

Material Issues and KPI of the HTS Group

The HTS Group has set KPIs for 12 identified material issues based on the priority measures, etc. of the Mid-term Management Plan "LOGISTEED2024." Going forward, we will promote group-wide initiatives to address issues, manage the progress of KPIs, promote information disclosure, and aim to realize a sustainable society through dialogues with stakeholders.

Objective 1 Contribute to Decarbonized/Recycling-oriented Society

Material issue	Contribute to decarbonized society Work to reduce greenhouse gas (CO ₂) emissions including those from supply chains, improve energy efficiency, and create business opportunities to address climate change and realize a decarbonized society
KPI	<ul style="list-style-type: none"> ● Reduction of CO₂ emissions [compared to FY2013: 26% reduction*1] ● Support customers' decarbonization by providing SCDOS "Decarbonization Monitoring Service" [Achieve annual target for the number of companies we approach] ● Promote initiatives to set CO₂ emission reduction targets including supply chains [Set targets for FY2023]
LOGISTEED2024 Priority measures	<ul style="list-style-type: none"> ● Solidify ESG management base Initiatives for decarbonization ● Expand business domains with new added value (accelerate LOGISTEED) Evolve supply chain optimization services
Material issue	Contribute to recycling-oriented society Work to reduce/avoid resource use, prevent environmental pollution, and create business opportunities to contribute to a recycling-oriented society
KPI	<ul style="list-style-type: none"> ● Recycling rate [Maintain 99% every fiscal year] ● Promote initiatives to build a circular economy business model
LOGISTEED2024 Priority measure	<ul style="list-style-type: none"> ● Expand business domains with new added value (accelerate LOGISTEED) Expansion of Value-added Services (VAS)

Objective 2 Build and Evolve Resilient, Sustainable Logistics Services

Material issue	Build and evolve resilient, sustainable logistics services Implement measures to enhance transport business to address social issues including aging of managers, business slump of small- and medium-sized transportation companies, driver shortage, and recruitment challenges as well as build/evolve sustainable logistics services with a high level of safety/quality/ productivity, aiming to create business opportunities and fulfill our role as social infrastructure
KPI	<ul style="list-style-type: none"> ● Provide SCDOS to support customers' SCM*2 [Achieve annual target for support] ● Realize a comfortable workplace by introducing automated/labor-saving equipment at logistics centers [Mechanize cargo handling work (100 FTE*3 per year)] ● Contribute to safe and more efficient transport by expanding user network of each SSCV function [Achieve the target for introducing SSCV-Safety/Smart into partner companies] [Achieve the target for introducing SSCV-Vehicle in the Group] ● Enhance transport business to address the "2024 problem"*4 [Number of violations of labor standards regarding drivers: 0] ● Expand GDP*5-compliant equipment at medical DCs [Complete introductions in target sites]
LOGISTEED2024 Priority measures	<ul style="list-style-type: none"> ● Expand business domains with new added value (accelerate LOGISTEED) Evolve supply chain optimization services ● Evolve Smart Logistics Enhance warehouse business (automation/labor saving, DX) Enhance and expand warehouse business (Build/enhance three-temperature zone warehouses and hazardous substances warehouses) Enhance transport business (Address the "2024 problem" and decarbonization)

Objective 3 Create New Values Through Collaborative Innovation

Material issue	Secure diverse human resources to support growth Enhance the performance and market competitiveness of the organization and employees by securing human resources with global, digital, and management capabilities in line with the business strategies as well as actively addressing diversity and equal opportunities
KPI	<ul style="list-style-type: none"> ● Implement education to develop DX human resources [Every fiscal year: All employees attend mindset training] ● Expand global human resources and reform organizational culture ● Improve operational efficiency by introducing digital tools such as RPA*6 [Reduction of working hours: Cumulative 1.2 million hours] ● Improve the score of "sustainable engagement" in the employee engagement survey [Score: 70 or more] [FY2023: Provide a survey in Japan and overseas at the same time] ● Ratio of female managers [FY2023: 10%]
LOGISTEED2024 Priority measure	<ul style="list-style-type: none"> ● Solidify ESG management base Human resource strategy

Unless otherwise stated, the figures in [] represent targets for FY2024
 *1 Scope: HTS and domestic group companies (total of Scope 1 and 2) *2 SCM: Supply Chain Management *3 FTE (Full-Time Equivalent): A unit of the full-time work amount in an organization *4 Various issues arising from the application of upper limit of drivers' overtime, etc. in 2024 set by the working-style-reform-related bills *5 GDP (Good Distribution Practice): Appropriate distribution standard for medical supplies to ensure strict quality control *6 RPA (Robotic Process Automation): A software robotics technology that automates administrative work performed by a person using a personal computer

Material issue	Step up DX Address social issues such as driver shortage and the "2024 problem" by promoting digitalization and labor-saving initiatives to create business opportunities
KPI	<ul style="list-style-type: none"> ● Establish a digital platform to create innovation through DX ● Execute logistics service reform projects utilizing a digital business platform (data linkage hubs) [Total number of executions: 60] ● Introduce Resource Control System (RCS)*7 [Achieve the target number of introduction] ● Improve conformance rate of "ONEsLOGI"*8 new WMS-PF (platform) to logistics operations [FY2023: Conformance rate of 90%] ● Number and percentage of DX-related patent applications (publication) included in the total patent applications (publication)
LOGISTEED2024 Priority measures	<ul style="list-style-type: none"> ● Expand business domains with new added value (accelerate LOGISTEED) Evolve supply chain optimization services ● Evolve Smart Logistics Enhance warehouse business (automation/labor saving, DX)
Material issue	Establish business models through collaborative innovation Work to develop new services and business models through collaborative innovation with business partners
KPI	<ul style="list-style-type: none"> ● Develop new services and business models through collaborative innovation
LOGISTEED2024 Priority measures	<ul style="list-style-type: none"> ● Expand business domains with new added value (Accelerate LOGISTEED) ● Evolve Smart Logistics

Supportive Foundation for the Objectives

Material issue	Realize safe, healthy, and rewarding workplace Create a system to ensure safety and health of employees by taking measures to prevent/avoid labor problems through the spread of occupational health and safety as well as risk assessment
KPI	<ul style="list-style-type: none"> ● Workplace accident frequency rate/ severity rate ● Rate of paid leave taken ● Number of serious accidents (fatal workplace accidents) [Every fiscal year: 0] ● Rate of sick leave days (promote health management)
Material issue	Establish a responsible supply chain in which human rights are respected Promote a sustainable supply chain by taking measures to improve quality/productivity, conduct environmental/social assessments, ensure compliance with laws and regulations by suppliers, and avoid/prevent/mitigate human rights issues of relevant stakeholders
KPI	<ul style="list-style-type: none"> ● Promote initiatives to develop a business platform that respects human rights ● Promote initiatives to establish a compliance screening system for suppliers [Perform regular screening] ● Human rights education
Material issue	Governance and compliance Respect corporate ethics and prevent anticompetitive behaviors in the Company, and strengthen compliance in supply chains to establish a system to ensure sound corporate management
KPI	<ul style="list-style-type: none"> ● Attendance rate for HTS Group Code of Conduct education (e-learning) [Every fiscal year: 100%] ● Ratio of female executive officers [10% or more] ● Reflect evaluation of ESG initiatives, etc. in compensation plan for officers [Increase factors to be reflected]
Material issue	Prevent accidents during operation Strive for safe operation by promoting initiatives to prevent accidents at the Company and its suppliers
KPI	<ul style="list-style-type: none"> ● Reduction rate for three types of accidents*9 [Down by 40% from FY2021] ● Implement measures to strengthen preventive maintenance ● Reduce incidents during vehicle operation by utilizing "SSCV-Safety"
Material issue	Risk management Develop BCP and execute Business Continuity Management (BCM) to enable early business recovery in the event of an emergency as well as ensure appropriate and sufficient information management to prevent leakage of confidential information, etc. of business partners and the Company
KPI	<ul style="list-style-type: none"> ● Conduct company-wide disaster prevention training and overseas BCP caravans*10 ● Number of information security incidents [Every fiscal year: 0] ● Attendance rate for information security training course and rate of targeted threat emails for simulation trainings opened [Every fiscal year: Attendance rate of 100%/email open rate: 5%]
Material issue	Enhance disaster prevention/mitigation Implement disaster prevention measures to prepare for natural disasters and prevent fires as well as strengthen systems for speedy recovery in the event of a disaster
KPI	<ul style="list-style-type: none"> ● Enhance functions of "safety cockpit" (centralized safety control center) ● Establish a management system utilizing a visualization system for self-defense firefighting operations ● Number of trainings for initial response at disasters conducted

*7 An integrated control system to achieve highly automated command functions in logistics centers and enable optimal logistics center operation *8 ONEsLOGI (One Stop Logistics IT Solution): A group of logistics management systems provided by Hitachi Distribution Software Co., Ltd., our subsidiary *9 Occupational accidents, vehicle accidents, and product accidents *10 Activities to build and improve risk management systems in overseas sites by sending instructors from Japan

Our History
Our Future
Value Creation Achievements
Foundation Supporting Value Creation
Financial/Non-Financial Information