned 1.5°C Scenario, the Company recognizes that, while business opportunities will increase due to increased demand for energy-saving products, the impact of physical risks will increase in the 4°C Scenario.

Based on the results of these analyses, we will sequentially verify initiatives for maximizing opportunities while addressing recognized risks, starting with those with the highest feasibility, and promote the reflection and integration of those initiatives into management strategies.

Opportunities		Details of Opportunities	Degree of Impact		Countermeasures
Main Category	Middle Category		1.5°C	4°C	
Development of energy-saving products	Products that save more energy	In accordance with energy-saving policies and rising temperatures, electrification and automation at customer factories will advance, and demand for products that raise productivity and improve energy-saving performance in factories and at facilities will increase.	Large	Small	• Expand local production for local consumption business models, such as local manufacturing and sale of parts and repair parts that have already started in some regions, and consolidation of production bases • Introduction of eco-friendly electrification products and design and development of products for which lightness and longevity have been taken into account, etc.
	Demand to save labor	In accordance with declining labor productivity due to rising temperatures, demand for labor-saving and efficiency improvement at production sites will increase.	Small	Small	• Development of products for automated warehouses, automated guided vehicles, etc.

Risks		Details of Risks	Degree of Impact		Countermeasures
Main Category	Middle Category		1.5°C	4°C	
Transition risks					
Carbon prices	Scope 1, 2	Increase in manufacturing costs due to introduction of carbon taxes in each country, emissions trading, and border carbon adjustment measures	Medium	Small	<ul style="list-style-type: none"><li>• Setting of carbon emission reduction targets such as carbon-neutral declarations</li><li>• Ascertaining of Scope structure for carbon emissions, building a monitoring system, etc.</li></ul>
Raw material costs	Scarce resources	Increased procurement costs due to restrictions placed on raw materials and purchases due to emission regulations	Small	Small	<ul style="list-style-type: none"><li>• Promoting the reuse and recycling of equipment and parts through remodeling and repair services, including renewal of aging robots, etc.</li></ul>
	Cost of plastic	Increased costs for materials containing plastic due to regulatory restrictions placed on their use and requirements that recycled plastic be used	Medium	Small	<ul style="list-style-type: none"><li>• In addition to reviewing excessive packaging in product packaging, reducing the amount of plastic used by switching to recycled paper and returnable boxes, etc.</li></ul>
Energy costs	Electricity costs	Electricity costs are increasing due to decarbonization of the Company's plants and offices as well as popularization of renewable energy.	Medium	Medium	<ul style="list-style-type: none"><li>• Promotion of energy saving by installation of LED lighting, etc.</li><li>• Examining installation of in-house power generation equipment (solar power generation equipment) and the utilization of leasing services</li><li>• Introduction of optimal operation by means of energy management systems, starting with buildings and plants where said systems are already installed or being considered and gradual expansion to locations where they have not yet been, etc.</li></ul>
	Air-conditioning costs	Due to rising temperatures, operating rate of air-conditioning in plants, etc., rises, thus air-conditioning costs increase	Small	Small	<ul style="list-style-type: none"><li>• Operational improvements, including ventilation reviews, measures against air leaks, and measures to shade external air-conditioning units</li><li>• Installation of energy-saving air-conditioning equipment, etc.</li></ul>
	Distribution costs	Distribution costs rise due to shift to electric vehicles (EVs) for large vehicles.	Medium	Medium	<ul style="list-style-type: none"><li>• With regard to the joint transportation being implemented in some businesses, we will consolidate production bases and expand initiatives (OEMs) transportation in some businesses to streamline interfactory transportation</li><li>• Examine expanding distribution by multidrop (milk run) shipments of goods to suppliers in the region, etc.</li></ul>
Physical risks					
Physical cost	Restoration/operating costs	Increasing costs from expenses for restoring equipment following the effects of abnormal weather, etc.	Small	Large	<ul style="list-style-type: none"><li>• Implementation of risk reduction through multiple purchasing</li><li>• Advance arrangements, appropriate inventory management, and thorough operation in line with business content so that a certain level of production activity can be carried out even if supply is interrupted, etc.</li></ul>

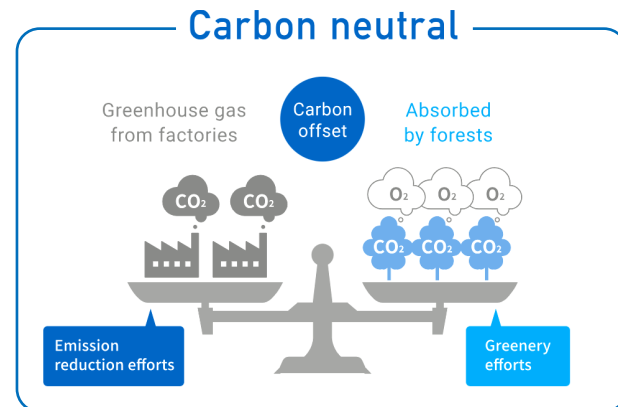
## Contribution to Carbon Neutrality through Products and Services

As the importance of environmental considerations increases, the development and provision of products and services that reduce CO<sub>2</sub> emissions and power consumption from factories is one of the most important issues. Since our customers and other stakeholders have many needs for eco-friendly products and services, we see the expansion of the carbon-neutral market as an opportunity to contribute to carbon neutrality and sustainable manufacturing through our products and services.



## Hirata Eco Electric Series

In the automotive field, moves to shift from internal combustion engine vehicles to electric vehicles (EVs) are rapidly progressing on a global scale. In terms of production, there is a shift from pneumatic systems, which emphasize power and emit a large amount of CO<sub>2</sub>, to electric systems, which are environmentally friendly and safe. Based on its track record in various industrial fields, Hirata provides non-pneumatic, safe production equipment by realizing all-electric trans-port, which is the basis of the production system, and contributes to the realization of factories that do not place a burden on the environment.



The Eco Electric Series is Hirata's all-electric transfer system that is **people-friendly** and **environmentally friendly**.

## 01 No pneumatics makes the system environmentally friendly

Compressors account for 25% of power consumption at factories. The Eco Electric Series reduces power consumption by approximately 75% compared with our conventional products because it does not require pneumatics, reducing CO<sub>2</sub> emissions.

## 02 Low thrust makes the system safe

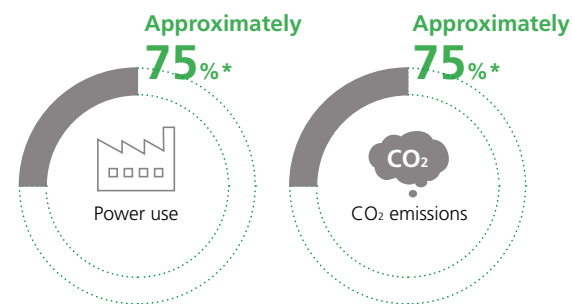
The Eco Electric Series does not require safety-related equipment such as safety fences and light curtains because of its low thrust, allowing people to work together. While maintaining the required speed, it achieves a high level of safety that can be stopped with the force of one hand in the event of an emergency, such as a collision.

## 03 Reliability and performance

It has been certified as a designated product by major automobile companies in Japan and overseas with more than approximately 34,000 units delivered.

Hirata BLUE MOTOR  
The Heart of the Eco Electric Series

Hirata BLUE MOTOR is a compact, high-efficiency brushless DC motor developed in-house for the Eco Electric Series. This compact yet powerful motor is installed in the Eco Electric Series and contributes greatly to energy-saving performance. It is compatible with various standards, such as UL certification, and can be used globally. End users have independently conducted testing comparing our Eco Electric Cylinder with pneumatic cylinders from other companies. Based on the results, they have validated a 75% reduction in energy use for the product.



\* Compared with our conventional products  
The reduction rate shown here is the representative value to describe the features of the Eco Electric Series as a whole.

## Further Expansion of the Eco Electric Series

In addition to the existing lineup, we are working to expand the Eco Electric Series for use in growth fields and make it applicable for use in key devices.

For more information, please visit the Eco Electric Series website.  
<https://hirata-ecoele.com/en>



## Materiality Theme 2 Building of a Sustainable Society

## Creation of New Customer Needs in Accordance with Social Changes

## Strengthen Efforts Aimed at Decarbonization and Carbon Neutrality in Each Country

- Acquire orders through optimal resource allocation and QCD improvement in response to the increase in demand for EVs and semiconductors
- Adopt new technologies for the mass production of next-generation batteries and expand business opportunities through mass production
- Develop products according to customer needs by becoming involved when the customers is at the R&D stage for a given product
- Perform market research activities from Companywide and medium- to long-term perspectives
- Cater to the energy-saving needs of our customers' factories by developing environmentally friendly products with a focus on the Eco Electric Series and expanding sales
- Carry out efforts to improve calculation accuracy and effectiveness with the aim of reducing CO<sub>2</sub> emissions (Scopes 1, 2, and 3)

## Respond to Progress of Digitalization

## Popularize Generative AI and Push Digitalization Further Forward

- Acquire orders through optimal resource allocation and QCD improvement in response to the increase in demand for EVs and semiconductors
- Improve operational efficiency by reforming our value chain through the use of digital technology and introducing new core systems
- Support the digitalization of our customers' production sites and exchange opinions with other companies to accelerate innovation and contribute to the smart manufacturing industry as a whole

## Topic

## Digital Twin Service

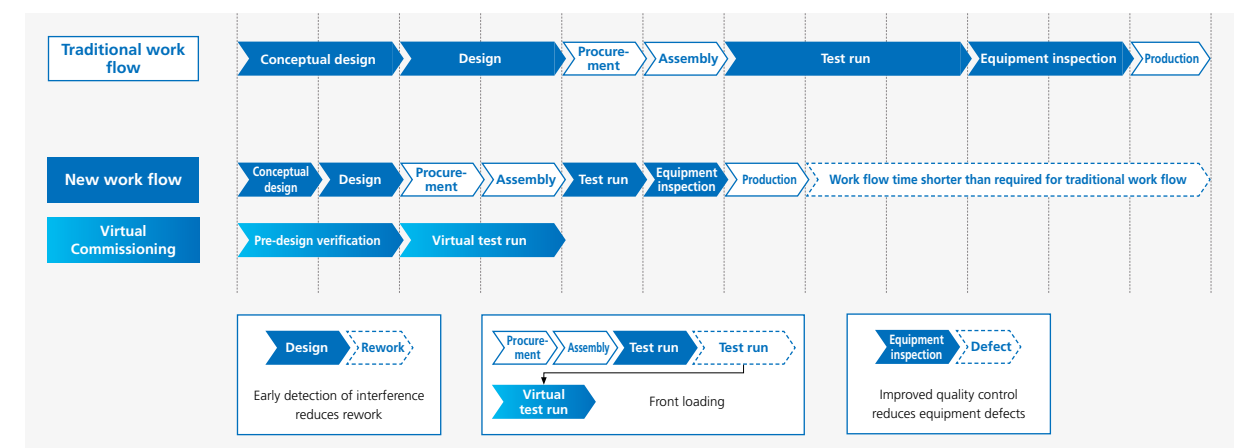
We support customers who are struggling with DX and digitalization in equipment development by providing support for setting up Emulate3D\* and providing software sales and support.

\* 3D simulation software produced by Rockwell Automation for the logistics and manufacturing industries



## Improving the Value Chain

We utilize digital twins in each phase of the value chain to reduce loss costs, shorten lead times, and improve equipment quality.



For more information, please visit the website below.  
<https://www.hirata.co.jp/products/digitaltwin>  
(Japanese only)





Materiality Theme 3 Bringing Out the Best in Every Person

Our Company Vision

### Jin-Gi-Kou-Ken

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

Secure and Train Human Resources

Human Resource Development Policy

Under the slogan *Jin-Gi-Kou-Ken*, which was formulated as the Company's vision, we aim to develop human resources who continue to learn independently and come together to take on challenges.

Specifically, we provide rank-specific training and technical, specialized training tailored to each employee's experience and skills so that each employee can take on challenges by making the most of their expertise and individuality.

Going forward, we will 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, work force diversity, promotion of appropriate evaluations, and other means, 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.

Internal Environmental Development Policy

We aim to create an environment where employees with diverse careers and social backgrounds (gender, age, nationality, disability, lifestyle, etc.) can experience growth through their work, work with satisfaction and pride, and feel happy.

In addition, we will work to create a multifaceted environment by promoting job rotation to support employees' independent career development, building an evaluation and compensation system that enables employees to feel fulfilled and rewarded in their work, achieving work-life balance by reducing overtime work as part of efforts aimed at health management, and strengthening our health management center system.

Indicators and Targets\*1

The Company has set the following indicators for its Human Resource Development Policy and Environmental Development Policy.

Indicator	Target (2030)	Result (2023)
Employee engagement rate (Percentage of employees who have a psychological "sense of involvement" and drive performance and innovation to move the organization forward)	20%	4%
Percentage of women in managerial positions among female employees	Equal to the percentage of men in managerial positions among male employees	5.7% (Reference: Percentage of men in managerial positions among male employees: 20.4%; Ratio of women in managerial positions: 6.1%)
Employment rate of persons with disabilities*2	At least 0.3% over the rate required by law	1.47%

\*1 Both indicators and targets are for Hirata Corporation only.  
\*2 The most up-to-date employment rate of persons with disabilities is shown in the "Report on Employment Status of Persons with Disabilities" (current as of June 1, 2024).

Improvements in Employee Engagement

The Company conducts an employee engagement survey every year to obtain objective data since it is necessary to grasp the current state of employee engagement and related issues in order to realize our Internal Environmental Development Policy. In fiscal 2023, we conducted a survey targeting approximately 1,100 employees, with 86% of

employees responding. Moving forward, we will aim to create a culture and environment in which each employee can experience growth through their work with a sense of satisfaction and pride by identifying and improving Companywide issues and issues in each organization.

Diversity Equity & Inclusion (DE&I)

We are strengthening our efforts to promote DE&I with the aim of becoming a corporate group in which each individual who takes on challenges is recognized for their individuality, has respect for and is respect by other employees, can experience growth through their work, making their lives shine. We are setting targets for 2030 related to gender and employees with disabilities and

are implementing various measures to achieve them. In particular, we will strengthen the promotion of gender-related measures, such as conducting various training programs, creating opportunities for female employees to interact with each other, and encouraging male employees to participate in childcare.

Human Resource-Related Data

	FY2023
Ratio of women to people hired	23.8%
Ratio of female employees to male employees	18.9%* * Calculated counting full-time employees only
Ratio of women serving as section heads	11.7%
Ratio of women in managerial positions	6.1%
Average length of service of male employees	17.3 years
Average length of service of female employees	16.5 years

	FY2023
Childcare leave acquisition rate (Companywide)	53.7%
Childcare leave acquisition rate (male employees)	48.6%
Childcare leave acquisition rate (female employees)	100%
Average overtime hours of employees per month	22.4 hours
Percentage of annual paid leave taken	55.2%

Creating Diverse, Safe, and Secure Workplaces

Health Management

Giving top priority to health and safety, the Company has implemented a raft of measures to ensure that its employees remain healthy and active and to improve their work-life balance. We established health management centers staffed by professionals with public health nursing qualifications and have consultation desks for mental and physical health, enabling us to provide a consultation

system in cooperation with contracted industrial physicians and clinical psychologists. Management and the Health and Safety Committee regularly meet to report and consult in order to plan, implement plans, verify the effectiveness of plans, and promote initiatives in cooperation with the Hirata Health Insurance Society and the labor union.

Health Declaration

The physical and mental well-being of everyone working in the Hirata Group and their families serves as the foundation for people to experience growth through their work and enhancing corporate value by maximizing individual abilities in the workplace. As a company that adheres to "Brings out the best in every person" as stated in its Management Philosophy, the Hirata Group will create an environment where employees can work safely and with peace of mind and promote health management so that the lives of each person can shine as they are both mentally and physically healthy and happy.

Health Management Promotion System

```
graph TD
    TM[Top management] -- Instruction --> CHSC[Companywide Health and Safety Committee]
    CHSC -- Report --> TM
    CHSC -- Cooperate --> LU[Labor union]
    CHSC -- Cooperate --> HHS[Hirata Health Insurance Society]
    CHSC --> HMA[Health management activity planning, implementation, and evaluation]
    CHSC --> HMI[Health management activity implementation]
    CHSC --> AD[All departments]
    AD -.->|Expand health management promotion| CHSC
```

Summary of Previous Measures

FY2015	<ul style="list-style-type: none"><li>Ban on working on legal national holidays</li><li>Ban on overtime work on Wednesdays, the designated day when all employees leave work on time</li><li>Ban on overtime work after midnight</li><li>Annual paid leave can be taken in one-hour units</li></ul>
FY2016	<ul style="list-style-type: none"><li>Salary and bonus payment days are also on days when employees leave work on time</li><li>Overtime management changed from 30-minute unit increments to one-minute unit increments</li><li>Expanded the scope of shortened working hours for childcare to employees with children up to the third grade of elementary school</li></ul>
FY2018	<ul style="list-style-type: none"><li>Introduction of interval system</li></ul>
FY2020	<ul style="list-style-type: none"><li>Established health management centers</li></ul>
FY2021	<ul style="list-style-type: none"><li>Reduced prescribed working hours from eight hours to 7.5 hours</li><li>Began application of shift work on days when employees leave work on time</li><li>Systematic implementation of telecommuting</li></ul>
FY2022	<ul style="list-style-type: none"><li>Number of annual paid leave days required to be taken increased to eight days</li><li>Started operation of new sick and leave system "Unused annual leave and sick leave system" changed to "Uniform 40-day system"</li><li>Converted menstrual leave into wellness leave, with a maximum of 12 days off per year</li></ul>
FY2023	<ul style="list-style-type: none"><li>Number of annual paid leave and sick leave days required to be taken increased from eight days to 10 days</li><li>Ban on working on holidays (in principle)</li><li>Expanded wellness leave and sick leave (for treatment of diseases designated as intractable diseases, cancer treatment, dialysis treatment, fertility treatment, etc.) ⇒ Work-life balance support</li></ul>

46

Hirata Integrated Report 2024

Hirata Integrated Report 2024

47

## Health and Safety Policy

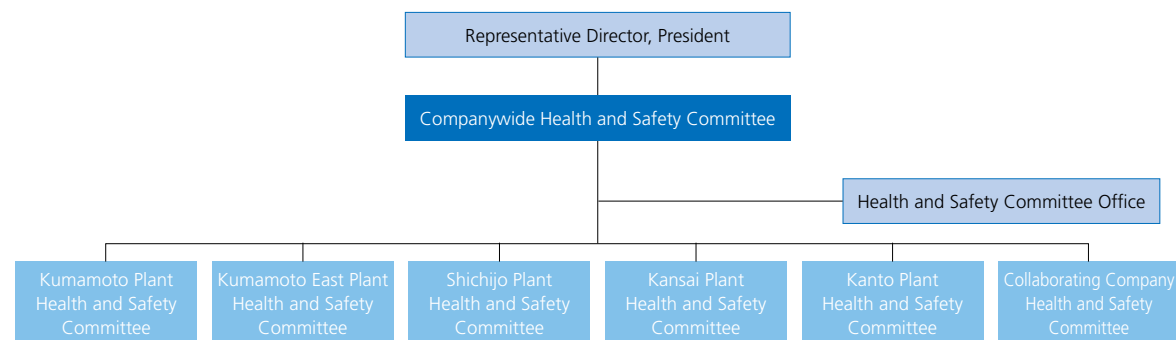
Based on its Sustainability Basic Policy, the Hirata Group engages in the following with the participation of all employees to ensure the health and safety of all people involved in the Group.

- 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 Companywide Health and Safety committee to investigate and deliberate on health and safety management on a Companywide 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.



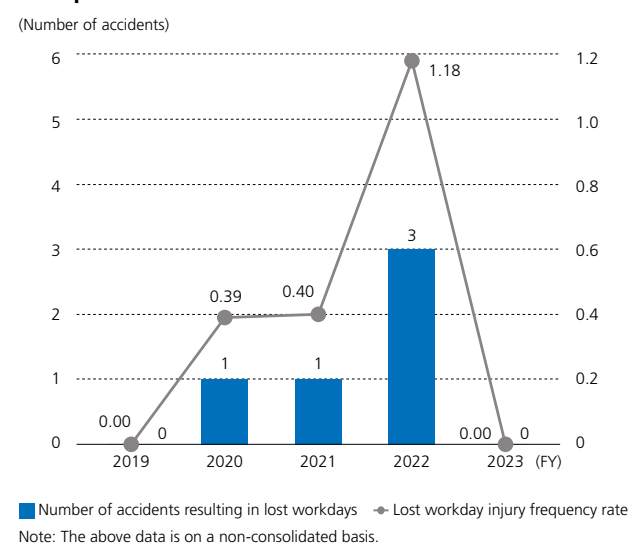
## Health and Safety Initiatives

Based on annual plans, the Companywide Health and Safety Committee's remit includes reporting on health and safety promotion measures, discussing measures to prevent the recurrence of accidents, drafting and setting rules governing health and safety, and reporting on laws and regulations. Carrying out and improving health and safety patrols and conducting *keiten yochi* (hazard prediction) activities (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.

Although we achieved zero accidents resulting in lost workdays in fiscal 2023 thanks to the effective safety activities of each department, the number of accidents not resulting in lost workdays is increasing. Therefore, we are promoting the following initiatives to achieve zero accidents.

- Reformulate and sequentially implement occupational health and safety risk assessment procedures
- Reformulate chemical substance risk assessment procedures (risk assessment will be conducted in fiscal 2024)
- Conduct KYT trainer training (invite Japan Industrial Safety & Health Association representatives to provide group-based training)
- Retrain forklift operators (invite representatives from forklift dealers to provide group-based training)

### Occupational Accident Status



## Respect for Human Rights

Based on our Sustainability Basic Policy, we established a global Human Rights Policy in October 2022 to respect the basic human rights of all people involved in our business. Established by resolution of the Board of Directors, we apply said policy to all officers and employees, including those of our affiliates. With regard to our efforts to respect human rights based on our global Human Rights Policy, we have established our guidelines for respecting human rights, referring to the JEITA Guidelines for Responsible Corporate Behavior, etc., and we ask all our business partners, including our suppliers, to support and implement them.

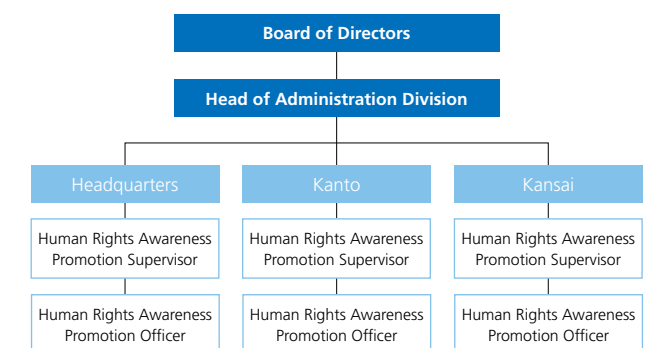
Basic Approach to Human Rights	Complying with the laws and regulations applicable to Japan and the countries and regions in which it conducts business, the Hirata Group supports and respects the Guiding Principles on Business and Human Rights of the United Nations and other international norms with regard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

► For more information on our Human Rights Policy, please visit the website below.  
[https://www.hirata.co.jp/files/uploads/esg\\_20230302\\_02.pdf](https://www.hirata.co.jp/files/uploads/esg_20230302_02.pdf)

## System for Respecting Human Rights

As part of our efforts to build a system for respecting human rights, we assigned a human rights awareness promotion supervisor and a human rights awareness promotion officer at our three bases in Kumamoto (headquarters) (including the Tokyo office), Kanto, and Kansai in fiscal 2023. Each human rights awareness promotion supervisor and human rights awareness promotion officer is responsible for planning and implementing human rights education at each site, conducting and verifying assessments, implementing and verifying corrective measures against identified risks, and instilling human rights policies and guidelines to suppliers. Furthermore, the human rights awareness promotion supervisor and human rights awareness promotion officer at each site also serve as human rights contact points. In this way, we are creating a system in which all employees can easily consult with the Company on human rights issues.

### Human Rights Promotion System



## Human Rights Due Diligence

As for human rights due diligence efforts at Hirata Corporation alone, all employees were provided with training in order to better understand our Human Rights Policy and guidelines based on the results of an assessment conducted in fiscal 2023. The Company plans to continue this training.

We also plan to expand human rights due diligence initiatives to include domestic affiliates and suppliers from 2024 and start assessments. In regard to expanding human rights due diligence initiatives to include overseas affiliates, we plan to promote initiatives based on their implementation in Japan.

## Initiatives for the Next Fiscal Year and Beyond

- Implementation of human rights assessments overseas and corrective measures
- Continued consideration and implementation of human rights awareness education
- Other initiatives

Major guidelines referred to in conducting human rights due diligence, including for the establishment of our global human rights policy

- United Nations Universal Declaration of Human Rights
- United Nations Guiding Principles on Business and Human Rights
- United Nations Global Compact
- ILO International Labor Standards
- JEITA Responsible Business Conduct Guidelines
- Other guidelines

Materiality Theme 4 Strengthening of Our Management Foundation

Improvement of Product Safety and Quality

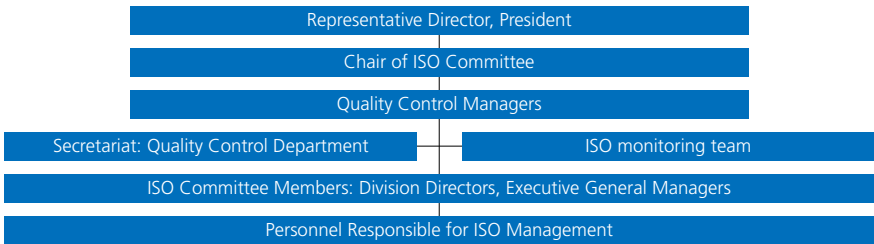
As the best partner for our customers, we will endeavor to deliver trustworthiness and satisfaction to the whole world, being sure to embody various requests for safety, quality, and productivity.

Quality Management

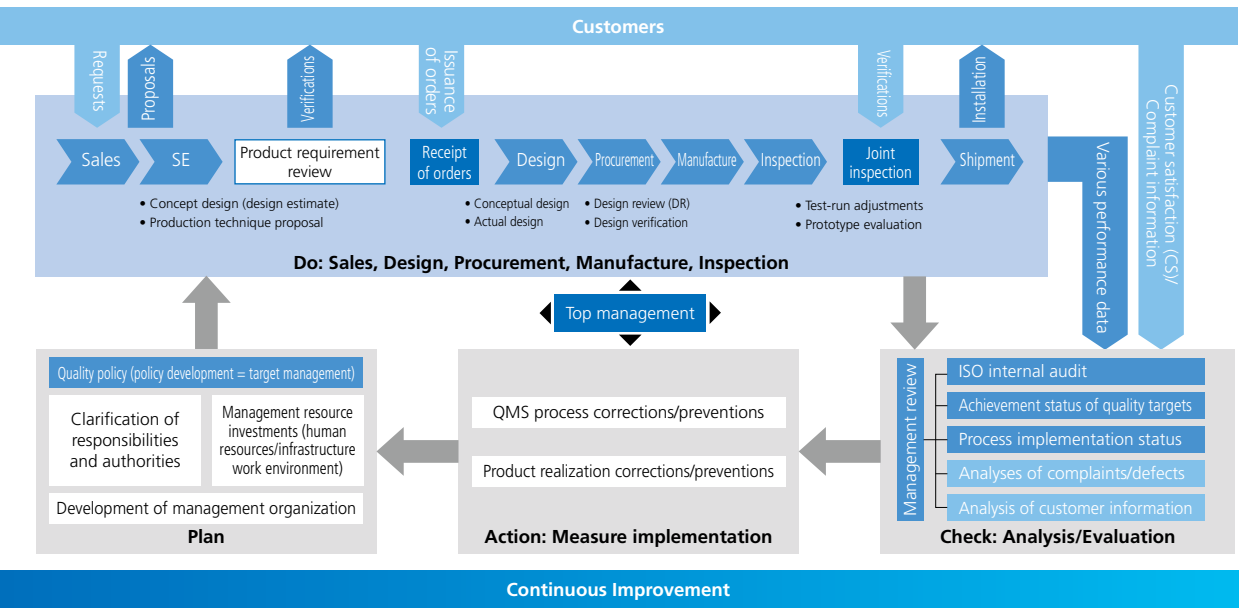
We have in place an ISO 9001-based quality control system that includes the promotion of measures to improve product safety.

Quality policy	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	<ul style="list-style-type: none"><li>Improving technology and providing safe and highly productive products</li><li>Confirmation of contract details and sharing of information in documents</li><li>Establishment of system for handling complaints and thorough prevention of any recurrence</li><li>CS improvements</li></ul>
	(2) High-quality manufacturing	<ul style="list-style-type: none"><li>Reliability-ensuring designs based on theories and principles (reliability engineering)</li><li>Reduction of quality risk through design reviews, verification, and validation</li><li>Compliance with laws, regulations, and standards</li><li>Reflection of product safety and Hirata Standard (Hirata internal standards) in products</li><li>Product perfection improvements by inspection standard clarification</li><li>Thorough supplier and design change management</li><li>Improvements in management/enhancement activities and problem-solving capabilities using statistical management methods</li></ul>
	(3) Establishment of standardization and commonality in high-mix, low-volume production	<ul style="list-style-type: none"><li>Promotion of standardization</li><li>Promotion of commonality of parts</li><li>Promotion of unitization</li><li>Proactive development and management of products (mass-produced products)</li></ul>

Quality Management Promotion Framework



Quality Management System (QMS)



Specific QMS Efforts

Utilization of PDCA Quality Management System

Having obtained ISO 9001 certification, we promote standardization by establishing procedures for each process, from order acceptance, design and development, procurement, manufacturing, and assembly to shipping and packing to stabilize quality and prevent defects. In addition, we carry out activities with an awareness of a PDCA cycle, including monitoring of quality conditions such as complaints and continuous improvement based on the results of activities such as customer satisfaction (CS) surveys and management reviews.

Implementation of ISO Internal Audits and Quality Management System Audits of Our Suppliers

Evaluating effectiveness and suitability through annual ISO internal audits, the Company utilizes its QMS in its efforts to prevent quality defects, in addition to taking reliable corrective actions, by providing corrective guidance as appropriate. By conducting audits of the quality management systems of suppliers that we do business with and building a system that can guarantee the quality of each part incorporated into 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. Basic product safety education is conducted annually by qualified safety assessors (Company employees) by means of case

studies. In fiscal 2023, with the aim of strengthening risk assessment in product safety, a seminar was held featuring an external lecturer who spoke about how to estimate the PL (Performance Level) for the safety-related equipment section of a control system.

Educational Programs Implemented in FY2023 (Education Aimed at Improving Quality Awareness and Product Reliability)

Program name	Purpose/Content	Number of participants
Basic Education for Quality Management (Introduction to ISO 9001, ISO Auditor)	In addition to acquiring basic knowledge about ISO 9001, this program deepens understanding of ISO, such as the effects of unifying business processes and the importance of a PDCA cycle.	57
QC Methodology Education (Reason Analysis, 7 QC Tools)	For acquiring skills in analyzing collected data, analyzing factors, and identifying root causes of problems, leading to early resolution of problems and improvement of the effectiveness of recurrence-prevention measures	101
Inspector Training	In addition to acquiring the basic knowledge of inspection work, cultivating the mindset as an inspector will lead to the prevention of outflow of quality defects by improving the reliability of the inspection process.	41
Human Error Prevention Education	By incorporating the idea of preventing human errors, we will revitalize the creation of a mechanism that prevents mistakes from occurring.	78
Basic Product Safety Education (Machinery Safety, Electrical Safety, and Product Risk Assessment)	Raises the level of basic knowledge about product safety and raises safety awareness	470
Approach to PL Estimation for the Safety-related Section of a Control System (taught by external lecturer)	Students learn the concept of PL based on ISO 13849-1, how to estimate PL using SISTEMA (software), providing them with an opportunity to acquire the knowledge necessary for conducting future product risk assessments.	36

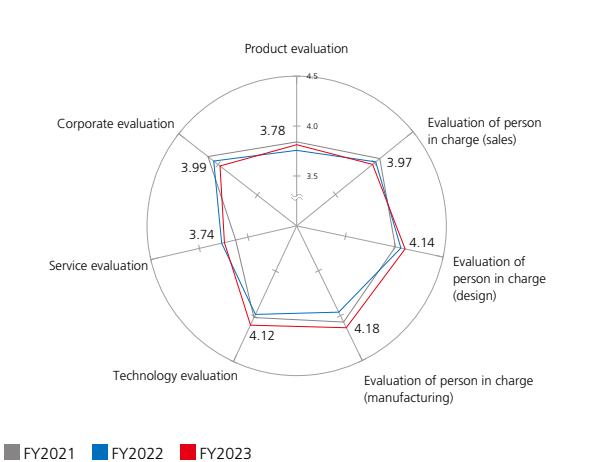
Building an Improvement System That Reflects Customer Feedback

The Company listens to opinions and suggestions through all departments that have opportunities to interact with customers.

In line with the goals of our Sustainability Activity Plan to be realized by 2030, we aim to achieve an average score of 4.5 or higher in customer satisfaction surveys and are taking measures based on the feedback and requests received from our customers.

Furthermore, in order to clarify the issues, we asked more customers to cooperate in the survey in fiscal 2023 and received 64 responses, with an average score of 3.74 points for all evaluation items.

Satisfaction Weighted Average Score (Five Points Max.)





Supply Chain Management

We will share the Procurement Basic Policy with our suppliers in order to become a company that is trusted and selected by stakeholders, conduct responsible procurement activities, and work to make continuous improvement in accordance with the Hirata CSR Procurement Guidelines.

Under the lead of its director, the Procurement Division plays a central role in promoting sustainable procurement in cooperation with sustainability promotion activities.

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) That give due consideration to human rights concerns and the reduction of environmental impact in the selection of suppliers and procured items

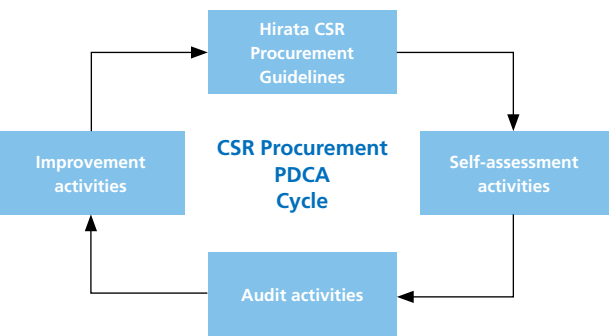
CSR Procurement Self-Assessment

In procuring products, 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.

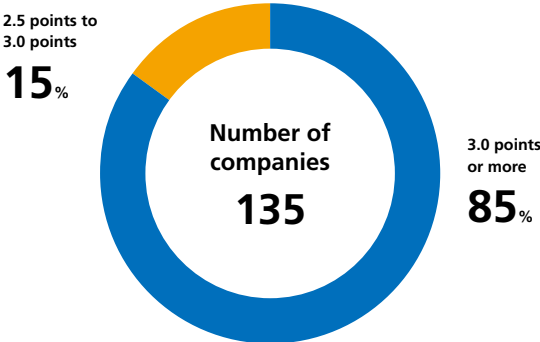
From fiscal 2021 to fiscal 2023, we conducted CSR procurement self-assessments at 135 companies that are positioned as important suppliers. During the same period, all of those suppliers agreed to comply and cooperate with the Hirata CSR Procurement Guidelines (100% of the 135 suppliers completed the self-assessments and provided written confirmation agreeing to comply and cooperate with the Hirata CSR Procurement Guidelines).

We have also conducted interviews and audits with some suppliers to confirm that there are no major problems at this time.

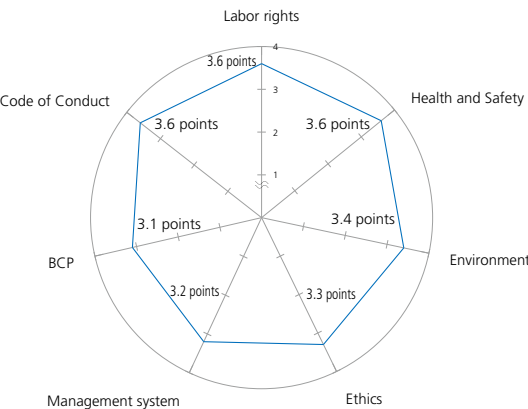
As for supplier audits, we conducted an audit at one company in fiscal 2022 and audits at 24 companies in fiscal 2023.



CSR Procurement Self-Assessment Score (Total Four Points Max.)



Aggregate Results by Category (Average)



Supplier Meetings

In June 2024, we held a supplier meeting to talk about the consolidated results for fiscal 2023, the forecast for fiscal 2024, trends and policies of business divisions, basic procurement policies, and priority measures.

Continuing from fiscal 2023, we spoke about two matters that we would like our suppliers to actively work on in the fields of society and the environment. We currently promote these two matters with the goal of having all Tier 1 suppliers, which account for the top 80% of the transaction value suppliers (for Hirata Corporation only), focus on these matters.

In fiscal 2024, we established the CSR Award, which is an award for outstanding CSR initiatives, and invited people from outside the Company to give lectures on climate change.

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 CO<sub>2</sub> emissions of 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 Compliance Department) will conduct an internal investigation and take corrective and preventive measures. Strictly protecting the confidentiality of reports, whistleblowers will never be subjected to disadvantageous treatment for the reason of making a report.

Reporting method	We have set up a dedicated point of contact on our external website. <a href="https://www.hirata.co.jp/en/contact/">https://www.hirata.co.jp/en/contact/</a>
Those subject to reporting	Suppliers (of goods, software, utilities, equipment, etc., necessary for our production activities)
Post-report handling	We promptly conduct a factual investigation of the reported case, implement necessary measures, such as an order to cease and desist or recurrence prevention, if non-compliance is proven.
Number of reports	2 (the Company responded to both reports (100% response rate))

Responsible Procurement of Minerals

We are aware of international efforts to investigate and monitor the use of conflict minerals\*<sup>1</sup>, which have been implicated in human rights abuses and labor problems, and minerals that pose a risk of child labor and environmental destruction. We conduct surveys of suppliers to support these efforts. In line with the update of the RMI (Responsible Minerals Initiative) information, we regularly

conduct surveys of each supplier using CMRT\*<sup>2</sup> and EMRT\*<sup>2</sup> templates.

\*1 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.

\*2 CMRT: Conflict Minerals Reporting Template  
EMRT: Extended Minerals Reporting Template