### Corporate Governance

#### Basic Principle
At the HTS group, we consider corporate governance to be key to responding even more vigorously to changes in the business environment as well as boosting soundness and transparency—namely a company with a Nominating Committee, etc. System. This means that we have separately separated our corporate management and our business implementation—a setup that largely transfers business decision-making rights from our Board of Directors to our Executive Committee. The result is rapid decision-making and implementation on initiatives such as restructuring and strategic investment. In addition, because we believe that considering the subjective opinions of many outside directors facilitates both monitoring and transparency of management, we have also established three committees overseeing nomination, auditing, and compensation respectively.

#### Measures to Enhance Corporate Governance Implemented in the Past

<table>
<thead>
<tr>
<th>Measures</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003 Transferred to a Company with Committees (established Nominating Committee, Audit Committee and Compensation Committee)</td>
<td>To strengthen management supervision function of the Board of Directors</td>
</tr>
<tr>
<td>2014 Developed Criteria for Independence of Outside Directors</td>
<td>To secure independence of directors</td>
</tr>
<tr>
<td>2015 Transferred to a Company with a Nominating Committee, etc. System</td>
<td>To comply with the amended Companies Act</td>
</tr>
<tr>
<td>2016 Established the first female director</td>
<td>To strengthen the function of the Board of Directors</td>
</tr>
<tr>
<td>2017 Appointed the second female director</td>
<td>To diversify the Board of Directors</td>
</tr>
<tr>
<td>2019 Established the second female director</td>
<td>To diversify the Board of Directors</td>
</tr>
<tr>
<td>2020 Appointed an outsider director as Chair of the Board of Directors</td>
<td>To diversify the Board of Directors</td>
</tr>
</tbody>
</table>

#### The Current Corporate Governance System and Internal Control System

The HTS Group has established an Internal Control System, through which internal controls related to financial reporting are documented and also assessed for effectiveness throughout the HTS Group. By adhering to internal control reporting systems on financial reporting as stipulated in the Financial Instruments and Exchange Act, our financial reporting meets the optimal trust level.

#### HTS’s Organization Design

By using a Company with a Nominating Committee, etc. System, substantial authorities related to business execution are delegated from the Board of Directors to executive officers, who make prompt decision making about business restructuring and strategic investments. Executive Committee meeting consisting of all executive officers is held once a month in general to discuss material subjects which have impacts on the Company and the entire Group and clarify responsibilities and authorities of the executive officers.

- **Primary roles of the Board of Directors and the Committees**
- **(1) Board of Directors**
  - Determines the Company’s basic management policy and supervision execution of duties by directors and executive officers (also serves as a resolution by focusing on specific discussions on the Mid-term Management Plan and fiscal budget in addition to matters to be resolved stipulated by laws and regulations, the Articles of Incorporation and the Board of Directors regulations)
- **(2) Nominating Committee**
  - Elects and supervises director candidates, considering all relevant factors, including their past performance and personality
- **(3) Audit Committee**
  - Recommendations for dismissal of directors and executive officers and prepares an audit report (performs audit of execution of duties by directors and executives from the viewpoint of legal compliance and appropriate performance of duties in cooperation with independent auditors and internal audit department, with an aim at establishing a high-quality corporate governance system to maintain social trust)
- **(4) Compensation Committee**
  - Determines compensation, etc. of directors and executive officers (determines the compensation level, etc. for each position commensurate with the ability and responsibilities required by the Company’s directors and executive officers and the Company’s performance, taking into consideration the compensation level of other companies)

#### Appointment and Dismissal of Officers

Candidacy for directors are selected at the Nominating Committee and appointed at the General Shareholders’ Meeting. Regarding candidates for senior management members (executive officers), the Nominating Committee prepares a list of candidates and submits it to the Board of Directors for appointment. The policy of appointment and dismissal of CEO and the composition of the Board of Directors and independence of outside directors are to be considered in selecting candidates for positions as specified in the Corporate Governance Guidelines of the Company.

#### Succession Plan

The Company has had in-depth discussions about a succession plan at the Nominating Committee and the Board of Directors. Appropriate supervision is conducted through decisions by President and Chief Executive Officer and business reporting and evaluation by executive officers at the Board of Directors.

#### Criteria for Independence of Outside Directors

- Executive Committee
- Deliberates on important issues related to business implementation
- Comprises entirely of executive officers or individuals appointed by the company president
- Executive Committee meeting held once a month in principle (additional sessions held as necessary)
- Total of 19 executive officers (as of April 1, 2021)

- Internal Controls

Based on the relevant laws and ordinances, we have established an Audit Committee to supervise the work of our directors and executive officers, while our Board of Directors implements comprehensive systems related to internal controls. The HTS Group has set up an Internal Controls Committee, through which internal controls related to financial reporting are documented and also assessed for effectiveness throughout the HTS Group. By adhering to internal control reporting systems on financial reporting as stipulated in the Financial Instruments and Exchange Act, our financial reporting meets the optimal trust level.

#### Hitachi Transport System, Ltd. Integrated Report 2021

- Hitachi Transport System, Ltd. Integrated Report 2021
Corporate Governance

- Responded to the Corporate Governance Code
  - HTS complies with all provisions of the Corporate Governance Code. The status of our cross-shareholdings are as follows:

- Policy on cross-shareholdings
  - Policy regarding cross-shareholdings
  - HTS does not hold cross-shareholdings in principle, unless it is for a medium-to-
  - long-term sustainable growth of the Company and increase of corporate value.
  - Under such policy, of 26 issues held, we sold all shares of 14 issues in March
  - 2016, one issue in October 2016 and one issue in June 2017, and we purchased
  - one issue in March 2019, and as a result, we held 11 issues as of March
  - 2021. As of March 31, 2021, the amount of cross-shareholdings accounted for
  - less than 7% of total assets, which is insignificant on the balance sheet.

  In addition, the Board of Directors evaluates every year whether to continue
  Foundation Supporting Value Creation

  HTS complies with all principles of the Corporate Governance Code. The status of
  cross-shareholdings is shown below.

  [Proportion of cross-shareholdings]

<table>
<thead>
<tr>
<th>Financial year</th>
<th>Shareholdings a/ %</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2019</td>
<td>13</td>
</tr>
<tr>
<td>FY2018</td>
<td>12</td>
</tr>
<tr>
<td>FY2017</td>
<td>12</td>
</tr>
<tr>
<td>FY2020</td>
<td>13</td>
</tr>
</tbody>
</table>

- Exercise of voting rights
  - HTS exercises its voting rights from the perspective of its medium-to-long-term
  - sustainable growth and increase of corporate value.

Policy on cross-shareholdings
ir/shareholdings/index.html

Major Agenda Items and the Reports at the Board of Directors Meeting (FY2020)

- Management strategies
  - General management
  - Financial management
  - Others

- Business operation
  - Report on executive officers
  - Report from the Committees

- Report from the Committees
  - Reports from the Nominating, Audit, and Compensation Committees

- Discussion status by agenda item (FY2020)
  - The proportion of the agenda items related to management strategies increased
to 67% of the total items from the previous year's 19% as we reduced the proportion of items related to the determination of individual business executions and added those related to the essence of management

- Average length of monthly regular meetings
  - In FY2020, we improved the efficiency of the Board of Directors meetings by providing sufficient explanations
  - prior to the meetings.

- Analysis and Evaluation of Effectiveness of the Entire Board of Directors, and the Result
  - The Company, pursuant to Article 4, Section 7 “Board Self-Evaluation” of its
  - Corporate Governance Guidelines, evaluates the effectiveness of its Board of
  - Directors (BOD) annually. To evaluate the BOD’s effectiveness for FY2020, the
  - Company first asked all directors to complete a questionnaire survey and then
  - reviewed the results, with a focus on addressing the detailed issues and the
  - need to improve the BOD’s operation. For FY2019, the Company, in addition to
  - conducting a self-assessment of the BOD, engaged Japan Board Review Co., Ltd.
  - a third-party assessor, to conduct an impartial and objective evaluation of the
  - BOD for the first time. The Company intends to retain an independent assessor
  - to evaluate the BOD every third year.

Self-Assessment by the BOD
- Six of the nine BOD members are independent outside directors, two of whom are
  - women. The BOD comprises a certified public accountant, a scholar, two lawyers,
  - and other members with a wealth of professional expertise and experience in a
  - diverse range of fields such as corporate management, finance, and accounting.
  - BOD meetings convened during FY2020 were chaired by one of these independent
  - outside directors. Matters to be deliberated at each BOD meeting were proposed
  - by the Chair, based on an annual plan resolved by the BOD at the beginning of
  - the fiscal year as well as the results of each Executive Committee meeting that the
  - Chair attended throughout the year. Matters deliberated at BOD meetings during
  - FY2020 consisted of management strategies (47%), corporate governance (24%),
  - and business operation and others (29%), which reflected the BOD’s decision to
  - give priority to the management strategies.

- Restructuring of Group companies
  - Restructuring of Group companies to strengthen the Group's core businesses and
  - improve the Group's financial conditions.

- Report on transition to TSE's new market segments
  - Report on transition to TSE’s new market segments.

- Report on IR initiatives
  - Report on IR initiatives.

- Report on Enterprise Risk Management (ERM)

- Report on the progress of LOGISTEED 2021

- Report on compliance
  - Report on compliance.

- Report on cybersecurity
  - Report on cybersecurity.

- Report on SDGs initiatives and ESG management
  - Report on SDGs initiatives and ESG management.

- Report on compliance
  - Report on compliance.

- Report on cybersecurity
  - Report on cybersecurity.

- Report on the progress of LOGISTEED 2021

- Report on the progress of LOGISTEED 2021

- Report on SDGs initiatives and ESG management
  - Report on SDGs initiatives and ESG management.

- Audit Committee
  - The Audit Committee’s audit policy for FY2020 was to evaluate the effectiveness
  - of the Company’s reactive and proactive governance as well as its governance
  - over ESG risks. Based on this policy, the Committee audited the legal compliance,
  - appropriateness, and effectivity of the ways in which the Company’s management
  - and executive officers performed their duties.

- To meet the new regulatory requirements for disclosing key audit matters (KAMs)
  - in the Company’s Financial statements for FY2020, the Committee agreed with an
  - independent accounting auditor, following a two-year consultation, regarding the
  - appropriateness and consistency of disclosing information necessary for investors’
  - decision making.

- Amid the COVID-19 pandemic, the Committee canceled on-site audits of Group
  - companies outside Japan scheduled for FY2020. The Committee conducted on-
  - site audits of the Company’s two Area Management Headquarters for East Japan
  - and West Japan as well as nine Group companies in Japan. The Committee and the
  - two Area Management Headquarters jointly confirmed the effectiveness of their
  - governance even their associates. In particular, the Committee evaluated the
  - effectiveness of Enterprise Risk Management (ERM) programs implemented
  - by these audited units to manage growing business risks brought about by for-
  - changing business environments. The Committee also evaluated the progress that
  - these units were making in implementing LOGISTEED, the Company’s medium-
  - term business concept including DX initiatives, and IRC-driven management
  - practices to increase the Group’s medium-to-long term corporate value.

- The Committee conducted off-site audits to evaluate the effectiveness of the BODs
  - of 81 Group companies around the globe, which collectively play a central role
  - in practicing groupwide governance. The Committee recommends that executive
officers of each Group company take corrective actions based on the results of those audits, as well as on the audit reports submitted by their corporate auditors. Hitachi Transport System, Ltd. has a dedicated corporate auditing office, which oversees the Group's business in North America, Europe, China, and Asia.

Committee plans to resume on-site audits of Group companies outside Japan, which were postponed in FY2020, for the COVID-19 pandemic to resume, and to audit the Global Business Management Headquarters, which oversees the Group's operations in North America, Europe, China, and Asia.

(3) Compensation Committee

The Compensation Committee consists of three members, including two outside directors. The Committee is responsible for reviewing and determining the compensation of the Group's directors and executive officers and shall have the authority of the following:

• Determine the policies to determine the details of compensation of each director and executive officer
• Select the members of the Compensation Committee who can convene the Board of Directors
• Select the members of the Compensation Committee who report on the execution of duties of the Committee to the Board of Directors
• Determine the matters delegated by the General Shareholders' Meeting to decide other matters stipulated by laws and regulations

Size and composition of the Compensation Committee

The Compensation Committee consists of more than three members selected from directors by a resolution of the Board of Directors, with the majority being outside directors.

Operation of the Compensation Committee

• Details of compensation are determined at the level commensurate with the ability and responsibilities required of the Company's officers, taking into account the compensation level of other companies.
• The Compensation Committee reviews the above policy on a regular basis. In determining details of compensation, etc. for each director and executive officer of the Company, the Compensation Committee deliberates upon the policy. Compensation structure, performance-linked compensation, and other compensation, we benchmark our compensation plan for officers. In determining the composition ratio of performance-linked compensation and other compensation, we benchmark our compensation plan for officers.

Activity Status of the Compensation Committee in Determining the Compensation Amount for the Recent Fiscal Years

The composition of the Compensation Committee during the process to determine the compensation amount for the recent fiscal years is as follows:

Three members (including two outside directors):
- Compensation Committee Member (outside director): Mr. Ishizuka, Director
- Compensation Committee Member (inside): Mr. Nakatani, Director
- Executive Officer, President, and Chief Executive Officer

The Compensation Committee's Policy and Process for Determining the Amount of Compensation, etc. of Directors and Executive Officers

As the Group's corporate governance and compensation, etc. of employees is one of the important roles underpinning corporate governance, we have in place the following compensation governance framework to ensure that our officers will work toward our brand slogan “Taking on the Future” and our business concept “LOGISTEX” under our corporate philosophy and operate the compensation program according to our basic policy on the compensation plan for officers to deliberate and determine the compensation.

a) Compensation Governance

Operation policy, etc. for the Compensation Committee

We are in compliance with the Companies Act pertaining to a company with a Nominating Committee, etc., and stipulate rules on the Compensation Committee as follows:

Functions of the Compensation Committee

The Compensation Committee is responsible for determining details of compensation, etc. of each director and executive officer and shall have the authority of the following:

• Determine the policies to determine the details of compensation of each director and executive officer
• Select the members of the Compensation Committee who can convene the Board of Directors
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Executive officer compensation levels are comprised of a combination of basic compensation and performance-linked compensation (annual bonus and stock compensation) as shown below, and determined by reflecting executive’s performance review in a basic amount commensurate with his/her position. Basic compensation is paid at a certain time every month, and annual bonus is paid once a year at a certain time, and stock compensation is paid at a certain time after the evaluation period of three fiscal years.

Overview of composition and payment method of compensation

- **Basic compensation** is paid at a certain time every month.
- **Annual bonus** is linked to the achievement level of consolidated performance, division missions, and individual missions for a single year. KPIs and reasons for selecting them are as follows. In evaluating the performance, the payment rate is calculated based on the achievement level of the targets which are determined at the beginning of the fiscal year after the deliberation and verification for appropriateness by the Compensation Committee, and the amount calculated using such payment rate is annuallly and finalized at the Compensation Committee held after the year-end. The payment rates based on the respective evaluation of the elements linked to consolidated performance, division missions, and individual missions are calculated independently between 0 to 2 times, and the amount of annual bonus fluctuates between 0% to 200% of the standard amount for each position for a single year.

- **Performance-linked compensation** is paid at a certain time every month, and annual bonus is paid at the end of the evaluation period of three fiscal years.

<table>
<thead>
<tr>
<th>Elements</th>
<th>Eligible officers</th>
<th>KPIs</th>
<th>Reason for selection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated performance</td>
<td>Senior vice president</td>
<td>Revenue for a single year</td>
<td>Because it is a financial indicator of the Company’s business scale</td>
</tr>
<tr>
<td></td>
<td>Executive vice president</td>
<td>Adjusted operating income for a single year</td>
<td>Because it is a financial indicator of the business scale</td>
</tr>
<tr>
<td></td>
<td>Executive officer</td>
<td>Revenue at the discretion of the business scale</td>
<td>Because it is a financial indicator of the Company’s business scale</td>
</tr>
<tr>
<td>Device-related performance</td>
<td>Senior vice president</td>
<td>Adjusted operating income for a single year</td>
<td>Because it is a financial indicator of the business scale</td>
</tr>
<tr>
<td></td>
<td>Executive vice president</td>
<td>Revenue at the discretion of the business scale</td>
<td>Because it is a financial indicator of the Company’s business scale</td>
</tr>
<tr>
<td>Individual missions</td>
<td>Senior vice president</td>
<td>Indicators, etc. that do not directly reflect on financial results</td>
<td>Because it is a financial indicator of the business scale</td>
</tr>
<tr>
<td></td>
<td>Executive vice president</td>
<td>Adjusted operating income for a single year</td>
<td>Because it is a financial indicator of the business scale</td>
</tr>
</tbody>
</table>

The calculation methods for the Company’s TSR/TOPIX growth rate and incentive curves are as follows:

The Company’s TSR/TOPIX growth rate (%) = The Company’s TSR (%)/TOPIX growth rate (%)

Stock compensation

Stock compensation aims to secure cash for tax payment, and the proceeds will be paid. For the purpose of this calculation, we will apply the criteria before the transition to the calculation period for the payment method as follows:

A: Average closing price of the Company’s stock at TSE in May 2020 (rounded down to the nearest point)
B: Average closing price of the Company’s stock at TSE in May 2023 (rounded down to the nearest point)
C: Average closing value of TOPIX at TSE in May 2020 (rounded to the nearest point)
D: Average closing value of TOPIX at TSE in May 2023 (rounded to the nearest point)

The calculation formula is as follows:

\[
\text{Stock compensation amount} = \frac{(C - A) \times (D - B) \times \text{Grant share}}{100}
\]

The calculation formula for the Company’s TSR/TOPIX growth rate and incentive curves is as follows:

\[
\text{The Compensation Committee deliberated and determined individual annual bonus amount based on the achievement level of FY2022 targets for revenues and adjusted operating income, which is consolidated performance indicator for annual bonus, in comprehensive consideration of the achievement level of division missions and individual missions. Targets and results of revenues and adjusted operating income for FY2022 are as follows:}

**Targets (initial plan)**

- Revenues: ¥651.0 billion (YoY +3%)
- Adjusted operating income: ¥31.5 billion (YoY +46%)

**Results**

- Revenues: ¥652.38 billion (YoY +3%)
- Adjusted operating income: ¥36.71 billion (YoY +10%)

The incentive curve of consolidated ROE (Average consolidated ROE for the period from FY2020 to FY2022) is as follows:

- The performance target of consolidated ROE (average of three years) is set at 12%, and if it is achieved, the share grant rate is 100%. If consolidated ROE (average of three years) is over 12%, the share grant rate is the maximum of 100%, and if it is less than 12%, the share grant rate is 0%.

Compensation amount by officer category and total amount by type of compensation

- **Total compensation amount by officer category**

| Officer category | Total compensation amount
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>President</td>
<td>¥674 462 212</td>
</tr>
<tr>
<td>Executive vice president</td>
<td>103 103</td>
</tr>
<tr>
<td>Executive officer</td>
<td>674 462 212</td>
</tr>
</tbody>
</table>

**Note:**

1. The number of eligible officers for director compensation, etc. excludes two directors who serve concurrently as executive officers.
2. The compensation is based on the evaluation at the Compensation Committee for FY2020. The compensation to the President and executive officers who served from April 1, 2016 to March 31, 2020 is subject to the deliberation at the Compensation Committee.
3. The total compensation for executive officers with total consolidated compensation, etc. exceeding 100 million yen is subject to a 10% deduction of performance-linked compensation.

Our History Our Future

The value creation framework is as follows:

- **Financial Performance Evaluation:**
  - Consistent with the determination policy.

Our History Our Future

The Compensation Committee concluded that the details of individual directors and executive officers’ compensation for the recent fiscal years comply with the policy on the determination of compensation amount, etc. of directors and executive officers.

The Compensation Committee concluded that its decision is in compliance with the determination policy as the Committee assesses the compensation amount of individual directors and executive officers based on a comprehensive deliberation, including consistency with the determination policy.
Compliance/Information Security

Information Security
We recognize that the highest priority is to properly manage and protect information assets of customers and the HTS Group, and accordingly the entire Group has been promoting the preparation of internal rules as well as education and awareness activities for employees. As part of our efforts to prevent information leakage and maintain a high-level security, we revise the internal rules in keeping with changes in social conditions and the overseas trend regarding personal information protection and confirm the management and operation status of personal information protection and information security. We are also enhancing governance across the entire Group and working on education and simulation trainings for targeted threat emails for employees, responses to GDPR in EU and other relevant laws in other countries, and personal information protection in Japan and overseas, in an effort to maintain and bolster security levels to provide safe and secure logistics services to customers.

Compliance education
To build a solid corporate culture that will not accept any compliance violations, we provide rank-based group trainings for compliance education targeting new employees, young employees, new assistant managers/managers, and new directors of domestic group companies, in addition to e-learning for all employees including officers, for the purpose of deepening understanding of anti-corruption laws, warehousing business law, etc. We also have training programs tailored to the business of group companies and the training sessions travelling around sites by the Legal Department.

Procurement compliance education
To ensure fair procurement activities, we provide e-learning for procurement compliance targeting all employees, as well as special e-learning and group trainings on a regular basis for those engaging in procurement in domestic and overseas group companies.

Number of companies implementing education for those engaging in procurement (FY2020)

- Domestic: 19 companies
- Overseas: 35 companies

Whistle-blowing system
The Group has established a whistle-blowing system with internal and external points of contact for reporting, which allows employees and other stakeholders to report illegal and/or inappropriate actions without hesitation in order to detect and correct them early on.

Acquisition and maintenance of third-party certification
The HTS Group has acquired the Privacy Mark/Information Security Management System (ISMS) certification. HTS and its domestic group companies have acquired the Privacy Mark certification which certifies that a business operator has established a system to take appropriate measures to protect personal information. We have also acquired ISO/IEC 27001 which is an international standard certifying that an information security management system satisfies certain criteria.

Privacy mark acquisition status at HTS and its domestic group companies (as of March 31, 2021)

- 12 companies
- 26 departments

Customer privacy
In FY2020, there were no complaints filed for the violation of customer privacy.

For details of compliance information, please visit our website.

Risk Management

The HTS Group strives to manage risks that are difficult to foresee and require company-wide countermeasures by sharing risk recognition, visualizing risks, selecting priority risks and examining relevant measures, with an aim to increase corporate value and achieve sustainable growth.

Definition and classification of risks
The HTS Group defines risk as “the influence of uncertainty about our objectives and the possibility to influence the achievement of our strategy and business goals when an event occurs.”

We classify recognized risks as follows based on their type (strategic or pure) and factor (internal or external) to select “priority risk” that are highly likely to occur and have material impact and focus on discussing countermeasures against them.

<table>
<thead>
<tr>
<th>Strategic risks</th>
<th>Pure risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Growth risk</td>
<td>3 Operational risk</td>
</tr>
<tr>
<td>2 Environmental change risk</td>
<td>4 Hazard risk</td>
</tr>
<tr>
<td>Risk factors that may impede implementation of the growth strategy that takes into account customer and business environment, (human resources and assets)</td>
<td>Risk factors that result from inadequate or failure of internal process, human resources or systems</td>
</tr>
<tr>
<td>Risk factors that result from changes in external environment (polices, economy, laws and regulations, technological innovation, and climate change) and may impede the growth strategy</td>
<td>Risk factors beyond our control that result from external events and may impede business continuity by causing damage or harm</td>
</tr>
</tbody>
</table>

Group’s policies
Prevent risks from occurring
Implement damage control assessing risks may occur

The HTS Group’s risk management system

The HTS Group manages risks by appointing a Risk owner** and a Risk manager** for each risk factor.

When creating an annual budget, risk items are identified and their quantification and responses are discussed, and risk owners or risk managers report the status of relevant risk items to the Executive Committee and also to the Board of Directors and the Audit Committee when necessary, in order to ensure effectiveness of Enterprise Risk Management (ERM).

Response to large-scale disasters

With respect to the risks associated with natural disasters and infectious diseases which occur frequently in recent years, the Group has implemented countermeasures to fulfill its responsibilities in dealing with them based on the BCP policies and measures determined by the Business Continuity Management Committee (BCM), chaired by the President and CEO, with an aim to continue its business operation and provide high quality services to our customers even when faced with these risks.

As for disaster preparedness measures and business continuity management/BCP promotion system, please visit our website. https://www.hitachi-transportsystem.com/en/profile/csr/governance/riskmanagement/
Risk Management

1 Growth risk

<table>
<thead>
<tr>
<th>Risk factors</th>
<th>Description of risk/opportunity</th>
<th>Impacts when risk occurs</th>
<th>Groups' measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk</td>
<td>Description of risk/opportunity</td>
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</tbody>
</table>

2 Environmental change risk

<table>
<thead>
<tr>
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3 Hazard risk

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4 Operational risk

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As for risk factors other than priority risks, please visit our website. https://www.hitachitransportsystem.com/en/profile/csr/pdf/htgssr_group_riskfactor.pdf