

Quality

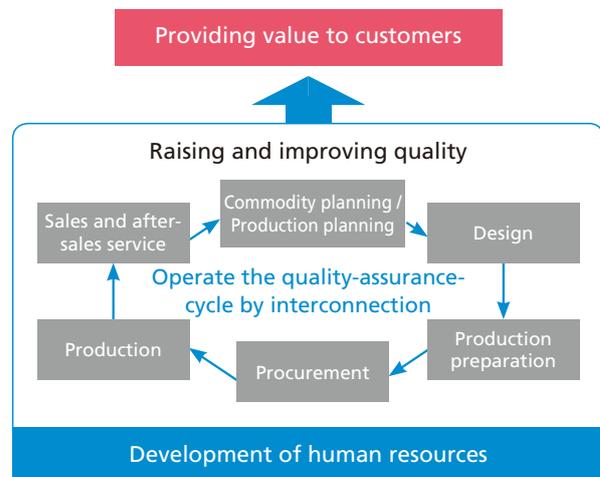
Basic Stance

Hino Motors believes that it has a responsibility to provide value and quality to customers and society, enabling people to feel safe and secure while using its products and services.

The Company is constantly striving to improve quality by continually applying plan-do-check-act (PDCA) cycles for improvement. These PDCA cycles are utilized during the manufacture of commercial vehicles, and also while the vehicles are being used by customers, until the company's role is complete. The pursuit of quality improvement forms the basis of Hino Motor's quality assurance management. Under its "Customer First" and "Quality First" Code of Conduct, Hino Motors will continue to refine the quality of its products and services on a daily basis in order to remain a commercial vehicle manufacturer trusted by customers and society.

Promotion System for Quality Assurance

The employees of Hino Motors are all working to improve the quality of the processes they are engaged in, including planning, design, production preparation, procurement, manufacturing, sales, and after-sales service. They are expertly applying quality assurance cycles leveraging coordination across different processes. This enables the Company to provide products and services that earn the trust of customers and society. The Company will keep taking on the challenge of improving quality even further by promoting human resource development, which is one of the foundations of corporate activities in each process.



Initiatives to Prevent Problems

◆ Determining Defect Causes in the Design Stage

Hino Motors seeks to discover and eliminate any product defects in the early stages of each process.

In the early design stage, efforts are made to raise the quality of blueprints by ensuring the departments concerned thoroughly discuss and resolve all issues. Hino Motors aims to make products of the highest possible quality by conducting high-quality design reviews to check and enhance each design. These are carried out on the frontlines.

◆ Quality Information Sharing Utilizing the Global Hino Quality Assurance (G-HQA) System

In fiscal 2013, Hino Motors began phased construction of an information management system to enable quality assurance information to be shared quickly, including information from group companies in Japan and overseas. The aim is to quickly identify quality issues and solve problems at an early stage.

Safety Health > Quality Human Resources “Creation” and Work Styles Supply Chain Social Responsibility Initiatives

Going forward, the Company will further strengthen the system and share information rapidly with markets worldwide. Hino Motors is determined not only to respond promptly to customer needs, but also to further improve the quality level by preventing defect recurrence.

Initiatives for Raising Employee Quality Awareness

◆ TQM* Activities

Hino Motors is promoting TQM activities for each employee category—from frontline workers to career track employees. The Company is always striving to enhance employee awareness and improve product quality. Every year, the Hino Group holds an All Hino TQM Tournament and a Global Hino QC Competition. The aim is to create opportunities for employees to learn from one another and thereby to facilitate Group-wide improvement. At the programs, cases of outstanding improvements are shared, enabling participants to learn about new methods and approaches.

*TQM: Total Quality Management

◆ Ample Learning Opportunities

Since fiscal 2015, Hino Motors has been holding exhibitions on product quality every November, which is quality month. This ensures that all employees can maintain their awareness of the importance of ensuring safety and peace of mind for customers. In 2018, a Quality Learning Center was opened for employees. The center enables all employees to learn about the current quality situation at Hino Motors, while strengthening efforts to keep a strong emphasis on quality and putting customers first.

In addition, Hino Group sales companies in and outside Japan, which have a great deal of direct contact with customers, are working to create systems for supplying parts rapidly and for studying vehicle maintenance technologies. In Japan, service support sites have been established at the 21st Century Center (Hachioji City), Kobe Training Center, and Sagami-hara Training Center. Overseas, support sites have been established in the Middle East and Latin America to further improve quality. In addition, Hino Motors launched a Service Master Course in 2003. This next-generation program develops core human resources at dealers in Japan. Program participants acquire the advanced maintenance and diagnostic skills needed by service engineers. They also obtain knowledge concerning products and relevant laws and regulations, as well as a wide range of skills, such as customer service and repair shop management. After completion of the course, the participants apply their new expertise in after-sales service departments at Hino Motors’ dealers in Japan.



Hino Training Center - Middle East (UAE)



Quality exhibition



Completion ceremony

Safety Health **Quality** Human Resources "Creation" and Work Styles Supply Chain Social Responsibility Initiatives

◆ **Hino Group Award System**

Each year, Hino Motors dealers across Japan hold a service skills competition. In fiscal 2017, the 46th year of the event, dealer service engineers competed in the field of maintenance technology, while service counter staff competed in the area of customer service. The competition is held in order to improve engineers' technical skills by encouraging them to learn independently, and to incentivize staff to provide high quality service to customers.



Competition for vehicle repair skills



Competition for service skills



Awards ceremony

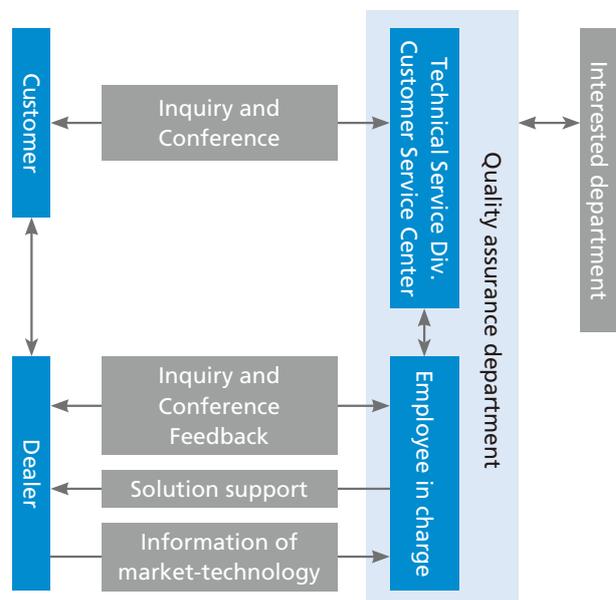
● Dealers that competed in the 46th National Service Skills Competition

| Branch | Dealers |
|---------------------|---|
| Hokkaido branch | Hokkaido Hino Motors |
| Tohoku branch | Outstanding performance award Miyagi Hino Motors |
| Kita Kanto branch | Tochigi Hino Motors |
| Minami Kanto branch | Tokyo Hino Motors |
| Tokai branch | Aichi Hino Motors |
| Hokushin branch | Outstanding performance award Nagano Hino Motors |
| Kinki branch | Osaka Hino Motors |
| Chugoku branch | Hiroshima Hino Motors |
| Shikoku branch | Kagawa Hino Motors |
| Kyushu branch | Best performance award Kyusyu Hino Motors |
| Honorable mention | Niigata Hino Motors |
| Honorable mention | Shizuoka Hino Motors |

Customer Service Center Activities in Japan

Hino Motors' Customer Service Center in Japan was established to address a range of customers' concerns and enquiries by telephone. Following the motto, "Speedy and accurate response," the center is committed to improving its quality of service, aiming to further enhance customer satisfaction.

● Response system for customers In Japan

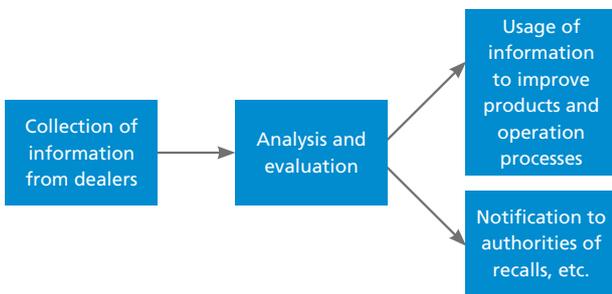


Handling Quality Defects and Recalls

Hino Motors' top priority is the safety of customers and the broader society. The Company makes every effort to prevent defects so as not to cause difficulties for anyone. In order to ensure customer safety and support regular maintenance, the Company rapidly collects all the needed quality information and has established a system that ensures a prompt response to any quality issues.

Please refer to the following for details on how Hino Motors has handled defects, including the issuing of recalls, over the last three years. All defect cases are handled appropriately.

● Remedial and Other Measures



● Incidence to handle defects

(Cases)

| | FY2015 | FY2016 | FY2017 |
|---------------------------------|--------|--------|--------|
| Recalls ^{*1} | 11 | 18 | 18 |
| Remedial measures ^{*2} | 2 | 0 | 3 |
| Service campaigns ^{*3} | 4 | 5 | 1 |

By definition of the Ministry of Land, Infrastructure, Transport and Tourism Japan

*1. Recalls: Automobile manufacturers and related manufacturers recall vehicles to make necessary improvements in accordance with safety standards when it has been determined that a certain range of the same model of vehicles, or tires or child seats do not comply with or are suspected of not complying with safety standards for road transport vehicles due to factors at the design or manufacturing stage.

*2. Remedial measures: Automobile manufacturers and related manufacturers undertake remedial measures for making necessary improvements to vehicles when it has been determined that problems have occurred due to factors at the design or manufacturing stage, and such problems cannot be ignored in terms of ensuring safety or preserving the environment, even if the problems are not covered by safety standards for road transport vehicles (in contrast to product recall notifications).

*3. Service campaigns: Automobile manufacturers carry out service campaigns to make necessary improvements to the marketability or quality of vehicles in the event of problems that do not fall within the scope of recalls or remedial measures.

Future Initiatives

Hino Motors is working to achieve the ultimate goal of eradicating defects and recalls, aiming to provide further safety and peace of mind to customers and the broader society. The Company will keep working to improve quality further by constantly striving to prevent defects and the recalls and further raising employee awareness. In the spirit of "Customer First" and "Quality First," Hino Motors seeks to ensure that its business will make an ever-growing contribution to society.