

Corporate Social Responsibility Report  
**H.I.S. CSR Report 2013**



To contribute to the advancement of world peace and mutual understanding by increasing the knowledge of people around the world through tourism, and thereby overcoming the differences of nationality, race, culture and religion.



### Editorial Principles

This report serves the function of not only presenting our implementation of CSR to our stakeholders but also acting as a medium for promoting communication with you. ISO26000 was used as a checklist for CSR implementation and we declared that social responsibility shall rest on the seven core subjects. Furthermore, we used the Sustainability Reporting Guidelines as a reference for reporting on the three areas of social, environmental and economic sustainability.

#### Scope and Time Period

##### [Scope]

Scope is the H.I.S. Group, and indications have been made when information is not covered this scope.

##### [Time Period]

**October 2012** (11/01/2011-10/31/2012)

Indications have been made where information is not covered this time period.

##### [Publication]

February 2013

##### [Guidelines Used for Reference]

ISO26000 ;  
2010(Guidance on Social Responsibility) First Edition  
GRI Guideline 2011(Edition 3.1)

##### Disclaimer

Numbers in the graphs and charts appearing in this report have been rounded up and thus may conflict with total values. Further, some portions of the previous year's data have been revised due to scope expansion and revised calculation methods.

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## Delivering Smiles and Wonder to Asia and Around the World

In 1980, H.I.S. began fulfilling its desire "To have more people enjoy international travel." At the time, ticket prices were exceedingly high and package tours were the norm. It then occurred to me that by offering better destination information, like hotels, and greatly reducing ticket fares, more reasonably priced and unrestricted travel could be provided.

Fortunately, our endeavors received huge support. Today, in addition to providing international travel from Japan, we can provide domestic and in-bound travel and services to customers around the world. To more and more people, travelling has become, for various reasons, an opportunity for new discoveries, encounters, interaction, and mutual understanding.

The travel business belongs equally to peacemaking industry. Greater communication between people is achieved by getting to know one another's countries and tying culture and history together. In a society of mutual understanding, who would want war? And because knowledge is gained, it can be considered an education industry and a job creating industry that generates employment. When travel brings rejuvenation, it can be considered a health industry.

The same goes for our Huis Ten Bosch theme park endeavor that we entered in 2010. It has a waterfront and there are flowers blooming everywhere. In the clean and beautiful town where birds fly overhead, we present a multitude of fun events and attractions for our guests. Smiles radiated from the young and old. Their smiles in turn made the staff smile and that in turn brought smiles back to the park's neighboring areas. To make everyone concerned happy is the undertaking of theme parks.

It is our desire to deliver wonder and smiles to people in Japan and in the world and we are determined to meet that challenge. That is the H.I.S.'s philosophy and our social mission.



Chairman

**Hideo Sawada**

# Social Mission of the Travel Industry



Representative Director, President

## Akira Hirabayashi

### H.I.S.'s Distinction

H.I.S. asserts in its corporate philosophy "To contribute to the advancement of world peace and mutual understanding by increasing the knowledge of people around the world through tourism, and thereby overcoming the differences of nationality, race, culture and religion." By promoting world peace and mutual understanding, the travel industry carries a great social obligation and responsibility.

We were especially conscious of our social obligations and responsibilities in the midst of the Great East Japan Earthquake recovery efforts.

To help rebuild after the disaster of earthquake on

March 11th, it is not sufficient to simply have individual employees volunteer. We need to get as many people as possible, from inside and outside Japan, to the disaster areas by doing what our company is meant to do. By furthering communication with local residents, it makes it possible to get a better understanding of what is needed. Even during simple sightseeing, the more visitors use local transportation and lodging facilities, restaurants and gift shops, etc., the more it helps economic recovery efforts. Likewise, by having more visitors travel from Japan to countries that contributed to recovery efforts, more mutual

understanding can be promoted. It can also help revitalization of the economy in those countries.

This is indeed the social responsibility expected of the travel industry and it is what we keenly feel is our distinct duty.

### Pursuing Social Values

In this way, CSR by H.I.S. will actively pursue the promotion of world peace and mutual understanding through our fundamental business in the travel industry. We will create an all-new social value by promoting communication between visitors and hosts of our tours and theme parks. That is exactly what makes our CSR distinct.

Achieving customer satisfaction based on the guarantee of travel safety, security, and reliable quality is our highest priority and is never compromised.

Additionally, while balancing our profit and economic rationality, we must fulfill our responsibilities as social entity, such as providing our shareholders and investors with increased corporate value and appropriate disclosure; observing laws, regulations, and social norms; maintaining ethics, upholding human rights, and eliminating discrimination in all regards; ensuring domestic and overseas staff job satisfaction; and protecting the global environment. On a foundation of CSR implementation, we will strive for responsible corporate management. And in order to build a more sustainable future, we will revolutionize society and actively pursue the creation of social values.

### Establishing the "Quality Control and Market Research Department," the "Customer Service Department" and the "Workplace Enhancement Department"

In order to effectively implement this distinctively H.I.S. CSR, we combined the strengths of all the companies to set up the "Quality Control and Market Research Department," in 2008.

The "Quality Control and Market Research Department," and the "Customer Service Department" were set up with the intention of ensuring travel safety and security and restructuring and improving the quality of our products by verifying the content of actual services we provide to our customers and by carefully studying customer satisfaction questionnaires. Points of restructuring are then feed back to all of our companies and are put into practice

through training and educational activities at domestic and international branches.

In addition, we created eight new "Service Standards" of day-to-day operations based on the H.I.S. Charter of Corporate Principles. We thoroughly intend to have it permeate and standardize the services offered by our staff, both of Japanese and non-Japanese staff, around the world.

At the same time, we set up the "Workplace Enhancement Department". Its aim was to create a better working environment by restructuring the workplace based on employee satisfaction surveys. We also began an in-house system where anybody can make restructuring suggestions regardless of department or rank.

Furthermore, as a way to ensure effective CSR-based implementation of the above, we established a CSR committee made up of the director, auditor, executive officer and general manager, headed by the president and CEO as committee chairperson.

### Developing Responsible Business Operations as a Corporation that Ties People together Worldwide

Thankfully, today, in terms of international travel from Japan, we have over three million customers enjoying their travels every year. The number of people using their free time to travel domestically and internationally has increased and so have the expectations of the travel industry.

Particularly in Southeast Asia, the development of LCC (low-cost carriers) and increased income due to economic growth has greatly expanded travel demands. It can also be expected that, in the future, more people will look toward South America and other developing countries. In 10 or 20 years, we can foresee next-generation high-speed airplanes that shorten travel time from Japan to the United States and Europe to three hours and even space travel will become common.

As we ourselves become excited about the future, we seek new challenges and enhance our corporate value by becoming a travel company that creates new value in bringing people living in different parts of the world together on a global scale. Then, as an indispensable company to society, we will continue to pursue sustainable development with you, our stakeholders, and look forward to your continued support.

# Implementing CSR based on its corporate philosophy and charter of corporate principles.

In the "H.I.S. Corporate Philosophy" and the "H.I.S. Charter of Corporate Principles" the social mission of our business is defined clearly. This philosophy should be the basis for all decision-making and corporate behavior and should be accepted, thoroughly reinforced and upheld through every situation. To this end, all staff, including foreign staff, are given a pocket-sized credo card to carry with them at all times and to support conscientiousness during their daily work activities.

Moreover, we have made it a steadfast rule that the credo be recited at all morning assemblies of each departments and branches and that it be reflected upon by all staff on a daily basis.

### H.I.S. Corporate Philosophy

To contribute to the advancement of world peace and mutual understanding by increasing the knowledge of people around the world through tourism, and thereby overcoming the differences of nationality, race, culture and religion.

### H.I.S. Charter of Corporate Principles

1. Provide valuable travel products and services to society.
2. Lead fair, transparent, and free trade
3. Handle and disclose information properly
4. Secure a comfortable and safe working environment
5. Coexist with the local community
6. Preserve the global environment.
7. Hope for world peace.
8. Accomplish the responsibilities as executive officers

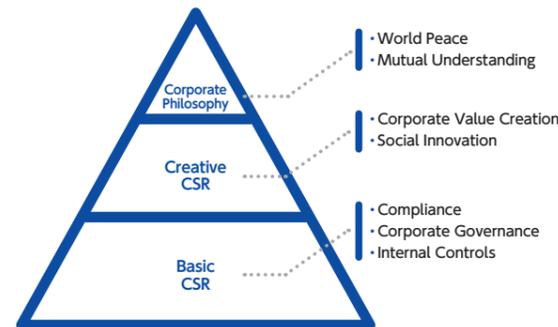
## CSR Promotion Policy

H.I.S. has carried out its business operations based on the "H.I.S. Corporate Philosophy" and the "H.I.S. Charter of Corporate Principles" and incorporated social responsibility into its business management. However, although CSR is actively incorporated in our corporate culture where initiative by employees and branches is highly regarded,

the conveyance of such information to the employees and society as a whole is lacking. In the future, we aim to better collaboration and integration activities companywide, publicize our activities in CSR reports and etc., and improve communication with you, our stakeholders.

## Creative CSR and Basic CSR

H.I.S. has divided CSR implementation into categories of creative CSR and basic CSR. "Basic CSR" incorporates social responsibilities into its work process such as our customer's safety and security; employee health and motivation; respect for human rights; and compliance activities beginning with fair trade. On other hand, "Creative CSR" is social innovation in that we take what we learn from our customers and community and use it to cooperate with various stakeholders in creating a greater social value. In other words, it includes tourism development for regional promotion and regional development, the inheritance of local traditional cultures, promotion of international peace and cultural exchange, conservation of the global environment, and the popularization of eco-study tours.



## CSR Promotion Structure Readiness

At H.I.S., we have constructed a highly mobile and transparent corporate management structure based on the "H.I.S. Charter of Corporate Principles" to use as a decision-making system. As committee chairperson, the president established a new CSR Committee in 2012. Under the committee, we formed a CSR Promotion Committee consisting of the heads of human resources, general affairs, CS/ES administrative headquarters, sales and marketing, overseas branches, etc. In the future, we will use ISO26000 as a checklist for deriving H.I.S.'s high-priority issues. We will define our short- and mid-term goals and then incorporate the PDCA cycle in carrying them out.



# 01 Corporate Management

The travel industry developed by H.I.S. is a business that contributes to the promotion of world peace and mutual understanding. In order to uphold our social responsibilities and become a corporation in which our stakeholders can have faith, we are incorporating CSR promoting activities in our corporate governance structure.

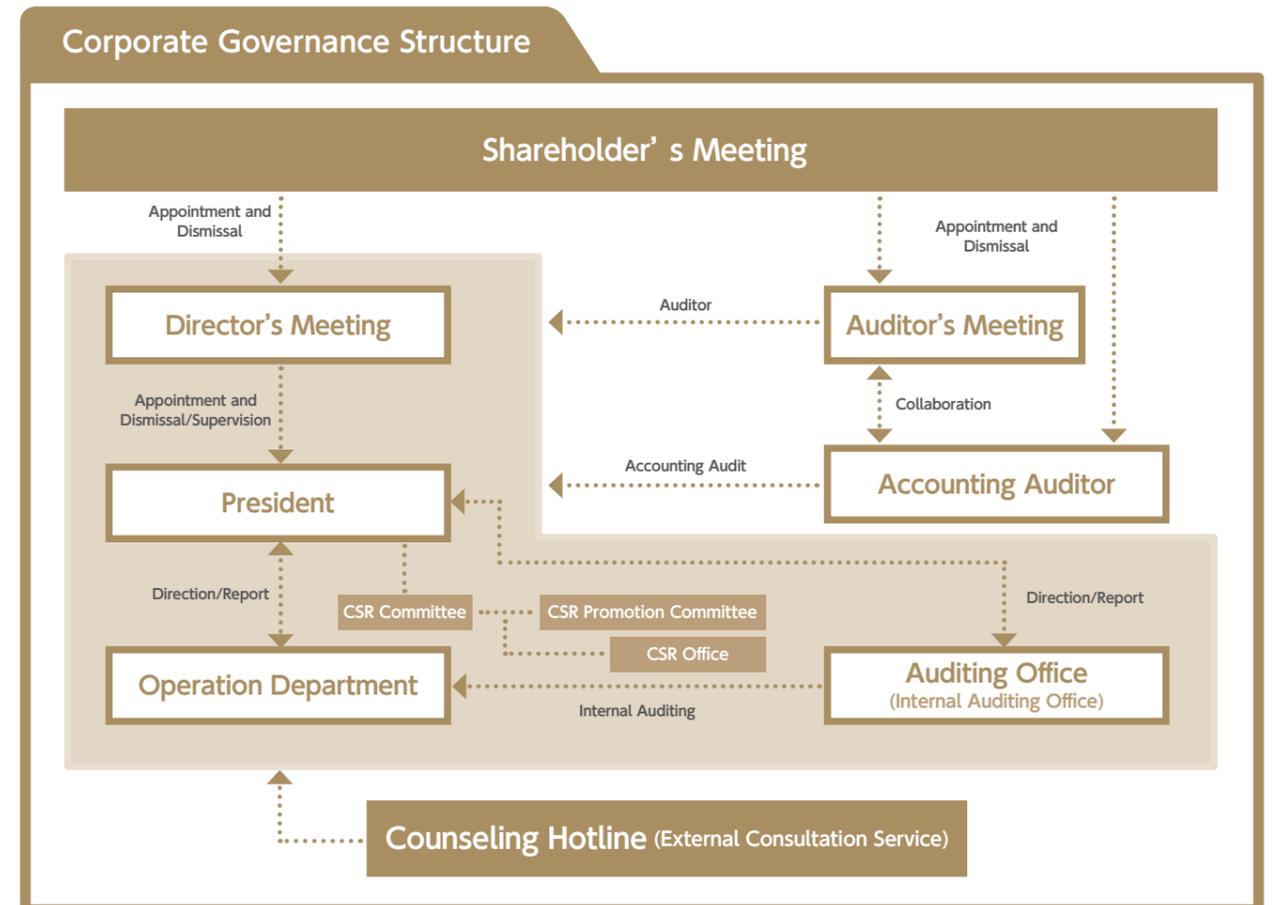
## Corporate Governance

At H.I.S., under the shareholder's meeting we have set up a director's meeting made up of 10 directors, including one outside director and one foreign director. In addition, we have implemented an auditor's meeting made up of three auditors to monitor the director's meeting and ensure that the director's activities are legally sound. We ensure that two of the auditors are external auditors and that the full-time auditor and at least one of the external auditors are certified public accountants. We register one outside director and two external auditors as independent officers who are appointed by the Tokyo Stock Exchange. Furthermore, we have installed "Counseling Hotline," an external consultation service used to safeguard corporate transparency.

## Personal Information Protection and Information Security Policy

H.I.S. operations maintain vast amounts of personal information, such as customer contacts. H.I.S. considers both information and information systems as vital "information assets" and, in order to protect these assets from every kind of threat, we have executed an information standard security policy.

On June 20, 2006, we became a registered user of the "Privacy Mark" and will work hard to protect our customer's personal information.



## 02 Consumer Issues

We heighten standards of safety, security, and service for higher customer satisfaction.

Higher customer satisfaction is an important concept for H.I.S.

We are working to make that concept a reality by providing world-class services, running safety-first business operations, and employing the system that compiles customer feedback and promptly applies it to improvements.

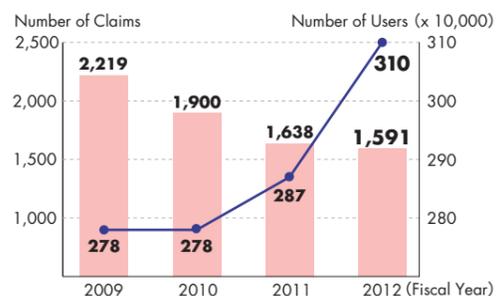
### Goals and Accomplishments

#### Fewer Claims Filed at "Customer Service Department"

Claims filed at our "Customer Service Office" have decreased over the years. In FY2012, we had 1,591 claims, 47 claims less than the previous year. Compared to FY2009, there was a decrease of roughly 30% in the number of claims, but when considering that the number of customers increased in double digits, it can be said that there was actually a 34% decrease. For FY2013, we will aim to decrease the number of claims of the previous year by 20% by continuing our what we began in FY2012, which we call our "Service Standard New Year," and strengthening our training and educational activities.

**FY2013 Target** 20% Decrease over Previous Year's Claims

Shift in Number of Claims Filed at Customer Service Office



### Toward Establishment of H.I.S. Service Standards

In an effort to establish shared standards and improve customer service, on November 1, 2011, we instituted "H.I.S. Service Standards" and have been working to impress it upon all our staff.

We took the former "H.I.S. Charter of Corporate Principles", derived and organized more concise customer-oriented corporate behavior, then translated into 20 languages and applied it to all business activities in each of the 414 offices around the world. Training was carried out domestically by the personnel department and by the CS/ES administrative headquarters in our overseas offices. In addition, we have been diligent in firmly establishing "H.I.S. Service Standards" by granting "Service Standard Commendations" based on onsite and undercover investigations carried out by external organizations. In terms of safety, we have been using quality control manuals and been training not only our staff but also drivers and other bus, vehicle, hotel, and restaurant personnel, etc. in order to provide our customers with better travel safety.



A Depiction of Overseas Service Standard Training

#### H.I.S. Service Standards Eight Keywords

- Smile and Liveliness
- Cleanliness
- Politeness
- Speed
- Customer Orientation
- Honesty
- Quality
- Professionalism

### For Safer and More Convenient Travel

H.I.S. has worked to raise safety standards by creating a manual of every safety measure and distributing it to the staff. To prevent accidents and other problems at travel destinations, as a supplement to the booklet created by the Ministry of Foreign Affairs, we have created our own handbook. In it, we have described actual problems and accidents that have occurred abroad and used those to warn our customers about possible troubles that might occur.

In line with the services we provide our package tour customers, we have also set up other services. For our customers who have only purchased international flight tickets, we provide a 24-hour Japanese language

"Support Call" that assists our customers with flight cancellations, missed flights, theft, illness, injury, and other emergencies. And to further support our customers 65 years and older who use our "Impresso" guided package tours, we greatly alleviated cancellation fees in April 2011.

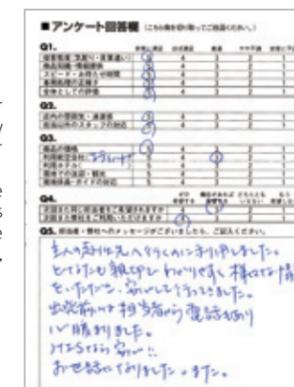


Travel Warning Handbook

### "Customer Service Office" Implementation

In order to expand customer satisfaction and provide better quality H.I.S. has set up a "Customer Service Office" at our CS/CE administrative headquarters. The Customer Service Office handles over 4,000 customer comment cards and e-mails from customers in a month, reading each one and using them to improve our services domestically and internationally.

\*CS is an abbreviation of "Customer Satisfaction" and represents how satisfied customers are about our products and services.  
\*ES is an abbreviation of "Employee Satisfaction" and represents how satisfied employees are about their work environments, treatment, and relationships.



Customer Survey Responses

### Examples of Improvements Based on Customer Comments

#### Customer Comment

Please include a country code and an area code for the travel desk located at the travel destination. When using a mobile phone, a country code and an area code are required for local calls.

#### Response

We instructed the local branch office to confirm the content of the materials they distributed. It was discovered that neither a country code nor an area code were written, so we instructed the office and other branch offices to do so.

#### Customer Comment

I was told by H.I.S. staff that seat reservations could be made online from 24 hours before the flight departure, but it actually wasn't possible. In order to reserve a seat, I had to leave for the airport early, change my bullet train ticket, etc., which affected my departure day schedule.

#### Response

As we assume that you were dissatisfied about not being able to book seats together on the flight, we now provide "seats together" in our package tours (excluding some guided tours and specialty products). Currently, our travel consult with the airlines and make requests to the local agents to guarantee such reservations.

#### Customer Comment

The hotel I stayed at in China had unclean carpet and had a very moldy shower curtain and bathtub. They didn't provide fresh towels, either. I didn't want to get in that tub. This hotel was the worst.

#### Response

We confirmed the condition of the exact room you stayed in by looking at photos, etc., and it was exactly as you had described. Upon discussing the matter with our local office, it was determined that specific rooms at this hotel will be removed from our tours and will not be used for our customers.

#### Customer Comment

When departing from the United States, I would have liked to be informed that there was no immigration. I didn't realize there was no immigration, so I became worried, exited the gate, and had to go through security a second time.

#### Response

We confirmed with our local office that, on that tour, the guide had not notified the tour group that there was no immigration. We have taken measures to ensure that ALL guides inform their tour group when there is no immigration.

## 03 Community Participation and Community Development

### We strive toward a harmonious community and a better collective future.

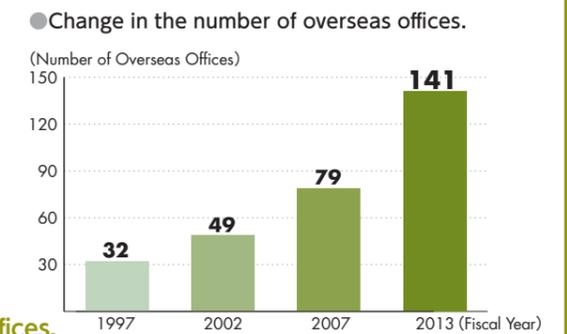
The travel business introduces participants to foreign lands and the opportunity to experience unknown natural environments, histories, and cultures, thereby is a business that creates new values and mutual understanding and promotes community development.

#### Achievements and Goals

**With 141 overseas offices, H.I.S. will expand security and comfort.**

H.I.S. has 141 overseas offices in 102 cities and 47 countries (as of February 2013). Those overseas offices not only support customers from Japan, but the local staff is also developing local travel businesses for local customers. In addition to providing safe and secure travel, they are a catalyst for economic and cultural growth such as greater employment and the development of sightseeing resources.

**FY2013 Target Increase overseas offices to 151 offices.**



### Travel Business and Community

H.I.S.'s desire "To contribute to the advancement of world peace and mutual understanding by increasing the knowledge of people around the world through tourism, and thereby overcoming the differences of nationality, race, culture and religion (H.I.S. Corporate Philosophy)" is manifest in its business development. More specifically, we provide a new, personalized style of travel and continuously develop unique travel products. In following this tradition, we are now concentrating on popular study tours such as international volunteer tourism and eco-tours.

Through the local activities, excursions, and encounters of these tours, the world becomes a more tangible and real place. Tours also entail valuable first-hand experiences that nurture global people by providing a greater understanding of world affairs and Japan's position therein. And even after tours end, new relationships develop among participants and revelations experienced during the trip may lead to a journey to self-discovery. It is in this way that H.I.S. continues to carry out its role in society through tours.



Commemorative Photo of Student Volunteers in Bangladesh



"At the Forefront of JICA Activities! Discover Laos in Six Days!" Commemorative Photo after Tour of Laotian Elementary School

## COLUMN

### Examples of Service Restructuring in South Korea

At the CS/ES Administrative Headquarters we have set up a "Quality Control and Market Research" alongside the "Customer Service Department". While the "Customer Service Department" responds directly to customer feedback, the "Quality Control and Market Research" maintains quality control and focuses on safety issues to ensure the safety of our customers during their travels.

The quality and safety management team of the "Quality Control and Market Research" carried out a detailed safety audit at the Seoul branch office in the fall of 2012, surveying the status of the safety measures implemented and executed to ensure the safety and security of our customers.

The main auditing items were as follows.

- Confirm the status of indicated items at the July 2012 quality meeting.
- Held a driver training camp.
- Preparation for start of GPS position management

In addition, 150 local guides were brought together for two days of "Service Standard Training."



We have secured a company-owned maintenance shop that can provide quick and reliable maintenance.



We display the driver's age, experience, etc.



Fasten Seat Belt signs are displayed in Japanese on seat covers.



We have secured a company-owned emergency vehicle for quick response to automotive accidents.



All buses were installed with snow tires or studless tires.



We created a manual for "Safety," "Service," and "Accident Prone Areas," use an alcohol detector, and maintain a record of results.



We categorize accident locations in the city by type of accident and disperse warnings to drivers.

\*This is a sample list of the procedures used in Seoul only.



Black boxes are installed in medium- and large-sized buses (video of the road and the driver's operation from the vantage point of the bus driver while the bus is in motion).

### Customer loyalty is the backbone of our business.

The number of claims filed at the "Customer Service Department" continually decreases as the number of customer increases. However, there is no end to how much we can improve the safety and services we provide. And while the safety and services available in each country differ from those in Japan,

more thought must be given to the improved management of local meals and accommodations. It goes without saying how crucial transportation safety will be in the future. We aspire to a quality that grips customer loyalty and has them feel that "H.I.S. was a good choice."



CS/ES Administration Division Director Hikaru Wada

## Job Creation and Local Revitalization

The travel business contributes to the protection and inheritance of local and national cultures, the revitalization of local economies, and increased employment through tourism development. Inciting people's interest in traditional cultures and diminishing natural environments becomes a method for preserving them and creates demand for related services such as hotels, restaurants, transportation, and local guides which, in turn, contributes



Bangkok Branch

to stimulation of the local economy. For example, recruiting has begun in Thailand where H.I.S. aims to have 70 offices within four

years. On the one hand, though some resort development has been completed in Da Nang, Vietnam, the tour industry has not progressed as smoothly due to a few tour guide trainings. H.I.S. has responded to Da Nang City's needs by supporting college tour guide training courses, where 50 students have already commenced studying.

On the other hand, H.I.S. is taking part in the scholarship program at the University of Hawaii. We have supplied study opportunities to numerous students. There are also plans to include internships that will teach, through tourism, the world in its entire splendor.

\*Internship: A system of providing students practical experience in an occupation or profession for a limited time.



Establishing Ceremony for a Tour Guide Course in Da Nang, Vietnam

### PICK UP

## Great East Japan Earthquake Reconstruction Assistance

After the Great East Japan Earthquake, H.I.S. delivered charity donations and contributions and used international charter flights for deliveries of emergency food and water; and, in addition to contributing a portion of sales profits to the "Tohoku Cotton Project" as charity, we continued to sponsor trips for victims. On October 21, 2012, we participated in the "Green Tomorrow Campaign" that we also co-sponsored. We made flower beds and gardens with disaster victims who lived in temporary housing.

We also made plans for a "Trip to Iwaki with H.I.S." project. For a special-version TV commercial, we used footage of Iwaki high school students filming each other promoting their hometown. We will plan to continue cooperating with local high school students to promote travel to Iwaki.

Further, we arranged a charter flight "Rejuvenation

Tour in Taiwan" that departed from Fukushima airport to provide disaster victims with a break from their hardships free of charge, and had five participants. Moreover, we also ran a tour from Taiwan to Japan and had roughly 60 participants see first-hand the condition of disaster-stricken Fukushima.

Other tours H.I.S. has been planning include a Tohoku sightseeing tour from Taiwan and a disaster area study tour for 30 participants from Hawaii. Since February of 2013, we have co-sponsored decontamination work and supported decontamination efforts.



Newspaper Advertisement for "Green Tomorrow Campaign"

### interview

## The Appeal of the Travel Industry

During my years at the Canada branch, the allure of "Canada in Winter" wasn't known very well. However, beautiful auroras could be enjoyed by visiting Yellow Knife. I began working with the tourism department to refurbish hotels and restaurants and advised airlines to upgrade to larger airplanes and

to service new routes. Fortunately, we received the support we needed and, now, over 10,000 tourists go to enjoy the auroras each year. I learned, firsthand, that the appeal of the travel industry is its ability to create unforgettable memories that last a lifetime.



Global Sales Division Senior General Manager Hideo Hatano

## COLUMN CSR on the World Stage

At H.I.S., national headquarters and overseas branch offices ardently collaborate in community revitalization, job creation, supporting traditional cultures, and the pursuit of social betterment around the world.

### H.I.S. Balinese Traditional Culture Preservation Project

To support the preservation of Balinese dance, music, and other traditional culture, we are developing various projects that focus on supporting older generation artists.

Producing DVD that teaches the philosophical ideas of shadowgraph artist Sija.



In order to preserve the philosophical teachings of the most respected shadow artist I Made Sija for posterity, video recordings of wayang kulit by Sija and interviews with him are being made into DVDs.

We support the preservation of the Legong traditional dance of Peliatan village.



Legong traditional dance is synonymous with Balinese traditional dance. Tirta Sari of Peliatan village, in particular, is working hard to preserve its tradition. In cooperation with Tirta Sari, loved by many Japanese, we support their efforts to pass on Peliatan village's Legong traditional dance to the next generation.

Joge Pingitan illusional classic dance succession planning.



We support the preservation efforts of Ni Ketut Cenik (estimated age, 86), of Batuan village in central Bali, and her efforts to preserve Joge Pingitan, one of the classic performance arts that is currently in danger of disappearing.

## CSR Implementation around the World



47 countries  
102 cities  
141 offices

### List of Activities in Each Region

- **Honolulu Branch** .....Lea Lea Charity Run & Clean up 5K.
- **Vancouver Branch** .....Great Canadian Shoreline Cleanup participation and clean up of shoreline.
- **Vientiane Branch** .....Co-sponsor of the Japanese Speech Contest organized by the Embassy of Japan.
- **Bangkok Branch** .....Donation of 4 million bahts to Ayutthaya city to assist victims of the flood in Thailand in 2011. Approximately 50 Bangkok branch staff conducted clean-up activities at the Ayutthaya temple.
- **London Branch** .....Participation in the Sakura Front Project. \*The Sakura Front Project is a London-based disaster relief project.

# 04 Human Rights

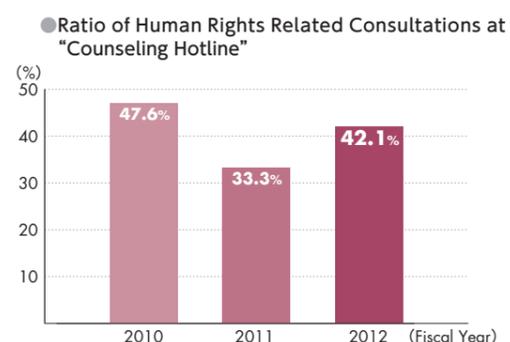
## Toward Corporate Management that Renounces Discrimination and Respects Human Rights

H.I.S. strives to, in all of its corporate undertakings, protect human rights and renounce discrimination based on race or citizenship, sex, age, beliefs or religion, and the presence or absence of disabilities, and sustain a fair and positive workplace environment.

### Achievements and Goals

#### Ratio of Human Rights Related Consultations at "Counseling Hotline"

As part of the internal control system to ensure proper work practices, H.I.S. has set up an external fraud hotline, "Counseling Hotline," a corporate transparency and early-warning compliance violation system. Since the start of operation, the annual average of reports submitted has been approximately 20. Of all the consultations in 2012, 42% were "power harassment" and other human rights-related consultations. Our goal is to reduce this ratio in FY2013 by strengthening preventative measures.



**FY2013 Target** Reduced ratio of human rights-related consultation numbers

## Creating a Workplace Environment that Protects Human Rights

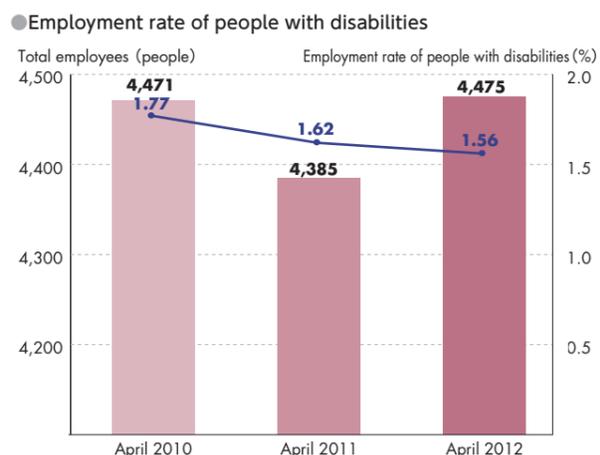
We always endeavor to uphold manners and humility and maintain good communications that value the individual. In addition, as part of H.I.S. Charter of Corporate Principles, we declare that "we respect each other's personality and uniqueness. Also, we draw a line between public and private matters, maintaining fairness in our work environment and prohibiting any unpleasant conduct. Working environments should be clean and safe, pleasant and vigorous for everyone."

In July of 2003, we installed an external fraud hotline, "Counseling Hotline." In addition, to actively promote the employment of people with disabilities, we first started hiring at the support center in Gotemba and now have 76 people employed nationwide. In April of 2013, we established the "Give Away Dispatch Center" that allows the production of travel itineraries with one hand. After April 2013, we aim to quickly achieve a new goal of a "statutory rate of 2%."



Affixing labels and packaging work in a warehouse at the Gotemba Support Center

Packaging work in a warehouse.



## "Counseling Hotline" and "Business Improvement Proposal" Operations

The "Counseling Hotline" consultations are entrusted to an outside organization, which we feel allows our employees to voice their concerns more easily. As a rule, consultations require actual names, but in order to maintain total confidentiality of the parties involved, reports to the compliance committee are submitted without names. The committee then takes a prompt action depending on the content of the consultation and then entrusts the outside organization to give feedback to the parties involved. Also, in order to create a more "comfortable workplace,"



Image of Business Improvement Proposal

opinions are collected internally and the "Business Improvement Proposal" system, used daily as a communication tool by the sales and marketing team, is installed throughout the company. This allows anybody on

the staff to propose restructuring or other improvement suggestions and point out any job-related problems, including compliance issues. This system got its name from its requirement that proposals be concisely summarized in three lines. Responses to restructuring proposals are sent from the relevant departments and the plans are put into operation. The responses are also made public to the entire staff and anybody can confirm the recommendations and check the status of the restructuring operations.

### An Example of Business Improvement Proposal Restructuring

#### Restructuring Proposal

I think that providing information to customers could be made more efficient by posting questions frequently asked by customers, airport information, etc., on an in-house site.

#### Response

That was a good idea and orders have already been put out to have airport information posted on the in-house site link "Travel Flight Information Site/World Airports List."

### PICK UP

## Workplace Enhancement Department

The "Workplace Enhancement Department" was organized under the CS/ES Administrative Headquarters to improve the satisfaction of all H.I.S. staff.

#### Major Operations

- Operation/management of "Business Improvement Proposal" and distribution/sharing of restructuring items.
- Implementation of the employee satisfaction survey and review of relevant restructuring strategies.
- Revision and operation of paid leave and employee discount system.
- Warn offices and staff with excessive overtime.

- Implementation and operation of award systems (for example, President's Award).
- Planning and execution of incentive trips.
- Patrolling of agencies to collect staff opinions and confirm situations.

Internal employee satisfaction surveys have been executed three times thus far and have become an effective method of evaluating the effect of new policies and restructuring measures from a "fixed point." From FY2013 the survey is scheduled to be implemented each year, and we plan to further speed up the cycle of improvement restructure and the grip of its current workplace environment status.

### interview

#### My Desire to Contribute to Staff "Job Satisfaction"

I transferred to this department three years ago. My sales and marketing job used to be giving instructions to my subordinates, but now I see the work environment from a staff perspective. I try to ascertain what the problems are and what should

be restructured. Unless each and every staff member can feel secure and satisfied with their work life and shine, H.I.S. cannot shine, either. I intend to make every effort to provide even greater "job satisfaction."



CS/ES Administration Division  
Workplace Enhancement Department  
General Manager  
Yutaka Miyazawa

# 05 Labor Practices

## Toward a Sustainable Workplace Environment

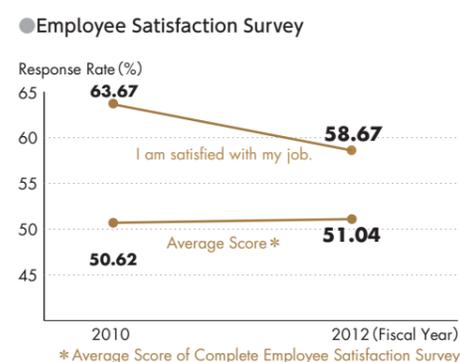
At H.I.S., we ardently pursue the creation of a workplace environment where the entire staff can fully express their individuality and competence and we take great effort in nurturing a workforce that can take on the world.

### Achievements and Goals

#### About "Job Satisfaction" in the Employee Satisfaction Survey

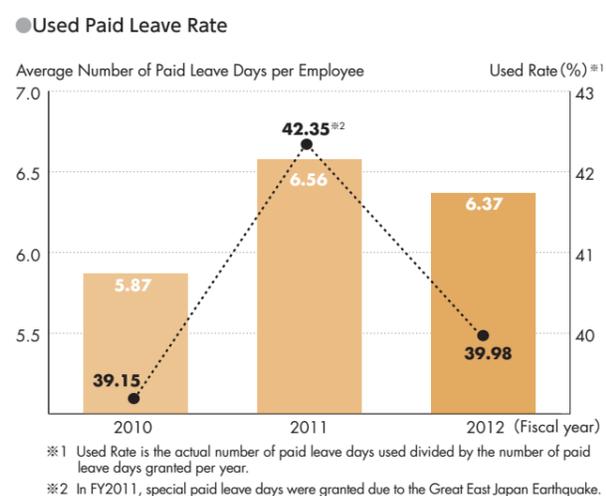
At H.I.S., in order to confirm the trend of employee satisfaction (ES) and put restructuring to good use, we have conducted a 60 item employee satisfaction survey on a regular basis. In the FY2012 survey, although we found improvements in items "trust in the company," "pride in work," "intention to work at H.I.S. long-term," etc., "I am satisfied with my job." maxed at 59%. In response to the above, after FY2013, the new mid-term goal will be to achieve 80% "job satisfaction."

**FY2013 Target** Work-Life Balance Sustainability (Mid-term Goal: 80% "Job Satisfaction")



## Working Environment

Creating a comfortable and fulfilling working environment and providing each individual with a fair opportunity to grow is a major corporate responsibility. We acknowledge that regarding paid leave, the usage rate is a low 40% and stands below the industry average of 50%, and therefore we have taken actions to improve the usage. One step we have taken is to link the award system to an overseas travel incentive program as a new opportunity to collect paid leave. We instituted a continuous leave system where up to 14 days can be used during the off-season and a roughly 10-day long vacation can be used during the summer. Furthermore, since FY2012, we have installed a half-day paid leave system where every month, 200 to 250 people use the system. Pertaining to the use of overtime, individuals must submit a "Current Month Total/Previous Month Total" of overtime to the supervisor of each department, along with the number of hours of another department for reference, and request concrete measures to reduce the amount of overtime.



## Childcare Support

At H.I.S., where we have numerous female staff, we have implemented a support system for working mothers. "Mama Papa Choice" consists of three support plans. For the standard childcare leave policy of one year, we allow an extension of up to three years (for full-time employees who have worked three years or longer). We also grant a short-workday policy until April 30 of the year that a child enters elementary school, which is much longer than the average policy term. Furthermore, for those who continue working full-time after the birth of their child, we provide financial support such as extended daycare and babysitting fees. And for staff who are raising three or four children under 18 years of age, we have a "Happy 66" system which allocates ¥5,000 for the 3rd child and ¥50,000 for the 4th child (¥660,000 max/year). Currently, many of the women working at H.I.S. are taking advantage of these policies and are continuing work after they give birth and while they are raising their children. These policies influence our ratio of women in management positions, which is much higher than the average and currently stands at 18.4% (as by our standards for management positions).

## Human Resource Development

At H.I.S., where we believe people are the foundation of corporate strength and growth, it is our policy to provide all staff opportunities for personal-development and growth. We provide level-based training programs in order to provide all of our employees, from new employees to executives, the knowledge and skills they need to fulfill their duties. In addition, we have financial incentives to support our travel counselors who work to obtain the "destination specialist" qualification. Further, as a means for our employees to achieve their dreams and goals, we have established a job posting system that allows those people who desire a domestic or overseas post to "nominate" themselves. In FY2012, 20 employees took advantage of this system and gained to their desired positions overseas. As for new graduates, we started a new "Start Date Selection System." For example, if their scheduled start date is April of 2013, despite their having just graduated,

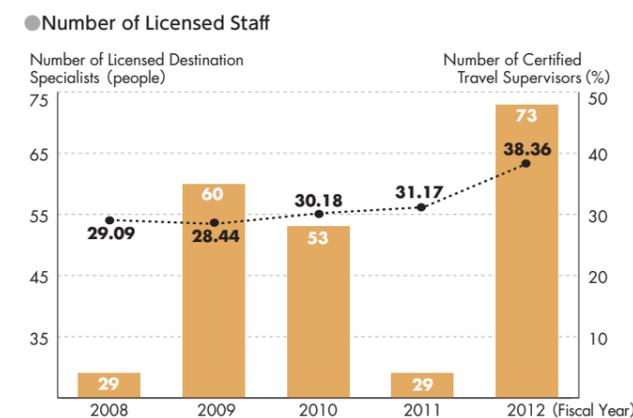
Providing a Comfortable Work Environment for our Employees  
Women make up 18.4% of management positions.

- **Mama Papa Choice**
  - The 1 year childcare period can be extended up to 2 years (Reason not required and for full-time employees who have worked 3 years or longer).
  - Short-workday hours during childcare until April 30 of the year that the child enters elementary school.
  - Financial assistance to cover extended daycare hours and babysitting fees for full-time employees.
  - For children under the age of 18, allocation of ¥5,000 for the 3rd child and ¥50,000 for the 4th child (¥660,000 max/year).
- **Award System**

The main awards are the President's Award and Evaluation Point System. Evaluation Point System is points for performance by the sales and marketing team during peak seasons. It is then used to revitalize and improve workplace performance. Secondary overseas travel prizes are as an incentive. We can then provide customers with latest information about their destinations with spread knowledge.
- **Rated Highly in "Employee Satisfaction Survey"**

More than half of the total staff at H.I.S. are women and are active in various work activities. Even in the most recent "Employee Satisfaction Survey," a high 75% answered that "I am treated fairly without any sex discrimination." There are 177 female staff in managerial positions, accounting for 18.4% of the 962 managerial positions in total (as by our standards for management positions).

they are allowed to postpone their start date up to a year to pursue short-term study abroad and language programs with the idea that their experiences will benefit them in their work and life after starting work.



### interview

#### Fair Opportunities and Evaluations

H.I.S.'s future global development depends entirely on human resources. It is on this basis that we greatly increased local hiring at overseas offices and implemented a system where domestically hired staff can also apply to job openings posted in overseas offices. Regardless of the

country where that staff member was hired, with enthusiasm and aptitude anybody can participate in management at H.I.S. Opportunities and evaluations are fair. In terms of personnel policy, we want to help the staff take huge leaps forward.



Human Resources Division  
Senior General Manager  
Masuaki Kitaya

## 06 Fair Operating Practices

### Worldwide Promotion of Fair Business Operations Founded on H.I.S. Charter of Corporate Principles

At H.I.S., we aim to thoroughly ensure compliance with laws and regulations, social norms, and ethics, and establish the “H.I.S. Charter of Corporate Principles.” Moreover, in order to apply its principals globally, we provide the training, inspection, and guidance required by overseas offices and suppliers.

#### Achievements and Goals

##### Implementing Client Training

Pertaining to the preparation and execution of travel products, there are numerous business operators involved, such as overseas H.I.S. branches, product development related people, local travel companies, and even hotels, restaurants, and bus companies. In order to establish and sustain fair trade relationships, we conduct regular training sessions to disseminate the principles of the “H.I.S. Charter of Corporate Principles” as a global standard.

●Results of Partner Training in Japan in FY2012

**227** Companies Yearly (aggregate)

●Sample of Training Manuals



**FY2013 Target** Continuation of Training Twice a Year

#### Establishment of Fair Trade Relations

The slogan for the second principle of the “Charter of Corporate Principles” is to “lead fair, transparent, and free trade” and clearly states the following:

“When providing travel products and services to our customers, or purchasing and receiving services from others, we lead fair, transparent and free trade by firmly standing against any unhealthy or corrupt business

practices.”

We believe that all staff thoroughly recognizing these principles of behavior is the foundation for realizing fair business practices. In conjunction with our own quality control standards, through compliance education and training, we aim to ensure that all trades formed between countries and regions are always a healthy relationship.

The Charter of Corporate Principles and H.I.S. Quality Control Standards



H.I.S. Overseas Offices/Tour Arrangement Personnel  
Local Travel Companies/Bus Companies/Hotels, etc.

**Common Knowledge and Commitment/Training and Orientation**

### The Value Chain Approach

When it comes to travel business at H.I.S., not only are numerous staff and business people involved in the creation and sales of travel products, but so are bus companies, hotels, restaurants, drivers, guides, and other businesses at travel destinations.

In order to provide customers with high-quality services and value, we use the same training we use in Japan to teach staff and related personnel about laws and regulations, social norms, and ethics. The travel laws and regulations that are used in Japan are the most stringent in the world. We consider those levels to be standard and

are working to bring our overseas offices up to the same level by embedding the basic principles of H.I.S. Charter of Corporate Principles, as well.

To achieve this, we regularly hold training sessions in which we organize case studies into specific business situations and practice role-playing. Further, regarding hotel accommodations and bus operations, which are the bedrock of travel safety and security, we have developed a system of inspecting onsite and based on checklists both in Japan and abroad. Our accommodations and bus partners are chosen strictly and fairly as a result.

**PICK UP**

#### Quality Control and Market Research Department

The “Quality Control and Market Research Department,” in conjunction with the “Customer Service Department” and “Workplace Enhancement Department”, and under the CE/ES Administrative Headquarters, works to provide higher quality products.

More specifically, first we listen carefully to our customers, read all of their comment cards and online questionnaire responses in order to find concrete solutions to all the faults in our travel products, as seen through the eyes of our customers. Regarding the details of tour execution, management, safety and security assurance, and other service-related matters, we filter out issues and pursue solutions. In addition, when the solutions influence product planning and development, the responsible departments are requested to deliberate and cooperate in solving the problem.

These concrete efforts to raise product quality cannot be achieved by H.I.S. alone. We use the value chain and cooperative efforts. As a means to that end, we implement our own quality control standards, develop a detailed manual and hold training and orientation seminars to thoroughly familiarize bus companies, hotels, local travel agencies, and guides with those standards. The manual consists of approximately 40 pages that are updated or revised every six months.

Training is held once a year for overseas branch managers and twice a year for roughly 70 client companies and other local agencies. Further,



Client Training

the “Quality Control and Market Research Department” staff go directly to the destination to conduct onsite inspections of commissioned bus companies, hotels, optional tour transportation modes such as trains and buses, lodging facilities and even gift shops, to confirm that tours are running in proper order. (Examples of efforts in South Korea are described on Page 10 of this report.) With the increase in overseas offices, locally-hired staff have come to play a major role in each of the countries worldwide. The “Quality Control and Market Research Department” works hard to further systematize information and quickly distribute problems and solutions that arise around the world in an effort to disseminate H.I.S.’s high standards regarding laws and regulations, social norms, and ethics worldwide.

interview

#### H.I.S.’s High Standards Worldwide

At the Quality Control and Market Research Department, our goal is to pursue quality control for travel safety and comfort, and to provide travel that our customers can truly enjoy. We take the quality control of each country, intensify it, and create our own manuals to approach customer safety on a global level.

And in order to gain and maintain our customer’s trust, we also practice fair, transparent, and free trade. We pursue clarity by including faults and demerits in our pamphlets. Everything we do is in an effort to provide safe and secure travels and high-quality services that satisfy our customers.



CS/ES Administration Division  
Quality Control and Market  
Research Department  
General Manager  
Kazuhiro Tanai

## 07 Environment

# Nurturing Environmental “Awareness” and “Conscientiousness” through Travel

At H.I.S., in an effort to establish a sustainable society, we have produced various “eco-tours” to nurture “awareness” and “conscientiousness” toward the environment. At the same time, we strive to preserve the environment in every aspect of corporate activity.

### Achievement and Goals

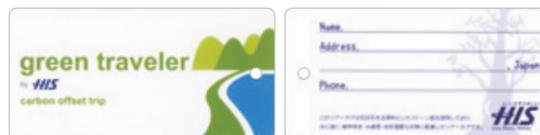
#### Carbon Offset

Travelling entails the emission of CO<sub>2</sub> from airplanes, for example, and it is thus that we contribute to “Carbon Offset.” It offsets the amount of CO<sub>2</sub> emissions during the trip at 525 yen (tax included) per unit and the sales profits are put toward the development of biomass gas in India\*, which is the most accessible of the potential study-tour sites. Many customers have purchased the offsets since we began this program.

**FY2013 Target 154 ton of CO<sub>2</sub> offset per year**

December 2012 Results

About **462** kg of CO<sub>2</sub> Offset



“Green Traveler Tag” given to registering customers.

\*A mainly European biomass project certified with the “gold standard,” which has been deemed more highly reliable than the standard certified by the United Nations. For more information on the WWF gold standard, please refer to the following:  
<http://www.wwf.or.jp/activities/climate/cat1297/cat1299/>

## Greenhouse Gas (CO<sub>2</sub>) Reduction

The travel business is a business that provides opportunities to come into contact with different cultures and bountiful nature. Particularly now, when environmental preservation issues are dire in all countries, we have planned various “eco-tours” as a way of conveying to as many people as possible, the urgency of environmental issues and the need for preservation. In addition, the Cairns and Gold Coast branch offices have made environmental protection and the prevention of global warming their goals; and they are working on a project to plant 30 thousand eucalyptus trees starting in 2010 and 19 thousand have been planted thus far. The fast-growing eucalyptus trees that were

first planted have already reached a height of 2 meters and we have received letters of appreciation from the community and a local zoo. In addition, all our employees have been switching to various environment preservation activities, such as going paperless by converting pamphlets and tour registration forms to digital formats and collecting eco-caps.



Pamphlet digitalization and pursuing a paperless office.

### interview

#### The Travel Industry Can Make a Big Difference

We have planned various tours to help raise awareness of environmental issues and conservation through the travel industry. Many people who participate in our tours by themselves say, “I couldn’t have come this far on my own. This was great.” Other

customers say, “I have found a new purpose in life,” or “I’ve made friends who share the same values.” Every time they return home and give us such reports, I find my job hugely rewarding.



Eco-Volunteer Tour Desk General Manager Taku Sameshima

## COLUMN

### Eco-Tour Planning and Operation

Our intention is to raise awareness of environmental issues and contribute to their solutions by enhancing understanding of destination environments and cultures through first-hand experiences based on the concepts of “Enjoy Nature” and “Contribute to Destination Economies and Societies.” We will introduce two of our various programs.

#### ① Bali Island – Regenerating Coral Reefs and Socializing

Bali Serangan village is a beautiful island located in the Serangan Islands in the southern part of Bali. In 1996, they had a landfill project that expanded the land area from 112 hectares to 365 hectares, but greatly changed the island’s geography and ecosystem. Almost all Serangan residents earn a living from the coastal ecosystem. However, as a result of garbage from the landfill operation, the mangrove forests and coral

reefs have been destroyed and the resident’s daily environmental and economic base has been badly shaken.

This tour was planned with the aim of solving the environmental problems through communication with the Serangan village residents, who are working to regenerate the coral reefs and preserve the environment.



Commemorative photo with Serangan village residents.



Observing the state of the coral reef.

#### ② Learning from the Natural Environment of Ogasawara, a World Heritage Site.

After experiencing the wonder of Ogasawara, our local world natural heritage site, we planned a tour that promotes conscientiousness of its disappearing environment.

Because Ogasawara is made up of islands that have never been connected to any continents, there are plants and animals that are unique to the islands. However, due to more people moving there, non-native species of plants and animals have also

increased, disrupting the natural eco-system and becoming a serious issue. Based on that, this tour aims to teach about Ogasawara’s precious natural environment. For example, it includes whale watching and snorkeling tours, walking through the forests to learn about endemic species and their protection as well as non-native species, cleaning coastlines, and experiencing turtle breeding.



Humpback whale watching.



Breeding experience of the endangered green sea turtle at the Marine Center.

## Business Climate and Distribution of Value to Stakeholders

H.I.S. seeks sustainable development by carefully preserving the environment and the world's cultural heritage by strengthening bonds among customers, local communities, and employees. We believe it follows the expectations of our shareholders and investors and is the surest path to sustainable development.

### Business Overview

By employing our network of 273 domestic branches and 141 branches in 102 cities abroad, we are building a theme park business and hotel business in addition to our travel business. We will continue to strive for customer satisfaction and the supply of competitive products and services.

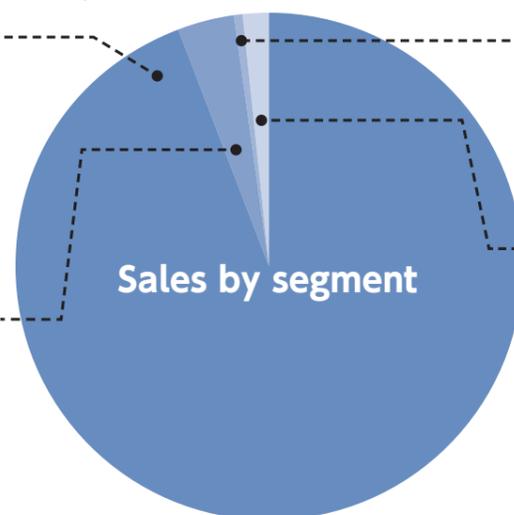
#### Sales by segment (FY2012)

##### ◆Travel Business 94.4%

In FY2012, 3.1 million people travelled from Japan to overseas destinations. With great services and product lineups, we provide each and every one of our customers with the perfect trip.

##### ◆Theme Park Business 3.6%

We are operating "Huis Ten Bosch," theme park based on the concept of harmony with nature. We are engaging in various activities to make it Asia's most beautiful city for sightseeing.



##### ◆Hotel Business 0.6%

We are operating hotels in Australia's Gold Coast and Brisbane, Sapporo, Nagasaki, and Guam.

##### ◆Kyushu Sanko Group 1.4% (acquired in July 2012)

It is a travel company that provides safe and comfortable travel and accommodations for visitors to Kumamoto. From all areas of Kyushu to Japan, and to the world, we continue to expand our horizons and take on new challenges.

### Distribution of Value to Stakeholders

Selling expenses, administrative expenses, non-operating expenses, etc. are deducted from revenue gained through business operations (net sales - cost of sales) and the results are added with value, which are distributed to stakeholders as follows:

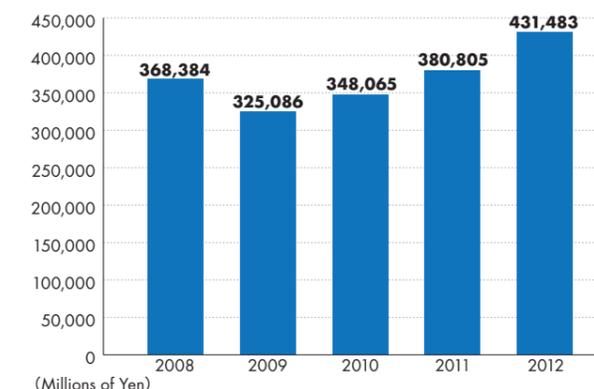
Stakeholders	Amount (Millions of Yen)	Content	Remarks
Shareholder	1,102	Dividends	Based on the Earnings Summary (Annual Total Dividends in Summary Information "2. Dividend Status")
Employees	28,386	Total Amount of Salaries, Wages, Bonuses, and Retirement Benefit Costs	Based on the Earnings Summary ("(10) Note (Consolidated Profit and Loss Statement), which do not include personnel expenditures which are included in costs of sales.*1)
Creditors (Financial Institutions)	42	Interest Expenses	Based on the Earnings Summary (Consolidated Profit and Loss Statement (Interest Expenses))
Government Agencies (national, local)	4,164	Total Payment of Corporate, Inhabitant, and Business Taxes	Based on the Earnings Summary (Consolidated Profit and Loss Statement (Corporate, Inhabitant, and Business Taxes))
Companies (Retained Earnings)	8,307	Increase in Retained Earnings	Based on the Earnings Summary (Consolidated Balance Sheet, Retained Earnings, Difference between this year and last year)

\*1 Breakdown of Distribution Amount to Employees (Yen)  
 Salaries and Allowances.....22,598,618,702 Retirement Allowances ..... 2,906,500  
 Bonuses..... 2,361,702,846 Retirement Benefit Expenses ..... 439,602,692  
 Provision of Reserve for Bonuses..... 2,983,290,541

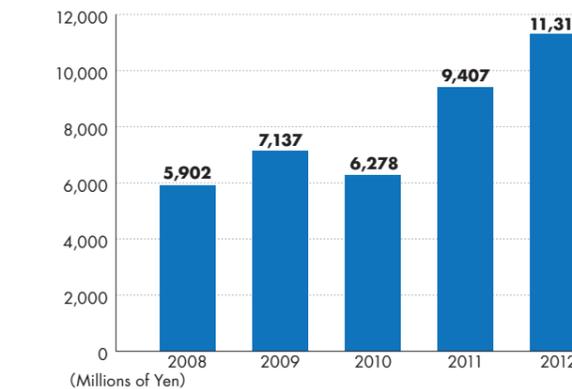
Total ..... 28,386,121,281

### Performance Information

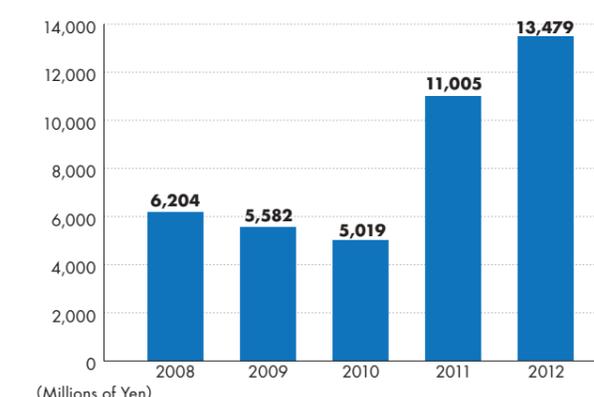
#### Net Sales (Consolidated)



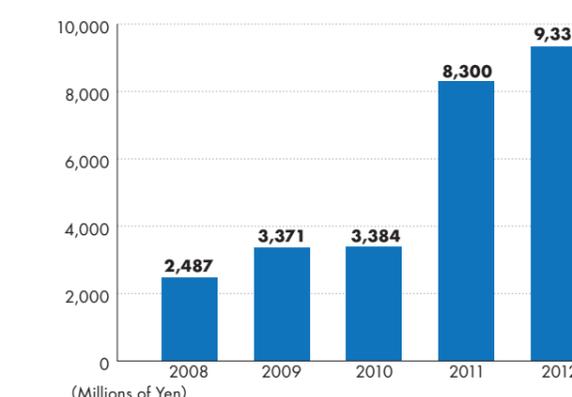
#### Operating Profit (Consolidated)



#### Ordinary Profit (Consolidated)



#### Net Profit for the Year (Consolidated)



### Company Information

Name	H.I.S. Co., Ltd. (The first section of the Tokyo Stock Exchange: Company Code 9603)
License No.	No.724 by Commissioner of Japan Tourism Agency
Common Stock	6,882 Million Yen (October 31, 2012)
Established	December 19, 1980
Address	Shinjuku Oak Tower 29F, 6-8-1 Nishishinjuku, Shinjuku-ku, Tokyo 163-6029, JAPAN
Net Sales	431.4 Billion Yen (Consolidated Financial Results: October 31, 2012)
Number of Employees	10,780 (Group's Total: October 31, 2012)
Affiliations	Japan Association of Travel Agents (JATA) International Air Transport Association (IATA)
Bank References	Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd., The Tokyo Momin Bank, Ltd., etc.
Subsidiaries	[Travel business (62)] ORION TOUR CO., LTD H.I.S. INTERNATIONAL TOURS (NY) INC., etc. [Hotels (9)] THE WATERMARK HOTEL GROUP PTY. LTD. [Theme Parks (5)] Huis Ten Bosch Co., Ltd. [Other (22)] Kyushu Sanko Group

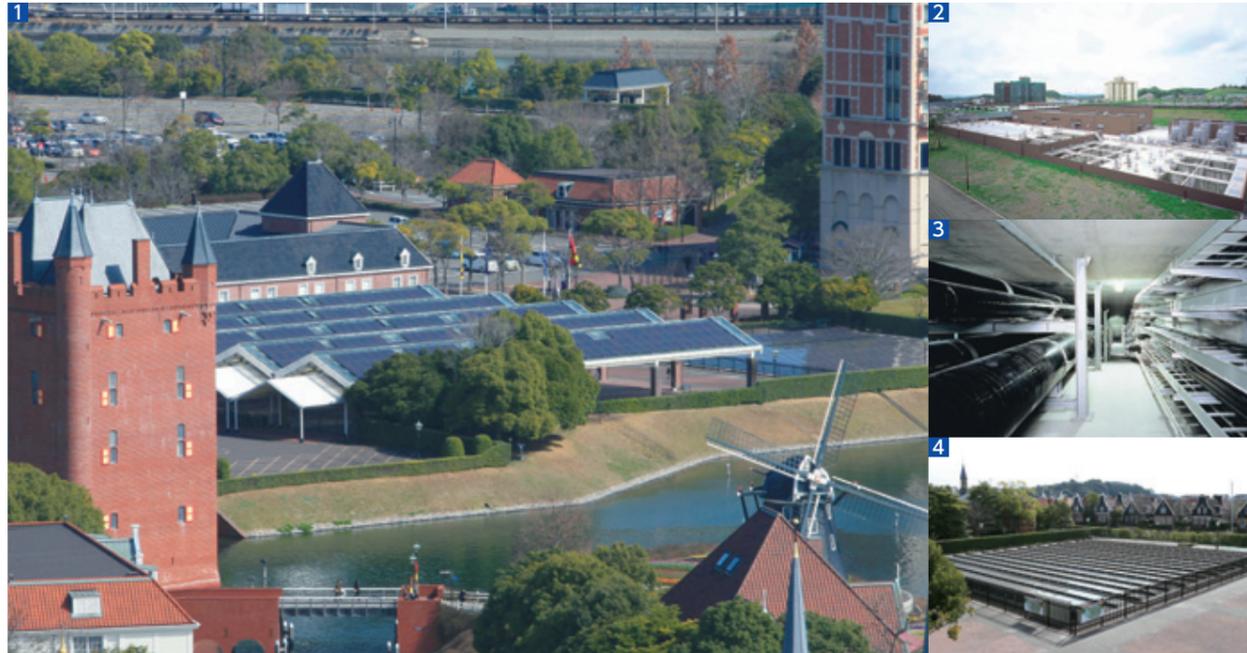
Board of Directors and Corporate Auditors	Chairman	Hideo Sawada
	Representative Director, President	Akira Hirabayashi
	Managing Director	Narimoto Kusuvara
	Managing Director	Kiyoshi Takagi
	Director	Hikaru Wada
	Director	Tatsuya Nakamori
	Director	Shigeru Nakatani
	Director	Haque Azadul
	Senior adviser	Kazumasa Namekata
	Director	Masahiko Hirata
Officer	Corporate Auditor	Mikio Mikami
	Auditor	Tsunekazu Umeda
	Auditor	Katsu Yamamoto

\*Masahiko Hirata is an outside director.

\*Tsunekazu Umeda and Katsu Yamamoto are outside auditors.

# Operations by Each Group Company

Each company of the H.I.S. Group is strengthening its CSR management because they are also related to the travel industry. Huis Ten Bosch installs the most advanced, environmentally-friendly technology such as solar power, ORION-TOUR is conducting tours to Kume Island and contributing to local revitalization, and Kyushu Sanko is ardently pursuing grassroots volunteer activities.



1: Solar panel for large-scale photovoltaic power generation. 2: Sewage plant equipment for park's sewage treatment. 3: Common ducts running throughout underground infrastructure. 4: Solar cells installed at 10 locations in the park.

## Huis Ten Bosch Co., Ltd.

### Enhancing Operations as a "Next Generation Energy Park"

Huis Ten Bosch, authorized by the Japanese government as a "Next Generation Energy Park," is enhancing its operations to become the future of theme park and an advanced model of a sightseeing business city. The major installations are a "Closed System of Production and Consumption" that consummates energy supply and consumption within the park, a large-scale solar power and new energy exhibit, and a next-generation energy and environmental facility tour with a full-time guide.

A 900kw (equivalent to consumption by 250 households) solar-powered generator is already in operation. With power generation using natural gas, we have employed



Co-Generation System

a co-generation system that shares wasted heat from power generation and effectively uses it for heating and cooling. Further, 100% of the raw garbage (approximately 1 ton per day) created within Huis Ten Bosch is

converted into compost and reused in the flower pots and gardens. Sewer water is also distilled to below 5ppm, which is much lower than the governmental standard of 20ppm, and is used to generate recycled water. The recycled water is used for watering and flushing toilets and half of the water normally required at the park is saved.

At the "Nagasaki Next-generation Energy Park Pavilion" in Huis Ten Bosch, various panels and videos are used to present the next-generation energy operations. We are planning to maximize the use of environmentally-friendly renewable energy by constructing a smart house and using idle land in the park to enter the solar power business (2.1 mega watt scale). Huis Ten Bosch aims to become Japan's leading company that also conserves the environment.



Nagasaki Next-Generation Energy Park Pavilion

## ORION-TOUR CO., LTD.

### The company is promoting Kume Island sightseeing and supporting development of the local economy.

ORION-TOUR CO., LTD. operates a variety of domestic tours all over Japan. Of the tours, the most energy is being put into Kume Island, one of the remote islands of Okinawa prefecture. Between April and September of 2012, Orion Tour had the greatest share of total direct flights between Haneda and Kume Island and flights between Naha and Kume Island.

In Kume Island, Okinawa's unspoiled, rustic scenery still remains. There are multitudes of fascinating spots, including Eef Beach, which holds a place in the "Best 100 Japanese Beaches," and the "Eternity Beach," where you are surrounded by 360 degrees of ocean and have unparalleled scenery. One reason for its lack of popularity compared to other remote islands is its name value, so

Orion Tour planned special summer event tours to attract more visitors all year around. In addition to sightseeing, they are introducing the island's local products and actively supporting the revitalization of the island. Furthermore, they are also actively planning events for other remote islands in Okinawa, make the islands more attractive to more people, and help develop the local economy.



Beautiful Beach in Kume Island.

## Kyushu Sanko Group

### Continuing road and park cleaning activities as a grassroots company group.

Kyushu Sanko Group runs a local and highway bus business, domestic and international travel business, and hotel and restaurant business, which are all predominantly based in Kumamoto prefecture. All of those businesses are directly connected to the residents, who are the foundation of community socially and economically, and it is thus that they operate their businesses based on the corporate philosophy of "Providing customer-based services that allow the customers to prosper with the community and contribute to the development of society."

As a member of the local community, they develop various kinds of volunteer activities on a daily basis. In addition to volunteers from each group cleaning the sides of a national road each year, headquarters also participates in the "Kumamoto City Friendship Cleaning Volunteer" by way

of cleaning Hanabatake Park every two months. Moreover, Seibu Garage staff clean around the garage once a month. In addition, every year, Kyushu Sanko Landmark Co., Ltd. installs bamboo lanterns at the "Mizuakari" community event as a set-up volunteer. They also conduct city-sponsored "onsite classes" on how to ride a loop bus, once or twice a year at the local elementary schools, in addition to hosting original classes every year at elementary schools.



National road cleaning volunteer.



## Tokyo Symphony Orchestra

Under H.I.S. Group's corporate philosophy of world peace and mutual understanding, we ardently pursue the cultural exchange of music and the arts. On September 1, 2012, H.I.S. Chairman Hideo Sawada became the new administrative director of the Tokyo Symphony Orchestra. He expressed his ambition as, "Various forms of cultural exchange are the greatest driving forces of world peace. I would like to propose a new style of concert devoid of stereotypes."



# ISO26000 Core Subject Comparison Table

Core Subjects	Challenges	List of Operations	Pages
Corporate Management		Top Commitment	P.4~5
		H.I.S. Corporate Philosophy	P.6
		CSR Management	P.6
		Corporate Governance	P.7
		Personal Information Protection	P.7
		Information Security	P.7
Human Rights	Due Diligence	"Counseling Hotline" and "Business Improvement Proposal" Operations	P.15
	Human Rights Crisis Situation		
	Complicity Deterrence		
	Grievance Resolution	Counseling Hotline	P.14~15
	Discrimination and Socially Vulnerable People	Creating a Workplace Environment that Respects Human Rights	P.14
	Civil and Political Rights		
	Economic, Social, and Cultural Rights		
Basic Principles and Rights Concerning Work	"Human Rights" All Pages	P.14~15	
Labor Practices	Employment and Employment Relations	Fair Opportunity and Evaluation	P.17
	Working Conditions and Socially Secured Work	Working Environment and Child Care Support	P.16~17
	Social Communications		
	Health and Safety at Work	Working Environment	P.16
	Human Resource Development and Training in the Workplace	Human Resource Development	P.17
Environment	Pollution Prevention		
	Sustainable Usage of Raw Materials	Greenhouse Gas (CO <sub>2</sub> ) Reduction Carbon Offset	P.20
	Climate Change Mitigation and Climate Change Adaptation	Greenhouse Gas (CO <sub>2</sub> ) Reduction	P.20
	Environmental Protection, Biodiversity, and Recovering Natural Habitats	Eco-Tour Operations Huis Ten Bosch	P.21 P.24
Fair Business Practices	Corruption Prevention	Establishing Fair Trade Relations	P.18
	Responsible Political Involvement		
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To further enhance CSR in future and create higher-quality CSR reports, we had a mini-dialog with Ms. Kikuko Tatsumi on February 5, 2013. The following comments by a third-party and responsible director were based on the mini-dialog.

## Impressions of H.I.S. CSR Report



Corporate Advisor,  
Nippon Association of Consumer Specialists

### Kikuko Tatsumi

What impressed me most about this report was how aware H.I.S. was of the situations in areas and countries around the world and the way H.I.S. used the travel industry to aggressively seek out the actions needed for the sustainable development of those areas. It was reported in "Community Participation and Community Development" that, by developing national and local tourism at destination sites, H.I.S. was conscientiously engaging in job creation, economic revitalization, and cultural preservation and inheritance. Of the various projects, I would especially like to commend the "H.I.S. Bali Traditional Culture Support Project." The "Quality Control and Market Research Development" is also highly evaluated for its ability to listen carefully to the voices of tour participants and to plan and develop more attractive tours accordingly. Moreover, I also received the impression that H.I.S. is a company that cares a great deal about people. In the "Human Rights" interview article, the "Workplace

Enhancement Office" general manager was quoted as saying, "Unless each and every staff member can feel secure and satisfied with their work life and shine, H.I.S. cannot shine, either." That is a wonderful comment. There were also other pages that introduced various managers and their pictures, giving the impression that this is a very lively company. I am of the opinion that in order to raise the satisfaction of customers we must raise the satisfaction of employees, so in that sense, I was quite impressive.

However, I would like to raise a mere two issues that this company needs to address in order to develop further as a company indispensable to society. The first one is, although women occupy 18.4% of management positions, there are no women board members. Proactively nominating women to board member positions is absolutely necessary for company growth and will also serve to increase motivation for women staff. The second is "Human Rights." Even though the "Making a Human Rights-Conscientious Working Environment" report has been published in Japan, isn't it possible to take it one step further by strengthening the inspection system for partner hotel and bus companies and ensuring that human rights and fair employment and management practices are being practiced in those businesses? That way, a safer travel environment can be created for travelers. This is your first time producing a CSR report and it is extremely useful, even for your employees, for fully understanding the company's CSR operations. I hope that all employees be required to read this report as a part of their training.

## Response to Third Party's Opinion.

We decided to create the CSR Report for the first time based on the simple desire to publicly answer our ideas regarding "What do we want to achieve through this business?" and "What are the ideas behind our management?" Although some areas are not ideal, what we do hope to convey is H.I.S.'s philosophy of contributing to society through our business. Although we received praise from Ms. Tatsumi regarding our wide range of activities, she also identified our deficiencies in the areas of human rights and women appointments. We aim to focus more on those areas in the future. Furthermore, as she pointed out, treating both our customers and employees with care leads to improved services and it is with that in mind, that we will place more emphasis on CS/ES-oriented management.



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〈Please participate in our CSR Report survey.〉  
We thank you for reading the entire H.I.S. CSR Report.  
For further implementation and improvement of CSR, we would like to ask for your feedback.  
Please participate in our online survey through the following link:  
<http://www.his.co.jp/csr/>