The crux of our communications: taking the perspective of each individual

Working Together

Promotion of Procurement CSR

What HTS Gr. Ask Our Valued Suppliers to Promote

General CSR activities
(1) Vigorous promotion of CSR activities, and
(2) Contribution to society and community.

CSR Activities for The Environment
(1) Management of hazardous chemicals in products,
(2) Management of hazardous chemicals used in manufacturing,
(3) Establishing and applying an environmental management system,
(4) Minimization of environmental pollution (water, soil, air),
(5) Obtaining permission for environmental administration approval,
(6) Resource and energy saving by reusing, reducing and recycling (3R)*,
(7) Minimization of environmental pollution (water, soil, air),
(8) Waste reduction, and
(9) Disclose of environmental preservation activities.

* 3R: Reduce, Reuse, and Recycle

CSR Activities for Corporate Ethics
(1) Prohibition of corruption, bribery, etc.,
(2) Prohibition of abuse of a superior bargaining position,
(3) Prohibition of offering or accepting inappropriate profit and advantage,
(4) Prohibition of impediment to free competition,
(5) Provision of accurate information on products and services,
(6) Using appropriate export procedures,
(7) Disclosure of appropriate company information, and
(8) Prompt detection of mistakes, wrongdoings and injustice.

CSR Activities for Production
(1) Ensuring product safety, and
(2) Establishing and applying a quality assurance system.

CSR Activities for Information Security
(1) Defense against threats on the computer network,
(2) Prevention of leakage of personal information, and
(3) Prevention of leakage of confidential information of customers and third-parties.

CSR Activities for Occupational Health and Safety
(1) Applying safety measures for equipment and instruments,
(2) Safe activities in the workplace,
(3) Hygiene in the workplace,
(4) Emergency responses,
(5) Health and safety of facilities, and
(6) Employee health management.

CSR Activities for Human Rights and Labor
(1) Prohibition of forced labor,
(2) Prohibition of child labor,
(3) Prohibition of discrimination,
(4) Paying appropriate wages,
(5) Paying appropriate benefits, and
(6) Providing equal opportunities.

Procurement Compliance Education

Provision of e-learning, etc. on a regular basis to those engaging in procurement with procurement authority in domestic and overseas group companies (Domestic: 21 companies, overseas: 38 companies)
Meticulous Plan, That Required Checking Dimensions Down to the Millimeter, Results in Success

- Transportation of gas turbine generator to Zeran Combined-Cycle Power Plant in Poland -

Mitsubishi Hitachi Power Systems, Ltd. received the contract to supply power generating equipment to the site of Zeran Combined-Cycle Power Plant (Owner: PGNiG Termika SA, Poland) located in the suburbs of Warsaw, Poland. HTS undertook the transportation for the major part of the cargo, including the heaviest unit among the equipment supplied—gas turbine generator. It was transported by rail from Gdynia port in Poland directly to the power plant premises. Over the numerous surveys and checks, the various physical restrictions (such as bridges, lines over the railroad, station building, etc.) were taken into deep consideration when creating the safest possible transportation plan. Due to the severe limitations of some of the obstacles, extreme attention had to be paid to every detail of the generator: not only the overall dimensions, but the location and dimensions of protruding parts, down to the millimeter— even the tiniest bolts, had to be taken into account. Maintaining this detail-oriented approach, the transportation over the whole route of 560 kilometer was successfully completed within 10 days.

As a solution provider, HTS Group continues to deliver best services and values that meet customer demands at all times.

— Working together with our customers —

Support for Customers Embarking on Logistics Reform
- Operation of logistics center for EC of health foods and cosmetics -

In August 2018, HTS opened a logistics center for EC of health foods and cosmetics in Musashimurayama City, Tokyo. While we used to have only one logistics center in western Japan, we newly opened a site in eastern Japan for B2C business to realize the logistics reform of our customers. With products stored in Kanagawa, we were able to shorten delivery lead-time for customers located in Chubu region and to the north, and contribute to reduction of shipping costs. We will next work on optimization of the customers' overall supply chain, including promoting B2B business with two sites and streamlining production logistics from manufacturing plants.

Implementing New Technology and Labor-saving Technology Verified at “R&D Center” into Practical Use on Logistics Site

The HTS Group puts new Smart Logistics technology, which was verified at the “R&D Center” opened in July 2016, into practical use on site to promote automation and labor saving and accelerate realization of the next-generation logistics center.

Accelerating On-site Implementation of New Technologies and Labor-saving Technologies

- Rotary piece sorters

Sorted pieces for shipment in trays are temporarily stored in a rotary piece sorter, and these trays are automatically dispatched at an appropriate timing in necessary order. The sorters went into operation in May and November 2018 and are used in three sites.

- Automated forklift-type AGV

AGV is used in the daytime and nighttime, and in the nighttime, it is interfaced with movable racks to store and relocate goods received in the entire warehouse. As of March 31, 2019, two AGVs are in operation.

- High-density storage system

The system receives/dispatches goods automatically in addition to its high density storage capacity. It went into operation at the logistics center in Kashiyama City, Chiba Prefecture, in November 2018.

Support EC Business Expansion with Sharing and Pay-per-use Service – EC Platform –

- Establish a pay-per-use platform center where multiple customers share assets (automation/labor-saving equipment), systems (information systems), spaces (storage/workspace) and manpower (administrators/workers) in a logistics center.
- Aim at maximization of manual process man-hours by developing additional labor-saving systems including labor-saving equipment such as AGV picking system and automatic packing machine, product inspection using image recognition technology and auto-cushioning material filling.
- Details of EC platform are available on our website (Japanese version only).

http://www.hitachi-transportsystems.com/ja/swh/

Challenge to New Domains

Utilize Artificial Intelligence and Develop Supply Chain Solutions

The HTS Group is working on establishing volume-forecasting technology using AI and developing new solutions utilizing forecasting technology in order to improve operational efficiency and become a global supply chain solutions provider.

- Volume (demand) forecast

We aim at improving operational efficiency by linking high-accuracy volume forecast using AI with manpower planning tool.

- Inventory control

We aim at contributing to supply-chain optimization with the calculation of standard inventory and development of order plans suitable for the customer’s supply chain.

- Development of data scientists

We strive to foster data scientists having high data analysis skill within the company.

Please refer to the movie for details of new smart logistics technology.


Support for Customers Embarking on Logistics Reform
- Operation of logistics center for EC of health foods and cosmetics -

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HTS Group Diversity

For the HTS Group, diversity means that employees of different gender, nationality, generation, skill, and career, having various attributes, individuality and values can fully demonstrate their potential and create new ideas and businesses using their diversified ways of thinking. In 2012, we established the Diversity Promotion Center with the aim of creating a pleasant workplace where various human resources of the entire Group can play an active role.

Recognition from Outside the Company

In acknowledgement of the Center’s various initiatives and achievements, Hitachi was chosen by the Ministry of Economy, Trade and Industry (METI) as one of the nation’s “Diversity Management Selection 100” in 2015. In October 2018, we received “Eruboshi (L Star) Certification (Stage II)” from the Ministry of Health, Labour and Welfare as a company which made excellent efforts for the promotion of women’s active participation and advancement in the workplace. In addition, domestic group companies across the country were also evaluated for their similar efforts and received “Excellent company in which women shine in Ikabari,” etc.

Promotion of Working-style Reform

We manage work hours by managing PC logs and encourage employees to change their mindset as part of our active initiatives to address long working hours and encourage employees to take annual paid leave. We also strive to improve work efficiency and promote man-hour/ labor saving through operational reforms. At logistics centers, automated guided vehicles and automated forklifts are being introduced to promote labor saving. In addition, domestic group companies across the country were also evaluated for their similar efforts and received “Excellent company in which women shine in Ikabari,” etc.

Boosting Understanding of Diversity

With an aim of “respecting differences between individuals and allowing all to reach their potential in the workplace,” we incorporate factors that may promote better understanding of employees about diversity in training by rank and strive to raise awareness of the entire Group.

Support for Balancing Work and Childrearing/Nursing Care

The HTS Group believes that it is essential to establish a workplace where employees can maintain a work-life balance even when they face a serious life event. We have a system to provide assistance for a work-life balance of employees that goes beyond the legal requirements to ensure that they can continue to work with a sense of security while raising their children or caring for their family members.

By facilitating employees’ understanding through provision of necessary information, we will strive to develop an environment and work climate that allows diversified work styles.

Creating a Pleasant Workplace

We are installing a ventilating and air conditioning system in logistics centers and sales offices across the country. In addition, we install the wireless LAN system in staff lounges and improved powder room interior to create a comfortable and employee-friendly working environment.

Creating a Workplace Where Employees Can Work in Good Health with a Sense of Security

It is of utmost importance for companies that employees can always work in good health with a sense of security. In order to improve mental and physical health of all employees of the entire Group, the HTS Group will provide employees with health education and consultation for maintenance and improvement of their health, and promote health support in cooperation with industrial health staffs such as industrial physicians.

Creating a Workplace Full of Smiles and Vibration

The HTS Group creates a people-oriented workplace where employees stay and get together through communication full of smiles and vibration. We design a community “Logistics OPEX: Operational Excellence” where employees enjoy repeating learning and improvement through deep discussion for managers and workers to discuss and appreciate their experiences and ideas side by side and create a workplace full of smiles and vibration. Some of the employees who participated in the community said, “Now I can talk to my boss easily,” “I think my workplace has become cheerful” and “I got the hang of my work.”

Currently, we are promoting activities to develop human resources who utilize Logistics OPEX in each site to further spread it within the Company.

Training Upcoming Generations of Employees

The HTS Group has established the HTS Group College as an educational system for all of our employees, designed to draw out the strengths of each individual through practical and specialized training courses.

Internships (“Experience the Workplace” Programs)

The HTS Group provides college students with opportunities to learn about the logistics sector as social infrastructure and the HTS Group’s businesses through internship programs sponsored by logistics industry groups, overseas internships, and workplace experience in the frontline of data science and various other workplaces. We are making efforts to give diverse students, irrespective of gender and nationality, a better understanding of the HTS Group’s business.

Encouraging Employment of Persons with Disabilities

The HTS Group implements a variety of group-wide initiatives on hiring persons with disabilities, including taking on personnel for training from special needs schools and cooperating with the support office of universities. We also prepare the work environment by setting up labor-saving equipment especially geared toward persons with disabilities and creating barrier-free environment. We will continue to hire persons with disabilities as well as to tailor the work environment to these individuals.

Overseas Training Program

Overseas training programs have been in place since 1989 with the aim of providing young employees with opportunities to gain overseas experience and of fostering global human resources. For the HTS Group, whose corporate vision is to become “the most preferred global supply chain solutions provider,” it is critical to foster human resources with global thinking and high expertise who can contribute to our business across different cultures and values. Trainees who have completed one-year training are required to report in English on issues they faced regarding the theme they addressed, the improvement recommendations implemented and the result, proposals to the Company based on their local experience, and their future action plan. Trainees also exchange their opinions each other. The number of countries and regions to which employees were sent under the overseas training program in the last five years reached approx. 20.

Human Rights Education

As the process of globalization continues, it has become critically important to deepen understanding of the concepts of co-existence and co-prosperity—that is, to develop a mutual appreciation of a range of values and different cultures. At the HTS Group, we create opportunities for our employees to acquire accurate understanding of human rights, including providing training in accordance with employee rank, at meetings and workshops. By acquiring correct knowledge of human rights, we work to boost individual awareness of human rights.
The HTS Group operates according to the basic principles of "Objectives of Social Contribution Activities" developed in FY2018.

Objectives of Social Contribution Activities

- Our corporate philosophy is to deliver high-quality services that will help make the world a better place for people and nature for generations to come. To achieve this goal, we are committed to providing logistics infrastructure and services that are essential for the improvement of industries and people’s lifestyles, through our businesses.
- The HTS Group is working on social contribution activities in the same way we conduct our business to establish the foundation of an affluent, sustainable society.


Initiative through Traffic and Road Safety Class

The HTS Group has offered traffic and road safety classes to prevent our children—who are our future—from getting involved in road accidents and teach them the importance of life.

- Activity of a group company in Turkey
  In May 2018, Mars Logistics Group Inc., our Turkish group company, held a traffic and road safety class. In the class, we used the rear deck of the truck as a classroom, prepared creative learning tools such as quizzes using a tablet terminal and a worksheet on which children can put stickers on so that children can develop a better understanding about road signs while having fun.

Internships and “Experience the Workplace” Programs

HTS offers internships and “Experience the Workplace” Programs in Japan and overseas to give young students a deep understanding about the logistics industry.

Human Resource Development through Events

- U.S.: Cooperation in SCRCAC* Science Day
  The HTS Group cooperates in “Hitachi Celebrates Science Day,” an event with the purpose of getting local children who need economic support interested in science and mathematics.
  - Vantec Hitachi Transport System (USA), Inc.
  - James J. Boyle & Co.

- Turkey: Hosting logistics contest
  In cooperation with Logistics Association, we hold the "Logistics Case Study Competition" targeting university and professional school students. This event has been held since 2003 in order to get the attention of students to the logistics industry, and approximately 1,000 students participated in FY2018.
  - Mars Logistics Group Inc.

- Overview of the HTS Group Magokoro (Sincere Heart) Fund
  As part of its social contribution activities, the HTS Group established a social action program called the “Magokoro” (Sincere Heart) program, where our group’s employees and officers make contributions to fields related to our business in 2008. Through a system where funds donated by employees are matched by the Company, employees and the Company engage in activities together.

- Sports Initiatives
  HTS contributes to regional vitalization and cooperates with sport development of young people through sports.
  - HTS Futsal Tournament
    HTS has held its annual Futsal Tournament at the futsal field located next to the logistics center at Noda City, Chiba Prefecture since FY2006.
  - Track and Field Class
    The HTS Track and Field Club, our symbol sport, is based in Matsudo City, Chiba Prefecture and cooperates with track and field class hosted by the Matsudo City Education Committee.

Social Welfare Activities by Employees

- Activities through internal volunteer organization
  Employees conduct activities of donating foodstuffs and toys to local communities.
  - Vantec Hitachi Transport System (USA), Inc.
  - James J. Boyle & Co. (U.S.)
  - VANTEC EUROPE LIMITED (U.K.)

- Czech: Activities through an employee charity fund
  In our Czech group company, we donate to those who need economic assistance regularly through the charity fund established by volunteer employees. The company continues support activities with employees by contributing twice the amount of employee donation.
  - ESA s.r.o.

FY2018 Initiatives

- Traffic and Road Safety
  - Gifts: 8,000 sets of reflectors for bicycle to Noda City Office, Chiba Prefecture and others
  - 711 eco-friendly bags with a reflection to the Traffic Policy Council of Ships Preference

- Traffic Accident Orphans Association (public interest incorporated foundation)

- Regional Social Action/Social Welfare
  - Gifts: 55 wheelchair to 19 municipalities around the country
  - A welfare vehicle to each of the Council of Social Welfare in Kakegawa City, Shizuoka Prefecture and “SELP Ujina,” an association of people with disabilities in Hiroshima Prefecture

- Environmental Protection
  - Financial support: Organization for Industrial, Spiritual and Cultural Advancement (DEGA) “Hakugan-no-Mori” Program (public interest incorporated foundation)
  - Financial support: JAPAN PARA ICE HOCKEY ASSOCIATION (general incorporated association)

* SCRCAC: Southern California Regional Community Action Committee
A social contribution committee consisting of Hitachi Group companies in North America. The HTS Group participates as a logistics partner.
In order to ensure sustainable growth and boost corporate value over the medium-to-long term, we recognize the importance of fair and highly transparent information disclosure in a timely and appropriate manner as well as active dialogue with our shareholders and investors. To this end, we have in place an IR system to facilitate communication with both our shareholders and investors. HTS compiles an IR report detailing information disclosure criteria and methodology, dialog with our shareholders and investors, etc., which is posted on our company’s Website.

IR policy

Information Disclosure
HTS discloses information pertaining to operations, finances, and publications including our summary of financial results, presentation materials of financial results, annual securities reports, notice of convocation of the annual general meeting of shareholders, business reports, and annual reports.

We have made the recorded video of the financial results briefing available on our website from FY2018 and also posted ESG data and materials used in IR seminars for individual investors as part of our efforts toward proactive information disclosure.

Investor Relations

Disclosure Information
- Summary of financial results
- Presentation Materials of financial results and summary (include Q & A)
- Videos of financial results briefings
- Presentation material of the Mid-term Management Plan
- Small-scale meeting materials
- Materials of IR seminars for individual investors
- ESG data
- Annual securities reports
- Notice of convocation of the annual general meeting of shareholders
- Business reports
- Annual Report
- Stock/Stock price Information
- YouTube official channel
- Special sites (SSCV, EC platform), etc.

Dividends

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<th>Annual</th>
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Disclosure Information

For foreign investors
- Conferences in Japan (twice)
- Overseas road shows (twice)
- Telephone conferences (twice)
- IR seminars for individual investors (twice)
- Individual meetings
  - (including ESG investment interview), etc.

Communication with Shareholders and Investors
HTS communicates with our shareholders and investors through a variety of means, including briefings for securities analysts and institutional investors, telephone conference calls, small-scale meetings, overseas road shows, individual meetings, and more.

In FY2018, HTS increased its participation in small-scale meetings organized by brokerage houses, and also offered a logistics center tour for institutional investors to allow them to experience and understand new technologies.

FY2018 Initiatives
- Results briefings (twice)
- Top executive meeting (once)
- Small-scale meetings (three times)
- Telephone conferences (twice)
- Overseas road shows (twice)
- Conferences in Japan (twice)
- Logistics center tour (once)
- IR seminars for individual investors (twice)
- Individual meetings
  - (including ESG investment interview), etc.

[Reference] FY2018 IR schedule (results)