

Secure Safety in Operation and Transportation

Human and Organizational Capital

Under the policy that “Safety is our first priority” and the safety slogan based on the policy, the HTS Group ensures that each employee carries on the safety cultures and strives to provide safe and high quality services during operations.

KPI
 • Frequency rate/severity rate of workplace accidents and others

For KPI results, etc. in FY2021, please visit our website.
https://www.hitachi-transportssystem.com/en/profile/csr/pdf/sustainability_2021htskpis.pdf

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 Board of Directors 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 thorough health and safety management, we developed regulations on health and safety, assigned safety supervisor in the Company and group companies to provide safety instruction, and set up a “Health and Safety Committee” in each office to promote various safety activities. We also recognize that safety activities in full coordination with our partner companies are essential, and accordingly each group company holds a top seminar semiannually and invites representatives of partner companies to share information about good safety examples and preventive maintenance. Due to the spread of COVID-19, we decided not to hold these seminars in FY2020 and FY2021, but we will consider resuming them in light of the situation.

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*1 and the National Truck Driver Contest*2 for the purpose of acquiring specialized knowledge, improving driving skills and inspection skills, and boosting awareness of safety issues. Again in FY2021, contestants who won out at prefectural-level preliminary contests around the country competed in the national contests and achieved excellent results.



*1 National Forklift Driving Contest: An event organized by the Land Transportation Safety & Health Association designed to achieve even better safety and to effectively prevent on-the-job accidents

*2 National Truck Driver Contest: An event organized by the Japan Trucking Association, in which contestants compete for the title of Number One Truck Driver in Japan

Education through experiential sessions using VR

We envision a full range of scenarios in workplaces and cover practical training and experiential sessions. We provide safety education through experiential sessions with lavish visual contents using virtual reality technology. We ensure safe operation by letting workers experience behaviors with potential risk of causing occupational accidents through visual contents simulated on cyberspace. With two new contents added in FY2021, we now provide a total of 17 visual contents for VR education.



Experiential session of trips and falls

No. of attendees of VR experiential sessions (FY2021)

6 companies: 2,214

*Scope: HTS, domestic group companies

Adoption of safety technology

Safety cockpit

We strive to prevent occupational accidents by visualizing unsafe behaviors using videos (“safety cockpit”).

To visualize unsafe behaviors of forklifts operated inside the logistics centers, we installed cameras on the ceiling of the areas with a high risk of accident. When they fail to stop at stop signs, it will be automatically detected by the image recognition technology, and alarms will go off to warn the operator about the unsafe behavior. The video data is also analyzed for future measures. In FY2021, we added a warning function using a rotating red light to forklifts in three sites where the cameras have already been installed, resulting in a significant reduction of violations.



Workplace accident index of the HTS Group (Domestic results in FY2021)

Frequency rate:
 Inside the parentheses are non-consolidated figures

0.88₍₀₎

Severity rate:
 Inside the parentheses are non-consolidated figures

0.017₍₀₎

For details of our safety initiatives, please visit our website.
<https://www.hitachi-transportssystem.com/en/profile/csr/social/safety/>

Pursue Next-generation Industries and Lifestyles

Manufactured Capital

Intellectual Capital

We will contribute to solving various environmental and social issues, including decarbonization and driver shortages, by developing and evolving sustainable logistics services with a high level of safety, quality, and productivity while fulfilling a role as a social infrastructure provider supporting next-generation industries and lifestyles.

KPI
 • Transportation of social infrastructure-related equipment
 • Develop supply chain solutions and others

For KPI results, etc. in FY2021, please visit our website.
https://www.hitachi-transportssystem.com/en/profile/csr/pdf/sustainability_2021htskpis.pdf

Respond to Local Logistics Needs and Issues While Further Boosting Response Capability

Labor-saving efforts at medical DCs

In light of the importance of business continuity of manufacturing and sales of medical products, etc., we are working on labor-saving at medical DCs to deal with delays and interruptions in logistics and rising logistics costs caused by the pandemic and labor shortages. In the advanced medical DC which opened in FY2020, Resource Control System (RCS) developed by HTS has been installed, enabling the complex control linkage of automated equipment in the warehouse and achieving fully automated operation at certain processes.



Transportation of social infrastructure-related equipment — Transport of wind power generation equipment —

Moves toward a decarbonized society are now accelerating around the world. Under such circumstances, in FY2021, the HTS Group transported onshore windmills in Rankoshi-cho, Hokkaido, as part of our initiatives to transport social infrastructure-related equipment to contribute to expand renewable energy use. The route to the onshore windmill construction site included mountain roads that are too steep or narrow for ordinary trucks and trailers, but our specialized vehicle “Multi Carrier” made it possible to transport the equipment from the foot to the top of the mountain. This transport project was accomplished by leveraging our technologies and experience obtained from many years of our service to transport power generation equipment and also by maintaining close coordination with the construction company and regional partner companies. We will continue to contribute to the realization of a decarbonized society through transportation related to renewable energy business including wind, biomass, and solar power generation in Japan and overseas.



SSCV-Smart (transport operation support solution)

The truck transport industry is made up mostly of small and medium-sized businesses, and many of them still conduct operation using telephone, fax machine, and paper document. “SSCV-Smart” developed by HTS is an online system that connects cargo owners and truck transport operators via the internet and centrally controls everything from receiving transport orders to vehicle assignment, issue of driving instructions and billing, contributing to improvement of operational efficiency and earnings. In FY2021, we introduced the system in the Group’s transport centers and 60 regional partner transport companies. We will continue to support efficient operation of truck transport operators by enhancing various functions.

For details of SSCV-Smart, please visit our website.
<https://www.hitachi-transportssystem.com/en/logisteed-cafe/service.html#smart>

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.

Use of volume forecasting tool

We aim to improve operational efficiency by optimizing inventories at logistics centers based on high-accuracy volume forecast using AI. In FY2021, we improved the precision of the volume forecasting tool which was designed and tested so far and successfully introduced it in 30 logistics sites. Currently, the number of cases using volume forecasting tool increased to a total of 50.

No. of cases using volume forecasting system (as of March 31, 2022, cumulative): 50

Expand SCDOS services

We are working to expand “SCDOS” services to contribute to optimization of customers’ supply chain. Specifically, our service includes the development of a supply plan based on capability of logistics resources and operating effectiveness and the support for restocking order placement using various logistics data. In FY2021, we launched an inventory optimization solution service which was co-developed with our customers and also started to verify the effectiveness at actual logistics sites of an inventory optimization approach originating from logistics centers.

HTS Group Human Resource Strategy

The HTS Group will accelerate LOGISTEED by promoting the human resource strategy focusing on “enhancement of human resource capability” and “invigoration of organization.” We will enhance human resource capability by securing and developing superior human resources appropriate to business strategies and evaluating and rewarding employees according to their roles. We will also increase employee engagement and invigorate our organization through a working-style reform and diversity and inclusion initiatives.

Invigoration of Organization

Increase in Employee Engagement

To realize sustainable growth, we need to develop strong relationship between employees and the Company and increase employee engagement. To increase employee engagement, it is imperative to deepen understanding of and spread the HB Way which shows the Group’s role and the “way” to move forward and is the core of connections among employees. We will also conduct engagement surveys and address issues identified in the surveys to increase employee engagement and become a company where employees can keep working with enthusiasm.

■ Spread of the HB Way

To make the concept of the HB Way take root in employees’ behaviors and judgment criteria, we hold workplace meetings and regular education, such as rank-based trainings and e-learning, and implement initiatives such as VC activities on an ongoing basis.

■ Monitoring

● Employee engagement survey

We conduct engagement surveys annually to understand the

degree of penetration of the HB Way and the level of active participation of employees in the management strategy. We are now considering conducting a global survey.

■ Follow-Up

We are working to invigorate the organization by analyzing the result of the engagement survey, identifying issues by organization and implementing necessary measures. As the survey result showed the necessity to increase engagement of young employees, we conducted one-on-one career development interviews in FY2021.

Employee engagement survey results
— Sustainable engagement score*1 — **65***2 (2021)

Scope: HTS, domestic group companies
*1 An index highly correlated with the company’s growth that can be measured by questions on motivation for contribution and a sense of belonging, etc. We set a target value to increase engagement.
*2 Total score of positive answers

Diversity and Inclusion

As labor force is expected to decrease due to declining birthrate and aging population and the logistics industry faces noticeable labor shortage, active participation of diverse human resources is essential for the HTS Group to contribute to society through logistics more than ever. We have established systems and structures to realize diverse working styles, as well as create/promote a culture of diversity and inclusion mainly through education.

■ Boosting understanding of diversity and changing mindset

Rank-based training adopts a curriculum that leads to deeper understanding of diversity and change in mindset. Seminars by external lecturers have been held since FY2014. In FY2021, approximately 600 employees (including online attendees) including those of domestic group companies attended a diversity seminar focusing on working-style reform.

■ Promotion of women’s participation in the workplace

We position the active participation of women as an essential issue for a global company and has implemented various initiatives. In FY2021, 67 employees attended

leadership trainings and career development trainings aimed at raising awareness for appointing female managers.

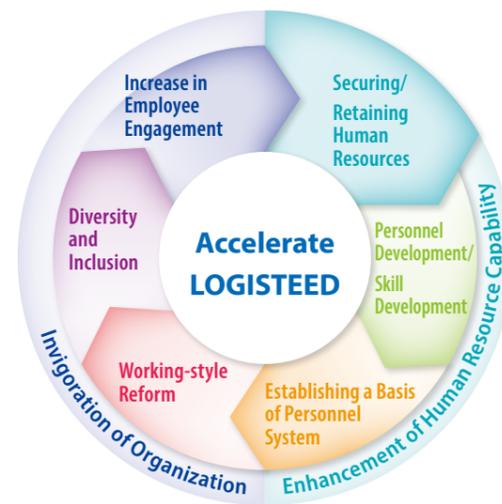
Ratio of female managers
FY2021 result **5.5%**

Target: Achieve 10% by FY2023

Scope: HTS

■ Support for balancing work and life events

We have a system which supports employees to maintain a work-life balance even when they face life events including childrearing and nursing care. To increase the use of the system, we actively provide information, for example, by preparing and distributing a work-life balance support handbook to foster understanding of employees and those around them.



Enhancement of Human Resource Capability

Securing/Retaining Human Resources

Following the development of the Mid-term Management Plan “LOGISTEED2024,” we are promoting various measures to proactively secure and retain DX and global human resources to accelerate LOGISTEED and become a leading 3PL company in Asia.

■ Securing human resources appropriate to business strategies

● DX human resources

In addition to adopting a direct recruiting approach, we also offer internship programs and hold roundtable discussions with employees to provide those who were not familiar with the logistics industry with opportunities to know about and become interested in Logistics DX.

● Global human resources

We are focusing on securing human resources who have practical language skill as well as understanding of the culture and business environment of relevant countries and can work together toward globalization to enhance and expand overseas business. We also actively hire foreign new graduates to deepen understanding of other employees around them about foreign cultures and also to promote globalization.

Percentage of foreign employees among new graduates hired (FY2021) **11%**

Target: 3% of all employees by FY2023

Scope: HTS

■ Support for new hires to get acclimated to the new environment

● On-boarding program

We provide trainings on the HB Way, safety, and legal compliance to young employees and mid-career employees.

● Surveys and career development interviews

We conduct surveys on young employees to measure their awareness of participating in the organizations they belong to and improving their productivity, in order to use the results to give advice to their supervisors on management. We also strive to improve the employee retention rate by introducing a mentoring program and having career development interviews on a regular basis.

Personnel Development/Skill Development

We have established “the HTS Group College” as an educational system for all of our employees, designed to draw out the strengths of each individual through practical and specialized training courses. As we value our employees’ learning attitude, we have created an environment to support their autonomous growth. We also conduct regular surveys to understand the actual education hours and costs as well as check the training needs and effectiveness.

Education time per employee (FY2021): **8.4 hours**

Scope: HTS, domestic group companies

Education expenses per employee (FY2021): **¥27,960**

Scope: HTS, domestic group companies

■ The HTS Group College

Under the “HTS Group College,” we define expectations, roles, and required skills for each position and offer specialized programs linked to the business strategies, including rank-

based trainings, site management, and logistics technology. We also conduct a skill survey to visualize the gap between the “Goal” and the reality and continually reflect the result in the education system. Following the development of the Mid-term Management Plan “LOGISTEED2024,” we are focusing on fostering DX and global human resources.

● DX human resources

We have established a system to develop DX human resources and promoted development of highly skilled personnel as well as providing basic education to all employees including executives in order to raise the level of digital literacy.

- Education for all employees: DX mindset education, basic IT education
- Specialized education: Project management, business analysis, data analyst/data scientist training, etc.

● Global human resources

We offer programs including a global communication education and an overseas business training program to develop human resources who think on a global scale, have a high degree of expertise and contribute to business by transcending differences in culture or values.

Establishing a Basis of Personnel System

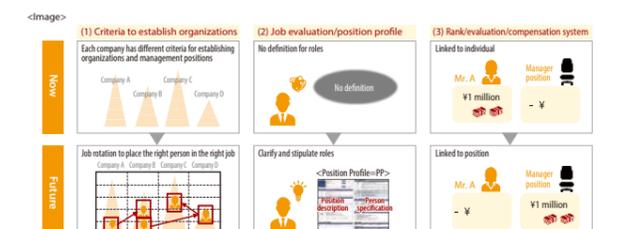
As the HTS Group works to standardize the evaluation criteria, we are shifting, ahead of others, to the Group common “personnel system” applicable to managers in Japan in which we clarify roles, responsibilities, expectations, results, and required skills, placing “the right person in the right job” based on their ability and motivation. We will aim to create greater value for the Group as a whole by encouraging each employee to autonomously carry out their roles, have a challenging spirit and grow, as well as better reflecting their actions, processes, and results in evaluation and compensation in order to build their sense of satisfaction and accomplishment.

■ Introduce job-based personnel system

With a view to introducing the criteria to establish organizations within the Group to enable flexible job rotation to place “the right person in the right job.” We are also creating position profiles which clarify and stipulate roles to shift to a compensation system based on the evaluation criteria for the “position.”

■ Renew personnel management system

We are starting the reform of the personnel management system from Japan. Based on the roles and positions organized in the job-based personnel system, we will develop a management system to centrally manage employee information including each employee’s career history or job skills with an aim to achieve optimal personnel allocation and strategy from a global perspective.



Working-style Reform

We are promoting the “working-style reform” through various initiatives to ensure employees can stay healthy, feel secure, and find their work rewarding, with an aim to increase the productivity of the organization as a whole and the corporate value through active participation of each and every employee.

■ Promotion of VC activities

We are promoting VC activities as daily improvement activities with an aim to accomplish the working-style reform through initiatives to improve safety/quality/productivity and vitalize workplaces as well as the use of digital tools such as RPA.

■ Optimization of working hours

We are working to reduce overtime hours by encouraging employees and managers to change their mindsets using computer log management and biometric identification and also to create an environment which makes it easier to take annual paid leave.

Overtime hours (average)
(FY2021) **27.5 hours/month**

Scope: Full-time employees of HTS

■ Promotion of teleworking

We have introduced a teleworking system for work that can be performed remotely using IT tools such as an online meeting system. It allowed us to organize and review work and support employees who can only work a limited number of hours at a certain location.

■ Support for employees’ health enhancement

As an effort to enhance support for employees’ health enhancement and create a workplace where employees can work in good health with a sense of security, we have opened the Group health management office with full-time staff such as a public health nurse who can give advice on physical and mental health concerns and self-care, etc.

Number of paid leave taken
(FY2021) **16.9 (15.7) days**

Scope: Full-time employees of HTS/Figures in parenthesis are the number of full-time employees of domestic group companies

For details of employee-related initiatives, please visit our website.
<https://www.hitachi-transportssystem.com/en/profile/csr/social/employee/>