

# **HINO**

## **Supplier CSR Guidelines**

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**Hino Motors, Ltd.**

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## I. Introduction

Hino Motors established the HINO Credo in July 2007 after reviewing its corporate philosophy announced in 1992 from a corporate social responsibility (CSR) perspective. The HINO Credo consists of three core components: the Corporate Mission, Core Principles and CSR Charter. The Corporate Mission clearly defines the Group's obligations and responsibilities toward society. The Core Principles provide guidelines to enable the Group to achieve this mission. Finally, the CSR Charter articulates the Group's goals and aspirations as it strives to better serve its stakeholders. In accordance with the HINO Credo, the Company engages in a wide spectrum of CSR activities, working diligently to promote increased awareness and understanding throughout the Group worldwide.

Hino Motors has specified its basic stance toward suppliers in the "To Our Business Partners" section of its CSR Message. Nevertheless, in an effort to provide a more concrete document, we have created *Supplier CSR Guidelines* based on the approaches of CSR guidelines for suppliers issued by the Japan Automobile Manufacturers Association in 2009, and supplier CSR guidelines used by the Toyota Group. We have also included the Company's Green Purchasing Guidelines, which cover environmental issues in local communities and regional contribution activities.

The *Supplier CSR Guidelines* express Hino Motors' expectations of its business partners, with which the Company has worked closely to establish relationships of mutual trust. We ask that the content and spirit of these guidelines be promoted on a continuous basis regardless of changes in business conditions.

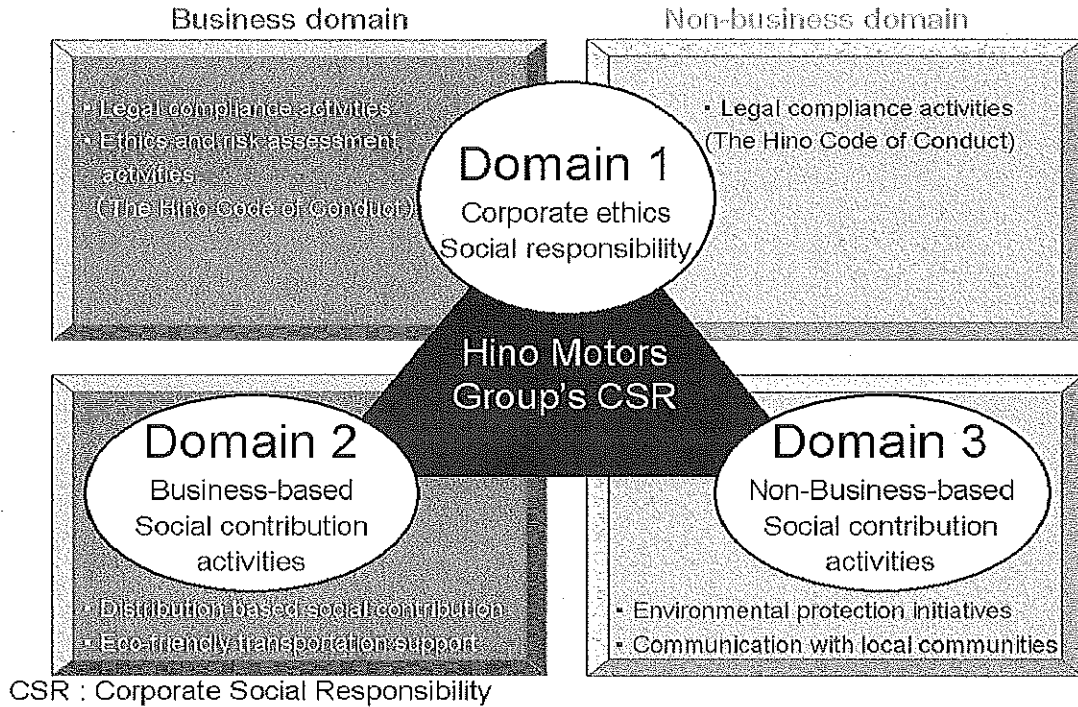
Along with the vision set forth by the Company, the *Supplier CSR Guidelines* also cover a number of CSR initiatives carried out independently by suppliers, as well as their expectations of Hino Motors.

We have provided these guidelines to assist the Company's suppliers. We respectfully ask for their full support in ensuring that their employees completely understand the contents, and in complying with the letter and spirit of applicable laws and regulations. We also hope that suppliers will engage in regular initiatives to develop their own policies and guidelines regarding their own suppliers.

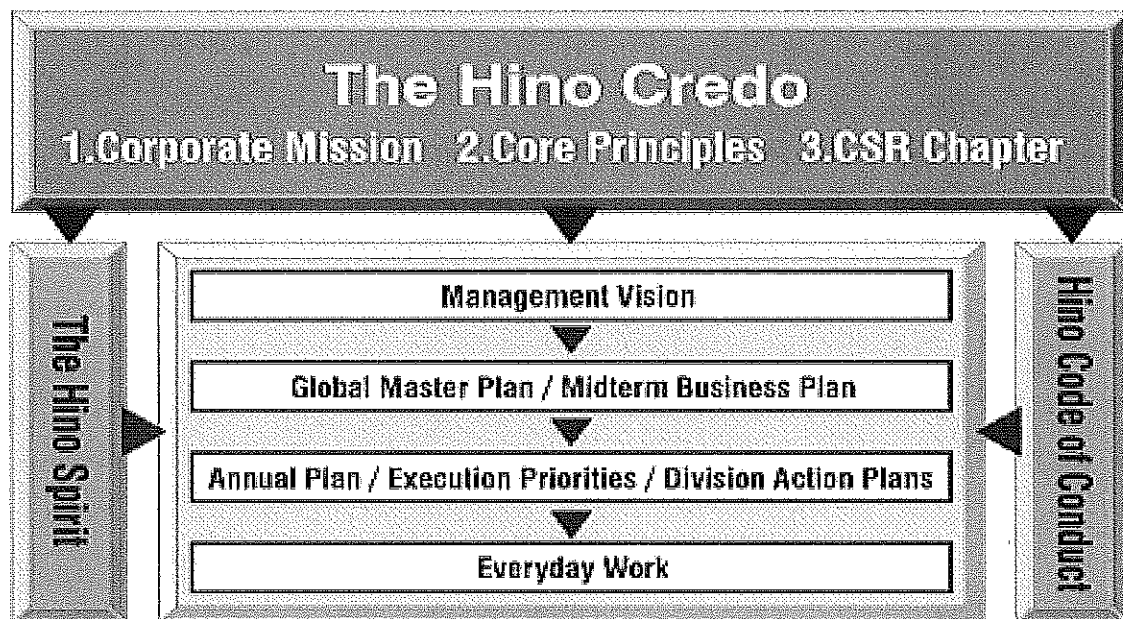


Toshiya Suzuki  
Senior Managing Director  
Chief Purchasing Officer

## II. The Scope of Hino Motors' CSR Activities and The Hino Credo



Hino Motors established The Hino Credo after reviewing its corporate philosophy, formulated in 1992, from the perspective of corporate social responsibility (CSR). Hino Motors' corporate philosophy clearly defines its policy and stance on the contribution the Group should make to society as a manufacturer of trucks and buses.



## Corporate Mission

To make the world a better place to live by helping people and goods get where they need to go—safely, economically and with environmental responsibility—while focusing on sustainable development

At the Hino Motors Group, we the Corporate Mission is our source of inspiration and motivation to take on challenges. The Corporate Mission is genuine statement that captures what the world expects from us, and expresses the great impact we can have just by doing what we do best. After all, we want Hino to be known for going the extra mile.

## Core Principles

As the second component of The Hino Credo, the Core Principles guide all of the business endeavors we undertake in pursuit of the Corporate Mission as follows:

1. Earn the world's trust as a global manufacturer of commercial vehicles
2. Develop and maintain innovative technologies that enable us to provide customers with useful products and services
3. Integrate sustainability, social concern, and a keen awareness of change into our plans for growth
4. Respect the diversity of our employees, and build a vibrant corporate culture

In addition to the Core Principles stated above, we have added the following principles:

1. As a group of companies that works to earn the world's trust, the Hino Motors Group will develop its business globally by putting forth initiatives for the environment and safety, improving the durability and fuel-efficiency of its vehicles, and providing society with excellent products and services at lower costs over the product lifecycle.
2. The Hino Motors Group will strive to offer highly useful products and services to customers by stepping up its efforts to develop advanced technologies, manufacture products that are safe and environmentally friendly, and provide high-quality services.

3. While continuing to adapt to changes in society, the Hino Motors Group will aim for continuous growth in accord with the expectations of society and all of its stakeholders.
4. The Hino Motors Group will create a corporate culture in which employees can express their individuality and carry out their work with high morale.

#### CSR Message

The CSR Message is the third component of The Hino Credo. Built on the Core Principles, the CSR Message articulates our ideals when it comes to serving each of our diverse stakeholder groups.

#### To customers

We meet our customers' expectations by providing useful products and services.

#### To employees

We respect each individual employee, and strive to create a workplace that fosters personal growth.

#### To business partners

We build relationships of trust by engaging in open communication, with mutual prosperity as our goal.

#### To shareholders

We work hard to anticipate changes in the business environment in order to improve the Hino Group's corporate value.

#### To the international and local communities

We strive to provide products that are safe and environmentally friendly, pursuing a responsible balance with the environment in all of our corporate activities.

We strive to contribute to local communities in all the regions where we do business.

We are devoted to good corporate citizenship, complying with laws and regulations and maintaining high ethical standards.

In addition to the CSR Message stated above, we have added the following items:

#### To customers

We work to contribute to customers' lives by raising the quality of products and services.

**To employees**

While respecting each individual employee, we promote workplaces in which employees can develop self-reliance and achieve self-actualization.

**To business partners**

In our business activities, we actively engage in dialog with all business partners with the goal to deepen relationships of trust and achieve mutual benefits.

**To shareholders**

We strive to contribute to the interests of shareholders by appropriately responding to changing business conditions that could potentially have long-term effects in Japan and around the world with the objective of raising the corporate value of the Hino Motors Group.

**To international and local communities**

We declare our intention to contribute to international and local communities in the following three areas: concern for the environment, social contribution, and compliance with laws and regulations.

*Concern for the environment*

In addition to offering environmentally friendly products to society, we work to lower the environmental burden in all business activities including operations at factories.

*Social contribution*

We actively carry out social contribution activities as a good corporate citizen in the local communities where we conduct business.

*Compliance with laws and regulations*

We thoroughly comply with laws and regulations while continuing to interact with society in good faith.

### **III.Hino Motors Basic Procurement Policy**

The Hino Motors Group carries out procurement according to the following five items that comprise its Basic Procurement Policy.

#### **1. Transparent and fair transactions**

The Hino Motors Group conducts transactions with suppliers fairly and in good faith, regardless of a supplier's national origin, scale of operations, or past performance. Hino Motors decides which suppliers to use after due consideration of quality, price, production capacity, and delivery times, as well as their stance on the environment, management stability, and technology development capabilities.

#### **2. Establishment of relations built on trust and continuous mutual prosperity**

The Hino Motors Group works closely and communicates directly with suppliers to examine issues in an effort to attain good working relations and mutual prosperity based on mutual trust.

#### **3. Promotion of global procurement**

With its goal to be a commercial vehicle maker trusted around the world, the Hino Motors Group promotes procurement from suppliers in the areas where the Group conducts business to enable it to contribute to communities as a local enterprise.

#### **4. Complying with Relevant Laws, Regulations and Terms of Contracts**

The Hino Motors Group operates in accordance with social norms and in compliance with laws and regulations in letter and in spirit. The Group also properly and strictly manages classified information it shares with suppliers.

#### **5. Promotion of green purchasing**

The Hino Motors Group works to procure parts, materials, and equipment that were produced with low impact on the environment in order to offer environmentally friendly products and services.



## IV. Supplier CSR Guidelines

Under the “To business partners” item in its CSR Message, Hino Motors Group has declared: “We build relationships of trust by engaging in open communication, with mutual prosperity as our goal.” In line with this goal, the Hino Motors Group will conduct transactions with transparency and fairness with all parties that it engages in business with to continue working toward mutual prosperity.

### (1) Share Basic Management Philosophy

We would like to carry out the following philosophy together with our suppliers:

■ **Creation of Work Environment based on Respect for our Employees**

Organize the environment to foster trust between workers and management and develop a work climate to promote human development.

■ **Monozukuri based on Genchi-Genbutsu**

Genchi-Genbutsu - focusing all corporate activity on the actual needs in the marketplace and on conditions in the workplace. We practice Genchi Genbutsu, go to the source to find the facts to make correct decisions, build consensus, and achieve goals at our best speed.

■ **Relentless Kaizen Efforts**

We improve our business operations continuously, always driving for innovation and evolution.

■ **Two-way Communication**

Automobile manufacturing at Hino is a joint endeavor with suppliers and Hino. To succeed in that endeavor, we and our suppliers need to work together as a single company. We must maintain close communication, exchanging ideas frankly and coming to terms with each other on all matters of importance.

## **Hino's Expectations of Suppliers for providing "Products and Services"**

We expect suppliers to provide the best possible products at the lowest possible cost. This must also consider providing in the most timely manner on a stable and long-term basis.

Suppliers need to undertake product development and deploy manufacturing processes that address the customers' needs and wants of today and tomorrow. Therefore, our five main expectations are as follows:

### **Safety**

Manufacturing is a human enterprise, so it is most important to secure a safe environment for people to carry it out free of worries. In a safe working environment, workers can concentrate their efforts on the process of manufacturing and make products of high quality.

### **Quality**

Our highest priority at Hino is quality. Consistently high quality is the biggest reason for the excellent reputation of our products around the world and for the trust we enjoy from customers. We need to keep up with customers' increasing expectations of vehicle quality. We appreciate suppliers' understanding that quality is an absolute prerequisite for our business, and we assume that all Hino suppliers will devote themselves to quality in development and production.

### **Delivery and Production**

We at Hino Motors maximize efficiency through streamlined manufacturing, producing only what is needed, when it is needed, and in the amounts needed. We expect suppliers to contribute to this streamlined efficiency when preparing for and implementing mass production and making deliveries by operating flexibly and without errors.

### **Cost**

We expect suppliers to offer the most competitive cost in the world. Suppliers need to develop new technologies and innovative production technologies to support their continuing cost reduction.

### **Technological Capabilities**

Customer and social expectations are mounting in three main areas; technologies for environmental protection, safety, and comfort. Our suppliers need to grasp these expectations and to address them a step ahead of their competition through innovative products and technologies. Our suppliers also need to broaden the marketability of their products through dramatic cost reduction.

## **(2) Hino Motors' Expectations of Suppliers in the Process of Developing "Products and Services"**

We expect suppliers to comply with the following items to undertake CSR activities. We also expect suppliers to deepen and expand CSR initiatives with business partners by developing and deploying individual CSR policies and guidelines incorporating the following items:

### **Legal Compliance**

#### **<Compliance with Laws and the Spirit thereof>**

- Comply with applicable laws and regulations of each country and region as well as the spirit thereof.
- Establish and implement policies, structure and mechanisms for ensuring and verifying legal compliance including a code of conduct, confidential compliance hotline and training.

#### **<Management and Protection of Confidential Information>**

- Manage and protect company's confidential information such as trade secrets and use such information in an appropriate manner.
- Obtain confidential information concerning other companies only from authorized personnel by legitimate means. Verify the permissible scope of use and other conditions concerning such confidential information and use it only within the scope allowed, while maintaining its confidentiality and not infringing upon the rights of the other companies.
- Obtain personal information concerning employees, customers and business partners only by legitimate means. Manage and protect such information in a secure manner, and use the information only within the scope allowed.

#### **<Protection of Intellectual Property>**

- Continually monitor and protect all intellectual property of the company against any infringement by others.
- Do not infringe the intellectual property (such as patents, utilities, designs and trademarks) of others, illegally use such intellectual property or make illegal copies of software or publications.

#### **<Compliance with the Competition Laws>**

- Do not engage in illegal acts against the competition laws and regulations of each country and region including private monopolies, unreasonable restraint of trade (cartel, collusive bidding, etc.) or unfair trade practices.

#### <Export Controls>

- Comply with laws and regulations concerning export controls, thoroughly implement such controls and establish management as confirming whether products, technology or other exports are subject to regulations, and prepare and provide documentation of such confirmation.

#### <Anticorruption Measures>

- Comply with applicable laws and regulations concerning political donations or contributions and strive to build transparent and fair relationships with political parties or administrative bodies.
- Do not engage in giving or receiving presents, entertainment or money with customers, suppliers and other business partners in order to acquire or maintain unjust interest or wrongful preferential treatment.

#### Human Rights/Labor

##### <Non-Discrimination>

- Do not discriminate on the basis of personal characteristics protected by local applicable laws and regulations, such as race, ethnic and national origin, religion, age, gender, etc. with regards to all aspects of employment, including application process, hiring, promotion, compensation, access to training, job assignment, wages, benefits, discipline, termination and/or retirement.

##### <Wages and Benefits>

- Pay wages in compliance with local applicable laws and regulations, including those relating to minimum wages, overtime hours, deduction from wage, piece rates and other elements of compensation.

##### <Working Hours>

- Comply with local applicable laws and regulations governing employees' working hours, including overtime work.

##### <Respect for Privacy>

- We respect the privacy of all persons and persons and treat any personal information we have access to in the course of our jobs with due care.

##### <Safe and Healthy Working Environment>

- Place the highest priority on safety and health programs and policies at work, so that each employee is able to work without undue concerns, and strive to prevent accidents and injuries from happening at work.
- Support efforts to improve the health of employees through health promotion activities at work, guidance for preventing illness, and other means.

## Local/Global Community

### <Environment>

- Pursue growth in harmony with the environment and aim for zero-emissions in your business activities
- Establish an Environment Management System(EMS)that can promote environmental preservation activities and continuously improve them,in addition to comply with applicable environmental laws and regulations in each country.
- Promote proper management for environmental substances of concern as well as improving environmental performance.(Refer to the Green Purchasing Guidelines)

### <Responsible Material Procurement>

- Obtain materials with full deliberation and care to avoid the procurement or usage of materials which are unlawful or which are obtained through unethical or otherwise unacceptable means (such as conflicts minerals\*).We expect suppliers to take appropriate steps to discontinue procurement of these materials if usage is detected.

\*Minerals originating from the DRC and neighboring countries that have directly or indirectly contributed to the financing of armed groups.

### <Social Contribution>

- Strive to pay attention to the societal challenges of each community in order to promote its prosperity and development, and to conduct social contribution activities leading to the solution of such challenges in cooperation with the local communities.

### <Disclosure of Information to Stakeholders>

Strive to disclose to stakeholders such information as is pertinent to them, including management, financial condition, environmental preservation, community and social contribution, in a timely and fair manner and to build and maintain positive relationships with stakeholders through open and fair communication.

### Developing and Deploying Policies and Guidelines for Business Partners

Strive to deepen and expand CSR initiatives with business partners by developing and deploying individual CSR policies and guidelines incorporating the guidelines outlined above.

Promote the above activities in consideration of the whole supply chain and conduct the necessary countermeasures for follow-up and improvement of business partners.



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