**3PL Business (Overseas)**

As of March 31, 2020, the HTS Group has established a global network of 436 sites in 28 countries and regions outside of Japan, since expanding into Singapore in 1976. In order to support our customers' increasingly large and complicated global supply chain, we offer a wide range of services including 3PL and Auto Parts Logistics.

**FY2019 Result**

- **Results**
  - Revenues: ¥191.0 billion (YoY ¥71.9 billion)
  - Operating income: ¥6.35 billion (YoY ¥0.56 billion)
- **New orders/new startups**
  - New orders: 71
  - New startups: 72

**FY2019 Results**

- **Europe**
  - Turkey-based Mars Logistics Group promoting the intermodal business between Turkey and Europe has established a Spanish subsidiary.

**Intermodal**

"Intermodal transportation service" is a combined transport service that combines multiple modes of transportation (e.g. railways, trailer trucks, aircrafts, ships) to transport freight in containers all the way to the final destination using successively two or more modes. Mars Logistics Group, who is familiar with the local situations, effectively combines various modes of transportation to offer customers the optimal route of the wide-area transportation from Middle East to Eastern and Western Europe, taking into account costs, delivery time and environmental friendliness.

**Message from the officer in charge**

In Europe, we provide a wide range of services from transportation service including 3PL, intermodal and cross-border transportation to heavy construction equipment transportation and Auto Parts Logistics to customers in 12 countries. For intermodal service, we plan to develop new routes such as a Romania route in the future.

---

**Integrated Report 2020 Hitachi Transport System, Ltd.**

**Message from the officer in charge**

In Europe, we provide a wide range of services from transportation service including 3PL, intermodal and cross-border transportation to heavy construction equipment transportation and Auto Parts Logistics to customers in 12 countries. For intermodal service, we plan to develop new routes such as a Romania route in the future.

---

**North America**

- Expanded a shared cross-docking center for two leading automobile manufacturers and started a Shared Milkrun service.

**A Milkrun is a transportation method whereby one truck visits bases of multiple suppliers to collect parts for two manufacturers. It aims to reduce driving distances and achieve environment-friendly transportation service by sharing a warehouse and pickup routes.**

**Details of Shared Milkrun service are available at: https://carteurologistics.com/shared-milkrun/**

**Estimated effect of Shared Milkrun**

<table>
<thead>
<tr>
<th>Supplier</th>
<th>Before</th>
<th>After</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C</td>
<td></td>
<td></td>
</tr>
<tr>
<td>D</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Message from the officer in charge**

We offer end-to-end supply chain management with a network that spans North America, including a strong intra-Mexico operation. The Shared Milkrun Network gives our customers the strategic advantage in cost savings and efficiency.

---

**ESG Topics**

- **FY2019 topics**
  - April 2019: Mars Logistics Group in Turkey received the 2018 ETİKA Turkey Ethics Award that awards companies who value ethics and make exemplary efforts.
  - April 2019: its approach to corporate governance and social responsibility was evaluated.
  - June 2019: Rolled out vehicle sharing service to benefit Thailand’s logistic sector.
  - Vehicle sharing among multiple shipping companies enables a reduction in cost and delivery time.
  - Reduce traffic congestion, accidents, and air pollution by improving logistics efficiency through the reduction of the number of vehicles and improvement of loading ratios.
  - October 2019: Carter Logistics in U.S. was awarded as a 2019 “Top Company for Women to Work for in Transportation”.
  - Elected as a top company for women to work for from among more than 150 companies.
  - Active involvement of women in various types of jobs, including executives, truck drivers, and mechanics, was highly evaluated.

---

**Achievements of Value Creation**

- **North America**
  - Expanded a shared cross-docking center for two leading automobile manufacturers and started a Shared Milkrun service.
  - Carter Express, headquartered in Indiana, U.S, operates an Auto Parts Logistics business with its unique Milkrun business model. It has been providing procurement logistics services to Tier 1 suppliers for leading automobile manufacturers, and in November 2019, it expanded a cross-docking center in Knoxville, Tennessee and started the management of cross-docking service.
  - It also started a Shared Milkrun service whereby one truck visits bases of multiple suppliers to collect parts for two manufacturers. It aims to reduce driving distances and achieve environment-friendly transportation service by sharing a warehouse and pickup routes.

**Details of Shared Milkrun service are available at:https://carteurologistics.com/shared-milkrun/**

**Estimated effect of Shared Milkrun**

<table>
<thead>
<tr>
<th>Supplier</th>
<th>Before</th>
<th>After</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C</td>
<td></td>
<td></td>
</tr>
<tr>
<td>D</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Message from the officer in charge**

We offer end-to-end supply chain management with a network that spans North America, including a strong intra-Mexico operation. The Shared Milkrun Network gives our customers the strategic advantage in cost savings and efficiency.

---

**ESG Topics**

- **FY2019 topics**
  - April 2019: Mars Logistics Group in Turkey received the 2018 ETİKA Turkey Ethics Award that awards companies who value ethics and make exemplary efforts.
  - April 2019: its approach to corporate governance and social responsibility was evaluated.
  - June 2019: Rolled out vehicle sharing service to benefit Thailand’s logistic sector.
  - Vehicle sharing among multiple shipping companies enables a reduction in cost and delivery time.
  - Reduce traffic congestion, accidents, and air pollution by improving logistics efficiency through the reduction of the number of vehicles and improvement of loading ratios.
  - October 2019: Carter Logistics in U.S. was awarded as a 2019 “Top Company for Women to Work for in Transportation”.
  - Elected as a top company for women to work for from among more than 150 companies.
  - Active involvement of women in various types of jobs, including executives, truck drivers, and mechanics, was highly evaluated.

---

**Achievements of Value Creation**

- **North America**
  - Expanded a shared cross-docking center for two leading automobile manufacturers and started a Shared Milkrun service.
  - Carter Express, headquartered in Indiana, U.S, operates an Auto Parts Logistics business with its unique Milkrun business model. It has been providing procurement logistics services to Tier 1 suppliers for leading automobile manufacturers, and in November 2019, it expanded a cross-docking center in Knoxville, Tennessee and started the management of cross-docking service.
  - It also started a Shared Milkrun service whereby one truck visits bases of multiple suppliers to collect parts for two manufacturers. It aims to reduce driving distances and achieve environment-friendly transportation service by sharing a warehouse and pickup routes.

**Details of Shared Milkrun service are available at:https://carteurologistics.com/shared-milkrun/**

**Estimated effect of Shared Milkrun**

<table>
<thead>
<tr>
<th>Supplier</th>
<th>Before</th>
<th>After</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C</td>
<td></td>
<td></td>
</tr>
<tr>
<td>D</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Message from the officer in charge**

We offer end-to-end supply chain management with a network that spans North America, including a strong intra-Mexico operation. The Shared Milkrun Network gives our customers the strategic advantage in cost savings and efficiency.

---

**ESG Topics**

- **FY2019 topics**
  - April 2019: Mars Logistics Group in Turkey received the 2018 ETİKA Turkey Ethics Award that awards companies who value ethics and make exemplary efforts.
  - April 2019: its approach to corporate governance and social responsibility was evaluated.
  - June 2019: Rolled out vehicle sharing service to benefit Thailand’s logistic sector.
  - Vehicle sharing among multiple shipping companies enables a reduction in cost and delivery time.
  - Reduce traffic congestion, accidents, and air pollution by improving logistics efficiency through the reduction of the number of vehicles and improvement of loading ratios.
  - October 2019: Carter Logistics in U.S. was awarded as a 2019 “Top Company for Women to Work for in Transportation”.
  - Elected as a top company for women to work for from among more than 150 companies.
  - Active involvement of women in various types of jobs, including executives, truck drivers, and mechanics, was highly evaluated.

---

**Achievements of Value Creation**