

Article 1. (Purpose of Guidelines)

The Corporate Governance Guidelines are prepared based on the Board of Directors Regulations and the Regulations of each Committee and adopted by the Board of Directors ("the Board"), to provide the basic views, framework and charter of the corporate governance of Hitachi Transport System, Ltd. ("the Company").

The Board and the related Committees continue to assess the appropriateness and effectiveness of these guidelines and amend them when necessary.

Article 2. (Basic Views on Corporate Governance)

The Company's basic views on the corporate governance shall be as follows:

- (1) The Company shall endeavor to enhance corporate value and achieve sustainable growth through improvement of transparency and efficiency of the management and business development based on compliance management and appropriate corporate ethics.
- (2) The Company shall separate thoroughly the management supervision function from the business execution function, and the Board shall fully focus on the management supervision including execution of duties by executive officers in order to ensure effective corporate governance.
- (3) The Board shall delegate its decision-making authority regarding business execution to executive officers to a maximum extent in order to enable swift and flexible decision-making, and provide support for management decision for the Company to win the international competition.

Article 3. (Corporate Governance Structure)

The Company's framework of the corporate governance shall be as follows:

- (1) The Company has adopted a "company with a Nominating Committee, etc. System" to achieve effective corporate governance, and shall utilize Nominating, Audit, and Compensation Committees which will mainly consist of outside directors to objectively ensure transparent and fair decision-making.
- (2) The Board shall seek to sustainably enhance corporate value and the shareholders' common interests, and its main functions shall be approval of business execution including management basic policy, to which the Board has an exclusive right to decide under the laws and regulations, and supervision of performance of duties by directors and executive officers.
- (3) Nominating, Audit, and Compensation Committees shall have functions and authorities set forth in Article 4, and each Committee shall report their activities to the Board.

Article 4. (Charter of the Board of Directors)

Section 1. (Function of the Board and Roles of Directors)

- (1) Key function of the Board shall be approval of basic management policy, etc. and supervision of executions of the duties of directors and executive officers, with an aim to sustainably enhance corporate value and the shareholders' common interests.
- (2) "Basic management policy" includes mid-term management plan and annual budget compilation. The Board

shall focus on specific issues related to the basic management policy as well as other items to be resolved that are provided in laws, regulations, the Articles of Incorporation and Board of Directors Regulations.

- (3) Directors shall make a resolution at the Board and supervise executions of the duties of other directors and executive officers and execute tasks of each Committee, by receiving reports and explanation on the items to be resolved and reported at the Board from directors (including members of each Committee) or executive officers, and by making inquiries and suggestions and providing instructions as needed.
- (4) Each director has a duty of loyalty and a duty of confidentiality to the Company inside and outside the Board in order to enable the Board to fulfill the functions above.

Section 2. (Size and Composition of the Board)

- (1) Given the need for diversity of views and efficiency of the Board, the number of directors shall be no more than 10. The Nominating Committee shall consider the optimal size of the Board following this policy in deciding the matters relating to a proposal concerning election and removal of directors to be submitted to the General Meeting of Shareholders.
- (2) The Nominating Committee shall consider diversity in the experience and expertise, etc. possessed by the director candidates, the composition ratio between outside directors and other directors (non-outside directors concurrently serving as executive officers), and other such matters in order to ensure the effectiveness of the management supervision and decision-making function of the Board.
- (3) In nominating an outside director candidate, the Nominating Committee shall consider that such nominee satisfies the “Independence Standards of Outside Directors” voluntarily established by the Company and has the outstanding personal and professional ethics, integrity and insight and has experience at advanced decision making business, finance, accounting, law or education, etc.

Section 3. (Operation of the Board)

- (1) A director appointed by a resolution of the Board shall act as the Chairperson at a meeting of the Board, and the Chairperson shall aim to enhance the quality of debates among the Board and to operate the Board effectively and efficiently.
- (2) In order to achieve efficient and productive meeting of the Board, executive officers in charge shall provide explanations to outside directors sufficiently prior to the meeting, or send agendas or relevant materials in advance.

Section 4. (Concurrently Serving as Director of Other Company)

Excluding our company, the number of companies that concurrently serve as officers of other listed companies shall be 3 or less so as to maintain their attendance rate to the Company’s board meetings at 75% or higher.

Section 5. (Access to Independent Advisors)

The Board and the Committees may seek the advice from independent advisors when necessary.

Section 6. (Knowledge Acquisition of Directors)

In order to enable directors to sufficiently fulfill their roles and responsibilities, the Company shall plan and provide training opportunities suitable for each director to obtain necessary knowledge on the Company’s business, finance, organization and issues upon assuming office and continuously afterward.

Section 7. (Board Self-Evaluation)

The Board shall evaluate its effectiveness annually.

Section 8. (Policy on Election and Removal of Chief Executive Officer)

The Board shall elect and remove the chief executive officer in consideration of the following matters:

- (1) personal and professional ethics, integrity, insight and leadership; and
- (2) experience and a record in the area of corporate management, and eligibility to realize sustainable enhancement of the Company's corporate value and the shareholders' common interests.

Section 9. (Conflicts of Interest)

- (1) All directors and executive officers shall not pursue interests of themselves or third parties that would constitute a real or perceived conflict of interest with the Company.
- (2) Even without intentions to pursue interests described above, all directors and executive officers shall obtain approval by the Board resolution to conduct any transactions that would constitute a conflict of interest or competition with the Company stipulated by the Companies Act of Japan.
- (3) Directors and executive officers who have their personal or professional interests in the above-mentioned transactions may not participate in the vote in the Board resolution.

Article 5. (Charter of the Nominating Committee)**Section 1. (Function of the Nominating Committee)**

The Nominating Committee shall be responsible for deciding the matters relating to a proposal concerning election and removal of directors to be submitted to the General Meeting of Shareholders and shall have the following authorities.

- (1) Select a person from members of the Nominating Committee who can convene a meeting of the Board
- (2) Select a person from members of the Nominating Committee who reports the performance status of the Nominating Committee to the Board
- (3) Receive reports on candidates of executive officers and confirm the eligibility of the candidate in advance in receiving it
- (4) Other matters stipulated by laws and regulations

Section 2. (Size and Composition of the Nominating Committee)

The Nominating Committee shall consist of more than three members selected from directors by a resolution of the Board, and the majority of the members shall be outside directors.

Section 3. (Operation of the Nominating Committee)

- (1) The Chairperson of the Nominating Committee shall determine the Chair of the Committee by a resolution of the Nominating Committee and shall aim to enhance the quality of debates among the Nominating Committee and to operate the Nominating Committee effectively and efficiently.
- (2) As for receiving reports on candidates of executive officers, members of the Nominating Committee shall receive explanation about reasons of selection in advance, and then the Board shall elect or remove the executive officers.

Article 6. (Charter of the Audit Committee)

Section 1. (Function of the Audit Committee)

The Audit Committee shall be responsible mainly for auditing legality and appropriateness of execution of duties by directors and executive officers and for preparing an audit report.

Section 2. (Size and Composition of the Audit Committee)

The Audit Committee shall consist of more than three members selected from directors by a resolution of the Board, and the majority of members shall be outside directors.

Section 3. (Operation of the Audit Committee)

The Chairperson of the Audit Committee shall determine the Chair of the Committee by a resolution of the Audit Committee and shall aim to enhance the quality of debates among the Audit Committee and to operate the Audit Committee effectively and efficiently.

Article 7. (Charter of the Compensation Committee)

Section 1. (Function of the Compensation Committee)

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

- (1) Determine the policy on details of individual compensation, etc. to be paid to directors and executive officers
- (2) Select a person from members of the Compensation Committee who can convene a meeting of the Board
- (3) Select a person from members of the Compensation Committee who reports the performance status of the Compensation Committee to the Board
- (4) Determine the matters delegated to decide by the General Meeting of Shareholders
- (5) Other matters stipulated by laws and regulations

Section 2. (Size and Composition of the Compensation Committee)

The Compensation Committee shall consist of more than three members selected from directors by a resolution of the Board, and the majority of members shall be outside directors.

Section 3. (Operation of the Compensation Committee)

- (1) The Chairperson of the Compensation Committee shall determine the Chair of the Committee by a resolution of the Compensation Committee and shall aim to enhance the quality of debates among the Compensation Committee and to operate the Compensation Committee effectively and efficiently.
- (2) The compensation shall be determined at the level commensurate with the ability and responsibilities required of the Company's officers, taking into consideration compensation level at other companies.
- (3) The Compensation Committee shall review the above-mentioned policy on a regular basis.

[Appendix]

Judgment Criteria for Independence of Independent Outside Officers

To assess independence of outside directors objectively, the Company voluntarily established “Independence Standards for Outside Directors” by reference to the Listing Regulations of Tokyo Stock Exchange, Inc. and the independence standard of proxy advisors. Outside directors to whom none of the undermentioned standards applied will be appointed as independent officer without the possibility of any conflict of interest with general shareholders. Those who did not meet these requirements may be invited as outside director if they meet the requirements of outside directors under the Companies Act and have knowledge and experience that could contribute to the Company as outside director.

- (1) A director, auditor, accounting advisor, executive officer, corporate officer or manager and any other person equivalent thereto of a corporation or organization that holds 10% or more of the outstanding shares of the Company, either directly or indirectly, as of the end of the previous fiscal year (collectively, “Related Party”), or those who had been a Related Party in the last ten years
- (2) A Related Party of subsidiaries of corporation or organization described in (1)
- (3) A Related Party of a corporation or organization where 10% or more of its outstanding shares are owned, either directly or indirectly, by the Company as of the end of the previous fiscal year
- (4) A Related Party of a company whose transaction volume with the Company accounts for 2% or more of the Company’s consolidated service revenues for the previous fiscal year, or those who had been a Related Party in the last five years of such company
- (5) A Related Party of a business partner that receives payments from the Company and its consolidated subsidiaries that account for 2% or more of such company’s consolidated service revenues for the previous fiscal year, or those who had been a Related Party in the last five years of such business party
- (6) A Related Party of a financial institution from which the Company borrows the amount that accounts for 2% or more of the Company’s consolidated total assets, or those who had been a Related Party in the last five years of such financial institution
- (7) A consultant, or accounting or legal professional who receives cash or other economic benefits equal to 10 million yen or more per year (average annual amount if the payment covers multiple fiscal years) in the last five years in addition to Director’s compensation from the Company
- (8) A person who received donation or financial assistance equal to 10 million yen or more per year from the Company during the previous fiscal year, or those who belong to the recipient organization
- (9) A Related Party of a company that accepts director (s) or auditor (s) from the Company or its consolidated subsidiaries, or its parent company or consolidated subsidiaries
- (10) Spouses or relatives by blood or affinity within the second degree of kinship of those described in (1) through (9) (excluding those who are not in an important position such as officer)
- (11) Spouses or relatives by blood or affinity within the second degree of kinship of an executive director, executive officer, corporate officer, or manager or employees of the Company or its consolidated subsidiaries (“Executive”), or those who had been an Executive in the last ten years, and a Related Party of the Company or its consolidated subsidiaries