Secure Safety in Operation and Transportation

Financial Impacts (Example)
- Maintain profitability through stable operation
- Reduce cost due to introduction of new equipment to prevent accidents

Under the policy that "Safety is our number one priority" and the safety slogan of the HTS Group, each employee carries out safety activities and strives to provide safe and secure services.

Safety Slogan
"Safety First"

Safety Priority Policy
The HTS Group establishes a unified priority initiative policy every year and works on activities based on the policy and the safety slogan.

Safety Promotion Structure
HTS assigns "an officer in charge of safety" appointed by the president and establishes a top-down safety promotion structure to promote group-wide safety activities. Monthly Executive Committee deliberates and receives reports on accident occurrence and the Audit Committee also receives reports on the progress of safety activities and accident occurrence, in order to implement improvement activities. To ensure health and safety management, we have developed regulations on health and safety, assigned safety supervisor in the Company and group companies to provide safety instruction, and invites representatives of partner companies to share information accordingly. Each group company holds a top seminar semiannually, and we send safety caravans led by local employees, helping each employee increase their willingness to grow and safety awareness through sound competition between local employees.

Safety Initiatives
- Boosting safety knowledge and driving and operation skill
- Sending contestants to non-HTS forklift and trucking competition
Each year, we send contestants in the National Forklift Driving Contest*a and the National Truck Driver Contest** for the purpose of acquiring specialized knowledge, improving driving skills, and boosting awareness of safety issues. In FY2019, contestants who won out at prefectural-level preliminary contests around the country competed in the national contest and achieved excellent results.

- Adoption of safety technology
Each site has adopted various safety technologies including SSGV (refer to page 28) to prevent accidents. A logistics site of Hitachi Transport System East Japan Co., Ltd. in Tsukuba City installed dashboard cameras with communication function on the forklifts in FY2019, which enabled advice based on real-time video monitoring and reduced Hiyari-Hatto (near-miss) incidents by 60% nine months after the installation.

- Oversea safety caravan
In order to spread global safety standards of the HTS Group overseas, we send safety caravans led by Japanese instructors to overseas and engage in improvement activities together with local staff.

- Internal forklift competition at overseas locations
The overseas group companies hold forklift competitions for local employees, helping each employee increase their willingness to grow and safety awareness through sound competition between local employees.

With the power of logistics, we will develop businesses to support the realization of the next-generation sustainable industries and social infrastructure in various areas across the globe.

Pursue Next-generation Industries and Lifestyles

Financial Impacts (Example)
- Utilize artificial intelligence and develop supply chain solutions
- Creation of new businesses by accumulating new knowledge
- Increase in technology development cost

Promote Total Optimization of Supply Chain by Making Full Use of Advanced Technologies
- Utilize artificial intelligence and develop supply chain solutions
We are working on establishing volume forecasting technology using AI and developing new solutions utilizing forecasting technology in order to become a global supply chain solutions provider and improve operational efficiency.

Respond to Local Logistics Needs and Issues While Further Boosting Response Capability
- Storage and transportation/delivery conforming to GDP
- Promotion of transportation of social infrastructure-related equipment
- Utilize artificial intelligence and develop supply chain solutions

With the power of logistics, we will develop businesses to support the realization of the next-generation sustainable industries and social infrastructure in various areas across the globe.

KPI
- Storage and transportation/delivery conforming to GDP
- Promotion of transportation of social infrastructure-related equipment
- Utilize artificial intelligence and develop supply chain solutions
- Creation of new businesses by accumulating new knowledge
- Increase in technology development cost

Financial Impacts (Example)
- Acquisition of business opportunities through valorization of regional economy

Number of cases of manufacturing/sales control support (demand forecast)
(as of March 31, 2020, cumulative)
- 20

Number of attendees of data scientist training course
(as of March 31, 2020, cumulative)
- 58

For details of initiatives described on this page, please visit our website.
Promote Diversity of the Workplace

The HTS Group aims to create a pleasant workplace where diverse human resources of the entire Group of different gender, nationality, generation, skill, and career having various attributes, individuality, and values can fully demonstrate their potential and play an active role.

Respect for Human Rights

- Human Right 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. The HTS Group creates opportunities for its employees to acquire accurate understanding of human rights, including providing training in accordance with employee rank, at meetings and seminars, with an aim to boost individual awareness of human rights by using HTS Group Code of Conduct, which incorporates “Respect for human rights” into basic behavioral guideline, as a manual.

Promotion of Diversity

- For the HTS Group, diversity means that employees having different attributes, individuality, and values use their diversified way of thinking to create new ideas and businesses. 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.

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- Promotion of women’s participation in the workplace
  HTS positions the active participation of women as an essential issue for a global company and has implemented various initiatives. In FY2013, we established KPIs for the active participation of women to accelerate our initiatives to achieve the targets.

Ratio of female managers

<table>
<thead>
<tr>
<th>FY2019 Result</th>
<th>Target: Achieve 10% by FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.7%</td>
<td></td>
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</tbody>
</table>

In FY2019, we trust young woman employees to gain knowledge and experience as well as raise their motivation, and actively promote male managers to share and appreciate each other’s experiences and insights for the purpose of active communication and productivity improvement. Additionally, we are promoting activities to develop human resources who utilize Logistics OPEX in each site to further spread it within the Company (Refer to page 29).

Creating a Workplace Full of Smiles and Vibrance

- Promoting communications through Logistics OPEX
  With the aim of creating a workplace full of smiles and vibrance, we promote “Logistics OPEX,” a community where employees enjoy repeating learning and improvement through deep dialogue. Through these activities, we also encourage managers and employees to share and appreciate each other’s experiences and insights for the purpose of active communication and productivity improvement. Additionally, we are promoting activities to develop human resources who utilize Logistics OPEX in each site to further spread it within the Company (Refer to page 29).

Disaster Preparedness Measures

■ Promotion of BCP
  Natural disasters and infectious diseases which occur often in recent years have significant impacts on corporate activities as well as threaten our daily life. Amid such circumstances, we believe that the BCP in the logistics business is not just a plan to continue our business but a preparation to make contributions by delivering medical supplies and foods to the affected regions and restoring social infrastructure to protect people’s lives, which is our social mission.

■ Strengthening of BCP system
  For prompt restoration and continuation of our business at the time of a large-scale disaster, we conduct training to enhance coordination between disaster prevention headquarters of the head office, management headquarters, and group companies on a regular basis, and we are also establishing emergency contact systems with overseas group companies.

■ Disaster prevention training in Japan
  In Japan, we have BCPs mainly assuming large-scale natural disasters that threaten our business continuity. To enhance BCP’s effectiveness, we conducted a disaster prevention headquarter training (desktop simulation) assuming a large-scale earthquake in Kiryusa area in August 2019. Trainings scheduled to be held in other areas were postponed to FY2020 due to the spread of COVID-19.

■ Strengthening risk management system in overseas
  In overseas, we send BCP Caravan from Japan to our major sites in North America, Europe, China, and other parts of Asia to establish and develop management system. In addition, we gather information on developments such as large-scale disaster, terrorism, etc., from information sources such as the Foreign Ministry as well as major communications companies, to alert our staff stationed or traveling overseas of imminent danger. At the same time, we have instituted emergency contact systems based on the information from our overseas locations.

■ Dissemination of behavioral standard in the event of a disaster
  We distribute Emergency Handbook, an updated version of the former “Disaster Response Card,” to all employees.

Social Contribution/Strengthening of BCP

We strive to create a community where diverse people have stronger connection and feel affluent, safe and secure, by collaborating with a variety of organizations.

Social Contribution

■ Basic principle
  The HTS Group aims to be a good corporate citizen by supporting various activities in such fields as traffic and road safety, "training a new generation of people," "innovation," "environmental protection," and "contribution to local community," both in Japan and overseas under the basic principle of “Objectives of Social Contribution Activities.”

For activities in each field, please visit our website.

Traffic and road safety initiatives

- As a logistics operator, we aim to realize a safe and secure traffic society. To achieve zero traffic accidents, we will contribute to creating opportunities to raise awareness and improve traffic manners of walkers and drivers through continuing traffic and road safety education.

- Holding traffic and road safety class
  In May 2019, Mars Logistics Group Inc., our Turkish group company, held a traffic and road safety class for children. 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 so that children can develop a better understanding about road signs while having fun.

- Contribution to local community
  - Disaster recovery assistance
    When some regions were stricken by a disaster, we send relief donations to support the affected region. We made a donation to the authorized NPO Japan Platform in FY2019.

- The HTS Group Magokoro (Sincere Heart) Fund
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