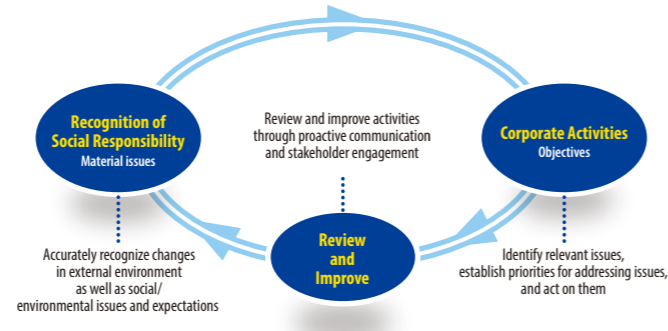


HTS Group Sustainability

Under the HTS Group's corporate philosophy "to deliver high-quality services that will help make the world a better place for people and nature for generations to come," we have been promoting sustainability initiatives to contribute to the realization of a sustainable society.

Basic CSR Policy

Under the corporate philosophy, the HTS Group promotes activities in line with the Basic CSR Policy with an aim to realize a sustainable society through communication with our various stakeholders and integrate sustainability and management. As part of this cycle, we will also promote active disclosure of ESG (Environment, Social and Governance) information and contribute to achievement of SDGs in cooperation with our various stakeholders.



Contribution to SDGs

SDGs are 17 universal goals for the international community to be attained by 2030, and the HTS Group is fully aware of the importance of achieving the SDGs. Among 17 goals of SDGs, the following eight goals are especially relevant to our objectives. We will work to do our part in achieving these SDGs as we move into high gear to reach our objectives.

SDGs closely related to four objectives



SDGs relating to objectives of the HTS Group

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Participation in International Initiatives

The HTS Group signed the "UN Global Compact ("UNGC")" in May 2020 to express its support for the principles. The UNGC is a voluntary initiative to participate in creating a global framework for the sustainable growth. To contribute to the realization of a sustainable society, the Group strives to comply with the ten principles by using various insights and good practice by participants for the implementation through Global Compact Network Japan, the local network of UNGC.



Sustainability Promotion Structure

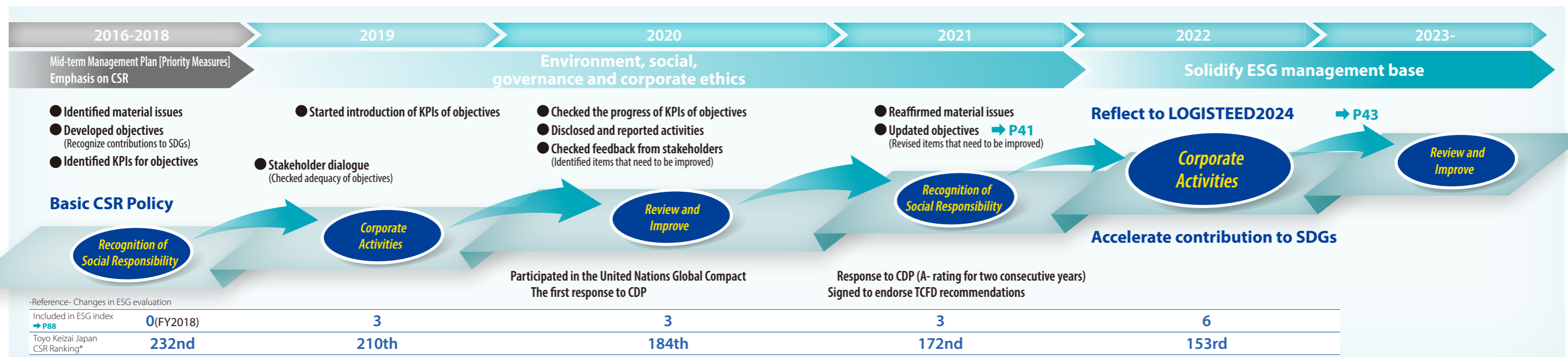
In order to promote sustainability on a group-wide level, the Group has set up the "Sustainability Promotion Committee," chaired by Executive Vice President and Executive Officer, General Manager of Corporate Strategy Office, and holds meetings regularly. Important agenda discussed in the meetings are submitted to the Executive Committee.



Overview of FY2021 Sustainability Promotion Committee

Number of Sustainability Promotion Committee held	2 times (August, January)
Major agenda items	<ul style="list-style-type: none"> Discuss and approve the method to disclose sustainability information Share the information about the ESG external evaluation and external trends regarding sustainability Review and approve material issues, etc.

Toward the Creation of Economic, Social, and Environmental Values



* A company ranking independently assessed and published by TOYO KEIZAI INC. annually to identify reliable companies in Japan from CSR and financial perspectives

For details on sustainability, please visit our website. <https://www.hitachi-transportssystem.com/en/profile/csr/sustainability/>

HTS Group Sustainability

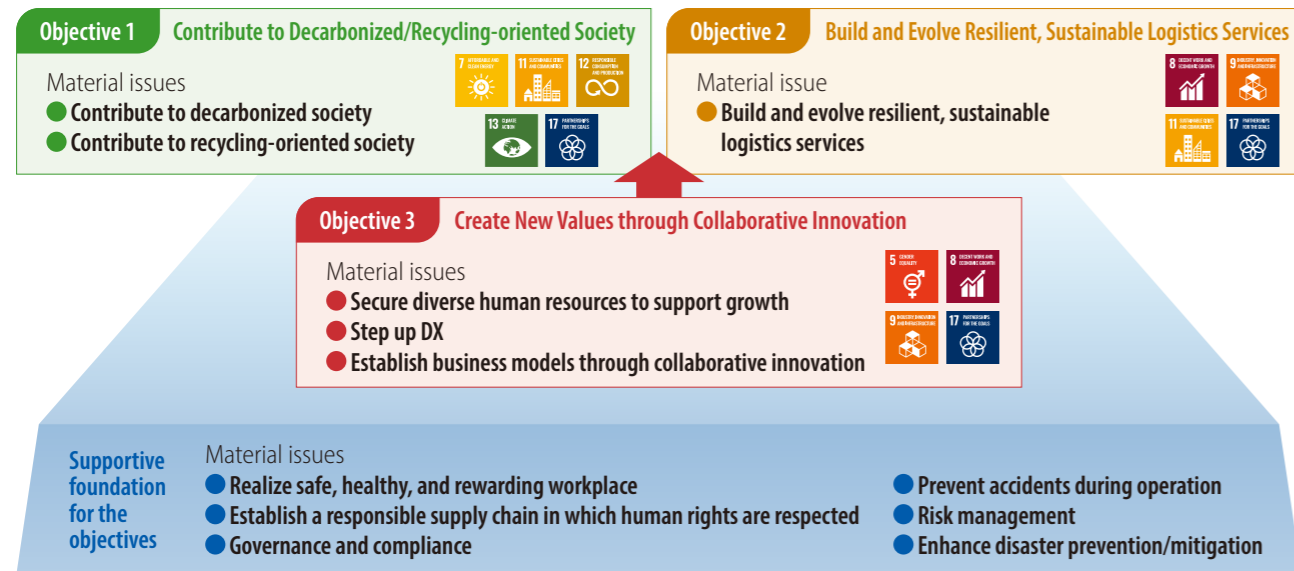
Review of Material Issues

The HTS Group identified 15 material issues in FY2017 and developed four objectives from CSV* viewpoint, but we reviewed the material issues in FY2021 in light of drastic changes in issues and management environment relating to sustainability. In doing so, we identified material issues not only from ESG perspective but also in consideration of their relevance to solutions for social issues in the logistics industry and the business strategy. As a result, we identified a total of 12 material issues including those with strong focus on business and those unique to logistics operations, which is a social infrastructure, such as "Prevent accidents during operation" and "Enhance disaster prevention/mitigation."

*Creating Shared Value (CSV): Refers to practices that balance activities to create economic benefits with solutions to social issues, or management strategies to achieve them

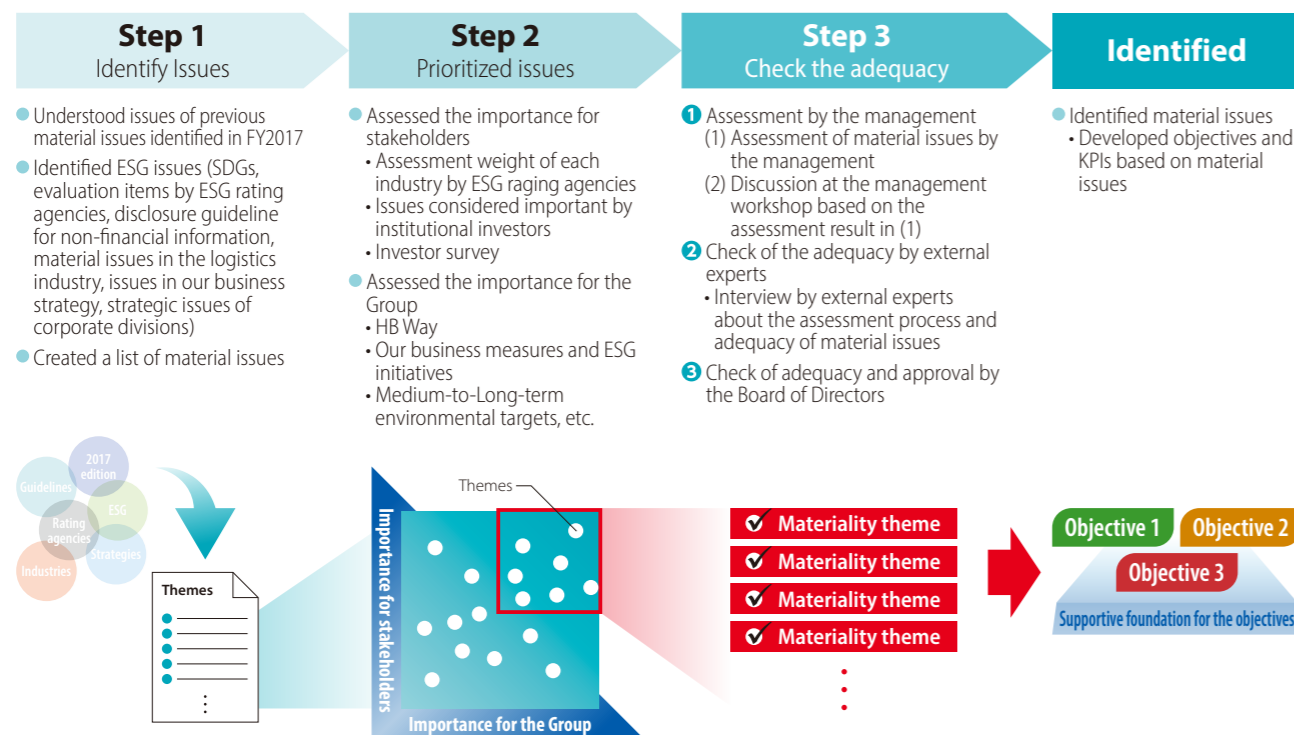
Positioning of material issues, objectives and SDGs

Of the identified 12 material issues, we classified those relating to value creation into three "Objectives" and those relating to the business base, such as compliance and risk management, into "Supportive foundation for the objectives." We also clarified the relation between the objectives and SDGs.



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Process to identify material issues



Check the adequacy of material issues —Comments from opinion exchange with external experts

I believe material issues for ESG management have been properly identified through an adequate process in which important matters are discussed and shared among the management in order to spread them across the company. I think following such process with an aim to increase HTS's corporate value will increase effectiveness of the initiatives to solve issues.

While themes of high importance to global logistics companies such as "decarbonization," "resource recycling," "human resources," "work environment," and "human rights/supply chain" are identified clearly and exhaustively, I felt that "Step up DX" and "Establish business models through collaborative innovation" that are supposed to remind the uniqueness of HTS don't really sound like a logistics company to external parties. To enable smooth communication with stakeholders, it may be helpful to devise a way to describe them or set KPIs that show HTS's uniqueness.

As the response to climate change in the logistics industry is drawing attention, placing top priority on "Contribute to decarbonized society" can be highly evaluated. So, I expect you will work on proactive engagement with investors to make sure they understand HTS's long-term initiatives, including those to address physical risks identified by TCFD, in the context of the relevant material issues.

Mari Yoshitaka

Fellow, Principal Sustainability Strategist
Mitsubishi UFJ Research and Consulting Co., Ltd.



Completed current School for Environment and Sustainability at the University of Michigan (Master of Science,) and Graduate School of Media and Governance of Keio University (Doctor of Philosophy). After working for an IT company, a U.S. investment bank, etc. and Environmental Technology Dept. of International Finance Corporation (World Bank Group), she set up the Clean Energy Finance Committee in Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. in 2000. Using her extensive experience in environmental financial consulting mainly in the area of climate change including developing countries, she provides advice to the government and various other clients in the fields of ESG investment, SDG business, climate change, and sustainable finance. Since May 2022, she serves concurrently at MUFG Bank, Ltd. and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.

I think that appropriate deliberation was conducted from the perspective of both "logic" and "will" by pursuing "HTS' uniqueness" through discussions with the management and secretariat, instead of relying only on the objective and rational analysis of social demand, investors' recognition, and competition trends. I felt that the process was not only appropriate but also successful in identifying the "material issues unique to HTS" with the business concept of LOGISTEED by including "Step up DX" and "Establish business models through collaboration innovation" among the material issues. I trust that including issues related to CSR as well as those directly related to realization of the management strategy has achieved "good understanding" within the Company. It was a little disappointing, however, that there are not enough material issues related to "new innovation beyond logistics domain." I suppose HTS's customers expect HTS to contribute to solving not only logistics issues but also management issues beyond logistics domain. I hope that greater value will be generated based on "DX" and "Collaborative innovation."

Masashi Onozuka

Partner
Roland Berger GmbH



Completed Graduate School of Media and Governance of Keio University. Assumed current position after working at Fuji Research Institute Corporation and Mizuho Information & Research Institute, Inc. He provides various consulting services including long-term vision, management plan, growth strategy, new business development, M&A strategy, business restructuring, structural reform, and risk management mainly in the fields of logistics and supply chain. Using his insights acquired through his extensive experience, he has held various positions such as a member of policy committees related to logistics in administrative agencies including the Cabinet Office and the Ministry of Economy, Trade and Industry, and industry groups.