

Environment

Doing all we can for the future of the planet and humanity

Environmental Policy

1. Reduce environmental load generated at all our places of business

Reduce consumption of electricity, gasoline and LP gas and recycle waste, etc.

2. Provide logistics/services with less environmental load

Contribute to customers through CO₂ emission reduction and resource recycling.

3. Improve Eco-Mind level and enhance Eco-Management system

Increase global environmental awareness. Observe environmental laws/ordinances and company regulations.

4. Promote symbiosis with nature and environmental communications

Preserve biodiversity and ecosystem. Maintain environmental collaboration with customers and local communities.



Reduce Environmental Load Generated at Sites

The HTS Group is working to reduce environmental load generated at our sites by actively introducing eco-friendly vehicles and energy-saving devices for the realization of low-carbon business processes.

Initiatives to Prevent Global Warming at Sites

Energy saving and global warming countermeasures implemented in buildings

The energy consumed by the HTS Groups includes electricity (73.5%) and fuel (26.5%), and we are taking the following measures for energy saving and global warming (see the chart on the right).

Introduction of LED lighting fixtures

In FY2018, in Japan, we introduced LED lighting in new five sites including Kashiwa Platform Center (Chiba Prefecture) and replaced fluorescent lights in other 18 sites, resulting in reduction of 2,730 tons of CO₂ emission. In overseas, we also introduced LED lighting in new sites including Nilai Cold Warehouse in Malaysia (picture on the right). We will replace existing fluorescent/mercury lights with LED lighting in all sites.

Energy saving and global warming countermeasures of vehicles

The HTS Group strives to reduce CO₂ emission generated by vehicle fuel through such initiatives as the introduction of the advanced eco-friendly vehicles, promotion of eco-friendly driving, and improvement of transportation including modal shift.

Making the shift to eco-friendly vehicles and encouraging eco-friendly driving

The HTS Group had promoted a shift to eco-friendly vehicles (highly fuel-efficient, low-pollution vehicles), and achieved the eco-friendly vehicle ownership ratio of 100% at the end of FY2016, except for some special vehicles.

We will further promote a shift to advanced eco-friendly vehicles with better environmental performance and encourage eco-friendly driving, etc. with a view to reducing environmental load.



Large truck

Using Double-trailer Trucks to Reduce Environmental Load

Vantec Central Logistics Corporation, our group company, introduced two sets of 21-meter long double-trailer trucks in February 2019 and plans to start operation between Fuji City, Shizuoka and Nantan City, Kyoto as a "Project to promote CO₂ emissions reduction in the transport sector" which is a joint project of the Ministry of the Environment and the Ministry of Land, Infrastructure, Transport and Tourism. The company will verify safety, driving management and productivity through actual operation and expand the use of such trucks.



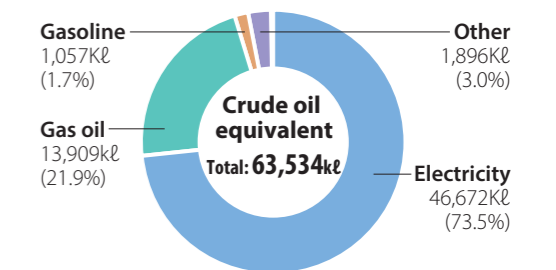
Providing Logistics Services with Less Environmental Load

The HTS Group has incorporated energy saving and modal shift into its logistics services to provide optimum solutions to customers and proposes reduction of environmental load in overall supply chain.

Reduction of Environmental Load by Sharing Facilities Integrating Logistics and Delivery

HTS and SAGAWA EXPRESS CO., LTD. are promoting collaboration using customer bases of both companies. Through opening SAGAWA's satellite locations in HTS's logistics centers, we aim to reduce environmental load by reducing the number of delivery trucks and travel distance, and to save labor by streamlining workload in a warehouse. In FY2018, we implemented this collaboration in Kashiwa City, Chiba Prefecture and Oyamazaki, Kyoto Prefecture, and were able to reduce 78.4 tons of CO₂ emission a year. Currently, both companies are implementing similar collaborations in other areas.

CO₂ emissions suppressed with LED lighting fixtures

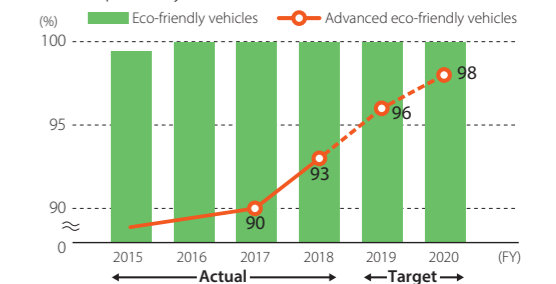


Breakdown of energy consumption by the HTS Group (crude oil equivalent) (Total consumption by buildings and vehicles in FY2018)



Nilai Cold Warehouse in Malaysia

HTS Group eco-friendly vehicle ownership ratio (Japan only, as of March 31, 2019)



Note 1: Totals shown are personal and business vehicles combined (excludes special vehicles)
 Note 2: Eco-friendly vehicles are as follows: hybrid, natural gas and electric, as well as highly fuel-efficient vehicles certified by the government (vehicles meeting a specified standard), and low emissions vehicles.



Expanding Recyclables Transport

The HTS Group provides logistics services for recycled materials such as waste plastics segregated from wastes.

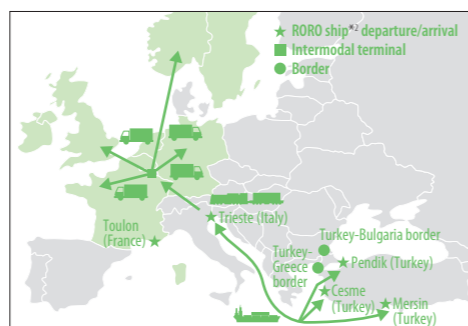
We are expanding this service by increasing new-type containers developed by HTS (patented) to more than 100 and by developing new routes. While sea contamination by waste plastics has become a big issue, we contribute to solving environmental issues by providing logistics services with less environmental load to the recycling industry.



Promotion of Overseas Intermodal*1

The HTS Group has introduced special containers to promote modal shift overseas and reduce CO₂ emission globally.

Our Turkish group company Mars Logistics Group Inc. is focusing on unique cross-border transportation, which includes sea transportation from Turkish sites such as Istanbul to Italy, rail transportation from Italy to Luxembourg, and truck transportation from Luxembourg to major cities in EU.



*1 Intermodal: Multimodal transportation combining trucks, ships, railroad, etc.

*2 Roll on roll off ship: A type of vessel featuring an opening at the bow, stern, or side by which trailers can drive onto the vessel via a ramp

We also provide other environment-friendly logistics services. For details, please visit our website. <http://www.hitachi-transportssystem.com/en/solution/reverse/>

Boosting of Environmental Awareness and Environmental Management Level

The HTS Group utilizes management systems to understand and monitor actual data and conducts research on important environmental laws and regulations in overseas for the purpose of managing environmental load and legal compliance. In FY2019, we will start reviewing the management systems with the aim of improving the management level, raising employees' awareness and reducing environmental load.

Japan: Use of the Management System

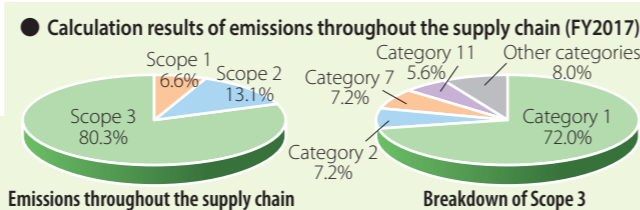
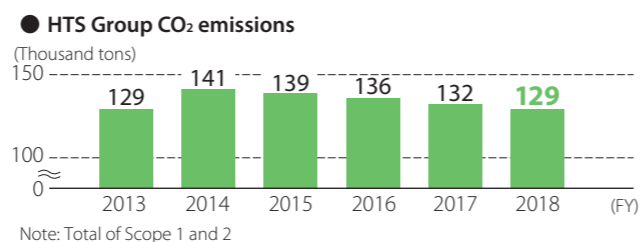
Management systems currently in use

- Industrial waste management system (251 sites)
Manifest management (Waste Management and Public Cleansing Act)
- Environmental load research system (285 sites)
Usage of energy including electricity and fuel (Act on Rationalizing Energy Use, etc.)
- Vehicle management system (544 sites)
Usage of vehicle fuel, travel distance, registration information (Act on Rationalizing Energy Use, Automobile NOx/PM Act, etc.)

Calculation and Disclosure of Greenhouse Gas Emissions in the Entire Supply Chain

We have calculated "Scope 3" (*) in addition to "Scope 1" and "Scope 2" since FY2017 (see chart on the right). We will promote global warming preventive measures by reducing CO₂ emissions throughout the entire supply chain.

(*)
• Scope 1: Direct emissions from in-house energy (fuel, etc.) use (e.g. CO₂ released by company vehicles)
• Scope 2: Indirect emissions from the use of energy supplied by other companies (e.g. CO₂ released by a third party power plant due to electricity use in the company's facility)
• Scope 3: Indirect emissions by supply chain other than Scope 1 and 2 (total of 15 categories including transportation outsourcing and business trip of employees)



For details of the categories, please visit our website. <http://www.hitachi-transportssystem.com/en/profile/csr/environment/plan.html>

Attendance rate of e-learning course for raising environmental awareness



Boosting of the Management Level through Continuing Training and Conferences

- Continuing training for waste management personnel
Recycling rate (FY2018: 99%)
- Holding environmental promotion conference (in Japan and overseas)
Japan: Environmental promotion conference (biannual)/overseas: Environment officers meeting (biannual)

Promotion of Voluntary Operation Improvement at Sites

- Reducing power consumption by improving operation of facilities
Conduct annual inspection of facilities and equipment according to a checklist at each site (FY2018: conducted at 141 domestic sites)
- Raising environmental awareness by establishing eco-oriented themes
Establish eco-oriented themes related to daily activities voluntarily at each site (FY2018: established at 192 domestic sites)

Third-party Certification Initiatives

The HTS Group seeks third-party certification in Green Management. Our Green Logistics Promotion Department has acquired the "Eco Stage" certification. In FY2017, we have upgraded the certification level to "Eco Stage II" which is equivalent to ISO14001. In addition, as of the end of March 2019, we have earned "Green Management Certification" at 40 of our truck transport sites and eight of our warehouses. Building on these initiatives, we are committed to ongoing reduction of environmental load.



Eco Stage II Certification



Green Management Certification

Coexisting with Nature and Boosting Communication on the Environment

The HTS Group strives to promote voluntary eco-friendly activities by each employee through ongoing education and various researches aiming at development of logistics.

Boosting Communication on the Environment

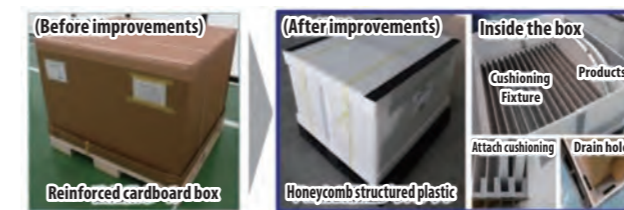
Environmental communication initiatives include cleanup projects in areas surrounding our offices and facilities, and turning off lights as well as ongoing education to employees.

● Posting education articles in the company magazine

General knowledge of environment, initiatives within the Group companies and various topics are posted in the company magazine to raise an awareness of employees and their families about environment and to encourage them to actively participate in environmental initiatives.

● Commendations/recognition

- Received the Award for Excellent Business Entities (Effective use category) of "2018 Excellent Business Entities Working on Modal Shift*1"
- "Reusable box for train parts" received "Large-sized Equipment Packaging Award" in "Japan Packaging Contest 2018*2"



- "Modal shift of precision equipment transportation" received "Logistics Environmental Impact Mitigation Technology Development Award" in the "19th Logistics Environment Awards*1"

*1 Hosted by Japan Association for Logistics and Transport
*2 Hosted by Japan Packaging Institute

Raising Environmental Awareness

● Environmental e-learning

Every year, e-learning* to learn on computer is provided mainly for domestic employees, in order to facilitate employees' understanding of global warming, resources recycling and ecosystem integrity (attendance rate: 99% in FY2018). In addition, e-learning for code of conduct contains programs about environment to disseminate the importance of environment as business ethics to employees.

* The term "e-learning" refers to a method of learning using the Internet.

● Continuing training for eco-friendly driving

Each site appoints an eco-driving promotion manager and strives to reduce CO₂ emission by improving fuel efficiency through eco-friendly driving. By FY2018, we completed eco-friendly driving training for the total of 1,944 drivers, consisting of 204 eco-friendly driving promotion managers and 1,740 employee drivers.

Environmental Disclosure

● Participation in Environmental Reporting Platform Development Pilot Project by the Ministry of the Environment

As part of the ESG management initiatives, we attended the environmental information registration support program organized by the Ministry of the Environment and registered in a simplified format in FY2018.

