

HINO

SUSTAINABILITY

R E P O R T

2018



Hino Motors, Ltd.

Corporate Information

| Company Name Hino Motors, Ltd.

| Business Lines Trucks and buses, commercial vehicles and passenger cars produced for Toyota Motor Corporation, automotive and industrial diesel engines, vehicle parts, others

| Headquarters 1-1 Hinodai 3-chome, Hino-shi, Tokyo

| Founded August 1, 1910

| Established May 1, 1942

| Paid-in Capital 72,717 million yen*¹

*¹ As of March 31, 2018 (consolidated)

*² Fiscal Year ended March 31, 2018 (consolidated)

| Number of Employees*¹

32,719

| Net Sales*²

1,838,000 million yen

| Operating Income*²

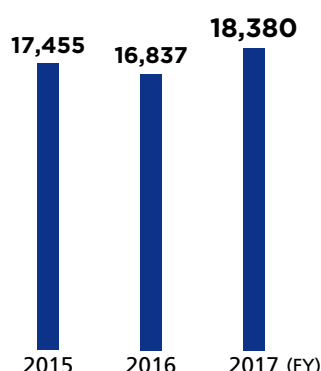
80,300 million yen

| Profit attributable to owners of the parent*²

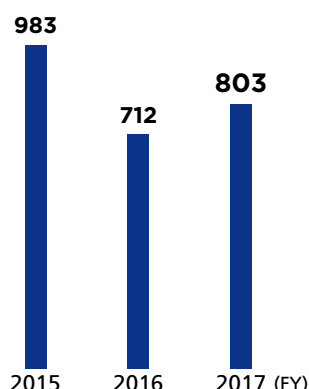
51,400 million yen

Trends in business results

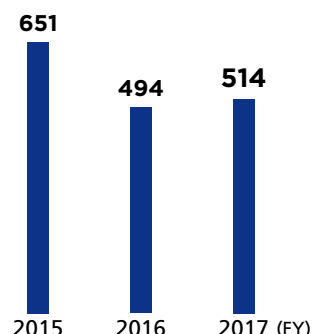
● Net sales
(100 million yen)



● Operating income
(100 million yen)



● Profit attributable to owners of the parent
(100 million yen)



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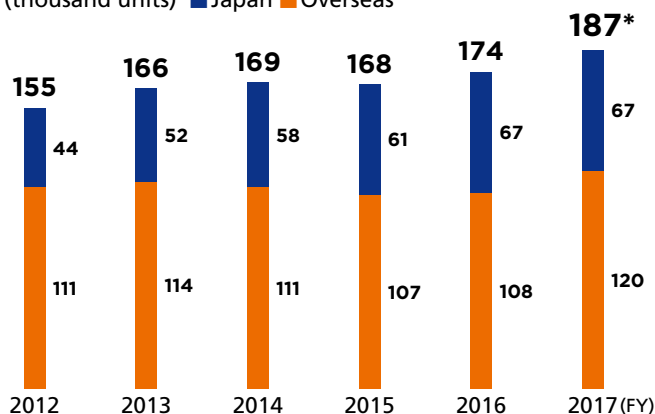
Overseas Business Entities (companies in which Hino has an investment) As of June 2018

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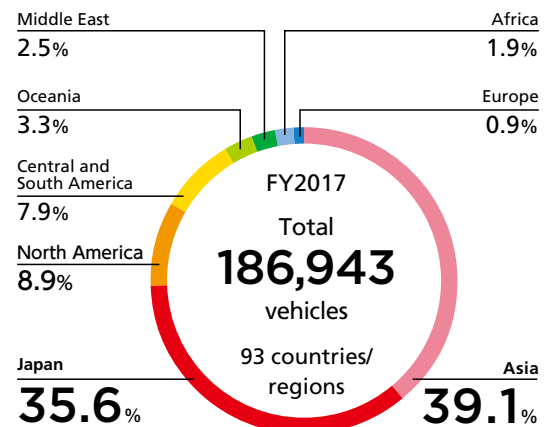
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*Vehicle sales climbed to an all-time high

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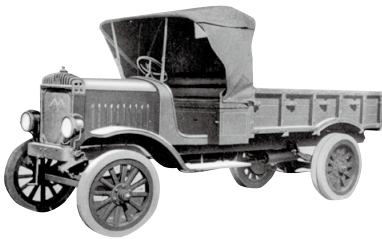
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HISTORY of Hino Motors

In 1917, Hino Motors successfully test produced Japan's first 100% domestically designed and manufactured truck, applying its technology to help promote the movement of people and goods. After World War II, Hino Motors supported Japan's reconstruction with trailer trucks equipped with diesel engines. The Company went on to develop the trucks and buses that were responsible for mass transportation during Japan's period of high economic growth. In more recent years, Hino Motors has taken on social challenges related to the movement of people and goods by leveraging cutting-edge technologies including AI and IoT. Today, Hino Motors is embracing the new challenges of a period of revolutionary change the likes of which is seen only once a century.



● **TGE Model A Truck (1917)**
Japan's first 100% domestically produced truck was the starting point for Hino Motors.



● **T10 and T20 Model Trailer Trucks (1946)**
This 100% domestically produced heavy-duty trucks inspired and encouraged the people of Japan in the aftermath of the war.



● **Contessa 1300 Deluxe (1964)**
The Contessa 1300 Deluxe was designed as a world car and exhibited at the 11th Tokyo Motor Show. It received rave reviews from around the globe for its high performance and design.



● **Super Dolphin Series (Dolphin Turbo 8.8)(1981)**
This marked the birth of a powerful low-emission vehicle loaded with new ideas and technologies, including the world's first downsized engine using a curved impeller and turbo compressor.

1910s

From Gas Lamps to Auto Industry

The history of Hino Motors began with the establishment of Tokyo Gas Industry Co., Ltd. in 1910. At the time, the gas business was a symbol of modernization, but the Company entered the auto industry, looking further ahead to a new era.



1940s

Diesel Engine Trucks Contribute to Post-War Recovery

Utilizing diesel engine technology developed during the war, Hino Motors developed large-scale trailer trucks.

1950s

Laying Foundations as a Comprehensive Automaker

This marked the beginning of the high-growth period. Riding an economic wave, automakers continued to increase production, and full-fledged motorization began.

1960s

The Challenge of Motorization

In 1966, Hino Motors began a partnership with Toyota Motor Corporation. While production of Hino Motors' passenger cars will be discontinued, production of the Toyota HILUX commences at the Hamura Plant, laying the foundation for the Toyota-Hino alliance.



1970s

Hino Motors Becomes the Top Truck Manufacturer by Refining Technologies in an Era of Emissions Regulations

Diesel vehicle exhaust emissions regulations began the following year in 1974, when Hino Motors became Japan's heavy- and medium-duty truck market share leader. With regulations gradually becoming stricter, the engineering team continued working hard to pass standards.

1914	1923	1929	1939	1945	1947	1947	1951	1954	1958	1963	1964	1969	1970	1971	1972
Outbreak of World War I	Great Kanto Earthquake	Great Depression	Outbreak of World War II	End of the war	Hideki Yukawa receives Nobel Prize in Physics	Enforcement of the Constitution of Japan	San Francisco Peace Conference	1st Tokyo Motor Show	Tokyo Tower opens	Creation of Japan's first super highway, the Meishin Expressway	Tokyo Olympics	Tomei Expressway opens	Osaka Expo	Nixon shock	The revision of Okinawa to Japan

1942



● **Company split and establishment of Hino Heavy Industry Co., Ltd.**
Photo shows a Hino factory at the end of World War II.

1953



● **Partnership with Renault S. A.**
Hino Motors formed a technical tie-up with Renault and produced the Renault 4CV compact passenger car (1953-1961).

1966



● **Partnership with Toyota Motor Corporation**
Hino Motors, Ltd. and Hino Motor Sales, Ltd. (now Toyota Motor Corporation) created a business alliance.



● HINO600

Developed the common bonnet-type truck for the North American market. It was subsequently named the 2011 Truck of the Year (in the medium-duty category) by American Truck Dealers.



● Hino Dutro Hybrid

Addressing the world's increasingly severe environmental challenges, in 2003 Hino Motors developed the Dutro light-duty truck, which is equipped with a hybrid system. It has since become and remains the flagship model among Hino Motors' hybrid vehicles.



● HIMR (1989)

HIMR was the world's first hybrid bus, and was unveiled at the 28th Tokyo Motor Show. It was commercially launched in 1991.



● Hino Poncho

Featuring a low floor that makes it easy to get on and off, which is ideal for community buses, it won the 2006 Good Design Award.



● Hino Profia & Hino Ranger

In 2017, the Hino Profia heavy-duty truck was fully remodeled for the first time in 14 years and the Hino Ranger for the first time in 16 years. In addition to improved safety features and fuel efficiency performance, the new models offer superior riding comfort.



● Hino S'elega

As the next-generation heavy-duty tourist bus offering significantly improved safety features that came standard with an Emergency Driving Stop System (EDSS), a world first for a truck or bus, the Hino S'elega underwent a minor model change in 2018.

1980s

World's First Hybrid Bus

In the 1980s, automakers competed for various technologies. Hino Motors' engineering team reached new heights of success with a proprietary environmental technology, thereby pioneering the subsequent hybrid era.



1990s

From Hino of Japan to Hino of the World

On the occasion of the company's 50th anniversary, Hino revamped its corporate philosophy and logo mark. With the strong yen forcing companies to relocate overseas, Hino Motors focused on building a global system.



2000s

A Member of the Toyota Group

In 2001, Hino Motors became a wholly owned subsidiary of Toyota Motor Corporation and assumed responsibility for the Toyota Group's bus and truck business under the HINO brand. In 2007, overseas sales volume exceeded domestic sales volume for the first time.



2010s

A New Challenge as a Truly Global Company

Amid tougher global environmental regulations, the EV shift accelerated. With the advancement of ICT technology, expectations for connected cars and autonomous driving grew, and the automotive industry faced a major turning point the likes of which is seen only once a century.



Our
challenge
goes on

1985

Plaza Accord

1986

Enforcement of the Equal
Employment Opportunity
Act for Men and Women

1989

Fall of the Berlin Wall

1991

Collapse of the
bubble economy

1993

Birth of the EU

1995

Kobe Earthquake

2001

World Trade Center
terror attack

2005

Exposition of Global
Harmony (World Exposition)
Held in Aichi, Japan

2008

Lehman Brothers'
collapse

2011

Great East Japan
Earthquake

2012

Tokyo Sky Tree opens

2016

Hokkaido Shinkansen
goes into operation

1997



● Dakar Rally

Hino Motors participated in its first Dakar Rally in 1991. In 1997, it swept 1st, 2nd, and 3rd places, proving to the world that its vehicles' can perform in harsh environments. 2018 marked Hino's 27th consecutive appearance.

2017



● Koga Plant

With the aim of building a global production system, Hino Motors reorganized this domestic plant, turning it into its largest and most advanced plant. Koga Plant began full-scale operation in 2017 as the mother plant for medium- and heavy-duty vehicle production.

2018



● Partnership with Volkswagen Truck & Bus
Hino Motors reached an agreement with Volkswagen Truck & Bus (now TRATON GROUP) to build a strategic cooperative relationship.

下 義 生

Yoshio Shimo

President & CEO,
Representative Director



Listening to Our Customers Above All Else, Hino Motors Continues to Be an Indispensable Presence in Any Era

Hino Motors is facing unprecedentedly rapid change. We spoke to President & CEO Yoshio Shimo about the outlook for the future, asking him about how Hino Motors, as a leading truck and bus manufacturing company, needs to tackle social challenges in order to achieve sustainable growth and increase corporate value against the backdrop of today's fast-moving world.

The Power of Trucks and Buses: Essential to Solving Diverse Social Challenges

—More than a year has now passed since you were appointed President & CEO in June 2017. What are your thoughts and opinions on the current business environment, and how would you assess fiscal 2017?

When you think of the emergence of autonomous driving and electric vehicles (EV), it is easy to see that

the automotive industry is in the midst of what could be called a once-in-a-century revolution. Society is also facing a multiplicity of challenges that are having a transformative impact on the truck and bus business environment. While global warming caused by CO₂ emissions is an issue familiar to many, other challenges include the driver shortage accompanying the growth of e-commerce, heightened safety needs brought about by the aging of society, and the need to do something for the growing number of people whose movement is restricted in sparsely populated areas with few available means of transportation. We must respond to these environmental changes speedily and accurately if we are



to remain in business.

In fiscal 2017, Hino Motors' global sales of trucks and buses hit a historic high, surpassing 180,000 units sold. The HINO brand is now the brand of choice in commercial vehicles for customers in more than 90 countries and regions around the world, with multiple bases located in Asia, North America, Central and South America, Europe, the Middle East and Oceania. On a consolidated basis, more than 32,000 people are working for us, with people of all nationalities at every level of the company from senior management down. I believe that it is imperative for all of our employees to respond to changes in the business environment by striving together to build a company that is loved by people both in Japan and all around the world.

—The new slogan, “Trucks and buses that do more,” was created as part of the effort to respond to the fast-changing environment. What ideas does this slogan intend to convey?

Trucks and buses are specialized vehicles that can be thought of as “tools” for the transport of goods and people. In emerging and developing economies in particular, there are still many people who do not have their own vehicle, which further highlights the importance and necessity of trucks and buses.

“Trucks and buses that do more” incorporates our desire for the vehicles that we produce to become an even greater presence in the working world, where they help to solve even more social challenges and in so doing contribute to social development as a whole. It is such efforts that will certainly lead to “Hino Motors being loved the world over.”

Becoming a More Beneficial Presence in Society Through Commitment to Three Goals

—Could you tell us a little more about the direction for the business from now on ?

To realize our aim of “Trucks and buses that do more” we are committed to implementing three goals: “Best-fit products incorporating safety and environmental

technologies,” “Total Support customized for each vehicle,” and “new activity areas.” Safety and the environment are the two areas in which truck and bus manufacturers must implement measures as a bare minimum, but there are probably still many people who have a long-held bad impression of the safety and environmental performance of trucks and buses. Our aim is to dispel this negative image by engaging in through-going measures to enhance safety and environmental technologies.

Firstly, safety is our top priority. Aiming for zero truck and bus traffic accident casualties, we have enhanced safety features, including the fitting of automatically activated brakes as standard on all new models. We remain committed to expediting the introduction of the latest advanced safety technologies on our vehicles. In environmental areas, too, we are actively introducing vehicle electrification, including the development of hybrid models, looking to further reduce CO₂ emissions. Given the serious driver shortages of recent years, we are also working to realize technological innovations that will support drivers everywhere, by improving the operability and comfort of trucks and buses, and reducing the burden placed on drivers when unloading, which is a critical aspect of the distribution industry that cannot be overlooked.

Next, the goal of “Total Support customized for each vehicle” refers to our recognition of the importance of providing optimized support for each and every one of the more than 1.75 million Hino trucks and buses on the road today around the world. As our customers use trucks and buses as tools in their businesses for many years, we must ensure that Hino vehicles are always “road-ready” and so we are advancing efforts to further enhance our after-sales service, including the expansion of repair shops and increasing servicing lanes at dealerships.

Another point is that the way trucks and buses run varies hugely depending on the country or region, the state of the roads, and the content of the work being performed. By first fully understanding the distribution situation in each country, we then seek to provide customized services that correspond to our customers' needs. It is through the provision of such services that we aim to raise our social value. Furthermore, in terms

of “new activity areas,” we intend to engage in creative challenges that anticipate the future for logistics and transport and in so doing solve social challenges around the world, making trucks and buses an even more beneficial presence in society.

—It is also the case that a new company has been established to explore new forms of transport, isn’t it?

In June 2018 NEXT Logistics Japan, Ltd., was established as a fully owned subsidiary of Hino Motors. As a manufacturer of commercial vehicles, we believe that in addition to providing optimized products and services, we should also take up the challenge of resolving the logistics and transport issues that our customers and society face. We have already implemented verification tests for vehicle platooning as a potential solution to truck driver shortages, and we will continue to imagine and engineer a future in which autonomous driving and even more advanced environmental technologies have become the norm. When you take a long-term perspective that looks ahead 20 to 30 years in the future, there are many challenges that will need to be overcome. However, Hino has already made the first step on the road to realizing “new logistics,” and I am certain that our efforts will be of great benefit to society as a whole.

Meeting the Needs and Expectations of the International and Local Communities as Part of our Quest to Become a Truly Global Company

—What is your view on the kind of social responsibilities that Hino Motors should fulfil?

In the sense that the truck and bus business of Hino Motors contributes to the businesses of our customers, who in turn support the social infrastructure with logistics and transport services, our business is one that provides a high degree of public benefit. There is, therefore, a great deal of overlap between the social responsibilities we pursue in our main business and the broader vision of Creating Shared Value (CSV). Take

next-generation technologies such as autonomous driving, for example. If they were to be fitted not just on passenger vehicles but on trucks and buses too, it would generate greater social value.

As set out in our three goals, Hino Motors aims to help solve many social challenges with our truck and bus business. Just as there are things that can be resolved with existing technologies now, so too are there technologies we can aspire to realize in the future—it is important to engage in challenges based on various time scales. I believe that it is our duty to set out a clear business roadmap to the future as we continue to advance technological and product development, always bearing in mind what would happen if a technological breakthrough could be achieved.

—How do you think Hino Motors should respond to global social needs based on such perspectives as the Sustainable Development Goals (SDGs) and environmental, social and governance (ESG) performance?

As a global company, it is of course only natural that we respond to the various needs of the international community. At the same time, however, we should also never forget that our global operations are only possible thanks to our close interactions with the local communities in which we operate, including Hino City, where our company was first established. It is precisely because we have these close points of contact with local truck and bus communities that we can make a greater contribution to both the local and international communities. It is imperative that all employees have a strong awareness of this point as they engage in work operations.

What is important is to always listen earnestly to what our local customers and communities need and engage in technological development accordingly. It is this process that comprises the Total Support that Hino Motors has continuously focused on since its founding. If we forget that point, it will not be long before society leaves us behind.

Always Staying a Step Ahead with Proposals Based on Hino's Unique Values

—Can you share with us some of the initiatives being implemented to strengthen the management base with an eye on future growth?

If Hino Motors can maintain the trust of customers, communities and stakeholders around the world and further highlight our indispensable presence in society, this will lead to sustainable growth. To achieve this goal, it will be critically important to share a strong and commonly held recognition across the entire group about the significance of our work and our place in society. We must also be strictly disciplined if we are to maintain the trust of the global society, meaning that strengthening the management base in terms of corporate governance and compliance will be important themes. We are also engaged in active efforts to promote diversity and implement work-style reforms, seeking to provide employees with opportunities to grow and develop significantly based on the various knowledge and insights they acquire. It is through these diverse efforts and initiatives that we aim to reconfirm the values on which Hino Motors is founded and take our business to the next stage as a global company.

Hino Motors is also working to build friendships on the global level, as demonstrated by the Mutual Cooperation Agreement we concluded with Ashok Leyland Ltd. of India in November 2017 and the strategic partnership we entered into with TRATON AG of Germany in April 2018. We expect that these and other interactions will provide new knowledge and insights, as we aim to assimilate positive values and reflect them in the value that Hino Motors provides.

—Do you have a final inspirational message?

The reason I decided to join Hino Motors was because I wanted to work at a company that is involved in a business that is truly indispensable to society—in this case the manufacture of trucks and buses—and a



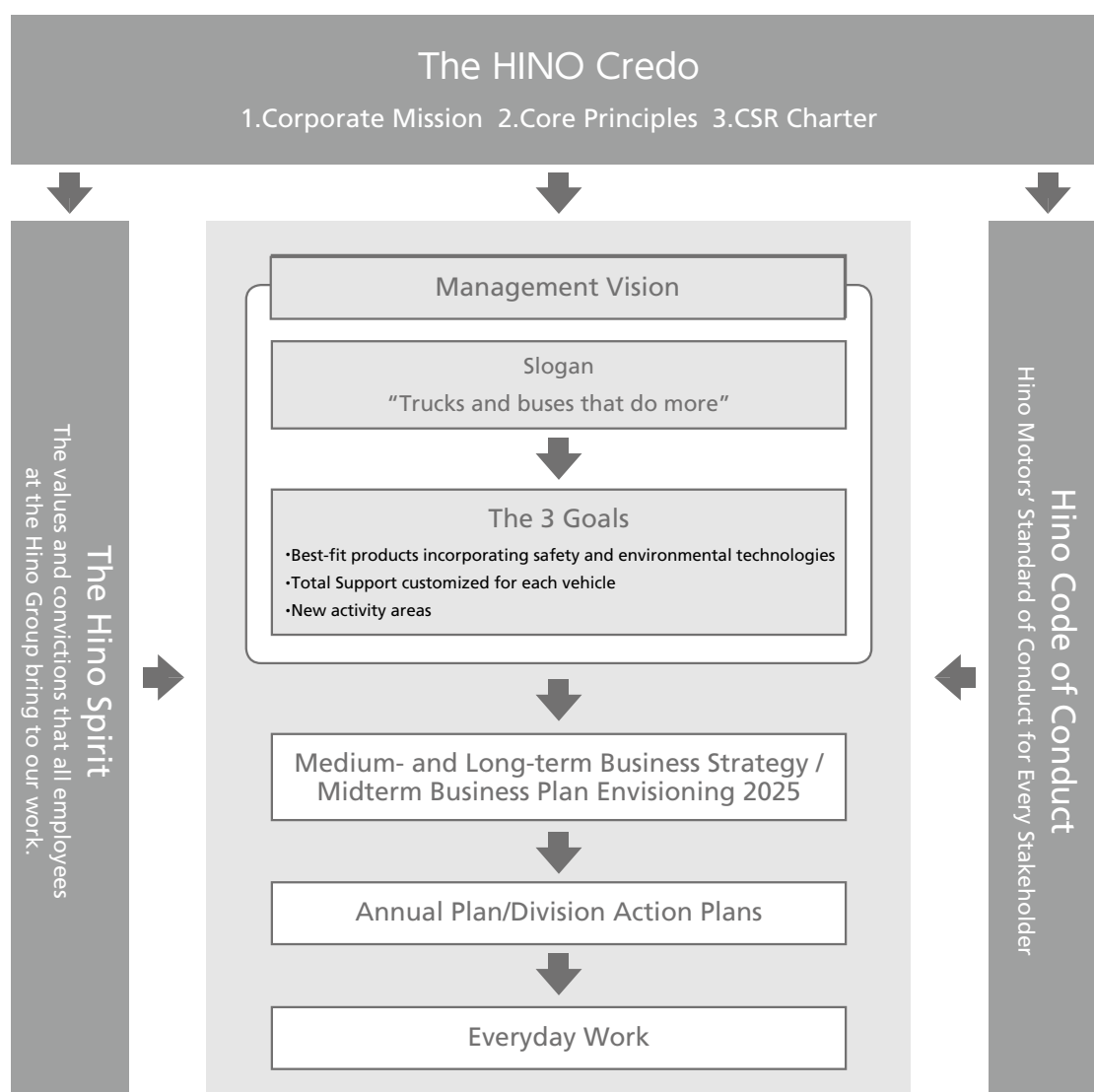
company that could make a contribution to the world. That was 40 years ago, but the pride I feel in being able to take a part in such work has never dimmed. In fact, it only grows stronger, given the ever-increasing necessity of trucks and buses to society.

It is only natural that social norms and people's views will change with the times, and there will likely never be a time when all social challenges have been resolved. However, no matter how society may change in the years ahead, what will remain constant is that Hino Motors will always present proposals that are a step ahead, as we work to solve social challenges. Rather than thinking about "How will the future change?" we should be focusing on "How can we create the future?" It is our hope and also a source of joy that the things that Hino Motors is working on now will be utilized by and remain valuable to our customers and to society 10, 20 or even 50 years from now. These are the things we keep firmly in mind as we maintain our presence as a company that can be called indispensable to society, a company that does its part in building a sustainable world.

The HINO Credo & Course of Action

The HINO Credo

In July 2007, Hino Motors reassessed the previous corporate philosophy and drew up the HINO Credo based on a CSR perspective. More recently, the Company is addressing unprecedented rapid change of the automotive industry by striving to create multifaceted value. All of these efforts are guided by not only one slogan and three goals, but also medium- and long-term business development and initiatives for 2025, helping to forge a united mindset among all the employees who make up global "Team Hino."



The HINO Credo



Hino Code of Conduct



[Envisioning 2025] (Medium- and long-term business development and initiatives for 2025 announced in October 2018)



The Course of Action: One Slogan and Three Goals

Customers and the broader society have higher and higher expectations of trucks and buses. Today's vehicles must fulfill safety needs, help address social issues surrounding distribution such as the recent shortage of drivers, and contribute to the fight against climate change.

Stepping up to these challenges, Hino Motors is working hard to support customers' businesses, contribute to society, and achieve continuous growth under the slogan of "Trucks and buses that do more."

The HINO Credo: Corporate Mission

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

The Hino Motors Slogan

"Trucks and buses that do more"

The 3 Goals

Best-fit products
incorporating safety and
environmental technologies



-Areas to the present centering on vehicles-

Total Support
customized for each
vehicle



New activity
areas



New areas



The 3 Goals

Best-fit products incorporating safety and environmental technologies

The creation of environmental technologies to improve safety technology for making society safer and to curb global warming is a critical issue that must be addressed with a long-term perspective. In the automobile industry Hino Motors is committed to helping solve social problems by enhancing the quality, durability, and reliability of its products. The Company is doing this by improving its safety and environmental technologies and flexibly providing optimal products that meet diverse customer needs in the global market in a timely manner.



**Pre-Crash Safety System (PCS)*
(Collision Damage Reduction Brake)**
The PCS System utilizes millimeter wave radar and image sensors to detect vehicles and pedestrians ahead and automatically activates the brakes to reduce collision damage. Hino is installing this system as standard equipment on all truck models and large sightseeing buses.

Toward Zero Traffic Accident Casualties

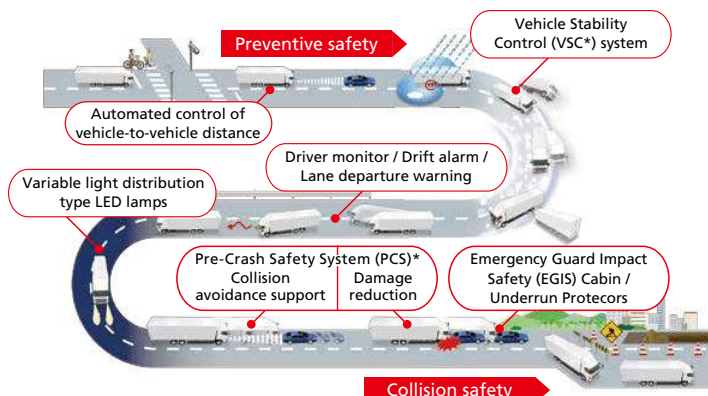
In the event of an accident, trucks are susceptible to heavy damage and buses must protect many lives. Hino is working to enhance safety from multiple perspectives to help build a safe society with zero truck and bus traffic accident casualties.

Based on its concept of "Total Safety," Hino is working hard to improve safety at each stage—from operation control for safe driving, to preventive safety that helps avoid accidents, to collision safety if an accident does occur. On the product side, Hino has developed and commercialized safety equipment with the objective of reducing driver fatigue, maintaining concentration, stabilizing vehicle behavior, avoiding collisions, and reducing damage.

Hino Motors also believes that promoting the widespread adoption of the safety technologies it develops is of the utmost importance. This is why Hino Motors works so hard to incorporate its commercialized technologies into products swiftly and promote their adoption as standard equipment. Meanwhile, Hino

Motors also addresses various needs throughout the vehicle's life cycle by, for example, focusing on the enhancement of retrofitted safety equipment.

- Developing safety technologies for every situation with consideration of all road users



*"PCS" and "VSC" are registered trademarks of Toyota Motor Corporation.



Hino Motors Strengths

Creating a New Future: Electric Trucks and Buses as the Backbone of Society

Michiko Kakinuma

Electric Vehicle Development Dept, Advanced E-Vehicle Development Div

From a very early age, I have felt at home around buses carrying people and the trucks that ship products. It was this feeling that drove me to join Hino Motors. Today, I am proud to be part of the Advanced E-Vehicle Development Div, where I am involved in the development of the electric Trucks and Buses of the future that will transport goods and people. There are many challenges involved in the development and adoption of electric Trucks and Buses. This is why we are determined to do everything we can to make switching to electric vehicles easy for customers who are accustomed to the engines of existing vehicles. My part of this is studying up on the latest technology trends and working to involve suppliers and others with our technology development. My dream is for the electric Trucks and Buses that we develop to be the backbone of society before the children of today have grown up—and I am doing my best every day to make that dream come true.

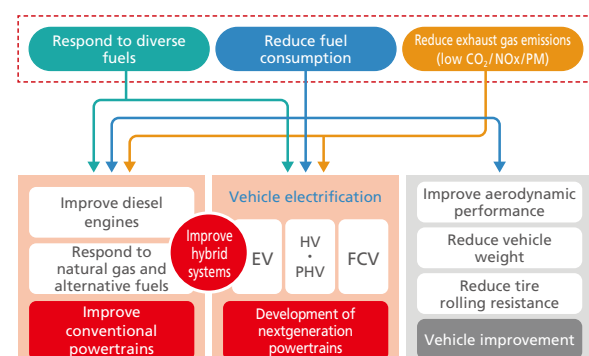
A Frontrunner in Environmental Technologies

Hino Motors was a frontrunner in promoting technological innovations such as clean emissions technologies and fuel efficiency improvements even before environmental issues caught the public eye. In addition to the development and supply of products that comply with the exhaust emissions regulations of each country, Hino Motors continues to research and develop technologies across a wide range of fields for a variety of specific applications, such as plug-in hybrid vehicles, electric vehicles, and fuel cell vehicles based on proven hybrid technologies. This is positioning the Company for success with whatever future energy becomes mainstream. For example, in 1991, Hino Motors launched a heavy-duty, fixed-route hybrid bus as the world's first commercial hybrid vehicle. In 2012, the HINO Poncho EV, a light-duty electric vehicle (EV) based on the HINO Poncho light-duty bus, was adopted by Hamura City in the Tokyo metropolitan area as Japan's first route bus using a light-duty EV bus.

In October 2017, Hino Motors announced the Hino

Environmental Challenge 2050, which includes very high goals aiming for the maximum possible reduction of product environmental impact over the entire lifecycle by the target year of 2050. As a leader in environmental technologies, Hino Motors will continue to pioneer in the new era by working to innovate not only in the areas of logistics and manufacturing, but also in IoT technologies for production sites.

● Research and development of wide-ranging technologies according to purpose





The **3** Goals

"Total Support" That Underpins Our Customers' Business

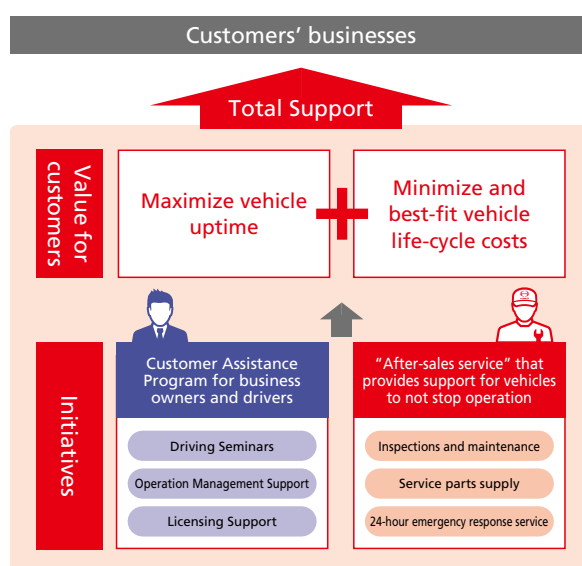
Hino Motors not only supplies completed trucks and buses, but also meets each vehicle's diverse ongoing needs, supporting customers' businesses worldwide with "Total Support" care for vehicles after delivery. The trucks and buses that Hino supplies to the world will make an even greater contribution to solving social issues as Total Support gives Hino a stronger presence as the company that "does more."



Meticulously Supporting the Operation of Each and Every Truck and Bus

Hino Motors provides comprehensive support to ensure that its trucks and buses continuously operate reliably under the customer's care and can completely deliver on expectations. In addition, Hino Motors is working to realize Total Support customized for each vehicle by seriously tackling the challenges confronting customers and providing distinctive solutions that only Hino Motors can provide. The Company maintains each and every customer vehicle in optimal condition and supports transportation and transit—a key element of a social infrastructure—via customer assistance programs that not only provide offer optimal products, but also provide preventive maintenance against malfunctions through appropriately timed parts replacements, immediate responses and quick repairs in case of an emergency, driving seminars for safe and ecofriendly operation, and operations management services. Hino Motors will continue to support its customers' businesses, aiming to earn the total trust of customers with its consistent approach and to enhance Total Support worldwide to maximize uptime and minimize life-cycle costs.

● Total Support for customers' businesses



**Hino Motors Strengths****Immersed in the Maintenance Work I Love, Working for the Dakar Rally Dream****Yoshitaka Umemoto**12th Term Free Mechanic
Tokyo Hino Motor, Ltd.

When I was young, I loved large vehicles like buses and trucks. Even after I got into university, I didn't want to give up on what I loved, and so I went to school during the day and studied maintenance at night, coming out with my qualification as a mechanic.

In the seven years since I joined Hino Motors, I have felt more and more passionate about the part I play in our Total Support and the support I provide customers through careful and thorough maintenance of their vehicles. I continue to do the work I love, checking to see how the vehicles are used and suggesting ways from time to time to optimize vehicle use.

As vehicles evolve, the maintenance they require changes, as well, and there is always something new to learn. I will continue to hone my skills on the job every day as I work to make my dream of taking part in the Dakar Rally as a Team Hino mechanic come true.

HINO CONNECT Utilizing ICT

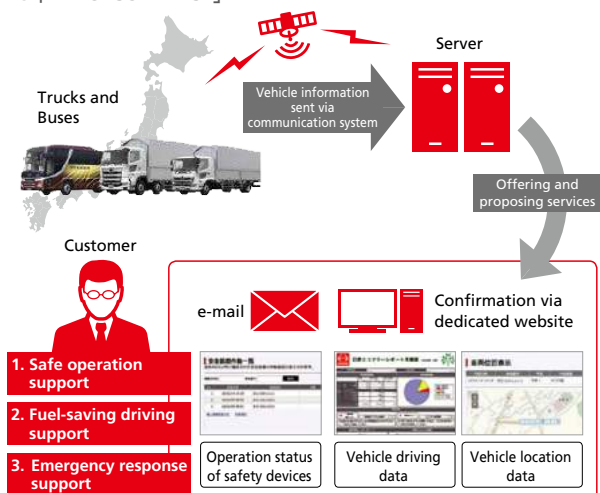
HINO CONNECT, which links customers with Hino Motors via communications terminals installed in vehicles, is a communication tool equipped with notification capability serving a wide range of customers and a web browsing capability that assists with the normal operation of trucks and buses. For example, when the safety device (in PCS*¹, Driver Monitor, or EDSS*²) is activated, Hino Motors will directly contact the customer by email, enabling them to confirm the status such as the operating status of the vehicle's safety device, the time, and other functions on a special website, thereby supporting safe operation. Additionally, information such as vehicle driving data is compiled into a monthly report and provided as a guide to fuel-saving and safe operation. Further, the collected vehicle information is used to propose preventive maintenance, thereby greatly supporting customers' businesses, from everyday operation to emergency response.

Focusing on various needs and social issues, Hino Motors will expand the capabilities of HINO CONNECT

and continue to contribute to the safe and secure operation of trucks and buses.

*1 PCS is a registered trademark of Toyota Motor Corporation.

*2 EDSS: Emergency Driving Stop System

● [HINO CONNECT]



The 3 Goals

New Activity Areas

The social issues related to trucks and buses are diversifying as society changes. Also demanding attention are problems associated with logistics, including measures to address global warming—a challenge faced by the entire Automobile industry—the driver shortage accompanying the growth of ecommerce, and accidents due to long working hours. Indeed, the range of issues is quite broad, including the increasing number of traffic accidents involving elderly drivers and the need to do something for the growing number of people whose movement is restricted in sparsely populated areas with few available means of transportation. As a manufacturer of trucks and buses, Hino Motors is working to solve social issues like these in “new activity areas” by venturing into logistics and transportation systems as a whole.



Promoting a Wide Range of Initiatives Focusing on Distribution and Transportation

Autonomous driving of trucks and buses can be cited as an effective countermeasure to social problems such as a shortage of drivers, an increasing number of people with limited access to transportation, and deteriorating transportation efficiency.

Currently, Hino Motors is actively developing this advanced driving support technology and conducting repeated verification tests, looking to establish truck platooning and Bus Rapid Transit (BRT) systems on expressways at the earliest possible date.

The most challenging among these is a “transportation solution” to achieve a safe and secure distribution environment that leverages driver, vehicle and load information in a sophisticated way, achieving a high loading rate. Specifically, this is a system for transporting more goods with one vehicle and transporting more goods with a smaller number of drivers. Shippers will no longer schedule individual

trucks and transport goods at low loading rates as they did in the past. Instead, Hino is considering various approaches in response to the diversification of transportation value including a logistics matching service that brings the loading rate to nearly 100%. In addition, Hino is re-examining the transportation system itself and is considering “on-demand buses” that can be called by mobile phone when a bus is needed, as well as initiatives that assist people to access greater mobility.

By taking on a number of challenges, Hino Motors aims to achieve a new form of distribution and transportation with value for all stakeholders. These efforts will enable the Company for the first time to take the area of total support that it has carefully perfected and extend its reach from our customers to the society as a whole.



Hino Motors Strengths

Laying the Foundation for the Company While Problem-Solving for Society

Maiko Eguchi

New Business Planning Department

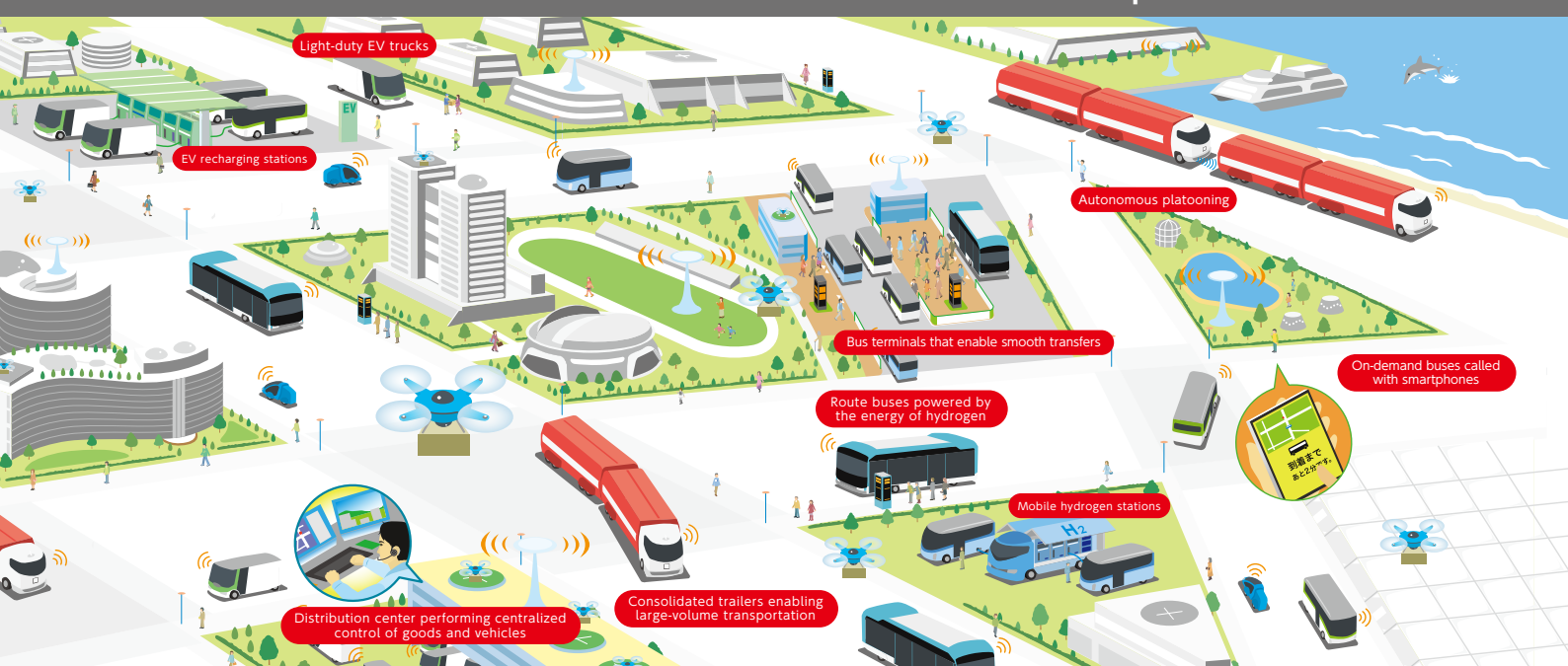
When I saw film of the Dakar Rally, I was so impressed with the teamwork, seeing everyone working as one to achieve the same goal, and I wanted to be a part of that. After returning to work from maternity leave, I was assigned to the New Business Planning Department, which deals with the challenges of developing new areas of business. In my new position, I saw the Hino Motors team work hard to resolve the issues they faced with the Dakar Rally that year. The task we face is difficult, and it requires looking to the future without ready answers. Our hope, though, is that the work we do now will form the foundation for the company in the future and help solve distribution issues around the world.

Hiroki Hagiwara

New Business Planning Department

The New Business Planning Department is a new department. It has the feel of a venture business in terms of how fast things get done, such as setting up a new company to respond quickly to immediate logistical issues. Although there are many challenges related to what we do, the solutions we develop for a strictly regulated country like Japan can be applied in other countries, as well. Knowing this, our job is very rewarding. I appreciate working in an environment where I encounter something new every day, and I want to use this opportunity to accelerate my personal growth, as well.

Hino Motors' vision for the future of distribution and transportation



CSR Management

Hino Motors Group CSR

The HINO Credo and Hino Motors' Fundamental Stance toward CSR

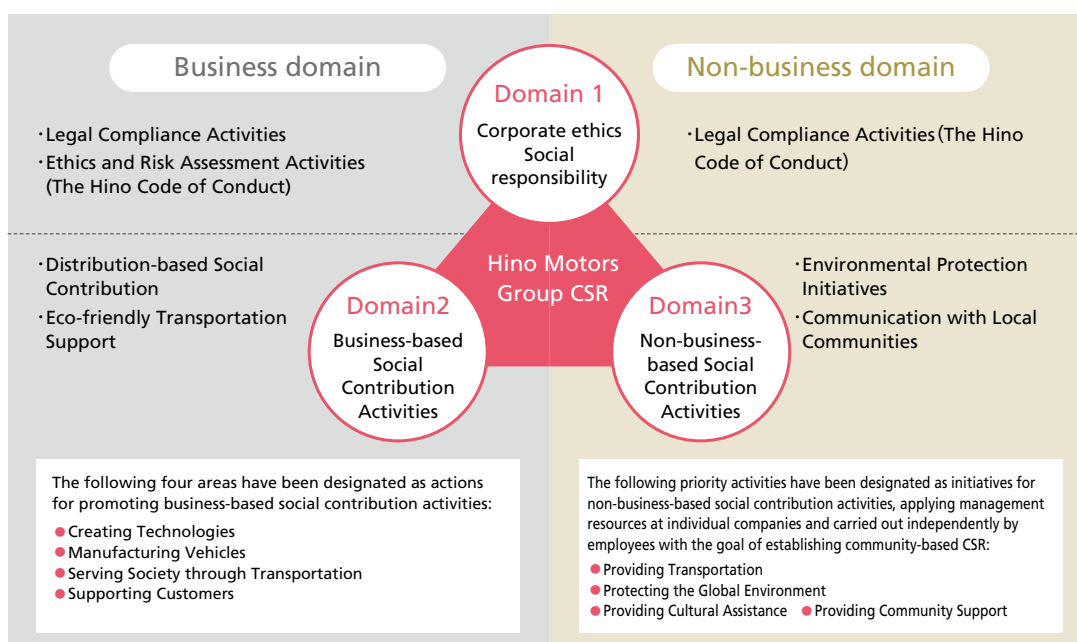
Hino Motors established the HINO Credo in July 2007 after reviewing its corporate philosophy, announced in 1992, based on a corporate social responsibility (CSR) perspective. The Hino Credo specifically quotes its Corporate Mission: "To make the world a better place live by helping people and goods get where they need to go safely, economically and with environmental responsibility while focusing on sustainable development." The HINO Credo consists of three core components: the "Corporate Mission," the "Core Principles" and the "CSR Charter." The Corporate Mission clearly defines the Group's obligations and responsibilities toward society. The Core Principles provide the guidelines, and the CSR Charter articulates the Group's goals and aspirations. Hino Motors engages in a wide spectrum of CSR activities, working diligently to promote increased awareness and understanding of the CSR Guidelines and its activities throughout the Group worldwide.



Scope of Hino Motors' CSR Activities and CSR Guidelines

In an effort to better realize the HINO Credo, Hino Motors formulated its CSR Guidelines in November 2008, organizing its CSR activities into three domains: first, corporate ethics and social responsibility, which provide a basis for risk management and legal compliance; second, business-based social contribution activities; and third, non-business-based social contribution activities.

● Scope of Hino Motors' CSR Activities based on CSR Guidelines



CSR Promotion Structure

Hino Motors has positioned CSR as a key component of its overall operations and management. When appropriate, the Management Committee, chaired by the president and representative director, or the Operating Officers' Meeting, approve and report on CSR activity action plans as well as initiatives that serve to enhance Hino Motors' efforts in addressing CSR issues and measures designed to promote consensus throughout the Group.

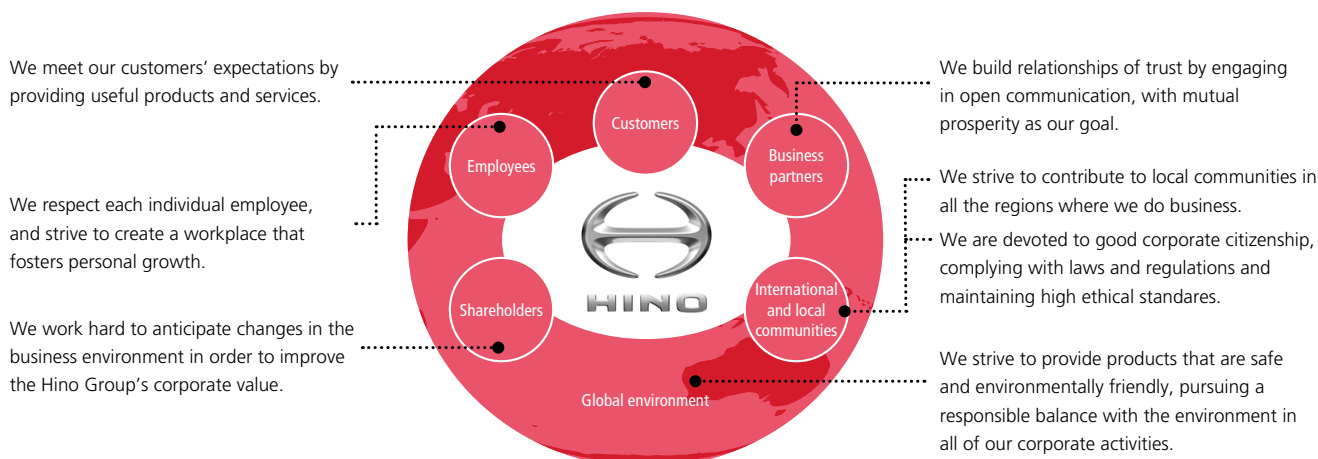
In addition, activities carried out in the previous fiscal year are reviewed annually, and goals are set for initiatives under management plans for the next fiscal year. Hino Motors also works to increase awareness of the Hino Credo and CSR Guidelines within the Company as it promotes activities in line with related policies.

Examples of exemplary CSR activities and social contributions made by the Company are regularly published in company newsletters to raise awareness of CSR among employees.

To help CSR activities make more progress on a group-wide level, Hino Motors is strengthening its networking activities with all group companies. Hino Motors organizes workshops for managers and lectures on CSR for its executive managers as well as those of group companies with the goals of boosting their motivation and enhancing group-wide CSR activities.

Hino Motors' Principal Stakeholders

Hino Motors believes that the purpose of CSR activities is "to meet social expectations and ensure sustainable development in concert with society." In every facet of its daily activities, Hino Motors will work steadily to fulfill its responsibilities to all stakeholders.



TOPIC

External Communications

Hino Motors recognizes the importance of external communications. The Company seeks to provide timely and appropriate information on its business activities to ensure stakeholder understanding. In 2018, In addition to information on the ordinary general shareholders' meeting and regular financial results statements, Hino Motors makes a variety of efforts to reach a broader audience with information about its business. These include holding a technology seminar for shareholders in June, a safety and autonomous driving technology seminar for media in May, and an environmental technologies seminar in July. Hino Motors will continue to organize more events like these, using the opinions it receives to improve its activities and continue to increase corporate value.



Environmental technology seminar

SDGs Contribution

Basic Stance

The Sustainable Development Goals (SDGs) consist of 17 goals comprising 169 targets to be achieved by the international community before 2030. They were included in the 2030 Agenda adopted at the United Nations Sustainable Development Summit in September 2015. The SDGs represent a formidable challenge to create a world where no one will be left behind. As worldwide goals, they require the active involvement of companies as well as countries.

Hino Motors is putting priority on the following goals, which are closely related to its business activities, and will contribute to achieving the SDGs by helping to solve social issues.






Hino Motors and the SDGs

Hino Motors is working with the international community and making efforts to help build a sustainable world through its business activities. As part of the company's mission, the Company seeks "to make the world a better place to live by helping people and goods get to where they need to go—while focusing on sustainable development." By fulfilling this corporate mission, Hino Motors is striving for sustainable growth by helping to build a sustainable world, while also responding to the needs and expectations of stakeholders. These activities are essentially consistent with the SDGs.

Among the 17 goals, the Hino Group will mainly focus on global social issues, such as human resources development and work-style reform (which are related to Goal 8) and workplace initiatives for employee safety (which are related to Goal 11).

In addition, the global environmental is one of the important worldwide issues that Hino Motors is addressing. With the Hino Environmental Challenge 2050, the Company is working to reduce its environmental impact and to ensure that the next generation inherits a world that is a better place to live.

●SDGs Initiative Examples

Relevant SDGs	Activities of Hino Motors	Number of pages
 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all (Goal 8.)	Initiatives for human resources development and work-style reform	P.80-90
 Make cities and human settlements inclusive, safe, resilient and sustainable (Goal 11.)	Pursuit of product safety technologies	P.66-71
 Take urgent action to combat climate change and its impacts (Goal 13.)	Initiatives under the Hino Environmental Challenge 2050	P.36-64

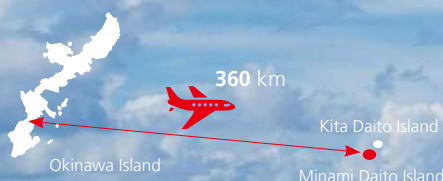
SPECIAL FEATURE

| Special Feature 1 | Working with Customers to Revitalize Communities

Sharing in the Joys of Life on Minami Daito Island

As a Member of the Community on “Sugar Cane Island”

Minami Daito Island lies 360km east of the big island of Okinawa, Japan, about a one-hour flight from Naha City. Approximately 60% of the island's entire area is taken up by sugar cane fields, and the majority of the 1,400 islanders work in the sugar cane industry. The trucks of Hino Motors are also a part of this community, and they are helping to revitalize the island.



Minami Daito Island and the Sugar Cane Industry

Minami Daito was uninhabited until the 20th century, when 23 colonists from Hachijo Island in the Izu Islands chain arrived in 1900. Their aim was to cultivate sugar cane and establish the sugar industry here. Minami Daito's coastline is almost entirely made up of imposing cliffs, which had obstructed all attempts to develop the fishing industry on the island, since it was impossible to directly berth a vessel there. Furthermore, the hard

ground of the island meant that it was not ideally suited to farming. It also lay in the path of the fierce typhoons that pass through the region from time to time. As if that were not enough, major seasonal fluctuations in rainfall meant that it was extremely difficult to secure a stable supply of water for agriculture. It was perhaps therefore inevitable that sugar cane, given its robust resistance to strong winds and water shortages, would become the basis for industry and the livelihoods of the people.

Daito Seito Co., Ltd., established on Minami Daito in 1950 is the island's only sugar manufacturing company.

1910-1980s

Harvesting using a light railway



- High cost of maintaining engine and tracks
(Although the island has a circumference of 21km, the railway had a total length of 27km)
- Difficulty in loading/unloading



1980s onwards

Harvesting using a harvester vehicle and trucks



▲ People interviewed for this feature (from left): Kiyohide Okiyama (JA Okinawa), Chikatoshi Okiyama, Kazunobu Aragaki, Shoichi Kumada (Daito Seito Co., Ltd.)

For the islanders, sugar cane is the only industry that protects their continued livelihood; if it were to disappear then the island itself would lose its value as a place for habitation. Protecting the sugar cane industry is therefore essential for keeping the island functioning as a home for its people and also, in a sense, for maintaining a presence for Japan on the island.

Contributing to Improving Sugar Cane Productivity

It is necessary to ensure sustainability in order to further develop the sugar cane industry on Minami Daito, and for this to be achieved, the critical point is to improve productivity. For the islanders the perennial challenge is to realize greater efficiency in harvesting and transportation. For many years a light railway known as the “sugar train” was used to transport sugar cane on the island. However, growing maintenance costs for the railway engine and tracks meant that the islanders gradually shifted to using trucks; the railway was completely dismantled in 1983. Currently the method considered to be the most efficient is to have trucks run alongside a large harvester to collect and transport the sugar cane.

In 1998, the Hino Motors sales company Okinawa Hino Motors, Ltd., submitted a proposal to provide a specially customized “Ranger FT”* truck for harvesting to Daito Seito, which was searching for a more efficient way to transport sugar cane. The company purchased 31 of these FT Trucks. At the time this was a completely new venture for Okinawa Hino Motors, but the order was successfully won by listening carefully to the concerns of both Daito Seito and the local farmers.

Harvesting sugar cane presents a variety of unique challenges: (1) the need to ensure that tire width matches the ridges in the field, as trucks need to directly enter the field to run alongside the harvester; (2) the importance of boosting the height of the chassis so that it does not damage ridges in the field; (3) ensuring that trucks can easily run at the same speed as the harvester; and (4) ensuring consistent traction and passability on uneven surfaces. Okinawa Hino Motors has worked consistently with the people of Minami Daito to resolve each of these and other challenges.

The original trucks that were purchased by Daito Seito are still in use today thanks to careful and attentive maintenance.

Customer Requests and Hino Responses





Delivering Successor Vehicles for the Next Generation

Since around 2006, new challenges related to improving productivity have been the focus. These included measures to reduce the turning circle of trucks in the sugar cane fields and also to boost the payload capacity, so that each truck could carry more sugar cane.

Okinawa Hino Motors focused on the challenge of improving sugar cane harvesting efficiency, identifying the customer's needs and worked in cooperation with Daito Seito and JA Okinawa through a two-year process of repeatedly testing new prototype vehicles and submitting proposals. In 2016, it was decided that Hino Motors trucks would be selected as the next-generation vehicles to add to the original fleet. Although the new vehicle does not have all the performance attributes of the FT trucks, through a process of customizing the standard specifications of the light-duty truck Dutro Melzz, it has been possible to boost transport efficiency by approximately 30%, which is what led to the decision to



▲ The immaculately maintained Dutro Melzz trucks of Daito Seito Co., Ltd.

adopt it as an appropriate next-generation vehicle.

The sight of Hino trucks being loaded with golden sugar cane and moving it to the sugar processing plant is a part and parcel of the daily scenery on Minami Daito from winter through spring. Aspiring to deliver on its slogan, "Trucks and Buses That Do More," Hino Motors will continue to contribute to the sustainable development of Minami Daito.

VOICE



Working to Ensure Sugar Remains the Key Industry for Another Century

Tatsuji Okiyama
President and Representative Director
Daito Seito Co., Ltd.

Hino Motors is an indispensable partner for the sugar cane industry on Minami Daito. When we first introduced Hino trucks I was still farming myself, so as someone well-acquainted with local conditions I made various requests. When we requested the replacement of the trucks in 2014, Hino Motors accurately grasped the challenges we face on the ground, with the result that they provided us with excellent trucks that fit the purpose. In recent years the number of young people working in the sugar cane industry on Minami Daito has remained stable, which is excellent news, and helps to maintain the island's vitality. I hope that Hino Motors will continue to support our business long into the future.

Continuing to Provide Trucks That Support Island Life

Right: **Hirosuke Fukuzato**
President and Representative Director
Okinawa Hino Motors, Ltd.

Left: **Shigeo Higa**
Sales Division Manager, Deputy General
Manager Sales Department, Member of
the Board



When Daito Seito was first considering the introduction of trucks to run alongside the sugar cane harvester, I met with Mr. Okiyama, who is now President of Daito Seito, but back then was still involved directly in sugar cane farming. I learned about the various challenges the farmers faced from him. We made various customizations in response to harvesting conditions, creating a vehicle based on our broad knowledge, including technology that was under development for use in the Dakar Rally at the time. We were overjoyed when our efforts paid off and we received the original order, which led to an ongoing relationship with the island. Although new successor trucks have also been introduced since, I am always deeply impressed to see the trucks from the original order still running smoothly, thanks to maintenance that keeps them looking just like new.

* Ranger FT: A four-wheel drive, medium-duty Hino Ranger truck.



SPECIAL FEATURE

| Special Feature 2 | Measures to Support Regional Distribution and Logistics

Origins of “Total Support”

From “Field Mechanics” to “Field Service Engineers”

One of Hino Motors’ strengths is its Total Support approach to providing tailored attentive after-sales service. Total Support ensures that the trucks and buses the Company delivers in Japan and around the world can continue to get the job done for customers. The thorough after-sales service that Hino Motors has provided in markets around the world for more than 50 years has had a major impact on the spirit of Total Support.

Field Mechanic System: Supporting Customers’ Businesses Worldwide

In the 1960s, when Hino Motors started earnest efforts to expand overseas exports, it was European-made commercial vehicles such as trucks and buses that were dominant in overseas markets, with an enviable global reputation for durability and reliability. Although Hino Motors had already made a name for itself in Japan as a producer of diesel vehicles and trucks, in overseas markets the name Hino had little recognition, and the after-sales service structure was still not in place.

Despite these challenges, it was imperative for Hino Motors to achieve success overseas if it hoped to achieve further growth and development as a company. The strategy that was adopted was to strengthen after-sales service in overseas markets and enhance support structures for customers who had chosen a Hino product. The prevailing style of business in the commercial sector at the time was simply to sell vehicles,

without any thought being given beyond the point of sale. It was against this backdrop that, in 1963, Hino Motors launched its Field Mechanic (FM) system as part of an effort to enhance after-sales service, with the aim of expanding overseas sales.

Fulfilling a Mission to Keep Customers’ Operations on the Move

Field mechanics were dispatched from Japan and embedded in overseas locations to help further disseminate services and technologies, based on a desire to ensure that customers continue to use and choose Hino Motors’ vehicles. The FM system was open for employees to apply for and featured a strong human resources development focus, with selected participants undergoing training to acquire the requisite language and technical maintenance skills before being dispatched overseas.

Given the vast range of climates and road conditions in countries overseas, it was no simple task



Special Feature 1 Sharing in the Joys of Life on Minami Daito Island > Special Feature 2 Origins of “Total Support”

to engage in vehicle management and maintenance that was appropriate for the environmental conditions in each country. The locations that field mechanics were sent to were sometimes challengingly remote or barren, and sometimes work was in a conflict zone fraught with danger. Communication issues were also a daily fact of life. Toshiya Shiozawa (currently Aftersales Service Department General Manager) looks back on the time he spent as an FM in the 1980s, describing it in these terms, “It was hard work. You needed to have maintenance skills and determination to work alone in remote locations, and your ability to assimilate as a person was also critical.”

“My first posting at the age of 23 was to West Africa, where we spent two nights and three days driving a tractor/trailer across the desert in order to deliver it to a well-boring corporation. It was a long and tiring journey, but we were welcomed by the smiling faces of the people of the village when we arrived. I subsequently spent time in many other countries. Wherever I went, when a mechanic needed to be called, the customer would naturally be initially angry. In such situations the only thing to do is do your job thoroughly and build trust. In our training, we had been told that you could not simply say ‘no’ to the customer or the local dealership—you had to visit the site and work to resolve the customer’s problem, basing your response on the actual situation. I took this FM training to heart and, although there were highs and lows on the job, it turned out to be very fulfilling.”

By 1996 the FM system outside Japan was in its 31st year. Their efforts to ensure a 100% operating rate for customers’ vehicles by providing thorough after-sales services made a huge impact by boosting the value and trust users had for Hino Motors overseas. It also formed the basis for the current Total Support, which is a key concept for Hino Motors. That same spirit was also passed down to the Field Service Engineer (FSE) program, which replaced the original FM system.

Responding to Overseas Market Expansion and Advances in Maintenance Technologies

Since 2007, the year overseas vehicle sales first exceeded domestic sales, Hino Motors has continued to work to expand its business overseas. Today’s FSE program, which



Delivery of Tractor/
Trailer Vehicle to a Well-
Boring Corporation
(West Africa)

was devised as the successor to the FM system, has helped to improve service quality. Not only that, it has also been used to address advances in vehicle technologies and the increasingly complex vehicle systems of recent years.

While the FM system relied on people applying to become FMs after joining the company, the FSE program is focused purely on the development of specialist personnel, with the expectation that everyone on the program will be dispatched overseas. The capabilities required of FSEs are incredibly diverse, including not just vehicle maintenance skills and the ability to acquire new languages, but also interpersonal skills, knowledge of Hino vehicles, and knowledge and skills relating to on-board electronic systems. Participants in the program are dispatched overseas after a multi-year period of education and training.

When out in the field, the FSEs are expected not just to repair vehicles, but also to play a consulting role on various themes closely related to customers’ businesses, including providing ideas for customization and cost reductions. The role of the FSE has changed from the FM era as customer needs have diversified. That said, the basic mission remains unchanged from the FM era, namely providing services that customers experience as Total Support. This means that FSEs must ensure that customers’ businesses are kept on the move by implementing optimized, high-quality services for each and every vehicle, so that the products provided by Hino Motors continue to contribute to the flow of goods and people around the world.

Yuki Imaoka, one of the first class of FSEs, puts it this way, “Wherever I travel around the world I can feel the legacy of my FM predecessors.” “Even if I am



Special Feature 1 Sharing in the Joys of Life on Minami Daito Island > Special Feature 2 Origins of “Total Support”

traveling to a location for the very first time, the reason I am welcomed and accepted by local people in the workplace is thanks to the efforts of my FM predecessors in countries around the world.” The total number of FSEs developed by Hino Motors now stands in the several hundreds, including people from the FM era. These practitioners of Total Support have worked to raise the value of Hino Motors by providing services that respond to the various needs and requests of customers around the world.

Hino Motors will continue to aim for further development and growth in all markets. In so doing it must always be remembered that, wherever they are in the world, Hino trucks and buses are engaged in work for each and every customer, each with their own needs and expectations.

FSE Imaoka with a skills contest participant, competing with others over service knowledge and skills (Canada).



The late Masashi Arakawa, who served as Chairman of the Board for Hino Motors from 1983 to 1985, once said, “FMs are the unknown soldiers of Hino. Without FMs there would be no global Hino presence.” Team Hino today is dedicated to supporting customers around the world, carrying forward the practically focused spirit of FM and FSE and further deepening the bonds that they have built with customers, which constitute the origins of Total Support.

VOICE



Always Respecting Diversity

Toshiya Shiozawa
Aftersales Service Department
General Manager

My aim was to do a good job overseas through vehicle maintenance and so, after joining Hino Motors, I took the exam to join the 18th class of FMs. Although I worked in many places that were truly demanding, both physically and mentally, I was fully motivated to do my work based on the clear goal of “creating a foundation for the after-sales service of Hino Motors.” Although I am no longer working hands-on in workplaces overseas, I firmly feel that my experiences and the respect for diversity I learned in countries around the world are now helping me in my role as manager of the After-Sales Service Department. I hope that everyone in the FSE program, which succeeded the FM system, will work to expand the original goals and further enhance Total Support so that the Hino brand goes from strength to strength around the world.

Enjoying the Opportunity to Work on the Frontlines Overseas at a Young Age

Yuki Imaoka
Strategy & Planning Group, General
Management Department, Aftersales
Service Department



During my student days when I was learning about manufacturing at the Hino Technical Skills Academy—the training institute operated by Hino Motors—I was interested in applying for the FSE program, an integral part of which is overseas posting. So I joined the company as part of the first class to take part in the FSE program. When working overseas, you experience situations that would be unthinkable in Japan, like traveling by plane to visit the site where repairs need to be implemented. The job is very rewarding, though, when you see the satisfaction on the faces of customers. I think it was thanks to my being posted overseas at a young age and being embedded in the local environment that enabled me to develop an open way of thinking that is accepting of diversity. I now alternate between spending several years in Japan and several years overseas, and during the times I am in Japan I feel that one of my important tasks is to convey my experiences to younger members of staff.

Corporate
Information

Top Interview

The HINO
Credo & Course
of Action

CSR
Management

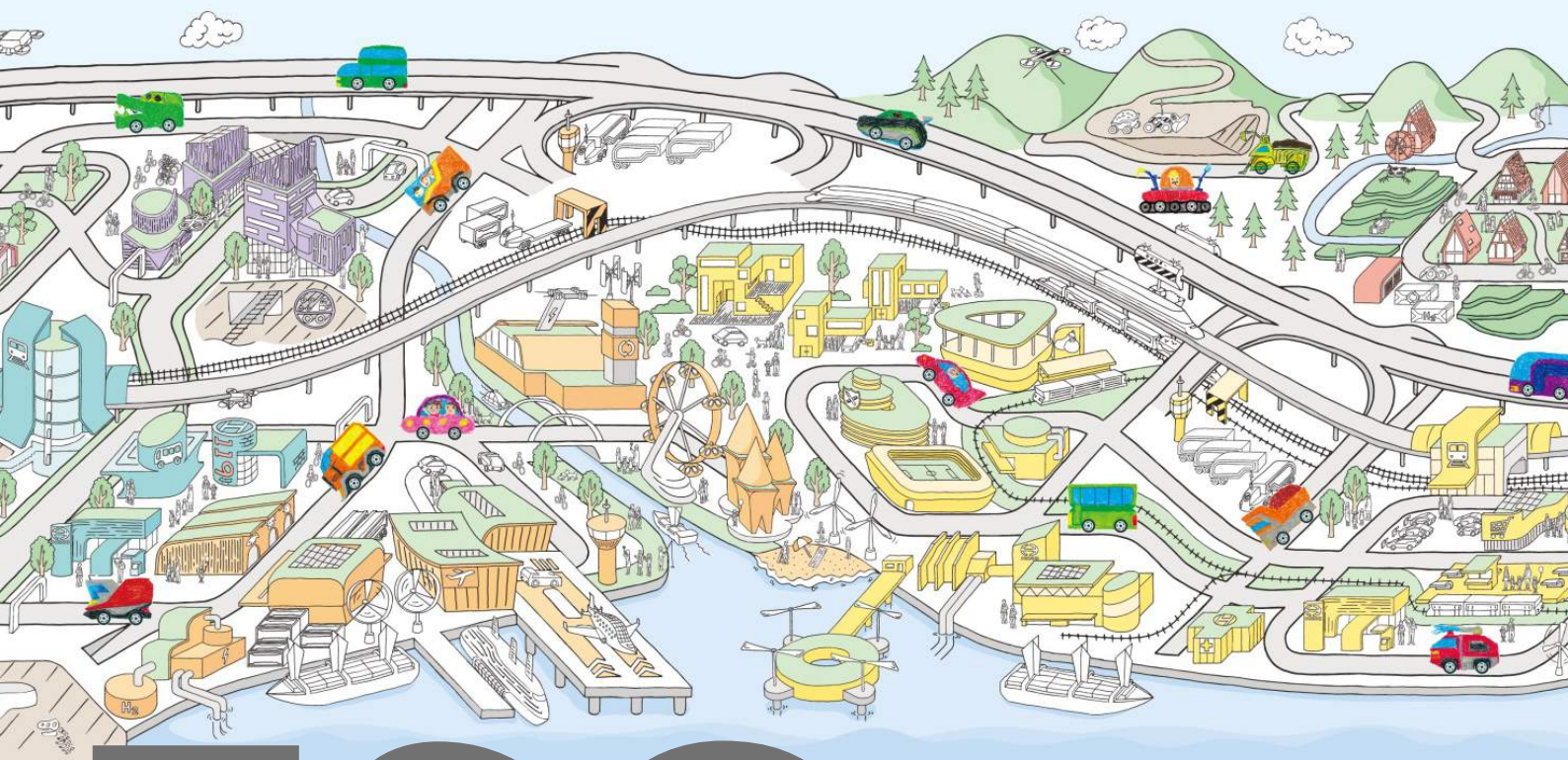
Special
Feature

Environment

Social

Governance

Appendix



ESG

ESG Initiatives

28. Environment

- 28. Environmental Management
- 35. Material Balance
- 36. Hino Environmental Challenge 2050
- 65. Key Performance Data

66. Social

- 66. Safety
- 72. Health
- 76. Quality
- 80. Human Resources "Creation" and Work Styles
- 92. Supply Chain
- 94. Social Responsibility Initiatives

98. Governance

- 98. Corporate Governance
- 101. Interview with Outside Director
- 103. Compliance and Risk Management



ESG Initiatives

Environment

Environmental Management

HINO GLOBAL Environment Charter

In April 1993, Hino Motors formulated the Hino Global Environment Charter, laying out its fundamental approach to environmental conservation. Every five years, the company creates a concrete action plan called an Environment Initiative Plan based on the charter, and advances activities in accordance with this plan.

Revised February 1, 2001

I. Basic Policies

1. We will promote comprehensive and ongoing environmental protection.

As a leading manufacturer of diesel vehicles, we will endeavor to offer superior products to customers in all countries, and continue to contribute to the achievement of greater prosperity through our products. In this, we are fully aware of the environmental impact of our products, and pledge ourselves to an earnest commitment to sustainable human and global development through ongoing efforts, whilst also paying careful attention to preventing pollution wherever we engage in our corporate activities.

2. We will take concrete and definite steps to protect the global environment.

Through the establishment and operation of our Environmental Management System we will maintain continuous efforts to define, assess and review environmental goals and targets while strictly adhering to all legal and other requirements placed upon us.

II. Action Guidelines

1. We will minimize the environmental impact of our vehicles throughout their life cycles, and of all our corporate activities in general.

We are determined to offer the public products having top-level environmental performance, and to engage in continuous technical development designed to minimize the environmental impact of our products and their distribution.

We will also engage in the establishment and operation of an Environmental Management System embracing all stages in the life cycle of our vehicles.

2. We will develop closer partnerships with our affiliated companies.

The cooperation of a great many companies is critical for the effective pursuit of our business activities. We will work closely with vehicle manufacturing partners both in Japan and abroad, and will strive to extend the mutual range of our environmental protection efforts.

3. We will make greater efforts in the areas of information disclosure, education and awareness-promoting activities.

We will engage in activities designed to disseminate to as many people as possible a correct and proper understanding of what we are trying to achieve. At the same time, we will spare no effort to hone our own environmental sensitivity.

4. Our contribution is not limited to the offering of superior products.

As corporate citizens, and as a corporate entity existing within a local community, we will take an active part in a broad range of community and social activities.

Corporate Information	Top Interview	The HINO Credo & Course of Action	CSR Management	Special Feature	Environment	Social	Governance	Appendix
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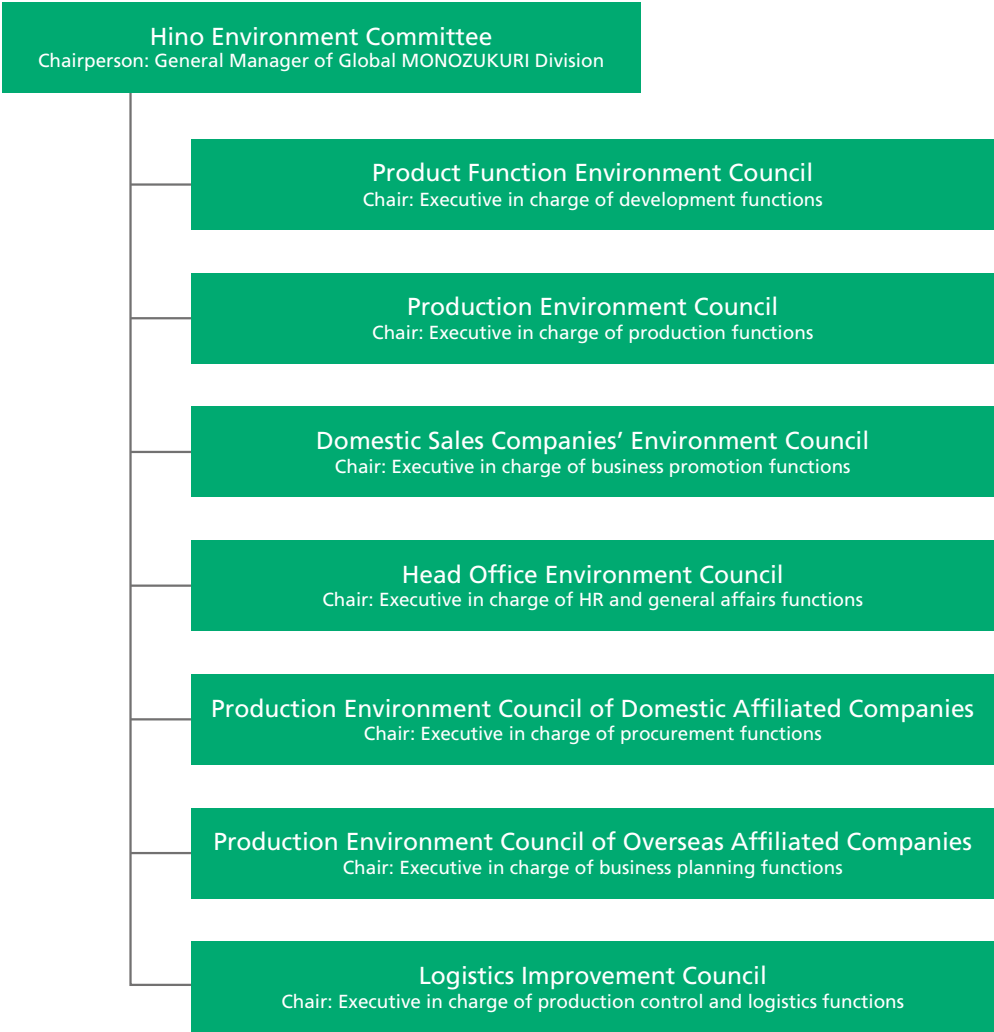
- Environmental Management
- Material Balance
- Hino Environmental Challenge 2050
- CHALLENGE! 1
- CHALLENGE! 2
- CHALLENGE! 3
- CHALLENGE! 4
- CHALLENGE! 5
- CHALLENGE! 6
- Key Performance Data

Environmental Conservation Promotion Structure

In March 1993, Hino Motors established the Hino Environment Committee, an overarching Company-wide organization chaired by the Hino Motors’ president. At the same time, Hino Motors formulated the Hino Global Environment Charter, which underpins various facets of Hino Motors environmental conservation activities. Currently, the General Manager of the Global MONOZUKURI Division is serving as chairperson in order to further strengthen oversight and execution.

Developing and expanding environmental management systems on a separate functional basis are the features that most clearly define Hino Motors’ environmental conservation activities. In this context, Hino Motors has established seven organizations subordinate to the Hino Environment Committee encompassing each of the Domestic Sales Companies, Headquarters, Production, Product Function, Logistic, and domestic dealer functions, Domestic Production companies, Overseas affiliated companies. Chaired by an appointed executive, these organizations promote specific environmental conservation initiatives and are working to further reinforce systems for carrying out long-term initiatives.

● Environmental Conservation Promotion Structure



Environmental Management Material Balance Hino Environmental Challenge 2050

CHALLENGE! 1 CHALLENGE! 2 CHALLENGE! 3 CHALLENGE! 4 CHALLENGE! 5 CHALLENGE! 6 Key Performance Data

Environmental Management Systems

Hino Motors has developed environmental management systems (EMS) for all operational functions in Japan, and is effectively managing them in a manner that links each division's business operations to environmental conservation. At EMS-certified companies, these systems are periodically subjected to stringent environmental audits to ensure their effectiveness.

Hino Motors has acquired ISO 14001 certification for the Hino Group as whole. Hino Motors will continue to promote environmental initiatives with an even stronger policy of reinforcing links between its core business operations and environmental management systems.

● Acquisition of ISO 14001 Certification

Organization/Entity	Date of acquisition
Headquarters & Hino Plant	March 24, 2001
Hamura Plant	March 10, 1999
Nitta Plant	March 27, 2000
Oume Parts Center	January 11, 2002
Hidaka Delivery Center	January 11, 2002
Azuma Plant of Fukushima Steel Work Co., Ltd.	November 28, 2003
Sagami Plant of Fukushima Steel Work Co., Ltd.	September 15, 2005
Riken Forge Co., Ltd.	March 22, 2002
Sohshin Co., Ltd.	March 14, 2003
Takebe Tekkosho Co., Ltd.	April 17, 2001
Trantechs, Ltd.	March 8, 2002
Meiyu Kiko Co., Ltd.	July 5, 2002
Hino Motors Manufacturing (Thailand) Ltd.	March 1, 2001
Hinopak Motors, Ltd.	June 17, 2001
PT. Hino Motors Manufacturing Indonesia	April 4, 2005
Shanghai Hino Engine Co., Ltd.	December 28, 2008
Hino Motors Vietnam, Ltd.	February 28, 2011
Hino Motors Manufacturing Mexico, S.A. DE C.V.	May 3, 2011
Hino Motors Canada, Ltd.	December 1, 2011
Arkansas Plant of Hino Motors Manufacturing U.S.A. Inc.	April 13, 2011
West Virginia Plant of Hino Motors Manufacturing U.S.A. Inc.	March 15, 2012
Hino Motors Philippines Corporation	August 8, 2017

Environmental Audits

Hino Motors conducts internal environmental audits as well as external audits by registered inspection organizations. Audits are undertaken within the overall context of environmental management system implementation and based on ISO 14001 standards. Hino Motors is responding appropriately to the results of each external audit conducted in fiscal 2017, as shown below.

● Fiscal 2017 Audit Results

Office/Entity	Type of Audit	Imperative Non-Conformity	Non-Conformity	Observations
Headquarters & Hino Plant	Surveillance	0	0	11
Hamura Plant	Surveillance	0	0	10
Nitta Plant	Re-Certification	0	0	11
Oume Parts Center/ Hidaka Delivery Center	Surveillance	0	0	7

Environmental Risk Management

In various facets of its operational activities, the Hino Motors Group is addressing environmental risk management through awareness of the environment-related regulatory compliance across each of the countries and regions in which the Hino Motors Group operates, and incorporation of environmental risk countermeasures into environmental management system targets. In this manner, Hino Motors is continuously enhancing its environmental risk management capabilities while diversifying and promoting the quality of its initiatives. All of Hino Motors' activities involve certain environmental risks, from commercial vehicle design and development to procurement, production, distribution, and sales.

With the leadership of the Hino Environment Committee, Hino Motors has analyzed and assessed risks and opportunities related to environmental issues at seven different meetings, consulted with the executives in charge who chair each Environment Council, decided long- and short-term countermeasures, and implemented them in the relevant divisions. Hino Motors gives the highest priority to risks and opportunities related to laws and regulations. In the case of product marketability and productivity improvements, the Company decides based on cost-effectiveness as well as from an environmental perspective. The results of these efforts are reported to the relevant Environment Council and then reported to the Hino Environment Committee, the top deliberative body, as necessary.

In fiscal 2017, there was one oil leakage incident in the Hino Group. This was caused by a malfunction of the oil skimmer in a wastewater treatment facility. After conducting a check, Hino Motors immediately took steps to prevent any recurrence and reported it to the Hino Environment Committee.

◆ Moving Forward with Initiatives to Lower Environmental Risks

The Hino Motors Group identifies risks and implements countermeasures using an environmental risk assessment manual used throughout the Group.

To further reinforce efforts to prevent leakage accidents, in fiscal 2015, Hino Motors began identifying environmental risks in work that involve the handling of liquid substances.

Efforts taken by Hino Motors Group companies include installing a blocking dam to prevent irregular wastewater discharge and arranging storage space for drum cans to reduce environmental risk.

As part of all these efforts, the Company is taking measures to further reduce environmental risk identified under various scenarios .



Blockade dam for preventing abnormal drainage

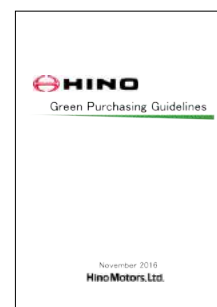


Drum storage area created as a risk countermeasure

Green Purchasing Guidelines

To further promote environmental initiatives associated with its business activities, Hino Motors published guidelines concerning environmental initiatives for business partners and expanded its partners around the world after holding separate information sessions with them. It created these guidelines for its business partners around the world after holding separate information sessions with them. Since providing the guidelines, Hino Motors has been regularly monitoring the environmental performance of its business partners and their compliance with environment-related laws and regulations.

Looking ahead, Hino Motors intends to actively promote activities in collaboration with its business partners while stepping up initiatives that take full account of the supply chain.



Green Purchasing Guidelines

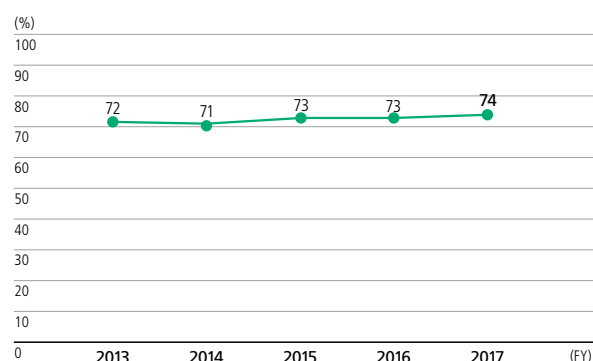


[HINO's Green Purchasing Guidelines \(all pages\)](#)

Green Purchasing

In September 2001, Hino Motors formulated a set of Green Purchasing Guidelines as well as a Green Purchasing Promotion Plan, taking into consideration the Green Purchasing Items specified by the Ministry of the Environment under the Green Purchasing Law of Japan. In this manner, and as a part of its ongoing initiatives, Hino Motors is promoting the purchase of environmentally friendly office supplies and equipment.

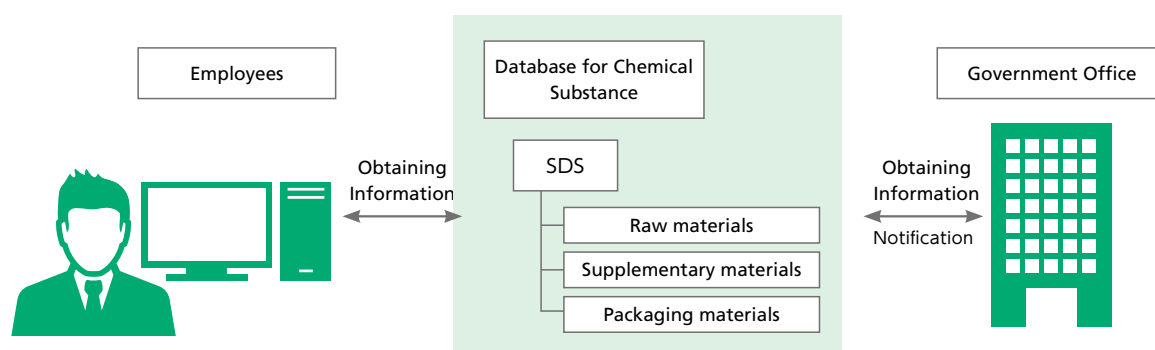
● Green Purchasing Rate of Office Supplies



Chemical Substance Management

Hino Motors employs Safety Data Sheets (SDS) to collect data and maintains a database for all paint and related materials used in-house. Information is accessible by employees via PCs, enabling them to identify chemical substances contained in the materials and undertake environmental and safety measures when required.

With the growing adoption of regulations for environmentally hazardous substances around the world, Hino Motors is enhancing the chemical substance management of raw materials used in its products, supplementary materials in manufacturing equipment, and packaging materials. Through these efforts, the Company is reducing the amount of environmentally hazardous substances used in its operations.



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Environmental Accounting

Hino Motors tabulates the costs and results of environmental conservation activities based on the Environmental Accounting Guidelines of Japan's Ministry of the Environment. This enables the Company to contribute to environmental conservation through effective environmental investment and ongoing reductions in its environmental impact.

In fiscal 2017, the total of environmental conservation costs decreased by 99% year on year to 33.9 billion, equivalent to 1.8% of sales.

The economic effect of environmental conservation on the Group's financial performance was 1.7 billion, up 16% compared to the previous fiscal year due to active capital investment.

● Environmental Conservation Costs

Unit: millions of yen

Environmental Conservation Costs		FY2016		FY2017		Description of major initiatives
Item		Invest ments	Costs	Invest ments	Costs	
(1) Costs in operational areas		233	662	123	763	
① Pollution prevention costs		71	375	109	279	Expenses for environmental risk countermeasures, drainage water treatment, and other activities
② Global environmental conservation costs		118	13	5	122	Installation of energy-saving equipment
③ Resource recycling costs		44	274	9	362	3R promotional activities, waste disposal, and other activities
(2) Upstream and downstream costs		0	74	0	67	Additional costs for reducing environmental load
(3) Management activity costs		0	401	0	401	Ongoing implementation of environmental management systems, and information disclosure
(4) Research & development costs		0	32,925	0	32,528	R&D expenses for reducing environmental load
(5) Social activity costs		0	3	0	5	Costs for environmental improvements, including off-site environmental conservation, tree planting, and beautification projects.
(6) Environmental remediation costs		0	0	0	0	
Total		233	34,064	123	33,762	

*For items such as capital expenditures that are difficult to distinguish whether they deal with the environment or have another purpose, only those items that can be clearly understood as dealing with the environment are recorded.

● Impact of Environmental Conservation (1) Economic results

Unit: millions of yen

	Details of results	FY2016	FY2017
Profits	Operational income from recycling	1,398	1,635
	Others	0	0
Reduced costs	Reduction in energy costs due to energy conservation	41	49
	Reduction in waste treatment costs due to resource conservation and recycling	13	3
	Others	0	0
Total		1,452	1,687

Note: The results of environmental conservation are calculated only for those items that can be definitely identified as having an effect over a single year.

● Impact of Environmental Conservation (2) Quantitative results

	FY2016	FY2017
CO ₂ reduction (tons-CO ₂)	1,041	739
Waste reduction (tons)	448	204

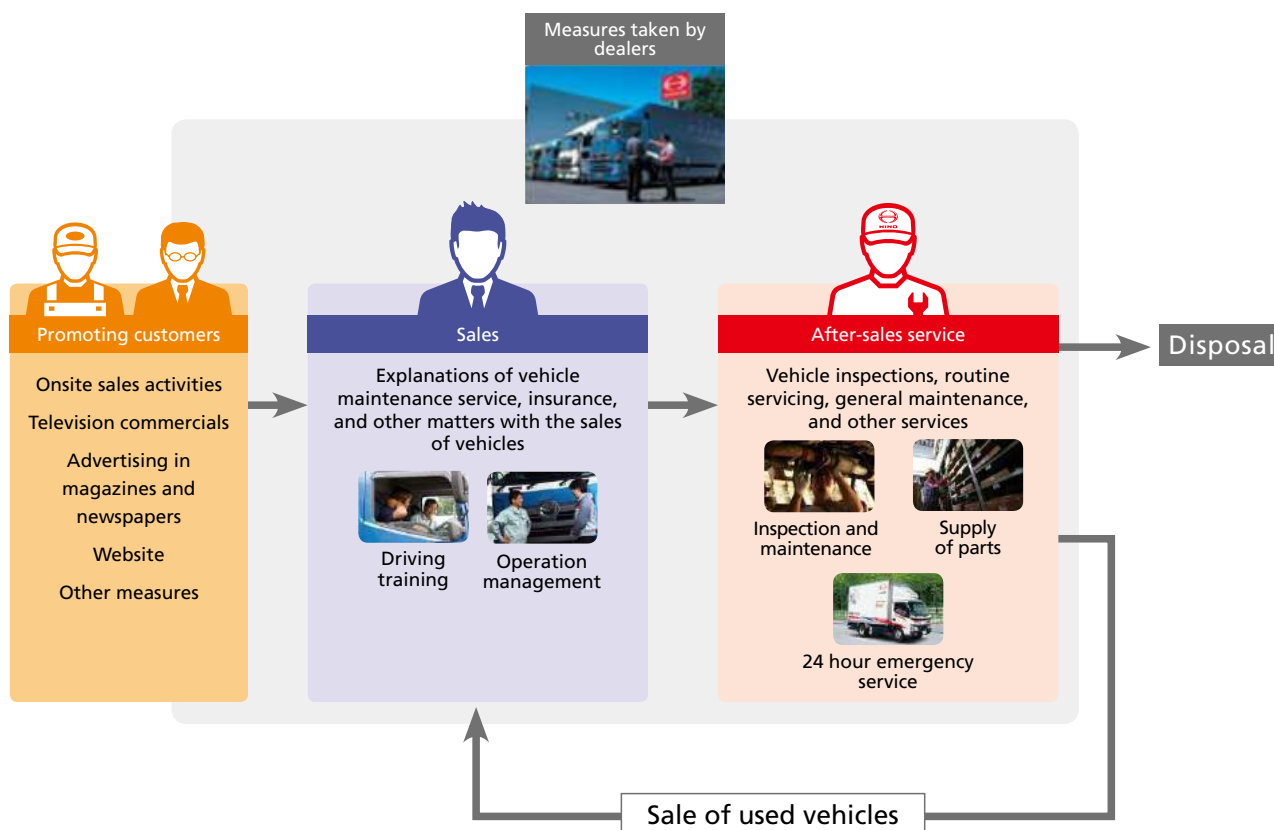
Note: The results of environmental conservation are calculated only for those items that can be definitely identified as having an effect over a single year.

Total Support Services and Products

Trucks and buses are subject to various regulations concerning fuel consumption and exhaust emissions, including emissions of nitrogen oxide (NOx) and particulate matter (PM), and these regulations have been growing stricter with each passing year. Meeting these standards is an important obligation as a manufacturer of trucks and buses. In recent years, consumers have come to place importance on the environmental performance of commercial trucks and buses in addition to their basic performance such as horsepower, load capacity, and drivability. Companies are developing new products by applying their expertise and latest technologies to meet these expectations.

While promoting product development aiming for the industry's best environmental performance, Hino Motors is also focusing specifically on offering various benefits to customers throughout the entire product lifecycle, including servicing. Accordingly, Hino Motors is striving to maintain the environmental performance of its vehicles by enhancing its "total support" so that customers can use the environmentally friendly trucks and buses it has developed in ways that are friendly to the environment, right through to the time of final disposal. Going forward, Hino Motors will strive to enable its support system to respond to the needs and requests of every single customer, while always working to supply top-quality trucks and buses.

● Total Support Process

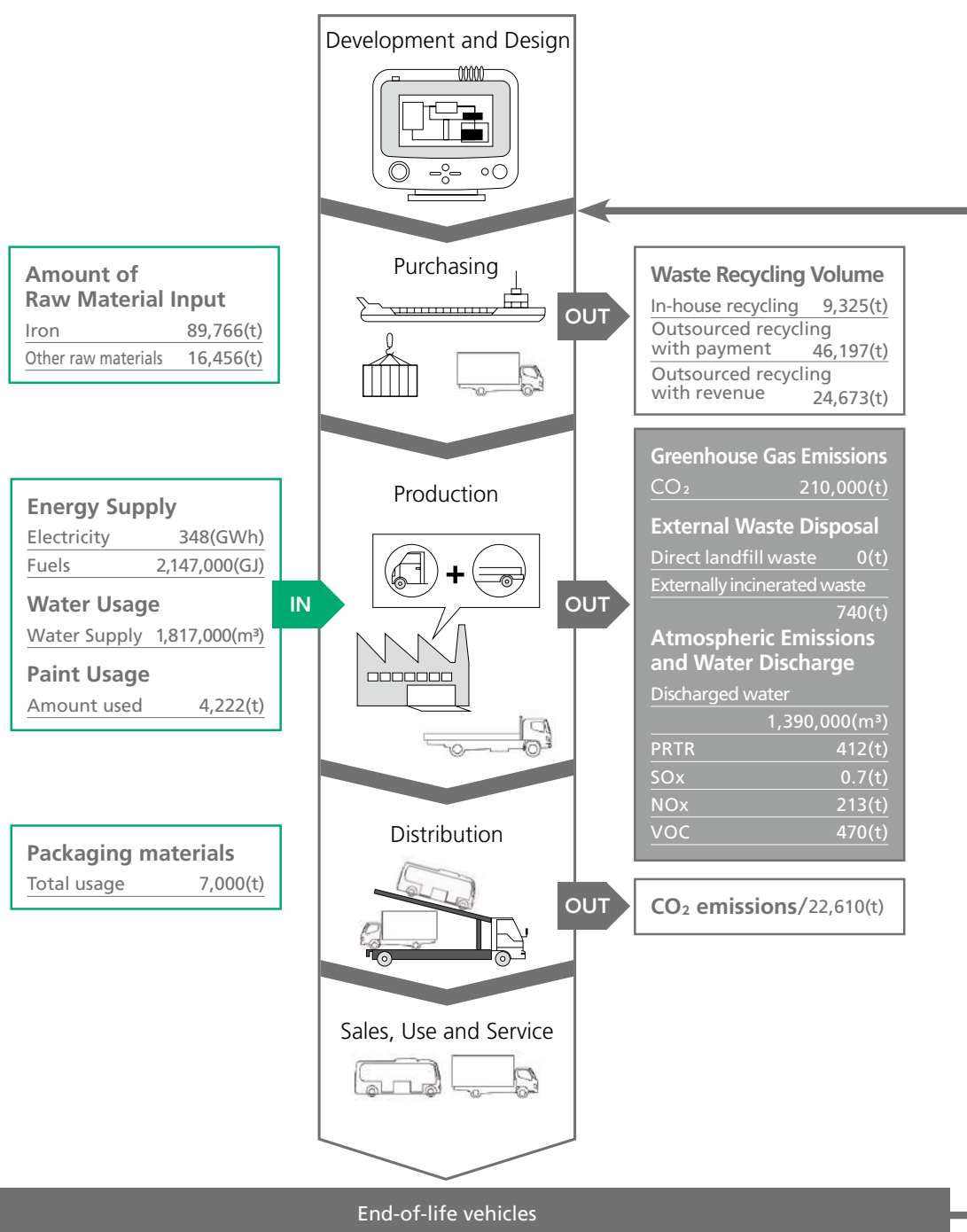


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Material Balance

At each and every stage of the product lifecycle, from development through design to use and disposal, Hino Motors seeks to identify the impact of its business activities on the environment. Hino Motors is making every effort to reduce environmental load while working to clarify the processes where it is particularly evident.



Note: The information provided represents aggregate data for the Company's Hino, Hamura, koga, and Nitta plants.

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Hino Environmental Challenge 2050

To make the world a better place to live and connect the next generation to the future

Basic Stance

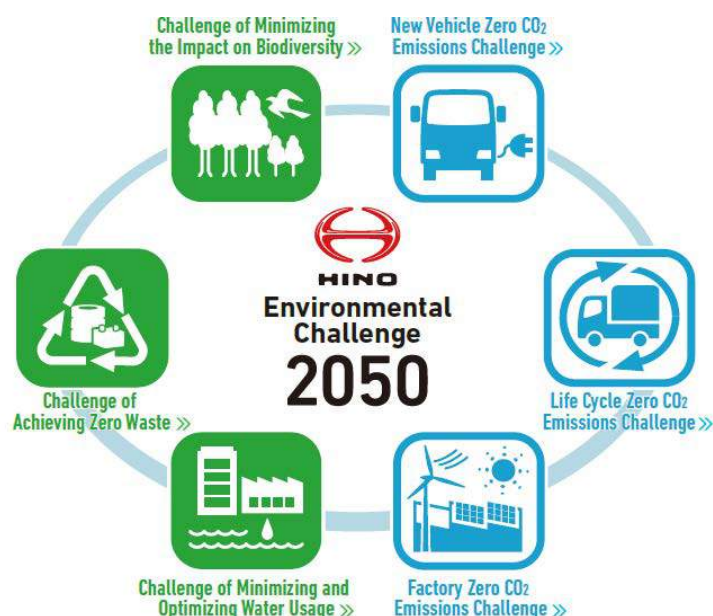
In October 2017, Hino Motors established the Hino Environmental Challenge 2050, a set of new long-term goals to help create a sustainable society for the future.

Hino's corporate mission is "to make the world a better place to live by helping people and goods get to where they need to go safely, economically and with environmental responsibility while focusing on sustainable development." Fulfilling this mission, the Company has supported the businesses of customers and contributed to society by providing trucks and buses suited to the needs of customers around the world.

The Hino Environmental Challenge 2050 presents six challenges to be taken up by the Hino Group as a manufacturer of trucks and buses to address various global environmental issues such as climate change, water shortages, resource depletion, and destruction of nature.



Hino Environmental Challenge 2050



The trucks and buses that Hino Motors provides impact the environment in every aspect of their product life cycle, from making parts and materials used in vehicles to vehicle manufacture, use, and disposal. The overall objectives shared across the Hino Group are to reduce environmental impact, make the world a better place to live, and connect the next generation to the future.

Although the established goals are very high, the Hino Group will work as one to revolutionize logistics through technical innovation of products, manufacturing innovation at production sites, and IoT technologies. As an environmental frontrunner, the Group will take on the challenge of becoming an environmentally advanced company.

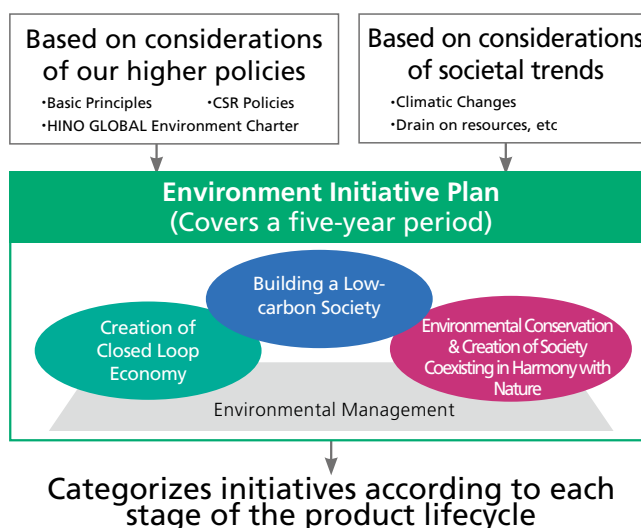
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Environment Initiative Plan - Action Plan to Realize the Six Challenges

The Environment Initiative Plan is an action plan based on the Hino Credo, the Hino Global Environment Charter, and other top policies and social trends. In 1993, Hino Motors formulated its first Environment Initiative Plan, and it has implemented and reviewed its targets every five years since then. The sixth 2020 Environment Initiative Plan was planned for implementation from fiscal 2016 to 2020. However, the Company will contribute to the sustainable development of society by linking the knowledge and new challenges thereby gained to the six challenges of the Hino Environment Challenge 2050.

● Positioning of the Environment Initiative Plan

The 2020 Environmental Initiative Plan includes Hino Motors' goals of building a low-carbon society, creating a closed loop economy, environmental conservation and creation of a society coexisting in harmony with nature, and environmental management. Hino Motors seeks harmony with the environment throughout the product lifecycle in line with the action plan.



● Key initiatives of the 2020 Environmental Initiative Plan that contribute to the Hino Environmental Challenge 2050

Hino Environmental Challenge 2050	2020 Environment Initiative Plan
CHALLENGE! 1 New Vehicle Zero CO₂ Emissions Challenge	<ul style="list-style-type: none"> ● Improve CO₂ emissions and fuel consumption performance of vehicles ● Promote the development of vehicles that run on clean energy
CHALLENGE! 2 Life Cycle Zero CO₂ Emissions Challenge	<ul style="list-style-type: none"> ● Make transportation more efficient and reduce CO₂ emissions in logistics ● Work to reduce CO₂ emissions in sales activities
CHALLENGE! 3 Factory Zero CO₂ Emissions Challenge	<ul style="list-style-type: none"> ● Work to reduce CO₂ emissions in production activities
CHALLENGE! 4 Challenge of Minimizing and Optimizing Water Usage	<ul style="list-style-type: none"> ● Work to reduce water usage in production activities
CHALLENGE! 5 Challenge of Achieving Zero Waste	<ul style="list-style-type: none"> ● Develop technologies that enable elimination of the use of scarce resources ● Develop new vehicles with a higher ratio of recyclable components ● Reduce waste from production and logistics, and use resources effectively ● Work to reduce usage of packaging materials and use resources effectively
CHALLENGE! 6 Challenge of Minimizing the Impact on Biodiversity	<ul style="list-style-type: none"> ● Reduce gas emissions to help improve urban air quality in each country and region ● Reduce environmentally hazardous substances (VOC) in production activities ● Implement biodiversity preservation activities locally at factories in every region where the Group operates

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2020 Environment Initiative Plan **Building Low-carbon Society**



New Vehicle Zero CO₂ Emissions Challenge



Life Cycle Zero CO₂ Emissions Challenge



Factory Zero CO₂ Emissions Challenge

Field	Item	Specific Action Items/Targets, etc.	Fiscal 2017 Achievements and Challenges for the future
Product development	Improve CO₂ emissions and fuel consumption performance of vehicles	<ul style="list-style-type: none"> •Develop technologies to meet world's top-class fuel efficiency standards Japan •Develop technologies to improve fuel efficiency to meet next round of regulations •Improve the performance of hybrid vehicles United States •Develop technologies for enabling compliance with greenhouse gas emission regulations in 2020 Europe •Develop technologies to improve fuel efficiency to meet next round of regulations 	<ul style="list-style-type: none"> •Released new models of Hino Profia heavy duty trucks and Hino Ranger medium-duty trucks The Hino Profia has now achieved 10% greater fuel efficiency than fiscal 2015 fuel efficiency standards, and the number of Hino Ranger trucks with 5% greater fuel efficiency was increased. •Released an improved model of Hino Dutro light-duty trucks Added to the lineup are hybrid trucks that have now achieved 15% greater fuel efficiency than fiscal 2015 fuel efficiency standards, while diesel trucks now have 5% greater fuel efficiency. •Released and improved model of Hino S'elega heavy-duty tourist buses Added to the lineup are a long-bodied bus (overall length of 12m) that achieves 15% greater fuel efficiency with an A09C engine, a bus that achieves 15% greater fuel efficiency with an E13C engine, and a bus that fulfills fuel efficiency standards with an A05C engine.
	Promote the development of vehicles that run on clean energy	<ul style="list-style-type: none"> •Conduct R&D on electric vehicles Plug-in hybrid vehicles •Conduct R&D intended for making the technology feasible Fuel cell vehicles •Develop fuel cell vehicles and sell a limited number Electric vehicles •Conduct R&D intended for commercializing electric trucks and buses •Conduct research on technologies for enabling the use of alternative fuels •Develop technologies that enable a switchover to biofuels and other alternative fuels 	<ul style="list-style-type: none"> •Released heavy-duty electric refrigerated trucks that comply with fiscal 2016 gas emission regulations •Released heavy-duty hybrid route buses that comply with fiscal 2016 gas emission regulations •Released light-duty hybrid trucks with improved fuel efficiency •Jointly developed fuel cell (FC) buses with Toyota Motor Corporation; the Toyota FC Bus is used on bus routes operated by the Bureau of Transportation of the Tokyo Metropolitan Government
Production and logistics	Initiatives for reducing CO₂ emissions in production activities	<ul style="list-style-type: none"> •Carry out initiatives for reducing CO₂ emissions on both a total and per-vehicle basis by introduce low-CO₂ production technologies, and reduce CO₂ through daily improvements •Consider to exploit renewable energy and renewable energy <p>(Targets in CO₂ Production Emissions Reduction for FY 2020)</p> <p>Overseas Operations</p> <ul style="list-style-type: none"> •26% reduction in emissions per unit compared to FY 2008 <p>Consolidated Companies in Japan</p> <ul style="list-style-type: none"> •24% reduction in emissions per unit compared to FY 2008 <p>Hino Motors Ltd.</p> <ul style="list-style-type: none"> •30% reduction in emissions per unit compared to FY 2008 •Reduction in emissions: Fiscal 2020 output target x active mass •Control emissions of other greenhouse gases besides CO₂ 	<ul style="list-style-type: none"> •Steadily promoted the following goals at the CO₂ Reduction Working Group, which was launched to achieve 2020 goals. <p>(Results)</p> <p>Global:</p> <ul style="list-style-type: none"> •Reduced emissions per unit by 32% compared to FY2008 <p>Consolidated Companies in Japan:</p> <ul style="list-style-type: none"> •Reduced emissions per unit by 29% compared to FY2008 <p>Hino Motors, Ltd:</p> <ul style="list-style-type: none"> •Reduced emissions per unit by 38% compared to FY2008 •Emissions of fiscal 2017 were 210 thousand tons <p>HINO Motors will create technologies and formulate plans to achieve additional long-term goals (30–50 years)</p>
	Make transportation more efficient and reduce CO₂ emissions in logistics	<ul style="list-style-type: none"> •Promote initiatives to reduce CO₂ emissions in logistics by improving efficiency of transportation. Shorten distribution routes between factories and improve shipping efficiency by using tractor-trailers and increasing transport loading rates •Use more fuel-efficient vehicles •Improve efficiency of vehicle parts shipments <p>(Targets in CO₂ Distribution Emissions Reductions for FY 2020)</p> <p>Consolidated Companies in Japan</p> <ul style="list-style-type: none"> •26% reduction in emissions per unit of transport volume compared to FY 2008 <p>Overseas Operations</p> <ul style="list-style-type: none"> •Set targets and promote reduction measures according to the highest standards in each country 	<p>(Results)</p> <p>Consolidated Companies in Japan:</p> <ul style="list-style-type: none"> •Reduced emissions per unit of transport volume by 22% compared to FY2008 <p>(Future Challenge)</p> <p>Further efforts to assess impact due to plant relocation and to promote emissions reduction activities.</p> <p>Overseas Operations:</p> <ul style="list-style-type: none"> •Promoting reduction activities in each country
Sales and after-sales service	Initiatives for reducing CO₂ emissions in sales activities	<ul style="list-style-type: none"> •Create and execute plan to reduce energy consumption per unit by at least 1% per year at Japanese sales offices •Assist customers in reducing CO₂ emissions 	<ul style="list-style-type: none"> •Achieved reductions by installing low-energy-consumption lighting and placing restrictions on air conditioning usage Decreased total energy consumption per unit by 3.1% compared to fiscal 2015

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2020 Environment Initiative Plan **Creation of Closed Loop Economy**



Challenge of Minimizing
and Optimizing Water
Usage



Challenge of
Achieving Zero
Waste

Field	Item	Specific Action Items/Targets, etc.	Fiscal 2017 Achievements and Challenges for the future
Product development	Develop technologies that enable elimination of the use of scarce resources	<ul style="list-style-type: none"> Reduce the amount of precious metals used in exhaust-cutting catalytic converters 	<ul style="list-style-type: none"> Excavated precious metal substitutes for gas emission reduction catalysts
	Develop new vehicles with a higher ratio of recyclable components	<ul style="list-style-type: none"> Initiatives to create assembled structures that are easy to disassemble 	<ul style="list-style-type: none"> Incorporated considerations for recycling and disassembly in the design of vehicle structural components and created manuals explaining disassembly Contributed to effective use of resources by reducing vehicle body weight.
Production and logistics	Reduce waste from production and logistics, and use resources effectively	<ul style="list-style-type: none"> Adopt waste reduction technologies and promote waste reduction in regular improvement activities Facilitate more effective usage of resources by improving yield rates and managing the sources of waste Promote the usage of the Hino Motors Group's resource (Targets in Waste Reduction for FY 2020) <p>Consolidated Companies in Japan</p> <ul style="list-style-type: none"> 43% reduction of amount of waste generated per unit compared to FY 2008 Zero for final disposal amount* <p>Overseas Operations</p> <ul style="list-style-type: none"> Management of the amount of waste reduction <p>Definition of Zero: Landfill amount including ash after incineration is not more than 0.5% compared with total waste including recyclable waste</p> <p>*Definition of Zero: Landfill amount including ash after incineration is not more than 0.5%, compared with total waste including recyclable.</p>	<p>(Results)</p> <p>Consolidated Companies in Japan</p> <ul style="list-style-type: none"> Reduced amount of waste generated per unit by 38% compared to FY2008 Achieved a final disposal rate of 0.09% <p>We will continue reducing activities through each conference</p> <p>Overseas operations</p> <ul style="list-style-type: none"> Set targets for waste matter in each country and proceeded to make reductions
	Initiatives for reducing water usage in production activities	<ul style="list-style-type: none"> Promote activities for reducing water consumption in consideration of water supply conditions in each country and region where the Group operates Conserve water through actively introduce water-saving technologies and continual improvement (Targets in Water Usage Reduction for FY 2020) <p>Consolidated Companies in Japan</p> <ul style="list-style-type: none"> 40% reduction of water usage per unit compared to FY 2008 <p>Overseas Operations</p> <ul style="list-style-type: none"> Management of water usage reduction 	<p>(Results)</p> <p>Consolidated Companies in Japan</p> <ul style="list-style-type: none"> Reduced water usage per unit by 46% compared to FY2008 <p>Further water-saving equipment to be installed and recycling promoted.</p> <p>Overseas operations</p> <ul style="list-style-type: none"> Set targets in each country and proceeded to make reductions
	Initiatives for reducing usage of packaging materials and use resources effectively	<ul style="list-style-type: none"> Reduce usage of packing and shipping materials by making them returnable and more lightweight Enable use of returnable racks in more countries Improve methods of packing vehicle parts (Targets in Packaging Materials Usage Reduction for FY 2020) <p>Consolidated Companies in Japan</p> <ul style="list-style-type: none"> 57% reduction of shipment volume per unit compared to FY 2008 <p>Overseas Operations</p> <ul style="list-style-type: none"> Calculate the amount of packaging materials used and expand activities to reduce them 	<p>(Results)</p> <p>Consolidated Companies in Japan</p> <ul style="list-style-type: none"> Reduced amount of packaging materials used per unit of shipment volume by 63% compared to FY2008 <p>Further efforts to assess impact due to plant relocation and to promote emissions reduction activities.</p> <p>(Future Challenge)</p> <p>Continue to pursue efforts to reduce emissions</p> <p>Overseas operations</p> <ul style="list-style-type: none"> Promoting reduction activities in each country


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2020 Environment Initiative Plan **Environmental Conservation & Creation of Society Coexisting in Harmony with Nature**



Challenge of Minimizing
the Impact on Biodiversity

Field	Item	Specific Action Items/Targets, etc.	Fiscal 2017 Achievements and Challenges for the future
Product development	Reduce gas emissions to help improve urban air quality in each country and region	<ul style="list-style-type: none"> • Introduce vehicles with lower gas emissions to help improve urban air quality in each country and region Japan • Release vehicles to the market that comply with Japan's 2016 exhaust emission regulations • Research and develop new technologies to comply with new exhaust regulations starting in 2016 United States • Bring vehicles to market that comply with US13, and Develop vehicles that comply with U.S. exhaust emission standards effective from 2016 Europe and developed countries • Develop and release vehicles to the market that comply with EURO 6 exhaust emission standards General • Introduce low-emission vehicles (EURO4 or 5 level) 	<ul style="list-style-type: none"> • Released new models of Hino Profia heavy-duty trucks and Hino Ranger medium-duty trucks; newly developed engines with dual-stage turbo systems, featuring technologies which reduce frictional resistance and comply with fiscal 2016 gas emission regulations due to improvements to engine control and exhaust emission after-treatment devices • Released an improved model of Hino Dutro light-duty trucks and added vehicles to the lineup that comply with fiscal 2016 gas emission regulations • Released an improved model of Hino S'elega heavy-duty tourist buses ; all buses now comply with fiscal 2016 gas emission regulations due to improvements to engine control and exhaust emission after-treatment devices
	Further reduce the use of environmentally harmful materials	<ul style="list-style-type: none"> • Collect and manage information on increasing regulations in each country where the Group operates, and take the lead in switching to alternative materials 	<ul style="list-style-type: none"> • Collected and managed all material data including that for unregulated substances. • Establish early measures for gas emission regulations.
Production and logistics	Reduce substances that impact the environment in production activities (VOC)	<ul style="list-style-type: none"> • Promote reduction of VOCs through constant improvement • Reduce the use of painting materials and thinners in vehicle painting work (Targets in Body Painting Reduction for FY 2020) Hino Motors Ltd. • Reduction of VOC emissions by 22 grams per square meter of painted surface area Overseas Operations • Broaden initiatives for VOC emissions reductions (Other Painting Work Targets for FY 2020) Hino Motors Ltd.: • Set annual reduction targets on a per-vehicle basis every year Overseas Operations • Management of VOC reduction performance 	<p>(Results)</p> <p>Hino Motors, Inc.</p> <ul style="list-style-type: none"> • Achieved 19 grams of VOCs per square meter of painted surface area • Promote initiatives relating to renovation plan for painting equipment and facilities and continued efforts to reduce volatile organic compounds (VOC) through constant improvements. <p>Overseas Operations</p> <ul style="list-style-type: none"> • Currently compiling results
Social contribution	Implement biodiversity preservation activities locally at factories in every region where the Group operates	<ul style="list-style-type: none"> • Promote initiatives based on biodiversity guidelines • Carry out regular activities in consideration of the unique ecosystems surrounding the factories in each country and region (including forest conservation and protection of local habitats) • Undertake environmental conservation initiatives together with local residents and children 	<ul style="list-style-type: none"> • Carried out initiatives in consideration of ecosystems surrounding workplaces in countries worldwide <p>Hino</p> <ul style="list-style-type: none"> • Weed clearing in Ome City <p>Koga</p> <ul style="list-style-type: none"> • Weeding using goats <p>USA</p> <ul style="list-style-type: none"> • Clean-up along the Ohio River <p>Further efforts to spread awareness of the Guidelines within the Company and promote related activities.</p>

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2020 Environment Initiative Plan **Environmental Management**

Field	Item	Specific Action Items/Targets, etc.	Fiscal 2017 Achievements and Challenges for the future
Manage- ment	Strengthen and promote group environmental management	<ul style="list-style-type: none"> Japan and overseas companies Activities to ensure No.1 of environmental performance in each country and region Comply with environmental laws in each country and region, and enhance activities to prevent environmental risk 	<ul style="list-style-type: none"> The Company's activities are listed below. Issued periodic reports on environmental performance and improvement initiatives at group companies in and outside Japan Made progress in eco-factory initiatives at group companies in and outside Japan Compiled list of requests and created diagnostic tools in order to launch environmental management systems (EMS) diagnosis at overseas production sites. Achieve further improvements by holding interactive seminars and workshops to improve capabilities
	Promote environmental activities in collaboration with business partners (Our suppliers)	<ul style="list-style-type: none"> Suppliers Compliance with laws by suppliers, and enhance management of substances that impact the environment contained in parts, raw materials, secondary materials, production equipment, etc. Request for environmental performance activities 	<ul style="list-style-type: none"> Suppliers Began improving and employing in-house chemical management systems to account for stricter global chemical substance regulations
	Promote environmental activities in collaboration with business partners (Dealers and distributors)	<ul style="list-style-type: none"> Sales in Japan Promote environmental activities by sales companies via each Environmental Management System. Sales outside Japan Grasping the burden on the environment and act continually to raise awareness of the environment 	<ul style="list-style-type: none"> Consolidated subsidiaries in Japan Implemented environmental activities at 226 dealers across Japan to facilitate related improvements and upgrades Certified two more dealers as Eco-Management Dealers, bringing the total to 225 nationwide Overseas Sales Operations Shared environment-related data monthly with overseas sales offices Held events to promote environmental awareness during World Environment Month in June
	Improve global human resources development and training programs	<ul style="list-style-type: none"> Systematically implement environmental education Awareness training programs for every employee 	<ul style="list-style-type: none"> Implemented the following initiatives Conducted ISO internal environmental audit education President delivered a message for environmental month (June) Issued the environmental newsletter Environment in the News (published 4 times annually) Implemented an explanatory meeting for employees in which the president spoke about Hino Environmental Challenge 2050 <p>The Company will continue actively taking initiatives to improve the environment, including planning events featuring employee participation.</p>
	Actively disclose environmental information and enhance communication	<ul style="list-style-type: none"> Enhance provision of information on product environmental technologies in each country and region (e.g. exhibiting at expos) Continually publish CSR reports and other documents in each country and region, and publish at more sites Enhance environmental communication in each country and region 	<ul style="list-style-type: none"> The Company's activities are listed below. Exhibited Hino Motors' new fuel-efficient engines and introduced the Company's environmental technologies at the Automotive Engineering Exposition.

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CHALLENGE! 1 New Vehicle Zero CO₂ Emissions Challenge

TARGET

While driving

Reduce CO₂ Emissions By 90%



Against the backdrop of increasing global warming, it was agreed at the 21st session of the Conference of the Parties (COP 21) to the United Framework Convention on Climate Change to keep the temperature rise under two degrees compared to the time before the industrial revolution. This goal is necessary for reducing the CO₂ emissions that are one of the contributors to global warming.

Hino Motors will take on the challenge of reducing CO₂ emissions during vehicle operation, which accounts for about 90% of CO₂ emissions in the truck and bus life cycle. Therefore, Hino Motors will take on the challenge of raising environmental performance, such as fuel efficiency, as much as possible, while raising the distribution efficiency of trucks.

Developing

Next-generation vehicle

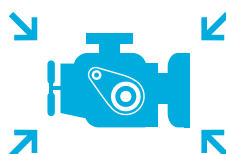


Hino Motors will improve product environmental technologies and develop next-generation vehicles including plug-in hybrid vehicles (PHV), electric vehicles (EV), and fuel cell vehicles (FCV). Concurrently, the Company will collaborate with governments and other related organizations and play a role in their spread.



Evolve

Existing technologies



Hino Motors will further raise fuel efficiency of diesel (DE) and hybrid vehicles (HV), efficiently recover the energy generated during braking, and improve aerodynamic performance of the products.



Make distribution

More efficient



Hino Motors will help improve waste and inconsistency in collaboration with customers by incorporating IoT technologies in vehicles and enabling the "visualization of distribution." Above all, Hino Motors recommends using heavy-duty trucks in mainline transport where long-distance distribution is the norm and using light-duty trucks in urban areas. In addition, the company will promote technological development so that it can offer logistics matching, which properly manages information on trucks that are in or out of operation.

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Hino Motors' Environmental Technologies

Existing technologies

Trucks and buses are made to transport large numbers of people or goods over relatively long distances, and fuel and energy are needed to do that. As a result, emission of CO₂, a greenhouse gas, is inevitable.

Unique aspects of trucks and buses include their comparatively large size and loading capacities, the long distances they travel, and their wide array of uses and places where they are used. Taking into account these varying conditions, Hino Motors considers what types of environmental technologies are most suitable. By providing users with optimally equipped vehicles, the Company hopes to help curb global warming.

Initiatives for Next-generation Vehicles

Hino Motors capitalizes on the unique benefits of electric vehicles such as clean exhaust gas emissions and quietness of ride to create next-generation vehicles that meet customers' and society's needs.

Hino primarily pursues development for applications in urban areas such as light-duty trucks and buses and route buses.

Hino will continue to develop vehicles along with related technologies including batteries, while seeking to reinforce social infrastructure, such as charging facilities and hydrogen stations, in cooperation with relevant organizations. The ultimate goal is to offer electric or hydrogen power options on all models.



Environmental Management

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Key Performance Data

Hino Motors' Highly Promising Technologies (Including trial experiments)

Next-generation vehicle

Existing technologies

◆ Hybrid Vehicles (HV)

● Hino Profia Electric Refrigeration Trucks

By combining its hybrid system technologies with Denso Corporation's automotive-use electric refrigeration system technologies, Hino Motors has developed a refrigeration truck that offers a complete lineup of benefits for customers, including economical operations, excellent refrigeration performance, superior quality, and extremely quiet running.



◆ Electric vehicle (EV)

● Light-Duty, Low-Floor Electric Trucks

Hino Motors has collaborated with Japanese delivery companies Seino Transportation Co., Ltd. and Yamato Transport Co., Ltd. to commence trial operations of its electric light-duty trucks. Since the trucks are powered by an electric motor, no exhaust gases are emitted while running and noise levels are very low, making them optimal vehicles for pick-up and delivery duties during late night or early morning hours.

Hino Motors succeeded in lowering the floor of the loading platform by leveraging the distinctive characteristics of EVs—the smaller power train and the front engine, front-wheel drive system.



◆ Fuel Cell Vehicle (FCV)

● Fuel cell bus "SORA" (in collaboration with Toyota Motors)

Fuel cell buses that operate on their own generated hydrogen as a fuel source have a high environmental performance of zero CO₂ emissions during operation.

Hino Motors will make further improvements with the aim of popularizing FC buses and will also consider adopting fuel cells in trucks.

*Hino Motors has been entrusted by Toyota Motors with the development of the vehicle body

◆ Plug-in Hybrid Vehicles (PHV)

● Hino Melpha Plug-In Hybrid Bus

The Hino Melpha Plug-In Hybrid Bus can run as an electric or hybrid vehicle and supply electricity externally for relatively long periods of time from power generated by its diesel engine, making it useful for supplying electricity to evacuation centers and other facilities in times of disaster. Hino Motors made this possible by combining its many years of expertise developing hybrid systems with high-capacity lithium-ion batteries. This model is operating as a route bus and school bus.



● Light-Duty Electric Buses

Hino Motors' small-sized electric buses have begun service on fixed routes as community buses in Tokyo's Sumida Ward, the city of Hamura in the Tokyo Metropolitan area, and the city of Komatsu in Ishikawa Prefecture. Hino Motors made the batteries as small as possible and extended the battery life. As a result, the feasibility of operating the buses on fixed routes has been verified.



◆ Diesel

● Hino Profia Heavy-Duty Trucks

Through downsizing, the new A09C engine offers high levels of both power and fuel economy. The new 9-liter engine installed in a ProShift-equipped vehicle has achieved performance that is 10% above heavy-duty vehicle fuel efficiency standards.



● Hino Ranger Medium-Duty Truck

Through downsizing, the new A05C engine offers high levels of both torque and fuel efficiency. By combining this engine with an advanced transmission, Hino provides a broad range of vehicle types with performance that is 5% above heavy-duty vehicle fuel-efficiency standards.



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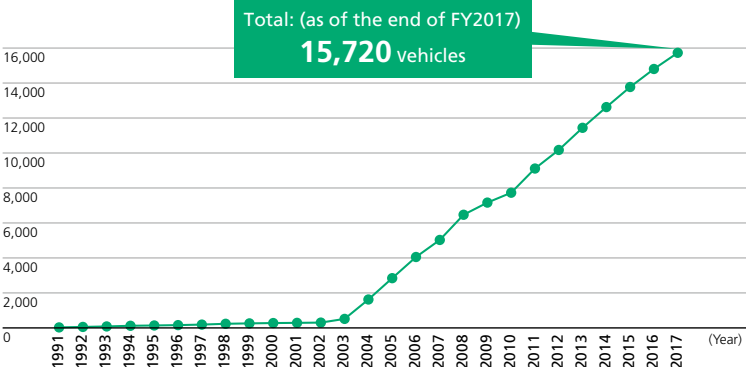
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Evolution of the Hybrid Vehicle

Next-generation vehicle Existing technologies

Ever since Hino Motors commercialized and sold the world's first hybrid bus in 1991, the Company has constantly led the industry in environmentally friendly products. Hino Motor's environmentally friendly products continue to be loved by customers around the world. Among these products, cumulative sales of hybrid vehicles surpassed 15,000 as of the end of fiscal 2017.

● Hybrid Vehicle Sales Volume



Hino Dutro Hybrid



Hino Blue Ribbon II Hybrid

TOPIC

Heavy-duty Hybrid Truck Employing World-first Technology to Be Launched in Summer 2019

Hino Motors plans to launch the Hino Profia Hybrid, an innovative heavy-duty hybrid truck that combines high-level advanced performance and safety technology.

Thanks to hybrid control that pre-reads the road gradient using artificial intelligence (AI), Hino Motors has achieved the world's first hybrid system with fuel economy even in vehicles that run at high speeds, a feat considered difficult until now.

The system maintains the same fundamental performance and ease of use as offered by a diesel vehicle, reduces fuel consumption by about 15% (based on internal data), and is expected to cut vehicle operating costs.

The large-capacity lithium-ion battery in the truck can be used as an external emergency power supply. Moreover, noise and vibration are reduced during vehicle operation, which helps to alleviate driver fatigue.



The heavy-duty Hino Profia Hybrid truck.

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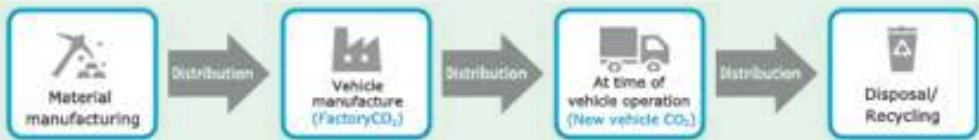
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CHALLENGE! 2 Life Cycle Zero CO₂ Emissions

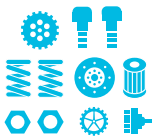
TARGET

Vehicle Life Cycle –from manufacturing to disposal-
Zero CO₂ Emissions

The Hino Group emits CO₂ gas, one of the causes of global warming, not only when its products such as trucks and buses are operated and when manufacturing vehicles in its plants, but in all product life cycle fields, from material manufacturing to disposal and recycling. The Hino Group will completely reduce the environmental impact of the entire supply chain and help combat global warming by pursuing zero CO₂ emissions in these fields.



At Materials manufacturing stage,
reduce CO₂ emissions
thoroughly



Hino Motors will reduce the amount of materials used and the number of parts to reduce CO₂ at the time of material manufacturing. The Company will select materials that reduce CO₂ emissions in the product development stage, such as by actively promoting the development of plastic parts to reduce CO₂ emissions during parts manufacturing.



At the Distribution stage,
reduce CO₂ emissions
thoroughly



The Company will thoroughly reduce CO₂ emissions, even at the distribution stage, which links together each step of the product life cycle. As a commercial vehicle manufacturer, not only rigorously working to spread next-generation and fuel-efficient vehicles in commercial vehicles that assist in the movement of goods, Hino Motors also collaborates with logistics service providers to increase loading ratios, conduct a modal shift, and shorten distribution routes.

In the medium to long term, Hino Motors will participate in comprehensive measures in the road transport sector in collaboration with the government. These measures include traffic flow countermeasures such as expressway improvement and traffic signal countermeasures and the deregulation of vehicle height and total trailer length.

At the Disposal and recycling stage,
reduce CO₂ emissions
thoroughly



Hino Motors will proactively introduce materials including biomaterials and recycled materials that help reduce CO₂ emissions at the time of vehicle disposal and recycling. In parallel with efforts related to the introduction of these materials, Hino Motors is targeting products that are easy to disassemble and recycle, and the Company is pursuing easy-to-disassemble designs while collaborating with professional dismantlers in everything, all the while listening to their needs.



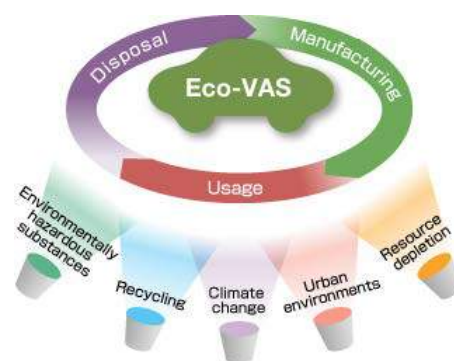
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Environmental Load Reduction Activities Based on Life Cycle Assessment (LCA)

[At Materials manufacturing stage](#)
[At the Distribution stage](#)
[At the Disposal and recycling stage](#)

Factors such as measures for new regulations, vehicle performance enhancement efforts, and others can increase environmental burden during the process of manufacturing. Hino Motors is aiming to further reduce its environmental load by employing the Eco-Vehicle Assessment System, an environmental product management system that incorporates a lifecycle approach during product development.

*Eco-VAS is a framework for setting targets to reduce the environmental burden from the products from the early vehicle development stage and for making steady reduction of environmental burden based on LCA methods.



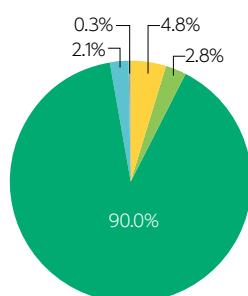
◆ LCA Initiative

Life Cycle Assessment (LCA) is an analysis method that quantitatively measures environmental impact throughout the life cycle of products such as trucks and other vehicles, from manufacturing to use and eventual disposal. Hino Motors has been employing LCA since 2008 to track CO₂ emissions over the life cycle of its truck and bus models. The results for each type of vehicle are shown in the charts below.

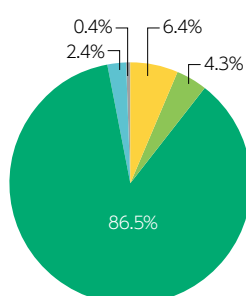
● Lifecycle CO₂ of each model

Producing raw materials Manufacturing vehicles During driving
During maintenance At disposal

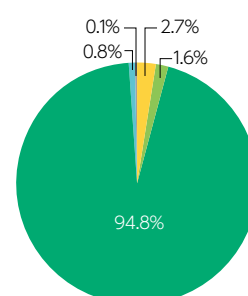
Light-Duty Trucks



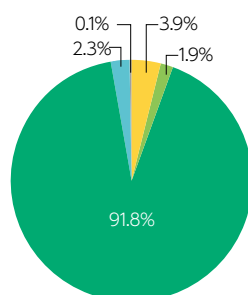
Light-Duty Hybrid Trucks



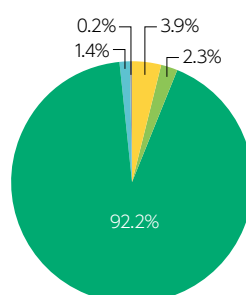
Medium-Duty Trucks



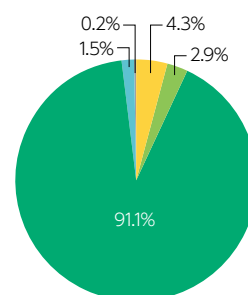
Heavy-Duty Trucks



Heavy-Duty Tourist Buses



Heavy-Duty Hybrid Tourist Buses



*The graphs are results computed by Hino's proprietary calculation conditions. Fuel efficiency uses the heavy-duty vehicle mode's fuel-efficiency value. Evaluation results show the entire lifecycle of each as a percentage of 100%

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Reducing CO₂ Emissions in Distribution Operations

Logistics

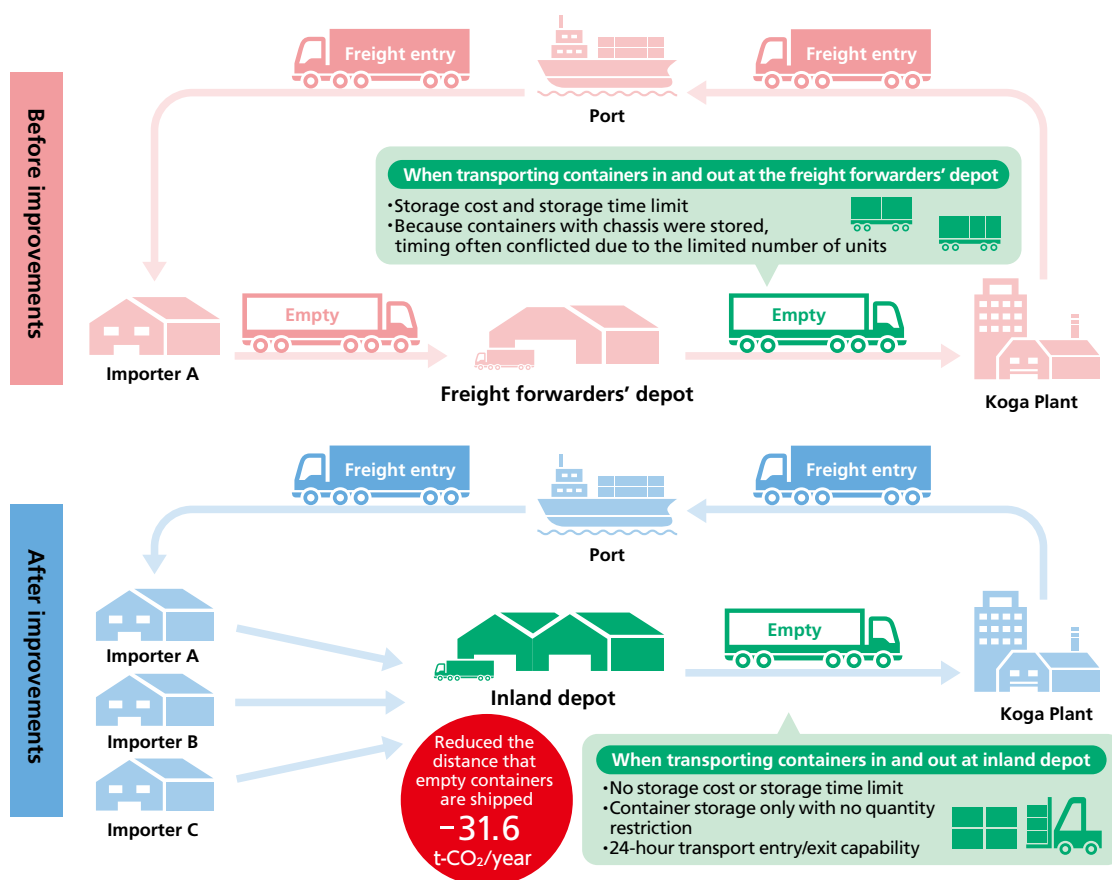
◆ Initiatives to reduce CO₂ emissions from distribution

Under the guidance of the Logistics Improvement Council, Hino Motors is carrying out the following initiatives aimed at reducing CO₂ emissions from distribution-related operations:

- 1.Improving loading rates by integrating transportation routes and conducting joint shipments
- 2.Shortening transportation distances by packaging at the point of production to enable direct shipments
- 3.Increasing shipment volume using vehicles with higher tonnage (load volume) and utilizing different types of vehicles such as trailers
- 4.Promoting a modal shift to ships and other forms of transportation

Example | Promoting Round-Trip Use of Shipping Containers by Utilizing Inland Depot

When promoting the round-trip use of other companies' import containers for Hino Motor's exports, the containers had been consigned to a freight forwarder and then diverted, but there had been times when the timing of the import and export conflicted. Therefore, by utilizing the inland depot operated by the freight forwarder, containers could be transported in and out at any time, thereby substantially improving the container diversion rate.



Eco-Driving Support

[Logistics](#)

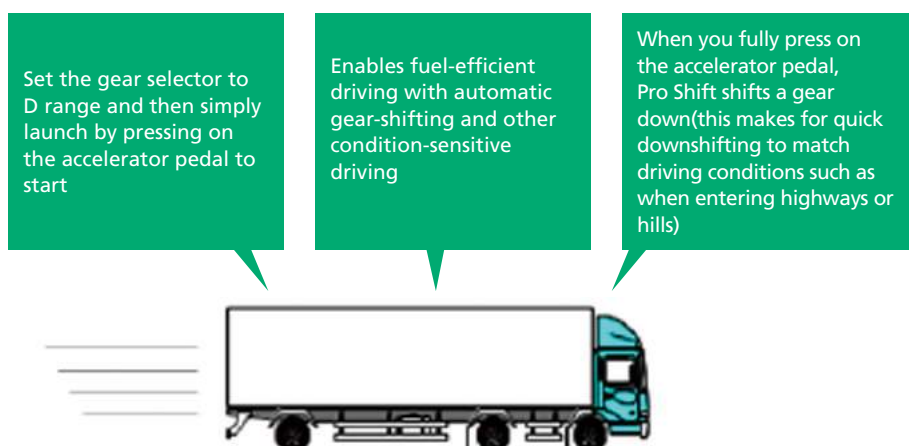
Hino Motors will continue to support customers' eco-driving capacities as it strives to remain a company trusted worldwide.

◆ Pro Shift (mechanical automatic transmission): Support for gear shifting

To support eco-driving, the engine has to stay in the rpm range best suited to each situation by changing gears in a suitable manner.

Pro Shift shifts gears automatically to ensure that the truck stays in the green zone on the fuel economy meter. This enables even truck drivers with little experience to drive like good eco-driving professionals.

● Example of main features of Pro Shift



◆ Eco-driving Seminars

Hino Motors holds "Eco-driving" classes in Japan and overseas as a part of its endeavors to contribute to the environment and customers.

In fiscal 2017, a total of 16,333 students (1,338 in Japan and 14,995 overseas) took these classes. The classes are popular because students can learn eco-friendly driving and they improve corporate profitability.

As of July 2017, the Customer Technical Center in the Hamura Plant had welcomed a total of 80,000 visitors since it was established in 2005.

Overseas, the Hino Total Support Customer Center (HTSCC) at Hino Motors Sales (Malaysia) Sdn. Bhd. completely renovated its facility in 2017 to enable visitors to experience various driving conditions in response to the increasing number of visitors and to meet the varied demands of customers.



Hino Total Support Customer Center in Malaysia



Educational training

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◆ Eco Tree Report

In order to provide eco-driving support to customers, Hino Motors products feature an “Eco Tree” display function. A tree icon grows more leaves as the level of eco-driving increases.

Furthermore, by providing complementary Eco Tree reports that contain automated analysis of each individual customer's driving status and serve as a useful source of information for eco-driving and drive management, Hino Motors supports customers in terms of environmental awareness and safety.

Standard feature for Profia, Ranger, and S'elega models released in 2010 and later (exhaust emission symbols LKG and LDG onward). Standard feature for Dutro Hybrid models released in 2014 and later.



Eco Tree



Eco Tree Report

◆ Customer Assistance Programs

In collaboration with its dealers in Japan, Hino Motors carries out customer assistance programs that go beyond the scope of selling Hino vehicles. The programs are designed to provide comprehensive assistance for customers' operations and include training in driving methods and education to help enhance fuel efficiency. The customer assistance programs offer 31 programs divided into categories such as environmental measures, safety maintenance, and human resources development.



A scene from training programs for customers

● Strengthening Business Platforms

Propose improvements based on Hino Eco Tree Report utilization



Reveal driving condition details unknown to the digital tachograph and propose safety and fuel efficiency improvements

● Strengthening Business Platforms

Eco-driving Seminars



Learn practical driving skills and gain a better understanding about how to improve fuel efficiency

● Strengthening Business Platforms

Guidance on subsidies and financing of low-emission vehicles



Guidance on various subsidy and financing programs when considering the purchase of a vehicle

● Strengthening Business Platforms

Assistance in obtaining permits for the collection and haulage of industrial waste



Explanation of the process up to permit acquisition and assistance with permit application

● Environmental Measures

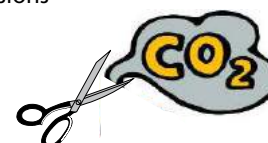
Assistance in obtaining green management certification



Suggestions on obtaining certification as a means of calling attention to one's approach to environmental initiatives and assistance in obtaining certification

● Environmental Measures

Assistance in reducing CO₂ emissions



Advice provided on carbon dioxide reduction (vehicle selection, eco-driving, and transportation efficiency)

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Handling Scope 3 Emissions

At Materials manufacturing stage

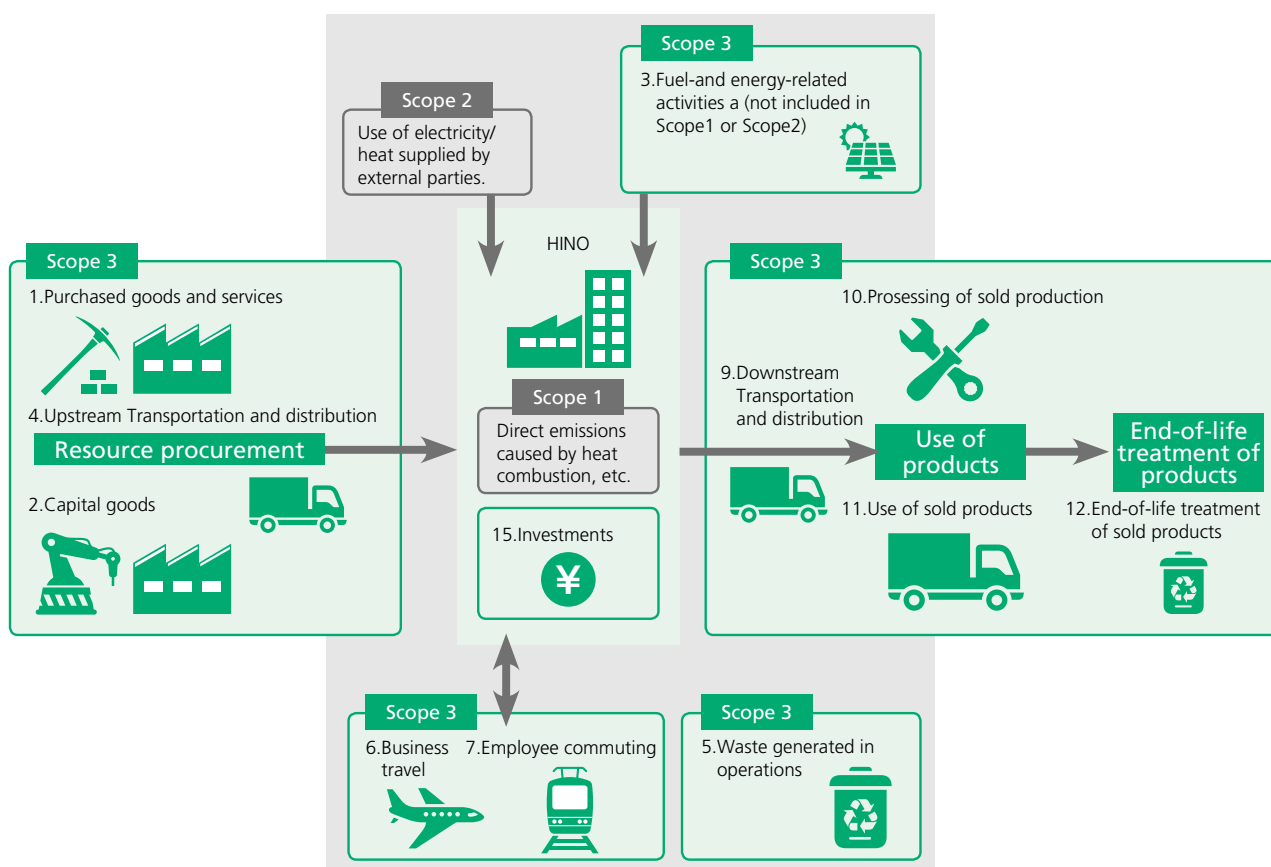
At the Distribution stage

At the Disposal and recycling stage

Companies are expected to calculate and disclose the greenhouse gas (GHG) emitted along the entire supply chain.eco-driving professionals. Hino Motors calculates Scope 3 emissions, as well as Scope 1 and 2 emissions, based on GHG reporting guidelines.

Ratios of calculated emissions show that the combined percentages for Category 1 (Purchased Products and Services), Category 10 (Processing of Products Sold), and Category 11 (Use of Products Sold) account for approximately 98% of the total, with the remaining categories accounting for less than 1% each. Hino Motors will continue to strengthen management of CO₂ emissions along its entire supply chain, while also focusing on CO₂ reduction activities.

	Category	Emission rate
Scope 1	Direct emissions caused by heat combustion, etc.	0.2%
Scope 2	Use of electricity/heat supplied by external parties.	0.3%
Scope 3	1.Purchased goods and services	4.4%
	2.Capital goods	0.4%
	3.Fuel-and energy-related activities a (not included in Scope 1 or Scope 2)	0.1%
	4.Upstream Transportation and distribution	Less than 0.1%
	5.Waste generated in operations	Less than 0.1%
	6.Business travel	Less than 0.1%
	7.Employee commuting	Less than 0.1%
	8.Upstream leased assets	—
	9.Downstream Transportation and distribution	Less than 0.1%
	10.Prossessing of sold production	1.5%
	11.Use of sold products	92.7%
	12.End-of-life treatment of sold products	0.2%
	13.Downstream leased assets	—
	14.Franchises	—
	15.Investments	0.1%



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CHALLENGE! 3 Factory with Zero CO₂ Emissions

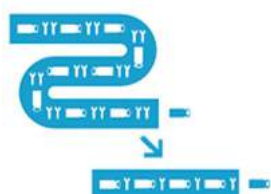
TARGET Factory with Zero CO₂ Emissions



Because CO₂ is emitted from each business site when products are produced, this effort to reduce CO₂ in the factories is essential to mitigate global warming.

In addition to pursuing continual improvement and introducing innovative technologies at production sites, the Hino Group will concurrently promote the active use of renewable energy while striving to attain the high target of “zero factory CO₂ emissions”.

Acceleration of Continual improvement



Hino Motors will accelerate continual improvements that are being taken at production sites, reduction of machining time, completely eradicate overburden, waste and inconsistency dormant in each process, and promote simplification and streamlining by reduction the machining time, the number of processes, and length of the machining line.



Introduction of Innovative technology



Hino Motors will take steps to automate production while rigorously pursuing greater efficiency by actively introducing innovative technologies including IoT at production sites to further reduce CO₂ emissions in each process.



Proactive use of Renewable energy



The Hino Group has introduced renewable energy such as solar power, mainly at production sites. Hino Motors will seek to fully use environmentally friendly energy by further accelerating the pace of its introduction and ensuring that the energy used in each process is covered by renewable energy.



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Daily Improvement Initiatives

Continual improvement

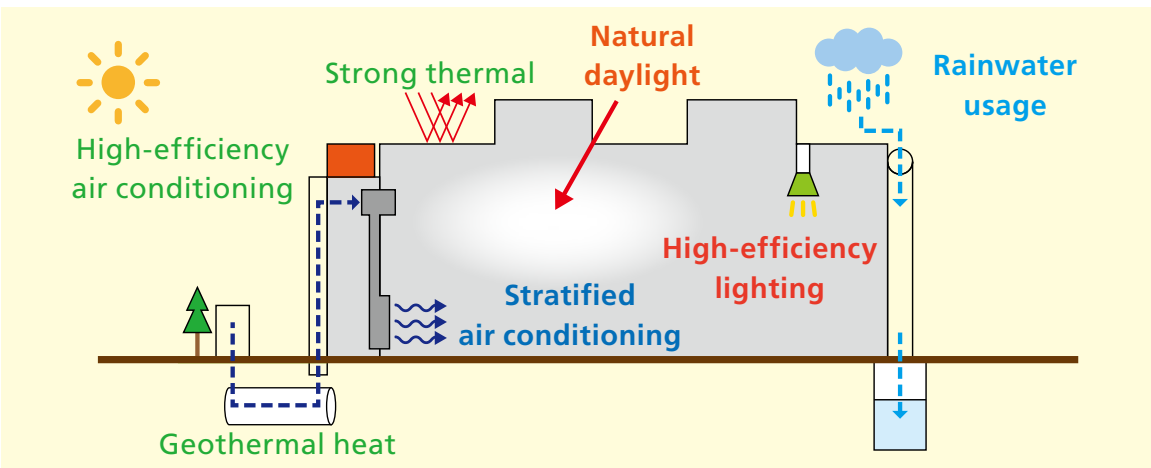
Recognizing climate change as one of the major challenges facing humanity, Hino Motors is working hard to reduce CO₂ emissions. In its continuing endeavors to reduce CO₂ emissions, the Company is carrying out regular activities with the participation of all employees to improve efficiency at all of its production sites, while also striving to reduce wasted energy. In fiscal 2017, the Company formulated a new long-term environmental vision for the future, the Hino Environmental Challenge 2050. It also launched the Factory Zero CO₂ Emissions Challenge that same year, aiming to eliminate CO₂ emissions due to production activities by 2050. Pursuing these challenges, Hino Motors has implemented a wide range of daily energy-saving activities.

Major Initiatives

- Adopting electric booster pump systems
- Replacing fluorescent lighting with LEDs
- Applying thermal insulation paint to furnaces
- Switching to electric transport vehicles inside plants

Example | Creating a plant that utilizes natural energy

The Koga Plant, which started full operation from September 2017, is proactively using natural energy such as air conditioning that utilizes geothermal heat and natural daylight from the sky. The plant is also working to effectively reduce CO₂ emissions by promoting greater efficiency in other equipment including air conditioning and lighting. Through daily improvements including these, Hino Motors will continue to work toward “zero factory CO₂ emissions.”



The Koga Plant is also creating a workplace environment where it is easier for employees to work (Please refer here [page 86] for examples of key initiatives).

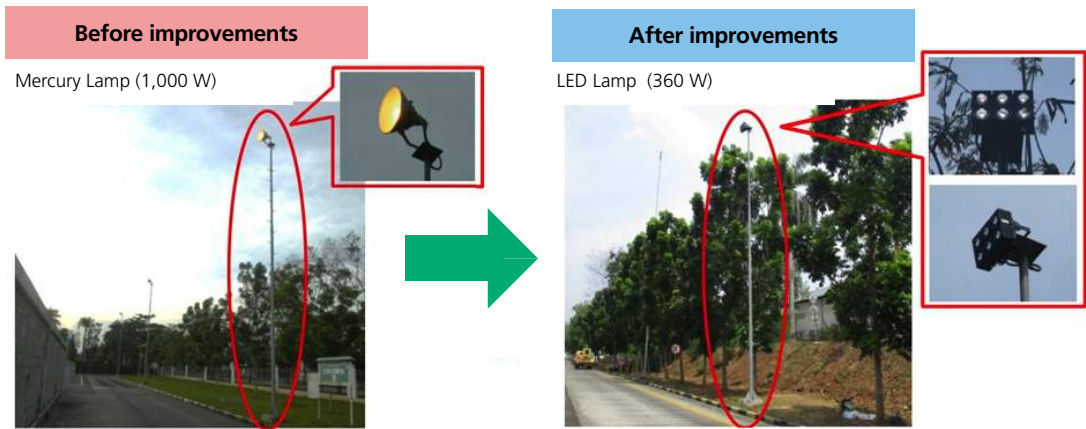
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CHALLENGE! 1 CHALLENGE! 2 **CHALLENGE! 3** CHALLENGE! 4 CHALLENGE! 5 CHALLENGE! 6 Key Performance Data

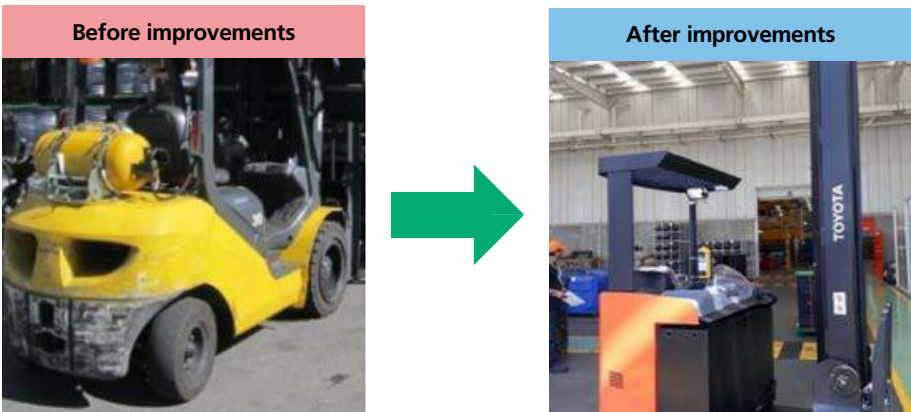
Example | LED lighting in the factory

At overseas factories, we are working to reduce the environmental impact in our factories through kaizen activities. PT. HINO MOTORS MANUFACTURING INDONESIA is working on CO₂ reduction at the assembly plant, and as part of it, we replaced Mercury lamps on the premises of the factory with LED lamps. Total replacement of 8 pieces has been implemented. As a result, the amount of electricity used decreased by 22,116 kWh per year, resulting in a reduction of 16.3 tons of CO₂ emissions per year.



Example | Introduction of electric forklift

Hino Motors Manufacturing Colombia, S.A. has introduced electric forklifts instead of combustion forklifts fueled by gasoline or LPG. Before the introduction, we had consumed 48 gallons of gasoline and 40 cylinders of LPG per month, and total emission of CO₂ was 767.2kg-CO₂ per month. By using the electric forklifts, the CO₂ emission was reduced by one fourth with 940 kWh of electricity per month. As a result, we would continuously reduce 7t-CO₂ per year compare to use of combustion forklifts.



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Initiatives related to renewable energy

Renewable Energy

Hino Motors is installing solar power equipment as an initiative to make use of renewable energy. Electricity generated by the equipment is used for lighting inside its factories and offices as well as outside lights on the premises.

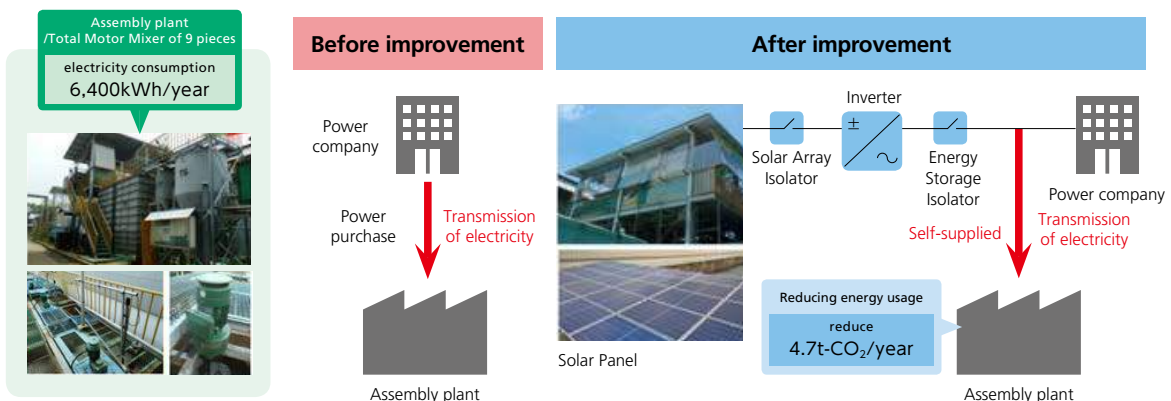
In the future, Hino Motors plans to pursue initiatives that not only save energy at its existing business facilities but also incorporate the broader perspective of combating climate change.

Solar panels installed at the Koga Plant 2.1 kw



Example | Introduction of solar cell system

PT. Hino Motors Manufacturing Indonesia is working on saving energy by introducing solar cell system for power sources to motor mixer in assembly plant at Waste Water Treatment Plant area. Having introduced the renewable energy source, we have been able to not only independently supply electricity but also save about 6,400 kWh of energy, which was an annual amount of energy used for nine pieces of the motor mixers. As a result, we succeeded to reduce 4.7t-CO₂.



VOICE



As a good corporate citizen, we practice environmentally conscious production activities

Plant Manager, HMMI
Subkhan Purnama

We practice production activity considering the environment as a good corporate citizen. In order to do so, our company is ISO14001 certificated in 2005 and build an environmental management system at early stage after factory startup. As part of activities, I participated in the environmental rating "PROPER" conducted by The Ministry of Environment and Forestry (Indonesia) and acquired

the second highest ranking from the top (Green Proper) .

Specially, we act on 3 major principles of the production environment, annually.

- To achieve zero abnormality and zero complaints by following the law
- To minimize the environmental risk by preventive activity
- improving the environmental performance (CO₂ reduction, water usage, waste, etc.)

Through the environmental management system, we believe it is important to contribute to the sustainable development of companies.

Environmental Management

Material Balance

Hino Environmental Challenge 2050

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CHALLENGE! 3

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Key Performance Data

CHALLENGE! 4 Challenge of Minimizing and Optimizing Water Usage

TARGET

At each site

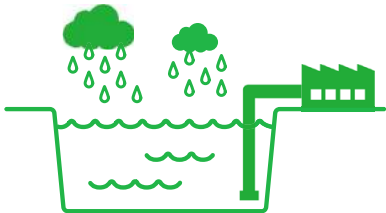
Minimize the amount of water Purify wastewater thoroughly



Today, when about 1.2 billion people, or 20% of the world's population, are unable to use water resources (according to the Ministry of the Environment's website), and it is thought that such shortages will grow even further due to forecasted population increases. Hino Motors will work to reduce water use while promoting the purification of wastewater when it naturally returns from each business site, and work with the local community on water resource issues.

Volume

Small amounts of water are used

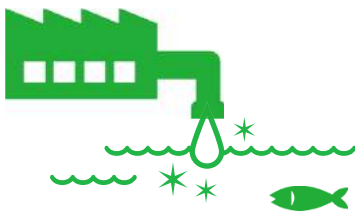


To reduce the amount of factory water that account for much of usage of water resources, The Hino Group will thoroughly promote wastewater collection and reuse. To proactively use rainwater, the Company has set up a storage pit within the premises with the aim of further reducing the amount of new industrial water input. Moreover, to reduce water for daily use, it will thoroughly implement measures (water-saving dishwashers, water-saving packing, etc.) to be used in facilities including cafeterias, toilets, and hand-wash stations.



Quality

Returned water is purified



The Hino Group promotes the thorough purification of wastewater by enhancing the operation of wastewater treatment plants and wastewater purification facilities at each site based on strict standards. At the same time, the Company will strive to prevent wastewater quality deterioration by rigorously reducing the risk of liquid leakage.



Environmental Management Material Balance Hino Environmental Challenge 2050

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Initiatives for Conserving Water at Factories

Small amounts of water purified

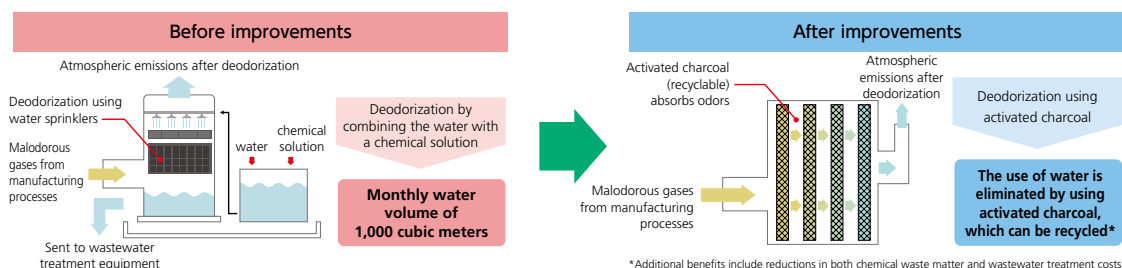
Water is essential to the manufacturing of trucks and buses. To make effective use of precious water resources, Hino Motors has established the Hino Environmental Challenge 2050, its long-term environmental vision, and is working to reduce water usage every day. Hino will continue to work on water-saving activities with the aim of fulfilling the Challenge of Minimizing and Optimizing Water Usage.

Major Initiatives

- Eradication of wasteful use with a water-saving patrol (leakage/overflow [effluent])
- Water-saving educational activities (using posters and other materials to communicate)
- Effective use of rainwater and wastewater treatment plant's treated water

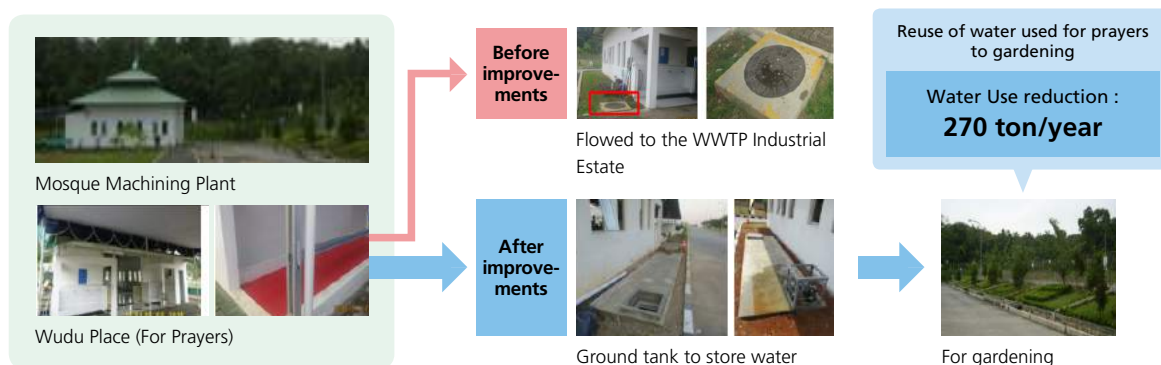
Example | Reducing water usage by phasing out chemical solution-based deodorization equipment

At its metal casting production facilities, Hino Motors had been eliminating odors contained in malodorous gases from manufacturing processes by using a method of combining water and a chemical solution. As a new initiative, the Company reduced the amount of water and chemicals its uses by switching to a deodorization method using activated charcoal, which can be recycled.



Example | Effective Use of Domestic Wastewater

At the machining facility of PT. Hino Motors Manufacturing Indonesia, drainage water used in a prayer room (mosque) inside the factory is first stored in a tank and then reused as irrigation water for greenery.



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CHALLENGE! 5 Challenge of Achieving Zero Waste

TARGET

At each site

Contribute to sustainable resource use
Achieve zero waste

The world’s population is increasing and the risk of resource depletion on the back of economic development is rising. Furthermore, waste that has become a by-product of a mass consumer society continues to increase, and if things continue at this pace it cannot be properly disposed of and will lead to serious environmental pollution. The Hino Group has set the high target of “zero waste,” and in parallel with efforts to reduce waste, the Group will take steps to prevent environmental pollution by improving resource utilization efficiency.

Conduct 3R to achieve
Zero waste

REDUCE

REUSE

RECYCLE

To reduce the waste discharged in manufacturing a vehicle, Hino Motors cooperates with Group companies and business partners in “volume reduction,” “reusing,” and “recycling” based on the 3Rs (Reduce, Reuse, and Recycle) to reduce waste as much as possible.

Newly manufactured vehicles
using the resources from
disposed vehicle

Components such as batteries and motors contain natural resources including rare metals and other precious metals. The Hino Group retrieves as many resources as possible from disposed vehicles, including the above-mentioned natural resources, and rigorously reduces the amount of new resource inputs by fully pursuing the “vehicle-to-vehicle recycling technologies” that are utilized in newly manufactured vehicles.

Environmental Management

Material Balance

Hino Environmental Challenge 2050

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Recycling Initiatives at Production Plants

Zero waste

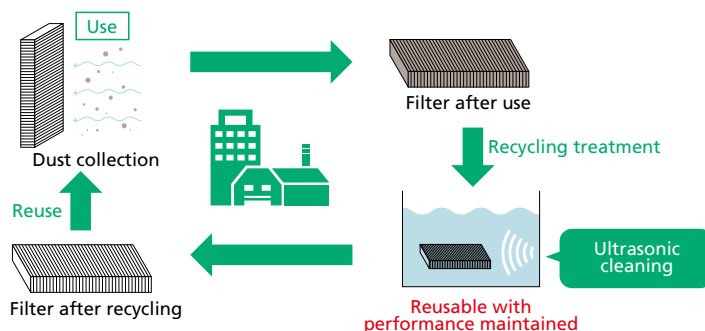
Hino Motors is also working to reduce waste as one activity targeting the Hino Environmental Challenge 2050, its long-term environmental vision. In recent years, Hino has thoroughly re-examined materials which it has not been able to recycle and is working to recycle them internally.

Major Initiatives

- Reducing the volume of wastewater treatment plant sludge
- Reducing the amount of sand used during molding
- Extending the life of waste liquid processing machinery by installing filtration filters

Example | Reusing Dust Collecting Filters

Dust collecting filters, which had to be discarded because their performance could not be restored, can now be reused after undergoing ultrasonic cleaning treatment.



Design with Recycling in Mind

Zero waste

Newly manufactured vehicles

Since 1990, Hino Motors has been involved in product development and design initiatives with recycling in mind. It established a Voluntary Action Plan in 1998, listing specific values for recycling rates with the goal of enhancing recycling activities. In recent years the Company has also engaged in efforts to comply with regulations on environmentally hazardous substances by reducing them at an early stage.

Hino Motors has pursued the challenge of enhancing recyclability from various perspectives, for instance by adopting easily recycled materials and designing components to be easier to disassemble, early in the product development process.

Environmental Activities at the Recycling Stage

Zero waste

Newly manufactured vehicles

To comply with the Automobile Recycling Law, which came into effect in Japan in 2005, Hino Motors has implemented a process of recovery, processing, and recycling of three materials designated by the law from end-of-life vehicles, namely automobile shredder residue (ASR), airbags, and chlorofluorocarbons (CFCs), with the help of a great many related businesses.

The ASR recycling ratio for fiscal 2017 was 98%, surpassing the legal standard of 70%. In addition, Hino Motors strives to promote eco-friendly manufacturing as early as the development stage by using recyclable materials and, where possible, easy-to-disassemble vehicle designs, thereby fostering the effective utilization of resources and contributing to the development of a recycling society.



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CHALLENGE! 6 Challenge of Minimizing the Impact on Biodiversity

TARGET At each site

Establishing a future
Society in Harmony with Nature



In recent years, biodiversity is rapidly disappearing around the world. Taking the speed of extinction of wild animals and plants as an example, it is said that one species becomes extinct every seven minutes (according to the Ministry of the Environment's website). The Hino Group receives immeasurable benefits from this biodiversity, while at the same time developing its influential business.

We will reduce as much as possible the impact that the Hino Group's business has on biodiversity and take on the challenge of creating a future where people and nature coexist in harmony.

Reduce future impact:
Community development and networking

Conservation of biodiversity
for the next generation



Because the preservation of biodiversity is a problem that is not limited to the present and requires a long-term perspective, Hino motors will proactively conduct biodiversity education and hold related events to gain interest within that of local children, who will be the next generation's leaders. And it must build a system that addresses the entire region according to local characteristics through interaction with local communities, governments, and related organizations, along with collaboration and the promotion of subsidies for biodiversity-related activities in surrounding areas.



Reduce impact on local community:
Protect biodiversity

Protection of all species



The Hino Group will protect distinctive regional biodiversity in line with those characteristics by preserving rare and native animals and plants and eliminate non-native species. In addition, Hino Motors will contribute to ecosystem continuity in each area around its businesses and to the creation of an ecosystem network by proactively planting trees and developing the biotope after considering regional characteristics.



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Considerations toward Biodiversity

[Protection](#)

Hino Motors has endorsed the Japan Business Federation's Declaration on Biodiversity, and after having also incorporated individual targets into the Company's five-year Environment Initiative Plan, in fiscal 2015 the Hino Motors Biodiversity Guidelines were formulated and the direction for Company activities and specific initiatives on biodiversity were set out and are now being advanced.

Going forward, the Company will promote various initiatives in consideration of biodiversity in accordance with the Biodiversity Guidelines in order to ensure coexistence with the ecosystems around Hino Motors and to continue to grow as a company. At the same time, Hino Motors plans to actively incorporate participation-based activities for employees as a means of tackling the issue of raising awareness and environmental consciousness among employees.

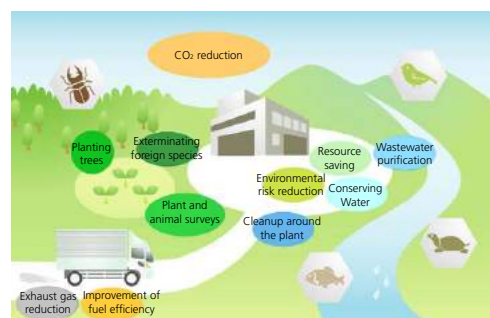
Biodiversity Initiatives

- Further pursuit of environmental technologies in products
- Consideration for regional water resources
- Contribution to biodiversity through steady promotion of environmental initiatives (CO₂ reduction, resource conservation, etc.)
- Collaboration and cooperation with communities
- Active information disclosure

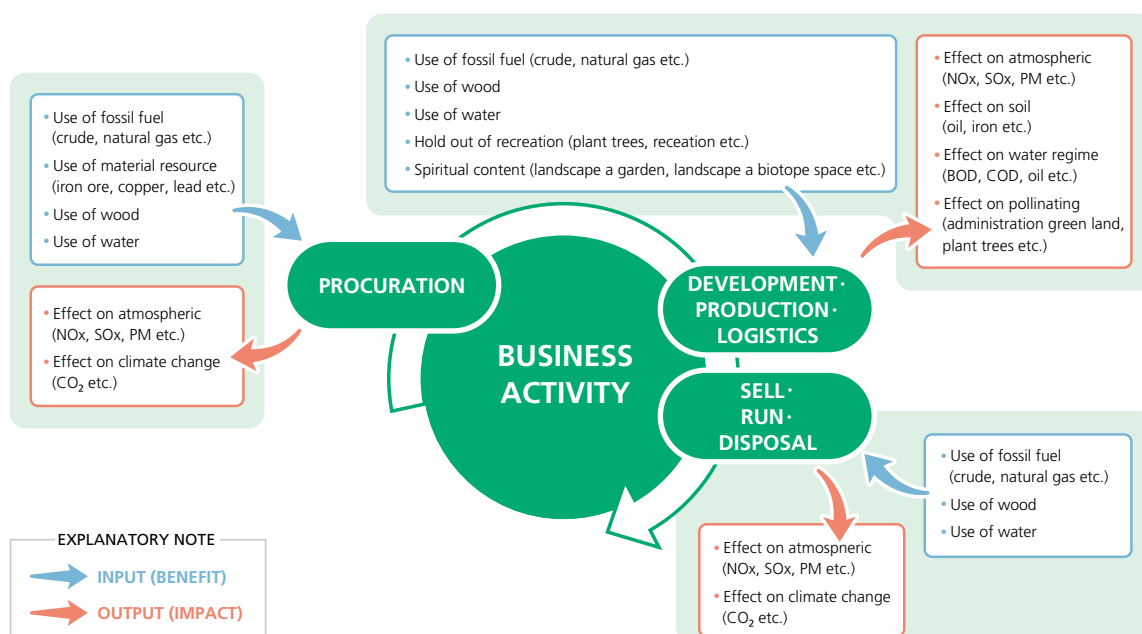
Categorizing the Interrelationship of Business Activities and Biodiversity

[Protection](#)

Referring to the Business & Biodiversity Interrelationship Map (see diagram below) devised by the Japan Business Initiative for Biodiversity (JBIB), Hino Motors has categorized benefits and impacts at each stage of the product life cycle. In this way, in the course of its business activities, Hino Motors simultaneously benefits from and impacts nature in the product life cycle as a whole. Hino Motors recognizes that every action counts, no matter how small. The Company is committed to reducing its environmental impact on biodiversity and ensuring that its business does not adversely affect surrounding ecosystems.



● Business & Biodiversity Interrelationship Map



Examples of Initiatives

Protection

◆ Plant and animal surveys at all business sites

In order to understand the ecosystems around its business sites, Hino Motors has implemented surveys into the habitats of plants and animals, predominantly in the green spaces and rivers in and around the sites. These surveys have shown the presence of many rare species that are on the International Union for Conservation of Nature (IUCN) Red List (list of threatened animal and plant species), including the soft-shelled turtle and White's thrush.

Aiming to ensure harmonious coexistence with the abundance of nature, Hino Motors will take various initiatives concurrently and also continue to implement regular plant and animal surveys.



Plant and animal surveys being implemented



Soft-shelled turtle



White's thrush



Goats at Koga Plant

◆ The "Hinodai no Mori" Garden

The "Hinodai no Mori" is a garden of approximately 6,000 square meters located at Hino Motors' head office. This garden was first cultivated in 1970, coinciding with the completion of the head office building. Beginning with the 13 cedar trees that were planted at the time of Hino Motors' foundation, the garden is today a lush growth of natural vegetation that harmoniously blends the spontaneity and strength of nature with abundant freshwater. Cultivated as an oasis of nature in the Musashino area, the garden is home to a wide variety of insects including cicadas, grasshoppers and water striders as well as such small birds as egrets.

Looking ahead, Hino Motors will continue to maintain and protect this natural treasure.



Hinodai no Mori

◆ Surveying the Ecosystem at a River Near the Koga Plant

At the Koga Plant, an educational event about aquatic organisms was held with local elementary school students at a regulating pond within the plant that directly connects to surrounding rivers.

As a result, many aquatic organisms in the area were identified and students learned how they are surrounded by rich ecosystems. This was an occasion to reaffirm that the Company must never forget to consider the surrounding organisms as it continue with its business activities.



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Environmental Education

Conservation of biodiversity

In Japan, Hino Motors promotes environment-related educational and awareness activities in an effort to raise the environmental consciousness of employees. In this manner, Hino Motors strives to enhance the overall efficacy of environmental conservation initiatives. Hino Motors believes that environmental activities extend beyond the domain of the corporate sector. It also recognizes the important role that each employee plays both in the workplace and at home. Therefore, as a part of the Company's employee training program, individual responsibilities and actions in the overall context of environmental issues as well as in global behavior and initiatives are emphasized. In specific terms, Hino Motors has continued to incorporate environmental education in its training programs for managers and new employees. Looking ahead, the Company will continue its endeavors to implement even broader-based, more systematic environmental education in its efforts to consistently raise environmental awareness in Japan.



Environmental education class

● Number of students who received environmental training in FY2017

	Administrative/ Technical positions	Technical positions	Total
Number of students who received training	148	456	604

◆ Hino Motors Releases Environmental Newsletter

Published quarterly for all employees, with its focus on environmental news, the "Environment in the News" newsletter summarizes world and industry trends.

Every employee is interested in environmental issues and the newsletter is a chance for each person to consider what they can do.



◆ Cleanup Events in Areas Surrounding Business Sites

The Hino Plant, Hamura Plant, Nitta Plant and other nearby Group companies also cooperate and conduct local cleanup activities in areas surrounding each business site. Hino Motors seeks to raise environmental awareness and commuting etiquette by having employees perform the actual cleanup work.



Hamura Plant

◆ Participation in the Lights Down Campaign

Since 2007, Hino Motors has been participating in the Lights Down Campaign, an activity in Japan in which companies across the country turn off their lights to save energy. Hino Motors' main business sites turn off their illuminated signboards and other lights for the campaign. A large number of Group companies also participate in the campaign, including domestic dealers.



Hamura Plant main gate
unlit at night



Hamura Plant main gate lit at night

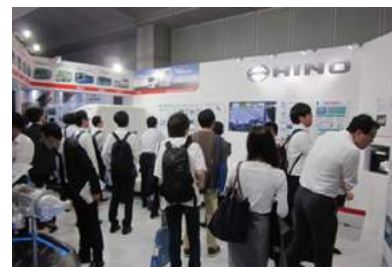
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Environment-Related Communication with Stakeholders [Conservation of biodiversity](#)

Hino Motors recognizes the importance of communicating with its stakeholders. Accordingly, it proactively provides information to customers, members of local communities where it operates, and other stakeholders with the aim of being a trusted company.

◆ Exhibiting environmental technologies and products at public exhibits

Hino Motors showcased its environmentally friendly products and technologies at the 2017 Automotive Engineering Exposition in Japan, displaying Hino vehicles, engines, and other items. This event was an opportunity for visitors to deepen their understanding of engine structure and Hino's next-generation vehicle initiatives.



Exhibition Booth Crowded with Visitors

◆ Presenting environmental initiatives at local events

Hino Motors also presented its wide array of environmental initiatives at an environmental festival held in the city of Hamura, Tokyo and an ecological festival for Industry held in the city of Ota, Gunma.

At other environmental events in the communities surrounding its factories, Hino Motors carried out a broad range of public relations activities to present its approach to the environment and its related initiatives to local residents.



The environmental festival held in the city of Hamura

◆ Introduction of environmental initiatives to overseas governments

The Ministry of Environment and Forestry (Indonesia) visited a Hino plant to observe Hino Motors' environmental conservation measures. Along with introducing Hino Motors' environmental initiatives, it served as a venue for a valuable information exchange to introduce local environmental conservation measures.



Officials from the Indonesian Ministry of Environment and Forestry

The Hino Green Fund Foundation

The Hino Green Fund was established in 1991 to promote and foster environmental activities in Japan. Each year, the fund provides about 15 organizations with grants. Recognized for its dedication to addressing environmental issues, the Hino Green Fund received Japan's Environment Minister's Award in fiscal 2005. Going forward, the Hino Green Fund plans to continue providing steady and reliable assistance to various programs and activities and to conduct events.



[The Hino Green Fund Foundation \(Japanese Only\)](#)



Fish catching experience (experiential events)

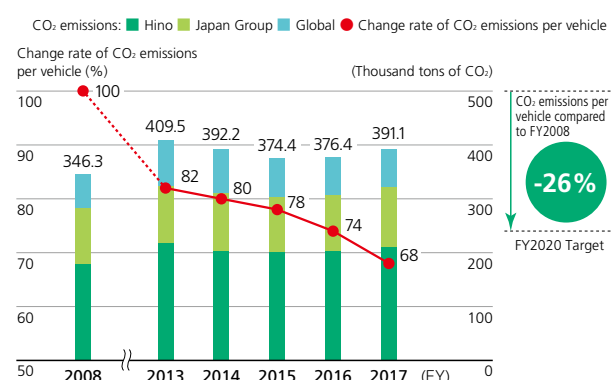
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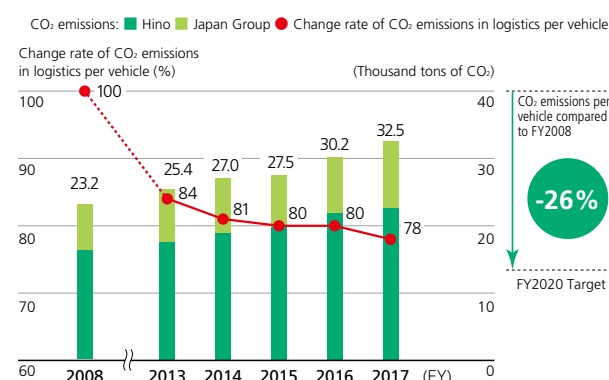
Key Performance Data

In the Hino Environmental Initiatives Plan, Hino Motors sets specific targets for reductions in the environmental impact of its production activities and works to reduce CO₂ emissions, resource use, and water use through many detailed policy measures. The performance data below shows the progress and results of Hino's latest action plan, the 2020 Environment Initiative Plan.

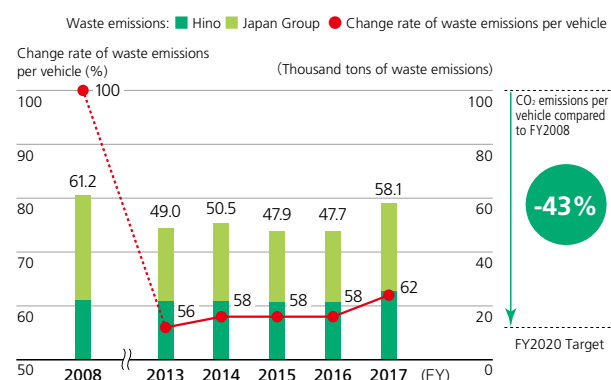
● CO₂ emissions per vehicle*¹ by company and region*⁴



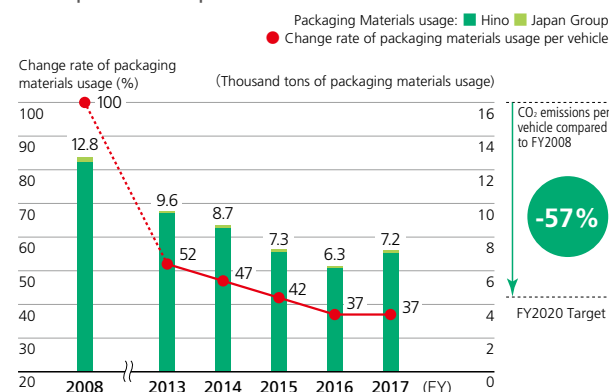
● CO₂ emissions in logistics*² from consolidated*⁵ companies in Japan*⁵



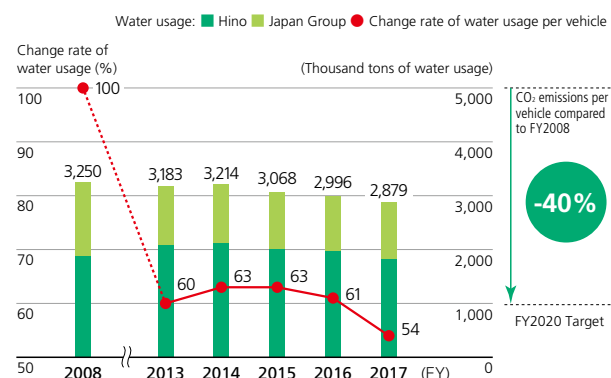
● Waste emissions*¹ from consolidated companies in Japan*⁵



● Packaging Materials usage*³ by consolidated companies in Japan*⁵

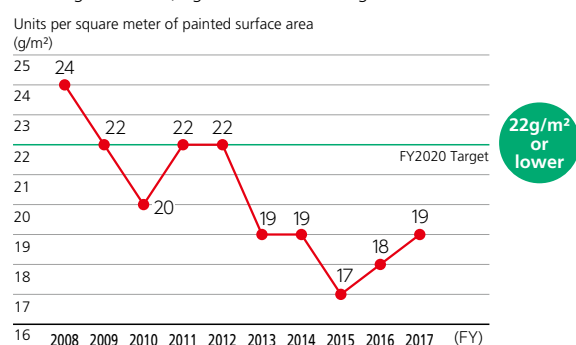


● Water usage*¹ by consolidated companies in Japan*⁵



● Volatile organic compound (VOC) emissions from the Hino Plant and Hamura Plant

*Starting in FY2017, figures include the Koga Plant



Note: Last year's figures have been corrected to improve accuracy.

*1 Unit: Per vehicle *2 Unit: Per volume transported *3 Unit: Per unit of shipment volume *4 Global: Hino (Four plants: Hino, Hamura, Nitta, and Koga), six domestic affiliated companies and nine overseas affiliated companies. *5 Consolidated companies in Japan (Four plants: Hino, Hamura, Nitta, and Koga), six domestic affiliated companies

ESG Initiatives

Social

Safety

As a manufacturer of commercial vehicles, Hino Motors considers safety initiatives to be one of the most important issues in its corporate management.

It believes it has a responsibility to implement safety measures in every aspect of its operations, most notably in the development and manufacture of commercial vehicles.

Here are some examples of the Company's safety approach and actual initiatives. There is a particular emphasis on the pursuit of product technology for customer safety, and workplace initiatives for employee safety.

Pursuit of Product Safety Technology

Basic Stance on Product Safety Technology

Hino Motors promotes safety technology as an important part of product development. It is developing and designing safer products in order to help realize society's ultimate aspiration of zero traffic accident casualties.

Hino Motors is striving to improve safety from various aspects, including the pursuit of vehicle safety, safe vehicle operation support for drivers, and promotion of a safe traffic environment. In order to develop even safer products, the Company believes it is important to utilize customer feedback as well as information on the causes of traffic accidents that have actually occurred.

Total Safety: Aiming for Safe Traffic Environments

Hino Motors is advancing initiatives to increase safety in each stage, including vehicle operation control for safe driving, preventive safety to avoid accidents, and safety even in the case of a collision.

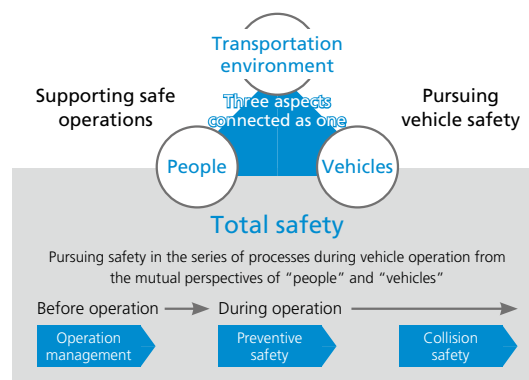
The Total Safety concept involves pursuing safety across this entire series of processes for vehicle operation.

(For more information see [page 12](#): Three Goals "Best-fit Products Incorporating Safety and Environmental Technologies")

Based on its Total Safety concept, Hino Motors is striving to develop and disseminate new safety technologies, not only for the safety of customers who operate commercial vehicles, but for the safety of all road users.

Contributions toward achieving
"a society with zero traffic accident casualties,"
which is the ultimate wish of a transportation-oriented society

Working toward the realization of a safe traffic environment



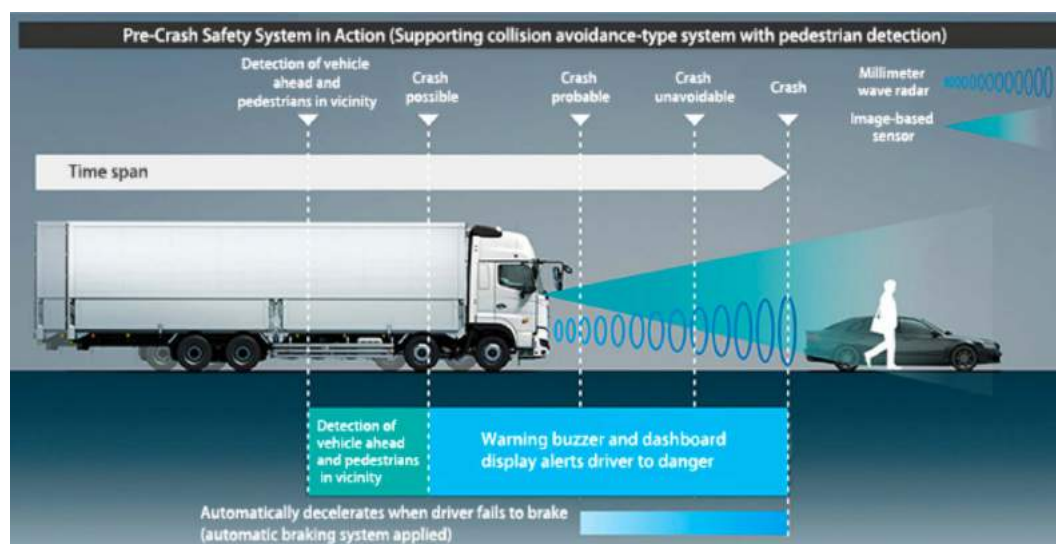
Safety Technology and Equipment

◆ Further Improvement of Pre-Crash Safety Collision Avoidance with Pedestrian Detection

Pedestrian accidents account for about 30% of traffic accidents involving commercial vehicles in Japan. These often involve casualties, and are the second most common type of accident after rear-end vehicle collisions. Therefore, Hino Motors is further improving its pre-crash safety (PCS)* technology to better prevent pedestrian accidents.

Reducing vehicle speed at the time of collision to help reduce collision damage, PCS technology makes it possible to detect standing pedestrians, as well as stationary vehicles, using millimeter wave radar and image sensors. By incorporating this technology into heavy-duty trucks and large sightseeing buses in Japan, in addition to conventional safety technologies, Hino Motors is helping to reduce the risk of traffic accidents.

*"PCS"(Pre-Crash Safety) is a registered trademark of Toyota Motor Corporation



◆ Variable Light Distribution Type LED Headlights

High beams can illuminate more than twice the distance of that of low beams, but using high beams can be dangerous for oncoming vehicles and vehicles traveling in front due to the blinding intensity of light. In order to prevent headlights from blinding oncoming drivers and drivers traveling in front, Hino Motors offers a variable light distribution type of LED headlight that automatically adjusts light brightness when another vehicle is detected.

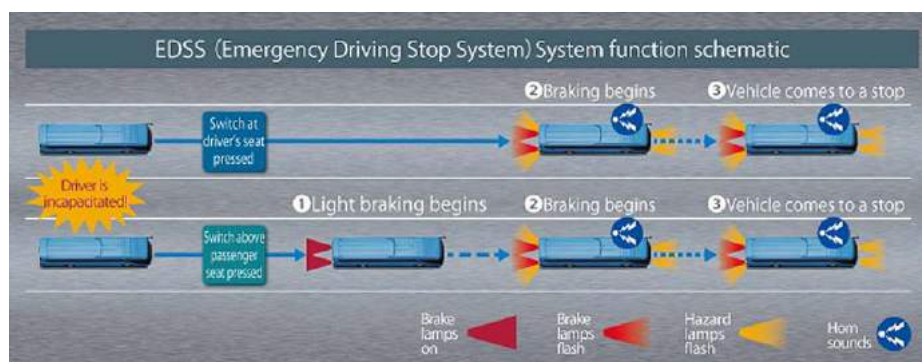
This LED headlight helps to reduce close calls, by improving night visibility and making pedestrians easier to spot.

● Image of Variable Light Distribution Type LED Lamps in Operation



◆ EDSS: Emergency Driving Stop System

When the driver becomes incapacitated and cannot maintain control of the car due to sudden illness or other factors, an accident can be prevented if the brakes are promptly applied. To address such emergencies, Hino Motors developed the Emergency Driving Stop System (EDSS), which causes the vehicle to stop when either the driver or passenger presses a switch. This system was made standard equipment on Hino's large sightseeing coach, the Hino S'elega, which was launched in July 2018. The system's technology is the world's first to be used in a commercial vehicle, and its ease of use in an emergency has been highly acclaimed. The system received the Good Design Award 2018.



◆ Enhancing Safety Equipment for Existing Vehicles

Hino Motors is working to further enhance safety equipment not only for new vehicles, but also for existing vehicles in order to prevent traffic accidents.

• "Mobileye" Retrofitted Collision Prevention Support System

Since the end of January 2018, Hino Motors began offering at dealers throughout Japan the "Mobileye" retrofitted collision prevention support system (manufactured by Mobileye; Japan sales agent: J21 Corporation). The system detects the vehicle ahead, pedestrians, and traffic lanes and alerts the driver of danger by displaying icons and sounding an audible alarm, thus helping prevent accidents due to rear-end collision and lane departure.



• Driver Status Monitor

Since May 2018, Hino Motors began offering at dealers nationwide the Driver Status Monitor (manufactured by Denso Corporation), a device that warns of inattentive driving or sleeping at the wheel, as a retrofitted safety support device for existing vehicles. The device estimates driving conditions such as inattentiveness, drowsiness, sleeping at the wheel, and improper driving posture based on images of the driver's face taken by an in-vehicle camera and verbally alerts the driver, thus helping to prevent accidents due to driver inattention to the road.



A camera installed inside a vehicle

Face detection	Open eye detection	Face position detection
<p>Inattentiveness alert: "Please pay attention to the road"</p>	<p>Drowsiness alert "Why don't you take a break soon?" Sleeping at the wheel alert "Take a break"</p>	<p>Improper driving posture alert "Please check your driving posture"</p>

◆ Customers' safe driving Support

Hino Motors aggressively departure training session on safe driving for customers in order to support their safe driving.

We established the Customer Technical Center (in Hamura city, Tokyo) in 2005, the first permanent customer-oriented training facility for driving in Japan directly managed by a vehicle manufacturer. The center works closely with dealers to provide customers with training on fuel-efficient and safe driving techniques. The cumulative number of visitors reached 80,000 in July 2017. Going forward, Hino Motors will continue to support the customers' safe driving, and aim to prevent the traffic accidents.



The Customer Technical Center



A training session on safe driving

Future Initiatives in Product Safety Technology

Ensuring zero traffic accident casualties is the ultimate aspiration of all automakers, including commercial vehicle manufacturers. Hino Motors will continue to improve its product safety technology to get even closer to this objective. As a commercial vehicle manufacturer, the Company believes that by accurately ascertaining the kinds of product safety features that customers want, it can support the movement of people and goods by providing the necessary technologies. Going forward, Hino Motors will focus mainly on "best-fit products incorporating safety and environmental technologies," which is one of the Company's three goals. Product safety technology will continue to be enhanced, aiming to make traffic accidents a thing of the past.

Corporate Information	Top Interview	The HINO Credo & Course of Action	CSR Management	Special Feature	Environment	Social	Governance	Appendix
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Safety Health Quality Human Resources “Creation” and Work Styles Supply Chain Social Responsibility Initiatives

Workplace Safety Initiatives

Basic Stance on Workplace Safety

Acknowledging that safety takes priority over all business activities, as stated in its Fundamental Policy for Safety and Health, Hino Motors is promoting initiatives to prevent workplace accidents.

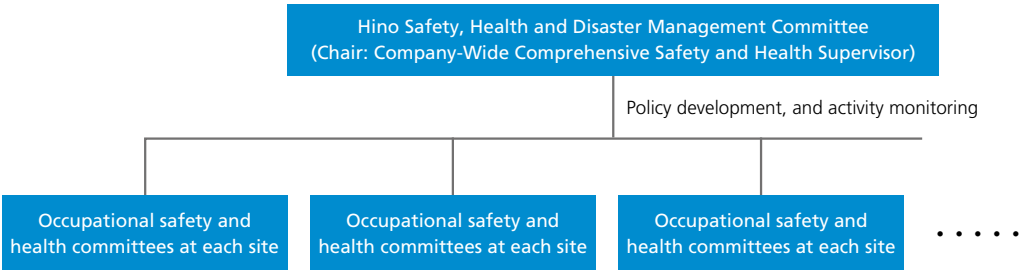
The Company is working hard to reduce the risk of occupational accidents, not only by building work environments that help employees to work safely, but also by fostering safety awareness among employees.

Workplace Safety Promotion System

The Hino Safety, Health and Disaster Management Committee has been established to deliberate and decide upon important issues related to occupational safety, including company-wide policies. At each business site, there is also an occupational safety and health committee, which promotes safe workplaces as part of daily operations.

The status of these safety activities is monitored and checked mainly by a company-wide comprehensive safety and health supervisor, which allows plan-do-check-act (PDCA) cycles to be applied for continual improvement.

Occupational Safety Promotion System



Creating Safe Workplaces

Workplace Safety Measures Based on Risk Assessment

Risk assessment is conducted mainly at production sites to regularly identify risks that can lead to occupational accidents.

Immediate measures are taken wherever risks are identified, as part of efforts to thoroughly prevent workplace mishaps. Elements that could become risks in the future are also addressed, with the aim of eradicating occupational accidents.

Safety Patrols

Hino Motors conducts safety patrols, not only at production sites, but also at all of its other sites, including offices.

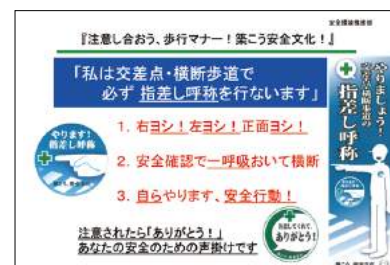
As part of daily operations, the patrols steadily and quickly eliminate each factor that could lead to an accident, in order to prevent work-related injuries.

Initiatives to Improve Occupational Safety Awareness

◆ Safe Walking Etiquette

Hino Motors carries out various types of activities to ensure that all employees understand the importance of safety awareness and basic safety behavior. This includes, for example, walking with hands out of pockets, and not using a cell phone while walking. Examples of these activities include the distribution of safety badges, and the in-house creation and posting of notices.

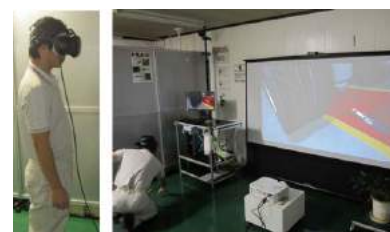
The Company will continue to heighten the safety awareness of employees under the slogan, "Even the way you walk matters! Let's build a culture of safety!"



◆ Enhancing Safety Education

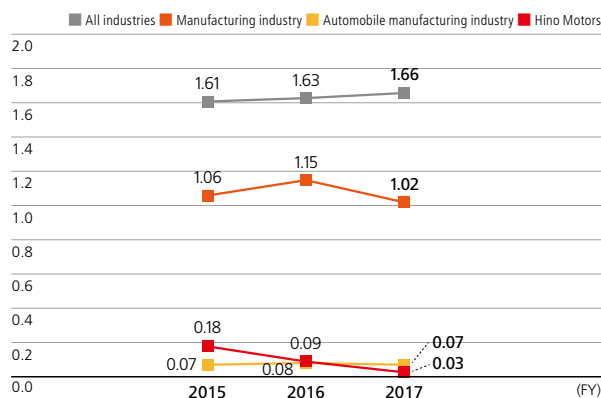
In order to further improve employee safety awareness and acquire knowledge on occupational safety, Hino Motors provides safety education according to job type and position.

A new Safety Education Center was established in fiscal 2017, and it began providing hazard simulation training including virtual reality experiences. That year, more than 10,000 employees participated in safety education. Hino Motors will continue its safety initiatives with the aim of further promoting a culture of safety.



Hazard simulation training by virtual reality experiences

● Frequency of Temporary Absences Due to Accidents, by Industry



Source: All industries and manufacturing industry (Survey on Industrial Accidents by the Ministry of Health, Labour and Welfare). The automobile manufacturing industry is the average of 14 companies which belong to the Japan Automobile Manufacturers Association, Inc. (JAMA).

*Frequency of temporary absences due to accidents = (number of employees injured during operations / total number of working hours) x 1,000,000

Future Initiatives

Occupational safety is a never-ending commitment. Although the number of occupational accidents has actually been steadily decreasing, Hino Motors is still working to further enhance its initiatives, aiming to reach the ultimate goal of zero labor accidents.

Going forward, the Company aims to eliminate occupational accidents, and it will keep improving its steady efforts in areas such as safety education and safety patrols at all business sites. Hino Motors will continue to foster the culture of safety that has already taken root.

Health

Basic Stance

Employee health is the foundation on which Hino Motors engages in business and is an important factor that is also considered a company asset. When all employees are working in good health at every workplace, Hino Motors can keep growing and make greater contributions to customers and society.

To help employees maintain and promote a healthy body and mind, Hino Motors addresses employee health daily and handles it flexibly and thoughtfully with the goal of being a company where employees can work with energy and vitality.

Health Maintenance Support System

Hino Motors has established a one-on-one counseling service staffed by occupational physicians and contracted counselors, and a toll-free telephone consultation service using a professional agency.

In fiscal 2017, an internal counseling staff of seven was set up at each workplace to increase early discovery and treatment of employees facing mental health challenges. Counseling has been provided on 430 occasions for 180 employees and support provided leading to medical care. In fiscal 2018, too, six members were added to the counseling staff to strengthen the system.

In addition, a system has been created that takes employee health into consideration at each workplace so that when an occupational physician determines the necessity of special measures as a result of health checkups and individual counseling, actions are taken such as providing guidance limiting work.

Employee Mental Health Management

◆ Stress check

The Company implements stress checks for all employees, provides education on self-care, and aids employees under extreme stress through counseling in a medical setting and support by an outside expert. In addition, the results of stress checks are analyzed and evaluated, then feedback is given to each workplace for subsequent utilization in workplace management.

◆ Mental Health Care Study Sessions

It is important that managers at each workplace acquire fundamental knowledge to ensure early discovery of employees facing mental health challenges and a quick response. Since fiscal 2013, a total of six hours of training on Lectures on Mental Health Initiatives in Management and Practical Training on Listening Skills have been implemented for newly appointed managers. In fiscal 2017, new content was added and a total of 344 managers participated.

This education has resulted in reducing the number of employees who have had a recurrence of mental issues by one-fifth compared to fiscal 2013 when the current education began.

Corporate
Information

Top Interview

The HINO
Credo & Course
of Action

CSR
Management

Special
Feature

Environment

Social

Governance

Appendix

Safety > Health

Quality

Human Resources "Creation" and Work Styles

Supply Chain

Social Responsibility Initiatives

●Participants in Mental Health Care Study Sessions Held for Managers

Business site	FY2014	FY2015	FY2016	FY2017
Head Office/Hino Plant	475	369	183	266
Hamura Plant	188	21	47	33
Nitta Plant	91	22	44	27
Koga Plant	—	—	—	18
Total	754	412	274	344



A mental health workshop

Employee Health Management

◆ Early Discovery and Treatment of Employees Facing Mental Health Challenges Through Analysis of Health-Related Data

Maintaining and supporting the physical health of employees requires ascertaining their health condition in a timely manner and responding appropriately. Hino Motors analyzes the results of regular health checkups and medical information from outside the company. This leads to the development of suitable measures in collaboration with Hino Motors Health Insurance Society.

As specific examples of measures to date, health guidance by occupational physicians has been improved, prostate cancer and colon cancer exams were added to the regular health checkups in fiscal 2016, and a system was established in fiscal 2018 allowing employees to individually choose to undergo exams for breast cancer, uterine cancer and stomach cancer.

Also, as a preventive measure for second-hand smoking, in fiscal 2017 the indoor smoking area at the Hino Head Office was closed and the outdoor smoking area moved to a location where second-hand smoke is not an issue. Moreover, efforts have been made to reduce smoking rates, including visualization of employee smoking rates at each workplace, lectures to encourage quitting smoking, and subsidies for in-house outpatient services to quit smoking.

◆ Measures to Prevent Heatstroke

In addition to measures introduced into facilities to prevent heatstroke, Hino Motors continues various initiatives through preventative activities. Specifically, it holds seminars explaining how to prevent heatstroke and partially subsidizes the price of cold beverages (from June through September). For employees working in the plants of Hino Motors, the Company provides functional drinks as well as saline solution, and it establishes specified times for employees to drink water.

All of Hino Motors' workplaces take steps to prevent heatstroke, including meeting with employees each morning to check on their health condition and monitoring the workplace environment using devices that measure the wet-bulb globe temperature index of heat.



Roof with thermal barrier coating



Green curtain



Heat stroke prevention seminar

Corporate Information

Top Interview

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Appendix

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

◆ On-Site Health Instruction

With the aim of providing motivation to employees to improve their health and acquire the knowledge they need, efforts have begun that bring public health nurses and nurses to workplaces to give lectures on health. The lectures are provided by workplace request and chosen from the following topics. To date, they have been held 21 times with 270 participants.

Lecture Themes: (1) encouragement to stop smoking; (2) preventing back pain; (3) preventing high blood pressure; (4) getting a better night's sleep; (5) how to read health checkup results

◆ Supporting Healthcare for Employees Stationed Overseas

Hino Motors has set up a healthcare assistance service to provide healthcare lectures by an occupational physician based on the living conditions of each destination country to all employees who will be stationed outside Japan. The Company also provides training for the employees' family members by educating and raising awareness of infectious diseases and conducting preliminary health checks and vaccinations. In addition to providing employees with an occupational physician by telephone or email, the Company supports the healthcare of mind and body through the same kind of service as it does in Japan by providing counseling through a toll-free telephone number.

External Evaluation (Certified as a Health & Productivity Management Organization (White 500))

The Certified Health and Productivity Management Organization Recognition Program, jointly promoted by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi, evaluates daily efforts to support employee health. Following certification in 2017, Hino Motors has once again received certification as a Health and Productivity Management Organization (White 500).

The Certified Health and Productivity Management Organization Recognition Program considers health management for employees from a management perspective and recognizes outstanding companies working to strategically promote health. Going forward, based on improvements to employee health literacy and the results of regular health checkups and stress checks, the Company will expand the number of employees eligible for health guidance and improve the quality of counseling. To that end, it is striving to strengthen support for creating an energetic workplace and activities to prevent illness.



Future Initiatives

Hino Motors is improving the health support system that targets health maintenance and improvement for all employees, but more can be accomplished. In the future, the Company will focus efforts on greater expansion of the scope of activities.

In addition, Hino Motors believes that improving employee health consciousness and early discovery and handling of mental health issues are crucial, and it will continue steady efforts such as stress checks and educational activities to create an environment where all employees can work in good health for many years.

The Power that Sustains Hino Motors

I hope to raise employees' health consciousness as a "Health Liaison"

Mikiko Sugimoto

Global Human Resource Development Division
Labor & Health Promotion Office, Health Promotion Group



>Responsible for Conducting and Administering Health Checks

Actually, I used to work as a dietician. I worked at the single men's dormitory of a company, an elementary school, and a nursery school. I joined Hino Motors' Health Promotion Center (an in-house clinic) because I wanted to work more closely with people. Initially, I worked as a temporary staff, but I became a full-time employee in February 2017. Now, as a member of the labor and health promotion office, I'm in charge of health management-related work for all of Hino Motors, which includes work-related injuries and implementing and administering regular health checks.

>Aiming for Continued Certification as a "Company with Excellent Health Management (White 500)"

Hino Motors has been certified as a "Company with Excellent Health Management (White 500)" for the second consecutive year, which also motivates me to keep protecting the mental and physical health of our employees. Since regular health checks are fundamental to maintaining and promoting the health of all employees, we are focused on obtaining a 100% participation rate in the health checks. To create an environment where employees can more easily obtain health counseling, Hino Motors is working to enhance counseling and support services. We involve occupational health staff (nurses and public health nurses) in planning events including health classes, and we are working to increase opportunities for employees to communicate with them. Every day, I work with gratitude for a workplace where I can feel at home and easily communicate with others. From the beginning, I have worked as frontline staff and have a liaison role in connecting employees, occupational health staff, and the Health Promotion Group. I hope to keep serving as a "Health Liaison," doing my best to ensure that everyone can always enjoy health and vitality.



Quality

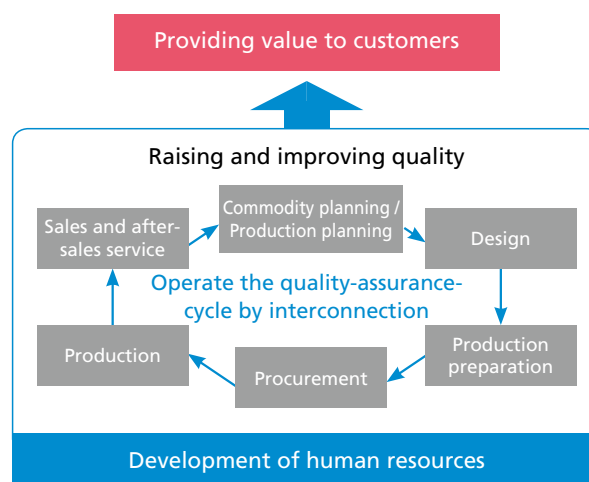
Basic Stance

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.

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

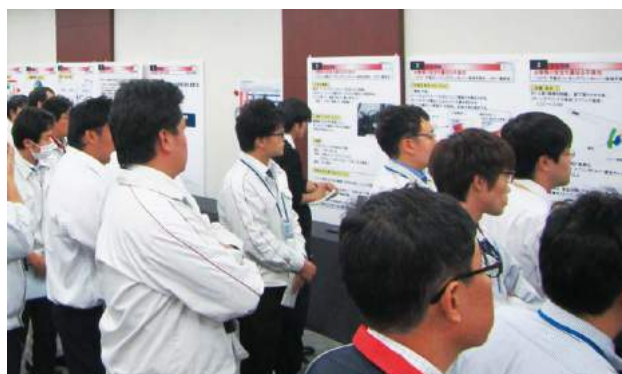
◆ Ample Learning Opportunities

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

◆ 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

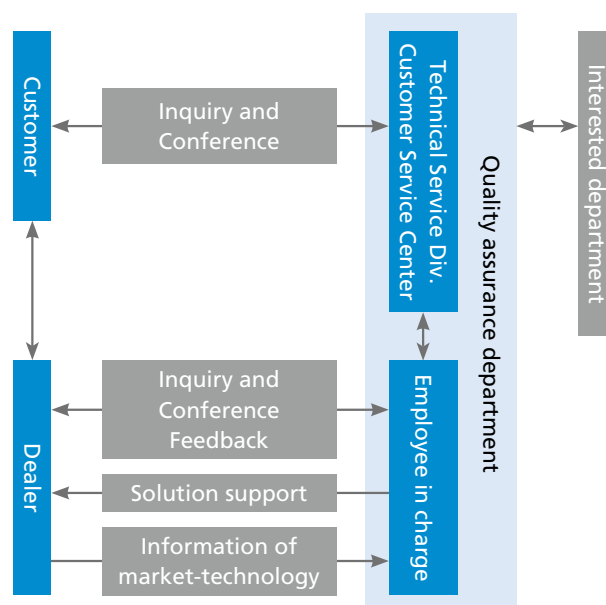
● Dealers that competed in the 46th National Service Skills Competition

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

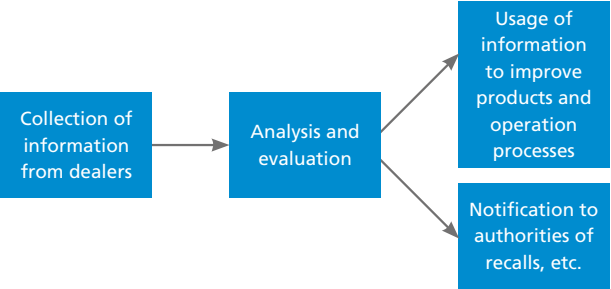


Handling Quality Defects and Recalls

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.

Human Resources "Creation" and Work Styles

Basic Stance

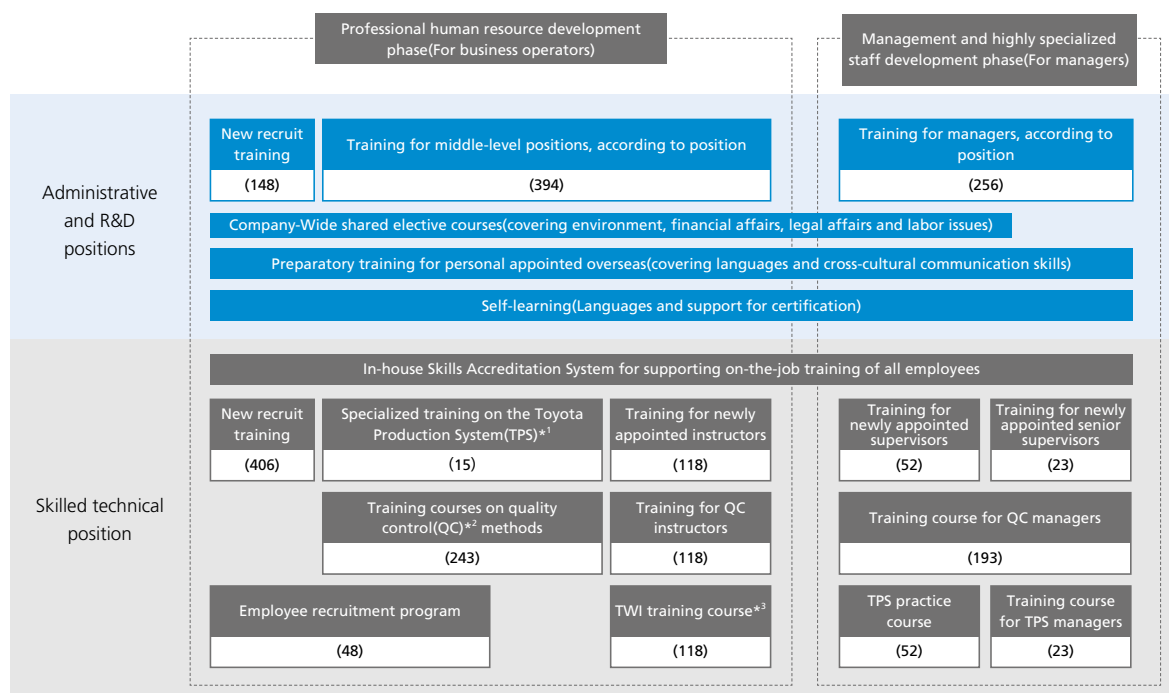
The CSR Charter of the HINO Credo states, "We respect each individual employee, and strive to create a workplace that fosters personal growth." This expresses Hino Motors' stance on issues including the processes—done with employees' full involvement—of "creating" human resources and innovative work styles.

Hino Motors recognizes that human resources initiatives support the foundation of the Company. The Company takes an active approach to personnel appointments, human resources development, and work support that suit each individual so that all members of Team Hino can accurately assess changes and address issues from a global perspective.

Human Resource Development Initiatives

Based on a climate of "teach and be taught," Hino Motors advocates a basic policy of human resource development that boosts work capabilities through on-the-job training (OJT). With the goal of complementing OJT, diverse group training (off-the-job training) is also carried out, such as hierarchal training and education in specialized fields, and self-development pursued by employees outside of work hours is also supported. To develop employees capable of working on the global stage, a particular focus is placed on practical programs that include language classes/overseas trainee programs (sending young employees to overseas training), training to increase management skills for employees holding management positions, employee training to gain specialized knowledge/skills, and training to improve problem-solving skills.

● Major Skills Development and Human Resource Development Systems



Figures in parentheses are the number of course participants in fiscal 2017.

*1 TPS: "Toyota Production System," the Toyota method of production. *2 QC: Quality control *3 TWI: "Training within Industry"; TWI is a training technique for improving leadership and managerial skills.

◆ In-House Skills Accreditation System and Company-wide Capabilities and Competencies Exchange

Hino Motors has established an in-house skills accreditation system for organizing its on-the-job training activities at production sites and other workplaces requiring technical skills.

Through this system, the expertise and skills needed in each workplace are clearly specified and incorporated into the goals of technical skills training programs, general training, and daily operations so that they can be systematically acquired by employees.

As part of the in-house skills accreditation system, Hino Motors holds its Company-wide Capabilities and Competencies Exchange every year. The event provides opportunities for representatives from all workplaces and group companies, including overseas businesses, to demonstrate the skills they have refined on a regular basis in order to engage in friendly competition and mutually improve their capabilities through interaction. By bringing members of all workplaces together for interactive activities, the event serves to motivate employees and foster a corporate culture that values reciprocal learning, which is essential for passing down technical skills to the next generation.



Quality control vehicle



Maintenance (centering)



Painting

◆ Hino Technical Skills Academy

With the hope of developing authentic artisans who are passionate about creating excellent products, Hino Motors originally established the Hino Technical Skills Academy in 1951 as its own vocational school for training engineers. With this same desire, the academy now serves as a training center for developing and preparing human resources with the character and skills they need to take leading positions in the Company's production plants.

The Hino Technical Skills Academy implements three-year courses in the subject areas of machining, plastic forming, automotive manufacturing, and manufacturing facilities. Employees acquire specialized knowledge and skills in their course of study and upon graduation are appointed to work in various fields at Hino Motors. While the academy focuses on human resources who work on the production floor, which is a pillar of the company's manufacturing operations, it also trains Field Service Engineers (FSE) who share their service engineering knowledge around the world to support the business of customers. (More information about FSE is available in [page 24](#).) In order to expand its human resources development, the Company has expanded the academy class to 40 employees in fiscal 2017 and 60 employees in fiscal 2018. Through the development of human resources who can be active in various fields, the academy is contributing to the sustainable growth of Hino Motors.



Class at the Hino Technical Skills Academy



Recreational activities

Initiatives for Promoting Diversity

Hino Motors understands that developing and making the most of the capabilities of its diverse employees is vital if the Company is to continue providing high-value-added products and services that benefit society. For that reason, Hino Motors regards the creation of a dynamic corporate culture that values the diversity of its members as an important task for management, and it pursues initiatives to promote diversity on that basis. The Company has appointed staff in charge of promoting diversity in its human resources departments and makes proactive efforts to ensure that capable employees are promoted irrespective of their gender or nationality.

◆ Appointment of Non-Japanese Director

Hino Motors recognizes that it is critical to draw on global resources in order to keep pace with the rapid changes occurring in society.

In April 2018, the Company revised its system of directors, appointing its first non-Japanese director. Hino Motors will continue to deploy diverse human resources, always aiming to put the right person in the right position. In so doing, Team Hino will continue to support the business of its customers across the globe and remain a positive force in society.

◆ Supporting the Success of Women

To help women attain greater success in their careers, Hino Motors has set the goal of tripling the number of women in management positions by 2020 from the current level of 19 (as of November 2014). The number of women in management positions is steadily increasing. As of April 2018, there were 36 women working in key positions. To realize the goal, the Company will continue and expand its efforts to improve childcare support. The focus will also be placed on the following efforts.

1. Increasing the percentage of women in new graduate and year-round recruitment, and expanding the appointment of women in management positions based on gender composition by year
2. Creating a workplace that is easy for anyone to work in, such as by introducing flexible working systems
3. Improving the workplace environment so that employees can work while raising children, such as the establishment of in-house nursery schools

In 2015, opportunities for attaining success were further expanded with the appointment of a woman as president of a subsidiary in Canada.

◆ Employing People with Disabilities

Hino Motors proactively hires people with disabilities and provides support so they can thrive. In December 2007, the Company established a special subsidiary, Hino Harmony, Ltd., for the purpose of promoting the hiring of people with disabilities. Its business activities continue to grow each year, further increasing new opportunities for people with disabilities. It is actively making the workplace comfortable for people with disabilities to work in through a variety of measures, including setting up a special paid vacation system to allow the employees to take time off for health management and skills development purposes, and providing designated parking spaces at worksites to facilitate easier access. The fiscal 2017 employment rate for persons with disabilities at Hino Motors exceeded the statutory employment rate by 2.16%.

The Company is making ongoing efforts to promote hiring of persons with disabilities through actions such as developing new occupational areas.



Clerical Work



Corporate Recreation

◆ Supporting the Success of the Veteran Employee

Hino Motors has established a re-employment system for retired workers so that it can continue drawing on the expert skills and abilities of employees after they reach retirement age. The system takes into account the work-life balance while allowing employees to continue working after retirement age, giving them the option of working a three-day week or the same number of days and hours as full-time workers.

Of the 123 employees at Hino Motors who reached retirement age in fiscal 2017, 110 (89.4%) expressed a desire to continue working, and all of them were re-employed. As of March 31, 2018, a total of 506 employees were using the re-employment system.

● Number of Re-employed Staff

	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018
Number of re-employed staff	465	471	487	506

◆ Supporting Employees of Foreign Nationalities

Hino Motors actively promotes appointing talented personnel, regardless of their nationality. It also accepts employees of overseas affiliates as trainees and has introduced a program that conducts practical skills education to promote endeavors that support work activities.

Along with the globalization of business, work opportunities for employees of foreign nationalities are increasing more and more, and the Company intends to proactively utilize these employees going forward.

● Foreign Nationals Employed at Hino Motors

(Total employees on a non-consolidated basis)

	Total employees	Foreign nationals	Ratio of foreign nationals
Full-time employment	12,705	27	0.2
Other employment	2,711	92	3.4
Total	15,416	119	0.8

Better Working Provisions

◆ Welfare Benefits

Hino Motors has developed extensive welfare benefit services that include both child support and nursing care support. In this manner, the Company is working to help each employee to lead a balanced work and personal life. In addition to creating opportunities that allow employees to easily use these benefits, the Company is also reviewing workplace environments as well as individual work styles.

In order to create a workplace environment in which employees can continue working with peace of mind, Hino Motors has adopted a pension plan by which it contributes a portion of funds based on a defined-benefit company pension plan.

● Employees Participating in Efforts to Support the Next Generation

System Name	Details	Number of participants FY2017
Childcare leave	Leave until the date the employee's child reaches his or her second birthday through to March 31	105
Shorter working hours to accommodate for childcare needs	Shorter working hours for employees with children through to March 31 of the child's third year of elementary school	103
Flextime with no core hours	Core time deregulation for employees with children through to March 31 of the child's third year of elementary school	18
Child nursing care leave	Five additional vacation days each year for employees with children through to March 31 of the child's third year of elementary school	66

◆ Employment Provisions to Facilitate Diverse Work-Styles

Hino Motors is revising and adding employee provisions to facilitate flexible work-styles among employees. The Company will keep studying new provisions that enable diverse work-styles so that each employee can achieve a better work-life balance.

• Leave of Absence Provision to Accompany Spouse Abroad

In February 2018, Hino Motors adopted a provision that enables employees to take a leave of absence for up to five years, in order to accompany a spouse who is transferred abroad or decides to pursue studies abroad, whether that spouse is employed at Hino Motors or another company. The provision addresses the increasing globalization of the Company's business activities as well as the increase in double-income households among employees. The aim of the provision is to enable employees to continue working at Hino Motors and achieve a better work-life balance.

• Telecommuting Provisions

Hino Motors adopted new telecommuting provisions in April 2018, as part of an effort to offer working conditions that help employees balance work and their obligations as parents or caregivers. The provisions also seek to help employees maximize their abilities without it being tied to the hours spent at the Company. By encouraging employees to use these provisions, Hino Motors is supporting the adoption of more diverse work-styles among employees.

◆ Compassion and Respect for Workplace Colleagues

The Hino Code of Conduct promotes mutual respect and compassion among all employees to create an active, lively and dynamic workplace in which everyone can work together. Hino Motors does not tolerate any behavior that violates human rights, including discrimination based on race, religion, gender, age, nationality or disability, and likewise, it does not tolerate child labor, enforced labor, or any form of harassment.

The Company holds harassment prevention training and compliance training to disseminate the code to all

employees. Held together with new-employee training and training for managers/supervisors, a total of 946 employees participated in fiscal 2017 training. The training will be implemented on an ongoing basis while enhancing and expanding content.

◆ Promoting Stable Labor Relations

Hino Motors and Hino Motors Labor Union have entered into a labor agreement stating, "The Company aims to always monitor employee labor conditions and work to maintain and improve them, while the Labor Union respects the management rights of the Company and strives to cooperate with it to increase production." In addition to regular labor-management meetings, in fiscal 2017 Hino Motors began conducting frank discussions between Company and union directors to discuss ways of facilitating the sustainable growth of the Company.

The Hino Group also organizes an annual labor-management conference that brings together union representatives from Group companies. The conference serves as a platform for regular information exchange on various topics such as labor conditions and wages, aiming to help the Group adapt to the rapid changes occurring in society. Hino will continue to leverage cooperation between labor and management to build even healthier working environments that enable every employee to flourish.



Conducting Frank Discussions between
Company and Union Directors



Hino Group Labor-management Conference

◆ Initiatives to Boost Employee Satisfaction

Being able to work in an environment and conditions that satisfy employees, which includes work content, corporate culture, workplace environment and human relations, also spurs motivation towards daily work duties.

Hino Motors is working to improve employee satisfaction based on the following three perspectives.

● Perspectives for improving employee satisfaction

1. Increasing understanding of the direction of corporate management

Active exchange between management and employees is targeted so that employees understand the workplace mission and roles they should fulfill.

2. Making work more meaningful

Talents are deliberately and gradually cultivated through efforts such as reassessing the personnel system as needed, leading to greater motivation.

3. Strengthening the workplace foundation

A setting encompassing workplace environment and improved facilities is created that enables employees to work with peace of mind.

When it comes to communication, efforts are carried out to cultivate a sense of company unity by holding events that employees participate in.

Example | Opening Ton-Ton Kids Nursery School

Currently, there are approximately 700 employees raising children under the age of five at Hino Motors. A nursery school was established on company premises as an endeavor to create a workplace environment that enables these employees to continue working. In January 2017, Ton-Ton Kids—Koga opened at Koga Plant, while Ton-Ton Kids—Hino opened at the Head Office in April of that same year. Employees taking advantage of the nursery school have made comments such as, "I feel at ease because my children are close to my workplace." Efforts are underway to also open a nursery school at Hamura Plant and Nitta Plant.



Ton-Ton Kids—Hino

Example | Enhancing Employee Cafeterias

Hino Motors is renovating the cafeterias within its plants as part of its effort to improve employee satisfaction. Registered dietitians, cooks, and occupational physicians are working together to provide nutritionally balanced menus, and the Company is providing more comfortable environments where employees can relax. After the Koga and Nitta plants, Hino Motors plans to enhance employee cafeterias at other plants as well.



New cafeteria at Nitta Plant completed in 2018

Example | Providing Company Dormitories

Hino Motors has been adding new company dormitories as part of its employee benefits. The Company added the No.1 Koga Dormitory for employees of the newly built Koga Plant in October 2016 and opened the Isesaki Sakai Dormitory for employees of the Nitta Plant in May 2018. The dormitories are fully equipped with kitchen, washroom, and laundry facilities to increase the amenity for younger employees, who are the main residents. Common areas facilitate communication between residents and enhance the living experience for employees.



The No. 1 Koga Dormitory



The Isesaki Sakai Dormitory

◆ Fostering Employee Unity

• Competing in the Dakar Rally

In January 2018, Hino Motors competed in the 2018 Dakar Rally that took place in the three countries of Peru, Bolivia, and Argentina, improving its placement from the previous rally by taking sixth place in the Truck class. The race marked the ninth straight win for Hino Motors in the Under 10-Litre Class for trucks.

The technologies that Hino Motors has developed by continuously competing in the world’s most challenging rally contribute to its development of commercial vehicles (trucks and buses). Specifically, the mechanics who assist in the race are mainly employees of Hino Motors’ nationwide network of dealers, along with the Company’s elite mechanics trained in providing after-sales service.

Working together on the rally fosters the unity of Team Hino and helps to invigorate employee communication. Hino Motors will continue to improve its technologies in the global arena, develop its human resources, and strengthen their connection to Team Hino.



Racing on a difficult course



Mechanics running to the race truck



Team Hino personnel and trucks



Ceremony at the finish line

• Hino Red Dolphins vie for Top Position in the Rugby League

Ever since Hino Motors founded the Hino Red Dolphins corporate rugby team in 1950, the Company has sought to build a team that fosters the unity of the Hino Group and has strong community roots and engagement as its flagship sports franchise.

In 2018, the team was promoted to Japan's top-tier Top League competition and, with the promotion, changed its name to the Hino Red Dolphins (formerly Hino Motors Red Dolphins) in an effort to further connect the team with its local fan base.

As heated battles with famous competitive teams continue, the Hino Red Dolphins will work together with employees and the local community to win even more fans for the team.



Red Dolphins lead the league for the first time



Fierce competition

• Table Tennis Club Advances to First Division of Japan Table Tennis League

Hino Motors' table tennis club has been steadily operating through its employee-players for nearly 50 years since it was established in 1970. In November 2018, Hino's tennis club won the championship at the Japan Tennis League's league competition (second division for men) and was promoted to the league's first division, a long coveted prize. At the tournament, members of Team Hino, including employees of dealers in each prefecture, helped strengthen team cohesion through their local support. Hino Motors will steadily maintain these activities with the aim of further raising Team Hino's morale.



Sakata Tournament determines promotion to league's first division



"Team HINO" cheering squad at the match

• Strengthening Community Bonds through Sports

Hino Motors engages in initiatives to build stronger bonds with local residents through sports.

The Company creates opportunities for local residents to watch, learn about, and experience actual parasports (such as wheelchair basketball and boccia*), aiming to foster unity through the shared discovery, emotion, and joy of parasports.

*Boccia is a sport in which each athlete throws six colored balls, aiming to get as close as they can to a white target ball.

First, learn

Watch

Discovery and emotion



Seeing a wheelchair basketball game

Hear about

History of facing difficulties



Para athlete speech
Completely blind swimmer
Junichi Kawai

Experience

Depth of the sport



Corporate boccia tournament

- Parasports was more powerful than I expected.
- The para athletes were very tough and strong.



Feedback from Employees

Building Bonds with Communities

Supporting

Supporting Pyeong Chang Paralympians



Featured in community gazette



Public viewing

Rugby team

Rugby team with strong community roots



The local mayor Fuyuhiko Ohtsubo and President Yoshio Shimo with rugby players



Municipal officers at work, wearing the team color

Corporate ekiden running event

(with participation of municipal employees)



All the participants

Festival at plant

(in cooperation with community citizens)



Wheelchair basketball



Boccia

- It's amazing to have athletes representing Japan here in our community.
- I felt a sense of unity by cheering athletes together.
- The ekiden event was very festive and enjoyable.
- Our family was all smiles playing boccia.



Feedback from Local Residents

Human Resources Data

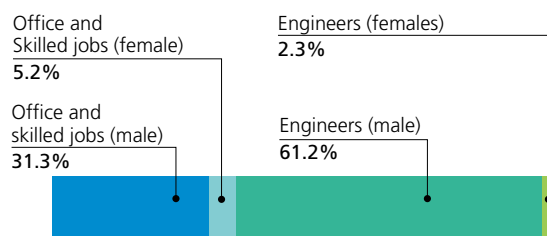
● Number of Employees (Consolidated)

	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018
Japan	21,573	22,191	22,520	23,120
Asia Pacific	6,585	7,101	7,296	7,518
North America	1,052	1,098	1,413	1,463
China	430	417	370	363
Central and South America	150	147	171	179
Europe	74	66	67	76
Total	29,864	31,020	31,837	32,719

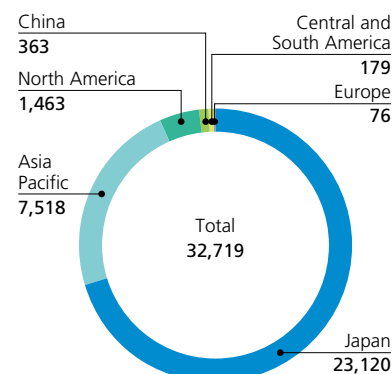
● Number of Employees (Non-consolidated)

	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018
Males	11,024	11,392	11,720	11,763
Females	820	861	902	942
Total	11,844	12,253	12,622	12,705

● Ratio by Job Type (Non-consolidated, as of March 31, 2018)



● Number of Employees Total (Consolidated as of March, 2018)



Future Initiatives

The environment surrounding commercial vehicles has significantly changed on a global scale. Within that environment, human resources serve as the source of the Company's competitive strength.

Hino Motors will achieve sustainable corporate growth by proactively moving forward with human resource development and appointments that focus on forthcoming global changes, and continuing to offer the world value unique to Hino.

The Power that Sustains Hino Motors

Appreciative of a Workplace Environment Where I Can Continue Doing the Work I Enjoy

Masako Sasuga

Chassis Assembly Section, Assembly Department, Koga Plant



➤ Inspecting Trucks that People Depend on in My Hometown

During my job hunt, I felt an affinity with trucks and buses that are closely connected with people's lives, and subsequently joined Hino Motors right after graduating from high school. I was hired at the Plant in HINO city, which manufactures trucks, but one of the things that attracted me was knowing that the Company had already decided to move the plant to Koga City, which is my hometown. After joining the Company, I was assigned to a job inspecting the driver's cab area on the assembly line, where most of my colleagues were male. I was proud of being given the important responsibility of inspecting a key component that drivers spend long hours in and that protects their lives.

➤ Addressing a Good Example to Other Working Women

I subsequently got married and had a child, but I wanted to keep working so I took maternity and parental leave. I returned to work in the summer of 2017, now at the Koga Plant. Needing childcare, I was able to enroll my child in the on-site nursery school, "Ton-Ton Kids—Koga", which the Company operates for employees. This made it easy for me to return to work. I currently work reduced hours, finishing at 4 p.m., and instead of working on the production floor I am doing general administrative work in the Assembly Department, giving me flexibility in case something comes up with my child. As someone who knows the production floor, I find it motivating to support my colleagues from the administrative end. The number of women in the workplace is gradually increasing, I hope to address a good example to other women through fulfillment of my "Work-Life Balance."



Supply Chain

Basic Stance

Partnerships with suppliers is an essential of Hino Motors' ongoing business activities. The Company works together with suppliers to offer value to the world with the aim of achieving sustainable corporate growth.

The Company not only views fair transactions as important, but mutual communication as well, and builds solid, trusting relationships with clients.

Hino Motors Basic Procurement Policy

Hino Motors comprehensively judges aspects including technologies, quality, price and delivery, and procures the best components from trustworthy suppliers around the world. The following five matters form the basic policy for promoting sound, fair procurement activities that comply with laws.

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 it procures from 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 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 have been produced with a low impact on the environment in order to offer environment-friendly products and services.

Supplier CSR Guidelines

Hino Motors has developed Supplier CSR Guidelines to ensure suppliers understand the Company's approach to CSR. In addition, the suppliers' handling of CSR is checked using the Supplier CSR Guidelines Sheet, which is applied to improvement efforts at each supplier. Moreover, utilizing the same content for suppliers to those companies leads to further enlarging and strengthening supply chain management by confirming handling of CSR.



[Click here for the Supplier CSR Guidelines.](#)



[Click here for the Supplier CSR Guidelines Sheet.](#)

General Meeting for Suppliers

◆ Japan

Every year in March, Hino Motors holds a general meeting for suppliers as a venue to provide information and engage in discussions. In addition to explaining its procurement and company policies, Hino Motors presents awards to suppliers that have made notable contributions in areas such as quality management, technology development, and cost reductions.

In 2017, over 360 supplier companies participated in the meeting.



General Meeting of Suppliers



Awards ceremony

◆ Overseas

Hino Motors holds a General Meeting of Suppliers to enhance communication with suppliers outside Japan including Asia and North America. In fiscal 2017, meetings were held in the United States, Thailand, Indonesia, China, Pakistan, and other countries, and they all featured a lively exchange of views. Hino Motors will continue to strengthen the unity of "Team HINO" by facilitating exchanges of requests and suggestions with suppliers.



General Meeting of Suppliers in the United States



General Meeting of Suppliers in Thailand

Social Responsibility Initiatives

Basic Stance

Hino Motors is committed to maintaining good relationships with stakeholders so that it can continue providing products and services around the world.

Described below are a number of local CSR activities taken to fulfill the CSR Charter found in the HINO Credo.

- 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 fiscal 2017, Hino Motors continued to pursue social responsibility at production sites and sales sites throughout the world. The focus was on contributing to local communities, supporting local cultures, and supporting next-generation human resource development. Based on the characteristics of each region, the Company will continue to take the initiative to ensure harmonious relations with local communities.

Contributing to local communities

As a good corporate citizen, Hino Motors is moving forward with endeavors such as helping to develop local communities and improving the environment.



Cleaning up the community (Hino Motors, Ltd.)



Cleaning up the community (Kobe Hino Motor Ltd.)

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Cleaning traffic mirrors in the community (Sankyo Radiator Co., Ltd.)



Donating toys to local children (Hino Motors Canada, Ltd.)



Donating food to local groups assisting the poor (Hino Motors Sales U.S.A., Inc.)



Supporting a free medical camp for local elementary school children (Hinopak Motors, Ltd. / Pakistan)

Supporting local cultures

Hino Motors values the culture rooted in each local community and participates in and supports local cultural events.



A festival open to local residents (Hino Motors, Ltd.)



Introducing product safety and environmental technologies at a local JAPAN FESTIVAL (Hino Motors Canada, Ltd.)



Supporting a local rally event (Hino Motors (China) Co., Ltd.)



Supporting a local sporting event (Shanghai Hino Engine Co., Ltd.)

Supporting next-generation human resource development

Hino Motors provides local educational assistance to help develop the children and youth who will be the leaders of the future.



A safety class for local elementary school children (Koga Plant, Hino Motors, Ltd.)



A company tour for local elementary school children (Nagano Hino Motor Ltd.)



Hiring students from special education schools as a part of local support for persons with disabilities (Hino Logistics and Packing, Ltd.)



Donating trucks and engines to local universities to support education (Hino Motors Vietnam, Ltd.)



Donating trucks and engines for training (Hino Motors Manufacturing (Malaysia) Sdn. Bhd.)



Accepting local university students as interns (Hinopak Motors, Ltd. / Pakistan)

Future endeavors

As a good corporate citizen, Hino Motors will continue striving to maintain harmonious relations with local communities and promote sustainable growth. To achieve this, the Company aims to strengthen its social responsibility initiatives by leveraging the uniqueness of its business. Going forward, Hino Motors will actively contribute to society to build good relationships with local communities and be a company that is appreciated for many years to come.

Corporate Information	Top Interview	The HINO Credo & Course of Action	CSR Management	Special Feature	Environment	Social	Governance	Appendix
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Safety Health Quality Human Resources “Creation” and Work Styles Supply Chain Social Responsibility Initiatives

The Power that Sustains Hino Motors

Showing Leadership in the Community through Social Initiatives

Tara LeBlanc

Hino Motors Canada, Ltd.



Joined Hino Motors in Pursuit of New Challenges

I joined Hino Motors Canada, Ltd. (HMC) in September 2013 after many years working in the large automotive parts manufacturing company, looking for additional challenges and an opportunity to develop my career. I was motivated by the fact that the Company’s ethics and values matched mine, and by the appeal of joining an industry leader.

I am currently the Corporate Human Resources Manager for HMC. I also sit on our Social Committee, which promotes our community initiatives in Ontario province where we are based. These initiatives are diverse and range from park cleanup efforts, supplies food to local food bank, donations to children’s hospitals, donating trucks for local college, and involvement in community cultural events.

Community Initiatives Becoming Integrated into the Corporate Culture

Teamwork is essential to advancing our various community initiatives, which are extremely rewarding and we are very proud of. Above all, these initiatives are becoming ingrained into the culture at HMC, and we plan to put even more effort into them as a company.

Our initiatives have drawn praise from local governments, and we were delighted when a sign with the HMC logo on it was erected at the park where we organize an annual clean-up event.

In aiming to remain an industry leader in the commercial vehicle market in Canada, HMC will pursue diverse community initiatives to try to explore the needs of communities and remain a trusted entity among community citizens.



Community initiative



Tara LeBlanc and Yumiko Kawamura, President of HMC

ESG Initiatives

Governance

Corporate Governance

Basic View on Corporate Governance at Hino Motors

As a company that manufactures and sells trucks and buses needed for distribution and transportation, Hino Motors is working to fulfill its 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 same time, the Company has taken a clear stand on its responsibility to contribute to society and has set related goals under the HINO Credo, along with its Core Principles and CSR Charter.

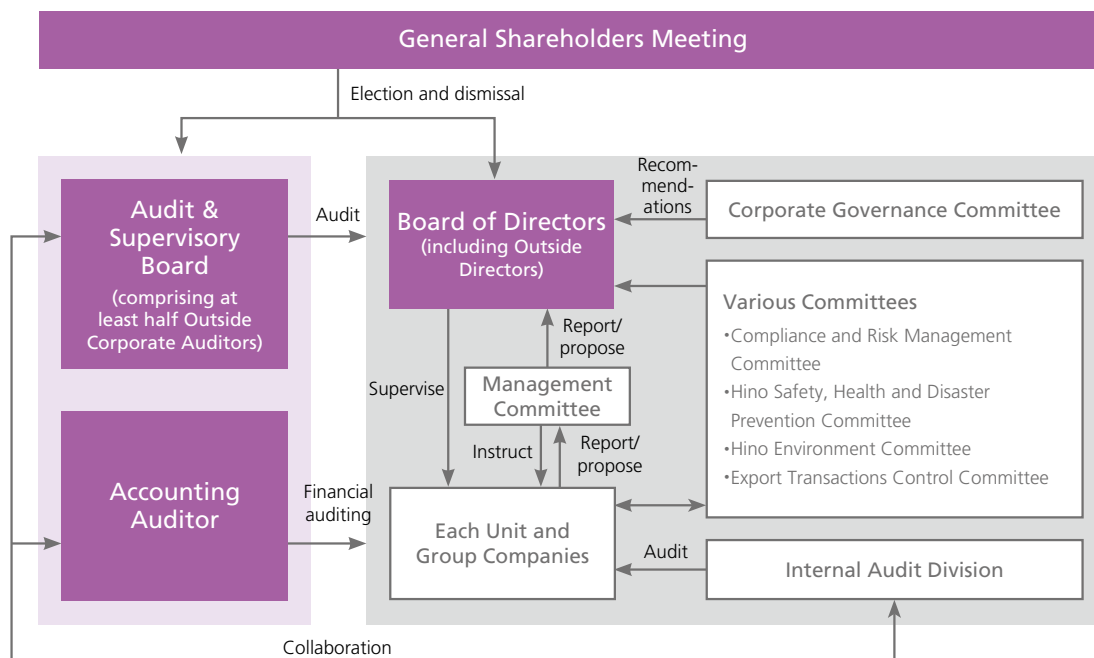
To fulfill its corporate mission, Hino Motors is striving to build on the positive relationships it has established with its stakeholders, which include shareholders, customers, business partners, local communities around the world, and employees. Based on this stance, Hino Motors is working to enhance its corporate governance with the goal of achieving sustainable growth and raising its corporate value over the medium to long term as a global company. In addition, Hino Motors endorses the Corporate Governance Code prescribed by the Financial Instruments Exchange of Japan and has devised various measures based on the objectives and intent of the code's guidelines and principles. As a basic policy, Hino Motors intends to pursue these measures as a means of strengthening its corporate governance.

Outline of Corporate Governance Framework

◆ Corporate Management and Its Operating Framework

Hino Motors is a company that employs an Audit & Supervisory Board and has established a Board of Directors, established an Audit & Supervisory Board, appointed its members, and appointed an accounting auditor. The Company's Board of Directors is composed of 10 directors (as of June 2018, the number including two outside directors as defined by Japan's Companies Act. The Company's Articles of Incorporation stipulate a maximum number of 15). The Board of Directors makes decisions on important matters of business execution and supervises the execution of duties by the directors. The Company also employs a system of vice presidents, senior managing officers, managing officers, and a four-unit setup (overseeing the Corporate, Advanced Technology, Monozukuri, and Global Business Units.) with the aim of streamlining the Board of Directors and flexibly executing business.

The Company has also established a Management Committee made up of full-time directors and Audit & Supervisory Board members to deliberate on the management policies and strategies of the Company and to report information that is important for management. Hino Motors has established a Corporate Governance Committee in response to the election of outside directors with the aim of increasing the effectiveness of corporate governance and contributing further to sustained growth and enhancement of corporate value. The Corporate Governance Committee discusses the form that the Board of Directors should take (recommendations to the Board of Directors as necessary) and shares management information with the involvement of all of the outside directors and non full-time director. In fiscal 2017, the Corporate Governance Committee met three times.



Hino Motors' Audit & Supervisory Board comprises four members (as of June 2018, the number including two outside members; the Company's Articles of Incorporation stipulate a maximum number of seven). Conforming to the standards for audits by the audit & supervisory board members stipulated by the Audit & Supervisory Board, the members communicate with the directors, the Internal Audit Department, and other employees and work to gather information and establish the audit environment in accordance with the Company's audit policy and planning. They also audit the status of Company operations and assets by attending meetings of the Board of Directors and other important meetings, hearing about the execution of duties from the directors and other employees, viewing important approval documents, visiting each business site and visiting subsidiaries inside and outside Japan, and supervise the execution of duties by the directors.

The Audit & Supervisory Board members receive reports on audit planning, the implementation and results of audits, and the status of implementation of their duties from the accounting auditors and exchanging opinions in addition to striving for mutual cooperation which includes witnessing onsite audits at subsidiaries during the fiscal year and monitoring and verifying the maintenance of independence and the performance of proper auditing by the accounting auditors. They also review the Business Report, financial statements and supplementary statements, and the consolidated financial statements.

Hino Motors has also established an Audit Division. In addition to conducting audits of the development and operation of internal control system relating to financial reporting in each department and at subsidiaries based on in-house regulations, the Audit Division seeks to enhance internal control by conducting audits of the legality, appropriateness, and efficiency of business, while urging each department and subsidiary to make the necessary improvements. The division also reports the findings of internal audits to the audit & supervisory board members as appropriate and shares information with them and the accounting auditors in relation to audits by the audit & supervisory board members and accounting audits.

◆ Outside Directors and Outside Audit & Supervisory Board Members

To oversee the execution of duties by the directors, Hino Motors has appointed two outside directors, (as of June 2018, both of whom are independent officers under the provisions of the Tokyo Stock Exchange and Nagoya Securities Exchange), as provided for in Japan's Companies Act. The outside directors are contributing to transparent, fair, swift and resolute decision making by playing a management oversight role for important decision making by the Board of Directors as well as participating in active and constructive discussion at the Corporate Governance Committee and inspecting the business sites of Hino Motors and its affiliated companies inside and outside Japan. To monitor the execution of duties by the directors, Hino Motors has also appointed two outside Audit & Supervisory Board members, both whom are independent Audit & Supervisory Board members, as of June 2018, as provided for in Japan's Companies Act. The Company believes that there is an adequate management monitoring function to oversee the appropriateness and legality of management through the implementation of objective audits in partnership with the two full-time Audit & Supervisory Board members.

Hino Motors makes efforts on collaboration so that the supervisory and audit functions operate fully by establishing forums for the exchange of information between the outside directors and outside Audit & Supervisory Board members and the Representative Director in addition to providing information on important matters, including providing explanations in advance of proposals to be submitted to the Board of Directors. The outside audit & supervisory board members work to achieve mutual communication with the full-time audit & supervisory board members, the directors, and other employees, and they attend the audit & supervisory board members' meeting Board of Directors' meetings to hear about the execution of duties and internal audits from the directors and other employees. In addition, as a rule, a meeting of the Audit & Supervisory Board is held before a meeting of the Board of Directors is convened. Thus, the audit & supervisory board members in attendance, including the outside audit & supervisory board members, check the proposals to be submitted to the Board of Directors to conduct a preliminary review.

Hino Motors ensures mutual cooperation by routinely receiving reports on audit planning and the implementation and results of audits from, and exchanging views with, the accounting auditor.

Basic Views on Internal Control System and the Progress of System Development

◆ System to Ensure the Appropriateness of Business Operations under the Basic Policy

Hino Motors fosters a sound corporate culture that includes subsidiaries based on The HINO Credo, The Hino Code of Conduct, and The Hino Spirit. For detecting problems in operational processes and incorporating mechanisms for improvement at the sites where operations are actually executed, Hino Motors will make unwavering efforts to develop the human resources to implement these approaches.

◆ An Outline of the Operational Status of the System to Ensure the Appropriateness of Business Operations under the Basic Policy

Hino Motors strives to establish an internal control system to ensure the appropriateness of business operations as a corporate group and for the proper operation of these systems according to the Basic Policy on Establishing a System to Ensure the Appropriateness of Business Operations of the Company. Hino Motors also verifies the establishment and operational status of systems each business year to check that activities are conducted independently and strengthened as necessary in departments that implement internal control, in addition to confirming the content of internal control operations at the Management Committee and the Board of Directors. Please refer to IV. Matters Related to the Internal Control System in the Corporate Governance Report for Hino Motors' basic policies on matters stipulated in Japan's Companies Act based on the aforementioned awareness.



[Click here for the Corporate Governance Report.](#)

Interview with Outside Director

Strengthening group governance structure to become a global leader in the flow of goods and people around the world

Toshitaka Hagiwara Outside Director

Born 1940. Graduated from the Graduate School of Law, Waseda University, in 1967. Joined Komatsu Ltd., in 1969. Appointed a director of Komatsu in 1990, after which he became Executive Vice President in 1999 and Chairman of the Board in 2003. Appointed an independent Outside Audit & Supervisory Board Member of Hino Motors in 2013, and became an independent Outside Director in 2015.



> Hino's Tremendous Potential as a Global Company

Prior to my appointment as a director at Hino Motors, my impression of Hino was of an earnest and trustworthy company with a firm domestic focus. However, once I joined the board of directors I realized that with its large percentage of overseas sales and high product development capabilities, Hino has tremendous potential to develop as a global company.

As an outside director, my aim is not just supervising the company's business execution, but also supporting the company's management from the sidelines to ensure the sustainable development of the company. The Company's truck and bus businesses are expected to contribute to various social needs for distribution and transportation on a global scale, including in such areas as automation, labor saving innovation, and reduced environmental impact. As a company that can help to resolve such social issues, it is likely that Hino Motors will have to take certain risks in order to move forward as a truly global company. I believe that one of my roles is to provide full encouragement at such times.

> Importance of Advancing Internationalization from Headquarters

My involvement with Hino Motors spans two years as an Outside Audit & Supervisory Board Member and three years as an Outside Director, and I can see that the company's corporate governance mechanisms and structures are at a very high level. However, what is truly important is whether the systems and mechanisms that have been polished to such a high level are truly functioning as intended, and whether corporate governance, which includes compliance and internal controls as a global company, has actually permeated every part of the company. For Hino to grow further as a global company, it is imperative to ensure that the corporate governance structure is developed and functions on a group-wide basis. Internationalization presents many challenges that need to be overcome, including cultural differences and communication issues, and the issue with the highest priority is to secure and cultivate human resources. It is also necessary for initiatives aiming at internationalization to be instigated by headquarters, including such considerations as where and how to create alliances, and what human resources to allocate to which division in order to enable the company to leverage its strengths and supplement any weaknesses.

Hino Motors is still at the developmental stage in terms of becoming a global company. By further invigorating the functions of the Board of Directors and engaging in thorough discussions about growth strategy and then putting ideas into action, I hope that the Company will strive to become a leading presence in the flow of goods and people around the world, in terms of both equipment and services.

Interview with Outside Director

Aiming to become a truly global company with corporate governance advancements

Motokazu Yoshida Outside Director

Born 1948. Graduated from the Faculty of Commerce of Hitotsubashi University in 1971. Joined Mitsui & Co., Ltd. Appointed a director of Mitsui & Co., in 2001, then Representative Director and Senior Executive Managing Officer in 2007, then Representative Director and Executive Vice President in 2008. Appointed Chairman of Meisei Gakuen Institute in 2012 and has been an independent Outside Director of Hino Motors since 2015.

> Ensuring Sustainable Growth as a Good Corporate Citizen

Essentially there are two elements required to be a company. The first, naturally, is to act as a good corporate citizen should. The other is to achieve the goal of sustainable growth. A company that can balance these two elements in its management and operation is a good company. I believe that the role of an outside director is to supervise and advise from an objective third-party perspective about how to achieve this goal of balance in its management and operations.

The business of transporting goods and people is one that continues to expand as a key part of social infrastructure as societies develop. Hino Motors supports the flow of goods and people in society through its trucks and buses businesses. I feel that, first and foremost, the most significant social contribution the Company can make is to steadily engage in its main line of business. I believe that Hino executives firmly recognize this point. The corporate culture is earnest and open, and the Board of Directors also engages in candid discussions. I can say that Hino has a good corporate culture, and that it is an important base for corporate governance. What is more, in recent years the Board of Directors has engaged in ambitious corporate governance reform measures, driving further advancements in those structures.

> Invigoration of the Board of Directors: The Duty of Outside Directors

Hino Motors is a manufacturer of trucks and buses with bases around the world. However, I think that it is now in a transition period during which it will shift from being an international business company that simply sells and produces products overseas, to become a truly global company that grows as a good corporate citizen together with the various countries and regions around the world where it does business. Given the fast-changing business environment of today's world, the Company must continue to advance its corporate governance to ensure that Hino Motors remains the world's go-to source of advanced logistics and cutting-edge transport technologies. To that end, we must ensure that the Board of Directors is further invigorated, so that it is not just "talking shop" and merely "rubber stamping" decisions that have already been made, but rather is a body that can candidly discuss what is truly important for Hino Motors, in terms of how the company should aim to be, the strategic planning that is required for development in that direction, and the necessary implementation structures. I have worked ambitiously together with my fellow outside director, Mr. Toshitaka Hagiwara, to invigorate the board in this way. I believe that progress is being made in the development of management and operational structures, including the establishment of the Corporate Governance Committee, which participates in discussions on mid- to long-term strategy starting with the formulation stage.

Looking ahead, under the lucid leadership of President Shimo, I will continue to make every effort as an outside director to ensure that Hino Motors can make an even bigger contribution to the global society, growing to become the world's top manufacturer of trucks and buses and the leader in advanced solutions for the flow of goods and people.

Compliance and Risk Management

Basic Stance

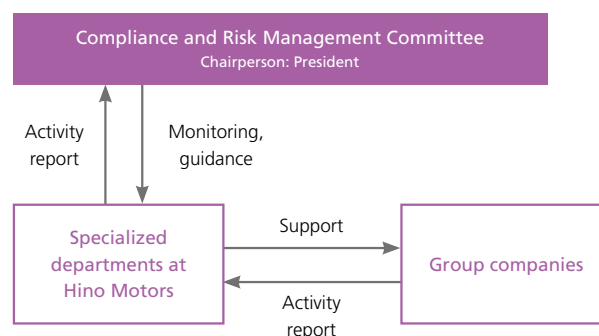
Hino Motors recognizes that earning the trust and cooperation of stakeholders is essential for promoting its CSR activities. Based on this perspective, the Company pursues stringent compliance as a priority management issue, and it is committed to the observance of laws and regulations along with ethical and appropriate business conduct that meets social expectations.

In addition, founded on the basic policy for risk management that seeks to avoid or reduce risks and minimize damage and losses as a result of risks, the Company identifies major risks in corporate management and takes the necessary steps to counter them.

Based on this stance and policy, Hino Motors strictly complies with laws and regulations, thoroughly maintains and improves its ethical character, and strives to be a company that continues to be trusted by customers and society.

Compliance and Risk Management Promotion System

The Compliance and Risk Management Committee is comprised of directors and headed by the president. The committee provides guidance and monitors activities related to corporate ethics, compliance and risk management, as well as other activities such as supporting compliance and risk management in Group companies.



Educating Employees in the Complexities of Compliance

To foster awareness of compliance in each and every employee, Hino Motors has introduced compliance training into the employee education curriculum.

There are several training tools available for carrying out thorough in-house education. They include the CSR Charter, which is the CSR commitment to all stakeholders, the Hino Code of Conduct, which clarifies the evaluation criteria for actions that should be taken by all employees, and the Compliance Guidebook, which imagines a variety of situations that could arise in everyday work and explains specific coping methods. These training tools are distributed by pamphlet and other means to all employees and can be viewed anytime via the company intranet.

The Company will continue endeavors to further enhance training content to nurture human resources possessing a high awareness of compliance.


[Click here for the CSR Charter.](#)

[Click here for the Hino Code of Conduct.](#)

Preventing and Swiftly Resolving Compliance Issues Using an Internal Reporting System

Hino Motors utilizes an internal reporting system to provide consultation on employee compliance and swiftly resolve issues from an objective viewpoint. With the cooperation of an external legal firm, this system has established the HINO Compliance Consultation Service. It endeavors to maintain a system that facilitates consultation through efforts such as providing advice whenever needed on problems that are difficult to discuss in the workplace.

In fiscal 2017, there were 75 reports and consultations received that included inquiries from Group companies. Each of them was treated appropriately by taking immediate measures or other action. Hino Motors aims to prevent and swiftly resolve compliance issues by properly implement this system on an ongoing basis.

● Flow of Consultations/Reports in the Internal Reporting System



Identifying and Managing Major Risks

Hino Motors regularly identifies major risks, based on changes in laws, regulations and the business environment. Identified risks are managed by the Compliance and Risk Management Committee (drawing up preventive measures for said risks and measures to reduce impact or prevent recurrence when risks occur).

Refer to the following for cases of major risk management.

◆ Disaster Preparedness

With regard to making an immediate response to a large-scale disaster, Hino Motors has established systems that place top priority on human life.

In particular, having learned from its experiences during the Great East Japan Earthquake in 2011, Hino Motors is working to further enhance its own disaster response capabilities, aiming to anticipate disaster scenarios that may impact the Group and implement more practical activities.

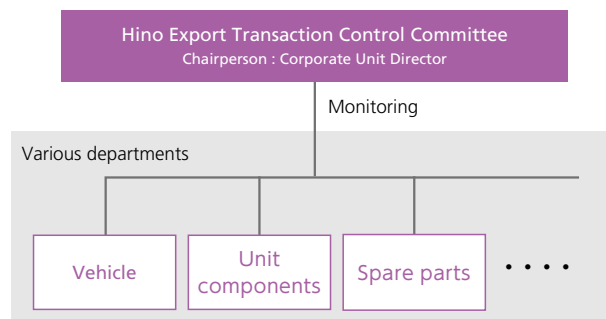


Practicing fire drills

◆ Managing Export Transactions

Hino Motors fulfills its duties related to maintaining international peace and security, practicing comprehensive management of export transactions to prevent the risk of exported vehicles, units and other products being diverted to weapon use.

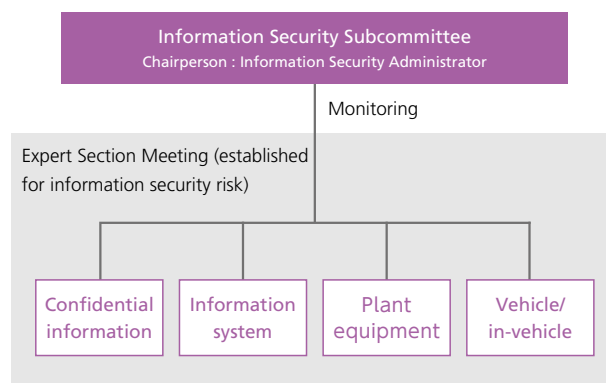
Confirmation of strict legal compliance is conducted in every department, and management conditions are monitored by the Hino Export Transaction Control Committee to ensure company-wide implementation of export transactions that comply with various laws and regulations.



◆ Information Security Management

Hino Motors understands the social responsibility of protecting customers' personal information and employees' assets from threats such as cyber-attacks, and is working to strengthen information security initiatives.

In September 2017, a Basic Stance Toward Information Security was established that summarizes the approach to information security, and at each section meeting risk management is carried out that adheres to that policy. Furthermore, the risk management state in each section meeting is monitored by the Information Security Subcommittee to manage thoroughly information security risks throughout the company.



[Click here for the Basic Stance Toward Information Security.](#)

Future Initiatives

Hino Motors must be a company that maintains the trust of our customers and society, in order to contribute to them through its business in the future.

The Company continually strives to develop the awareness of each member of Team Hino of compliance risk management to strictly comply with laws and regulations, and thoroughly maintain and improves its ethical character.

ESG data and others

ESG data

Hino Motors makes and carries the following list of Environment, Social, and Governance performance, in order for the boost communications with stakeholders.

Environment

Classification	Article		Bound* ¹	Unit	Fiscal 2016	Fiscal 2017
Global Warming	CO ₂ Emissions		Global	Thousand tons of CO ₂	376.4	391.1
			Non-Consolidated	Thousand tons of CO ₂	203.7	210.3
			Japan Group	Thousand tons of CO ₂	103.2	112.0
			International	Thousand tons of CO ₂	69.6	68.8
	Energy Usage	Electricity	Non-Consolidated	GWh	346	348
		Fuels	Non-Consolidated	Thousand GJ	2,189	2,147
Air Quality	Air Pollutant Emissions	NOx Emissions	Non-Consolidated	t	233	213
		SOx Emissions	Non-Consolidated	t	1.0	0.7
		VOC	Non-Consolidated* ²	t	446	470
Resource	Water Usage	Total Water Usage	Japan	Thousand tons	2,996	2,879
Waste	Waste		Japan	t	47,732	58,063
	Packaging Materials		Japan	t	6,290	7,204
	Final Disposal Ratio		Japan	%	0.17	0.09

*1 Non-Consolidated : Data for Hino, Hamura, Nitta, and Koga Plants. Japan Group : 6 Affiliated Companies in Japan
International : 9 Affiliated Companies Abroad Japan : Non-consolidated and Japan Group

*2 Hino Plant and Hamura Plant

Social

Classification	Article		Bound	Unit	Fiscal 2016	Fiscal 2017
Human Resource	Number of Employees (Global) March 31, 2018		Global	Persons	31,837	32,719
	Number of Employees (Non-consolidated) March 31, 2018	Male	Non-Consolidated	Persons	11,720	11,763
		Female	Non-Consolidated	Persons	902	942
		Total	Non-Consolidated	Persons	12,622	12,705
	Employment Ratio of People with Disabilities June 1, Each Fiscal Year		Non-Consolidated	%	2.12	2.16
	Number of Re-employed Staff		Non-Consolidated	Persons	487	506
Safety	Rate of Lost-Worktime Injuries		Non-Consolidated		0.09	0.03
Work Style	Number of Employees who takes a childcare leave		Non-Consolidated	Persons	47	105
	Number of Employees who takes a shorter working hours to accommodate for childcare needs		Non-Consolidated	Persons	109	103

Governance

Classification		Unit	Fiscal 2016	Fiscal 2017
Board Director		Persons	11	10
	Outside Director	Persons	2	2
Corporate Auditor		Persons	4	4
	Outside Auditor	Persons	2	2

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GRI Content Index

HINO SUSTAINABILITY REPORT 2018 references the GRI Sustainability Reporting Standards 2016/2018. Page numbers of related information are shown below.

GRI 102: General Disclosures 2016

Indicator			Report Page
1. Organizational profile			
102-1	Name of the organization	a. Name of the organization.	2
102-2	Activities, brands, products, and services	a. A description of the organization's activities. b. Primary brands, products, and services, including an explanation of any products or services that are banned in certain markets.	4-5
102-3	Location of headquarters	a. Location of the organization's headquarters.	2
102-4	Location of operations	a. Number of countries where the organization operates, and the names of countries where it has significant operations and/or that are relevant to the topics covered in the report.	3
102-5	Ownership and legal form	a. Nature of ownership and legal form.	2
102-6	Markets served	a. Markets served, including: i. geographic locations where products and services are offered; ii. sectors served; iii. types of customers and beneficiaries.	3
102-7	Scale of the organization	a. Scale of the organization, including: i. total number of employees; ii. total number of operations; iii. net sales (for private sector organizations) or net revenues (for public sector organizations); iv. total capitalization (for private sector organizations) broken down in terms of debt and equity; v. quantity of products or services provided.	2-3
102-8	Information on employees and other workers	a. Total number of employees by employment contract (permanent and temporary), by gender. b. Total number of employees by employment contract (permanent and temporary), by region. c. Total number of employees by employment type (full-time and part-time), by gender. d. Whether a significant portion of the organization's activities are performed by workers who are not employees. If applicable, a description of the nature and scale of work performed by workers who are not employees. e. Any significant variations in the numbers reported in Disclosures 102-8-a, 102-8-b, and 102-8-c (such as seasonal variations in the tourism or agricultural industries). f. An explanation of how the data have been compiled, including any assumptions made.	83, 90
102-9	Supply chain	a. A description of the organization's supply chain, including its main elements as they relate to the organization's activities, primary brands, products, and services.	92-93
102-10	Significant changes to the organization and its supply chain	a. Significant changes to the organization's size, structure, ownership, or supply chain, including: i. Changes in the location of, or changes in, operations, including facility openings, closings, and expansions; ii. Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations); iii. Changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers, including selection and termination.	No changes
102-11	Precautionary Principle or approach	a. Whether and how the organization applies the Precautionary Principle or approach.	28-32, 103-105
102-12	External initiatives	a. A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses.	20
102-13	Membership of associations	a. A list of the main memberships of industry or other associations, and national or international advocacy organizations.	-



Indicator			Report Page
2. Strategy			
102-14	Statement from senior decision-maker	a. A statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy for addressing sustainability.	6-9
102-15	Key impacts, risks, and opportunities	a. A description of key impacts, risks, and opportunities.	6-9, 104
3. Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior	a. A description of the organization's values, principles, standards, and norms of behavior.	10-11
102-17	Mechanisms for advice and concerns about ethics	a. A description of internal and external mechanisms for: i. seeking advice about ethical and lawful behavior, and organizational integrity; ii. reporting concerns about unethical or unlawful behavior, and organizational integrity.	103-104
4. Governance			
102-18	Governance structure	a. Governance structure of the organization, including committees of the highest governance body. b. Committees responsible for decision-making on economic, environmental, and social topics.	19, 29, 98-100
102-19	Delegating authority	a. Process for delegating authority for economic, environmental, and social topics from the highest governance body to senior executives and other employees.	19, 29
102-20	Executive-level responsibility for economic, environmental, and social topics	a. Whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental, and social topics. b. Whether post holders report directly to the highest governance body.	19, 29, 103-104
102-21	Consulting stakeholders on economic, environmental, and social topics	a. Processes for consultation between stakeholders and the highest governance body on economic, environmental, and social topics. b. If consultation is delegated, describe to whom it is delegated and how the resulting feedback is provided to the highest governance body.	19
102-22	Composition of the highest governance body and its committees	a. Composition of the highest governance body and its committees by: i. executive or non-executive; ii. independence; iii. tenure on the governance body; iv. number of each individual's other significant positions and commitments, and the nature of the commitments; v. gender; vi. membership of under-represented social groups; vii. competencies relating to economic, environmental, and social topics; viii. stakeholder representation.	98-99
102-23	Chair of the highest governance body	a. Whether the chair of the highest governance body is also an executive officer in the organization. b. If the chair is also an executive officer, describe his or her function within the organization's management and the reasons for this arrangement.	98-99
102-24	Nominating and selecting the highest governance body	a. Nomination and selection processes for the highest governance body and its committees. b. Criteria used for nominating and selecting highest governance body members, including whether and how: i. stakeholders (including shareholders) are involved; ii. diversity is considered; iii. independence is considered; iv. expertise and experience relating to economic, environmental, and social topics are considered.	98-100
102-25	Conflicts of interest	a. Processes for the highest governance body to ensure conflicts of interest are avoided and managed. b. Whether conflicts of interest are disclosed to stakeholders, including, as a minimum: i. Cross-board membership; ii. Cross-shareholding with suppliers and other stakeholders; iii. Existence of controlling shareholder; iv. Related party disclosures.	Annual Securities Report (from April 1, 2017 to March 31, 2018) (Status of Executives, Status of Corporate Governance)
102-26	Role of highest governance body in setting purpose, values, and strategy	a. Highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental, and social topics.	98-102



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Indicator			Report Page
102-27	Collective knowledge of highest governance body	a. Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental, and social topics.	98
102-28	Evaluating the highest governance body's performance	a. Processes for evaluating the highest governance body's performance with respect to governance of economic, environmental, and social topics. b. Whether such evaluation is independent or not, and its frequency. c. Whether such evaluation is a self-assessment. d. Actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental, and social topics, including, as a minimum, changes in membership and organizational practice.	98
102-29	Identifying and managing economic, environmental, and social impacts	a. Highest governance body's role in identifying and managing economic, environmental, and social topics and their impacts, risks, and opportunities – including its role in the implementation of due diligence processes. b. Whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental, and social topics and their impacts, risks, and opportunities.	103-104
102-30	Effectiveness of risk management processes	a. Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental, and social topics.	103-104
102-31	Review of economic, environmental, and social topics	a. Frequency of the highest governance body's review of economic, environmental, and social topics and their impacts, risks, and opportunities.	104
102-32	Highest governance body's role in sustainability reporting	a. The highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material topics are covered.	18-19
102-33	Communicating critical concerns	a. Process for communicating critical concerns to the highest governance body.	98, 103-104
102-34	Nature and total number of critical concerns	a. Total number and nature of critical concerns that were communicated to the highest governance body. b. Mechanism(s) used to address and resolve critical concerns.	104
102-35	Remuneration policies	a. Remuneration policies for the highest governance body and senior executives for the following types of remuneration: i. Fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses, and deferred or vested shares; ii. Sign-on bonuses or recruitment incentive payments; iii. Termination payments; iv. Clawbacks; v. Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees. b. How performance criteria in the remuneration policies relate to the highest governance body's and senior executives' objectives for economic, environmental, and social topics.	-
102-36	Process for determining remuneration	a. Process for determining remuneration. b. Whether remuneration consultants are involved in determining remuneration and whether they are independent of management. c. Any other relationships that the remuneration consultants have with the organization.	-
102-37	Stakeholders' involvement in remuneration	a. How stakeholders' views are sought and taken into account regarding remuneration. b. If applicable, the results of votes on remuneration policies and proposals.	-
102-38	Annual total compensation ratio	a. Ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	-
102-39	Percentage increase in annual total compensation ratio	a. Ratio of the percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	-
5. Stakeholder engagement			
102-40	List of stakeholder groups	a. A list of stakeholder groups engaged by the organization.	19
102-41	Collective bargaining agreements	a. Percentage of total employees covered by collective bargaining agreements.	85
102-42	Identifying and selecting stakeholders	a. The basis for identifying and selecting stakeholders with whom to engage.	19



Indicator			Report Page
102-43	Approach to stakeholder engagement	a. The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	85
102-44	Key topics and concerns raised	a. Key topics and concerns that have been raised through stakeholder engagement, including: i. how the organization has responded to those key topics and concerns, including through its reporting; ii. the stakeholder groups that raised each of the key topics and concerns.	19
6. Reporting practice			
102-45	Entities included in the consolidated financial statements	a. A list of all entities included in the organization's consolidated financial statements or equivalent documents. b. Whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	2,3, Annual Securities Report (from April 1, 2017 to March 31, 2018) (Content of Business, Status of Affiliates)
102-46	Defining report content and topic Boundaries	a. An explanation of the process for defining the report content and the topic Boundaries. b. An explanation of how the organization has implemented the Reporting Principles for defining report content.	18
102-47	List of material topics	a. A list of the material topics identified in the process for defining report content.	18, 36
102-48	Restatements of information	a. The effect of any restatements of information given in previous reports, and the reasons for such restatements.	-
102-49	Changes in reporting	a. Significant changes from previous reporting periods in the list of material topics and topic Boundaries.	No changes
102-50	Reporting period	a. Reporting period for the information provided.	122
102-51	Date of most recent report	a. If applicable, the date of the most recent previous report.	122
102-52	Reporting cycle	a. Reporting cycle.	122
102-53	Contact point for questions regarding the report	a. The contact point for questions regarding the report or its contents.	122
102-54	Claims of reporting in accordance with the GRI Standards	a. The claim made by the organization, if it has prepared a report in accordance with the GRI Standards, either: i. 'This report has been prepared in accordance with the GRI Standards: Core option'; ii. 'This report has been prepared in accordance with the GRI Standards: Comprehensive option'.	122, this table
102-55	GRI content index	a. The GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the report. b. For each disclosure, the content index shall include: i. the number of the disclosure (for disclosures covered by the GRI Standards); ii. the page number(s) or URL(s) where the information can be found, either within the report or in other published materials; iii. if applicable, and where permitted, the reason(s) for omission when a required disclosure cannot be made.	This table
102-56	External assurance	a. A description of the organization's policy and current practice with regard to seeking external assurance for the report. b. If the report has been externally assured: i. A reference to the external assurance report, statements, or opinions. If not included in the assurance report accompanying the sustainability report, a description of what has and what has not been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process; ii. The relationship between the organization and the assurance provider; iii. Whether and how the highest governance body or senior executives are involved in seeking external assurance for the organization's sustainability report.	-



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GRI 103: Management Approach 2016

Indicator			Report Page
GRI- 103: Management Approach			
103-1	Explanation of the material topic and its Boundary	a. An explanation of why the topic is material. b. The Boundary for the material topic, which includes a description of: i. where the impacts occur; ii. the organization's involvement with the impacts. For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships. c. Any specific limitation regarding the topic Boundary.	18-20, 36-37
103-2	The management approach and its components	a. An explanation of how the organization manages the topic. b. A statement of the purpose of the management approach. c. A description of the following, if the management approach includes that component: i. Policies ii. Commitments iii. Goals and targets iv. Responsibilities v. Resources vi. Grievance mechanisms vii. Specific actions, such as processes, projects, programs and initiatives	18-20, 36-41
103-3	Evaluation of the management approach	a. An explanation of how the organization evaluates the management approach, including: i. the mechanisms for evaluating the effectiveness of the management approach; ii. the results of the evaluation of the management approach; iii. any related adjustments to the management approach.	18-20, 36-41

GRI 200: Economic topics

Indicator			Report Page
GRI- 201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	a. Direct economic value generated and distributed (EVG&D) on an accruals basis, including the basic components for the organization's global operations as listed below. If data are presented on a cash basis, report the justification for this decision in addition to reporting the following basic components: i. Direct economic value generated: revenues; ii. Economic value distributed: operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments; iii. Economic value retained: 'direct economic value generated' less 'economic value distributed'. b. Where significant, report EVG&D separately at country, regional, or market levels, and the criteria used for defining significance.	2-3, 64
201-2	Financial implications and other risks and opportunities due to climate change	a. Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure, including: i. a description of the risk or opportunity and its classification as either physical, regulatory, or other; ii. a description of the impact associated with the risk or opportunity; iii. the financial implications of the risk or opportunity before action is taken; iv. the methods used to manage the risk or opportunity; v. the costs of actions taken to manage the risk or opportunity.	31, 33



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Indicator			Report Page
201-3	Defined benefit plan obligations and other retirement plans	<p>a. If the plan's liabilities are met by the organization's general resources, the estimated value of those liabilities.</p> <p>b. If a separate fund exists to pay the plan's pension liabilities:</p> <p>i. the extent to which the scheme's liabilities are estimated to be covered by the assets that have been set aside to meet them;</p> <p>ii. the basis on which that estimate has been arrived at;</p> <p>iii. when that estimate was made.</p> <p>c. If a fund set up to pay the plan's pension liabilities is not fully covered, explain the strategy, if any, adopted by the employer to work towards full coverage, and the timescale, if any, by which the employer hopes to achieve full coverage.</p> <p>d. Percentage of salary contributed by employee or employer.</p> <p>e. Level of participation in retirement plans, such as participation in mandatory or voluntary schemes, regional, or country-based schemes, or those with financial impact.</p>	Annual Securities Report (from April 1, 2017 to March 31, 2018) (Consolidated Financial Statements)
201-4	Financial assistance received from government	<p>a. Total monetary value of financial assistance received by the organization from any government during the reporting period, including:</p> <p>i. tax relief and tax credits;</p> <p>ii. subsidies;</p> <p>iii. investment grants, research and development grants, and other relevant types of grant;</p> <p>iv. awards;</p> <p>v. royalty holidays;</p> <p>vi. financial assistance from Export Credit Agencies (ECAs);</p> <p>vii. financial incentives;</p> <p>viii. other financial benefits received or receivable from any government for any operation.</p> <p>b. The information in 201-4-a by country.</p> <p>c. Whether, and the extent to which, any government is present in the shareholding structure.</p>	-
GRI- 202: Market Presence 2016			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	<p>a. When a significant proportion of employees are compensated based on wages subject to minimum wage rules, report the relevant ratio of the entry level wage by gender at significant locations of operation to the minimum wage.</p> <p>b. When a significant proportion of other workers (excluding employees) performing the organization's activities are compensated based on wages subject to minimum wage rules, describe the actions taken to determine whether these workers are paid above the minimum wage.</p> <p>c. Whether a local minimum wage is absent or variable at significant locations of operation, by gender. In circumstances in which different minimums can be used as a reference, report which minimum wage is being used.</p> <p>d. The definition used for 'significant locations of operation'.</p>	-
202-2	Proportion of senior management hired from the local community	<p>a. Percentage of senior management at significant locations of operation that are hired from the local community.</p> <p>b. The definition used for 'senior management'.</p> <p>c. The organization's geographical definition of 'local'.</p> <p>d. The definition used for 'significant locations of operation'.</p>	-
GRI- 203: Indirect Economic Impacts 2016			
203-1	Infrastructure investments and services supported	<p>a. Extent of development of significant infrastructure investments and services supported.</p> <p>b. Current or expected impacts on communities and local economies, including positive and negative impacts where relevant.</p> <p>c. Whether these investments and services are commercial, in-kind, or pro bono engagements.</p>	64, 94-96
203-2	Significant indirect economic impacts	<p>a. Examples of significant identified indirect economic impacts of the organization, including positive and negative impacts.</p> <p>b. Significance of the indirect economic impacts in the context of external benchmarks and stakeholder priorities, such as national and international standards, protocols, and policy agendas.</p>	12-17, 21-23, 24-26, 42-45, 66-69
GRI- 204: Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	<p>a. Percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation (such as percentage of products and services purchased locally).</p> <p>b. The organization's geographical definition of 'local'.</p> <p>c. The definition used for 'significant locations of operation'.</p>	-



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Indicator			Report Page
GRI- 205: Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	a. Total number and percentage of operations assessed for risks related to corruption. b. Significant risks related to corruption identified through the risk assessment.	-
205-2	Communication and training about anti-corruption policies and procedures	a. Total number and percentage of governance body members that the organization's anti-corruption policies and procedures have been communicated to, broken down by region. b. Total number and percentage of employees that the organization's anti-corruption policies and procedures have been communicated to, broken down by employee category and region. c. Total number and percentage of business partners that the organization's anti-corruption policies and procedures have been communicated to, broken down by type of business partner and region. Describe if the organization's anti-corruption policies and procedures have been communicated to any other persons or organizations. d. Total number and percentage of governance body members that have received training on anti-corruption, broken down by region. e. Total number and percentage of employees that have received training on anti-corruption, broken down by employee category and region.	-
205-3	Confirmed incidents of corruption and actions taken	a. Total number and nature of confirmed incidents of corruption. b. Total number of confirmed incidents in which employees were dismissed or disciplined for corruption. c. Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption. d. Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases.	-
GRI- 206: Anti-competitive Behavior 2016			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	a. Number of legal actions pending or completed during the reporting period regarding anti-competitive behavior and violations of anti-trust and monopoly legislation in which the organization has been identified as a participant. b. Main outcomes of completed legal actions, including any decisions or judgments.	No legal actions

GRI 300: Environmental topics

Indicator			Report Page
GRI- 301: Materials 2016			
301-1	Materials used by weight or volume	a. Total weight or volume of materials that are used to produce and package the organization's primary products and services during the reporting period, by: i. non-renewable materials used; ii. renewable materials used.	35, 65
301-2	Recycled input materials used	a. Percentage of recycled input materials used to manufacture the organization's primary products and services.	35
301-3	Reclaimed products and their packaging materials	a. Percentage of reclaimed products and their packaging materials for each product category. b. How the data for this disclosure have been collected.	-
GRI- 302: Energy 2016			
302-1	Energy consumption within the organization	a. Total fuel consumption within the organization from non-renewable sources, in joules or multiples, and including fuel types used. b. Total fuel consumption within the organization from renewable sources, in joules or multiples, and including fuel types used. c. In joules, watt-hours or multiples, the total: i. electricity consumption ii. heating consumption iii. cooling consumption iv. steam consumption d. In joules, watt-hours or multiples, the total: i. electricity sold ii. heating sold iii. cooling sold iv. steam sold e. Total energy consumption within the organization, in joules or multiples. f. Standards, methodologies, assumptions, and/or calculation tools used. g. Source of the conversion factors used.	35, 54-55, 106



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302-2	Energy consumption outside of the organization	a. Energy consumption outside of the organization, in joules or multiples. b. Standards, methodologies, assumptions, and/or calculation tools used. c. Source of the conversion factors used.	35
302-3	Energy intensity	a. Energy intensity ratio for the organization. b. Organization-specific metric (the denominator) chosen to calculate the ratio. c. Types of energy included in the intensity ratio; whether fuel, electricity, heating, cooling, steam, or all. d. Whether the ratio uses energy consumption within the organization, outside of it, or both.	-
302-4	Reduction of energy consumption	a. Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples. b. Types of energy included in the reductions; whether fuel, electricity, heating, cooling, steam, or all. c. Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it. d. Standards, methodologies, assumptions, and/or calculation tools used.	54-55
302-5	Reductions in energy requirements of products and services	a. Reductions in energy requirements of sold products and services achieved during the reporting period, in joules or multiples. b. Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it. c. Standards, methodologies, assumptions, and/or calculation tools used.	54
GRI- 303: Water and Effluents 2018			
303-1	Interactions with water as a shared resource	a. A description of how the organization interacts with water, including how and where water is withdrawn, consumed, and discharged, and the water-related impacts caused or contributed to, or directly linked to the organization's activities, products or services by a business relationship (e.g., impacts caused by runoff). b. A description of the approach used to identify water-related impacts, including the scope of assessments, their timeframe, and any tools or methodologies used. c. A description of how water-related impacts are addressed, including how the organization works with stakeholders to steward water as a shared resource, and how it engages with suppliers or customers with significant water-related impacts. d. An explanation of the process for setting any water-related goals and targets that are part of the organization's management approach, and how they relate to public policy and the local context of each area with water stress.	56-57
303-2	Management of water discharge-related impacts	a. A description of any minimum standards set for the quality of effluent discharge, and how these minimum standards were determined, including: i. how standards for facilities operating in locations with no local discharge requirements were determined; ii. any internally developed water quality standards or guidelines; iii. any sector-specific standards considered; iv. whether the profile of the receiving waterbody was considered.	-
303-3	Water withdrawal	a. Total water withdrawal from all areas in megaliters, and a breakdown of this total by the following sources, if applicable: i. Surface water; ii. Groundwater; iii. Seawater; iv. Produced water; v. Third-party water. b. Total water withdrawal from all areas with water stress in megaliters, and a breakdown of this total by the following sources, if applicable: i. Surface water; ii. Groundwater; iii. Seawater; iv. Produced water; v. Third-party water, and a breakdown of this total by the withdrawal sources listed in i-iv. c. A breakdown of total water withdrawal from each of the sources listed in Disclosures 303-3-a and 303-3-b in megaliters by the following categories: i. Freshwater ($\leq 1,000$ mg/L Total Dissolved Solids); ii. Other water ($> 1,000$ mg/L Total Dissolved Solids). d. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.	35,65



Indicator			Report Page
303-4	Water discharge	<p>a. Total water discharge to all areas in megaliters, and a breakdown of this total by the following types of destination, if applicable:</p> <ul style="list-style-type: none"> i. Surface water; ii. Groundwater; iii. Seawater; iv. Third-party water, and the volume of this total sent for use to other organizations, if applicable. <p>b. A breakdown of total water discharge to all areas in megaliters by the following categories:</p> <ul style="list-style-type: none"> i. Freshwater ($\leq 1,000$ mg/L Total Dissolved Solids); ii. Other water ($> 1,000$ mg/L Total Dissolved Solids). <p>c. Total water discharge to all areas with water stress in megaliters, and a breakdown of this total by the following categories:</p> <ul style="list-style-type: none"> i. Freshwater ($\leq 1,000$ mg/L Total Dissolved Solids); ii. Other water ($> 1,000$ mg/L Total Dissolved Solids). <p>d. Priority substances of concern for which discharges are treated, including:</p> <ul style="list-style-type: none"> i. how priority substances of concern were defined, and any international standard, authoritative list, or criteria used; ii. the approach for setting discharge limits for priority substances of concern; iii. number of incidents of non-compliance with discharge limits. <p>e. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.</p>	35
303-5	Water consumption	<p>a. Total water consumption from all areas in megaliters.</p> <p>b. Total water consumption from all areas with water stress in megaliters.</p> <p>c. Change in water storage in megaliters, if water storage has been identified as having a significant water-related impact.</p> <p>d. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used, including whether the information is calculated, estimated, modeled, or sourced from direct measurements, and the approach taken for this, such as the use of any sector-specific factors.</p>	65
GRI- 304: Biodiversity 2016			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	<p>a. For each operational site owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas, the following information:</p> <ul style="list-style-type: none"> i. Geographic location; ii. Subsurface and underground land that may be owned, leased, or managed by the organization; iii. Position in relation to the protected area (in the area, adjacent to, or containing portions of the protected area) or the high biodiversity value area outside protected areas; iv. Type of operation (office, manufacturing or production, or extractive); v. Size of operational site in km² (or another unit, if appropriate); vi. Biodiversity value characterized by the attribute of the protected area or area of high biodiversity value outside the protected area (terrestrial, freshwater, or maritime ecosystem); vii. Biodiversity value characterized by listing of protected status (such as IUCN Protected Area Management Categories, Ramsar Convention, national legislation). 	62
304-2	Significant impacts of activities, products, and services on biodiversity	<p>a. Nature of significant direct and indirect impacts on biodiversity with reference to one or more of the following:</p> <ul style="list-style-type: none"> i. Construction or use of manufacturing plants, mines, and transport infrastructure; ii. Pollution (introduction of substances that do not naturally occur in the habitat from point and non-point sources); iii. Introduction of invasive species, pests, and pathogens; iv. Reduction of species; v. Habitat conversion; vi. Changes in ecological processes outside the natural range of variation (such as salinity or changes in groundwater level). <p>b. Significant direct and indirect positive and negative impacts with reference to the following:</p> <ul style="list-style-type: none"> i. Species affected; ii. Extent of areas impacted; iii. Duration of impacts; iv. Reversibility or irreversibility of the impacts. 	61-62



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304-3	Habitats protected or restored	a. Size and location of all habitat areas protected or restored, and whether the success of the restoration measure was or is approved by independent external professionals. b. Whether partnerships exist with third parties to protect or restore habitat areas distinct from where the organization has overseen and implemented restoration or protection measures. c. Status of each area based on its condition at the close of the reporting period. d. Standards, methodologies, and assumptions used.	-
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	a. Total number of IUCN Red List species and national conservation list species with habitats in areas affected by the operations of the organization, by level of extinction risk: i. Critically endangered ii. Endangered iii. Vulnerable iv. Near threatened v. Least concern	-
GRI- 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	a. Gross direct (Scope 1) GHG emissions in metric tons of CO ₂ equivalent. b. Gases included in the calculation; whether CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , or all. c. Biogenic CO ₂ emissions in metric tons of CO ₂ equivalent. d. Base year for the calculation, if applicable, including: i. the rationale for choosing it; ii. emissions in the base year; iii. the context for any significant changes in emissions that triggered recalculations of base year emissions. e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source. f. Consolidation approach for emissions; whether equity share, financial control, or operational control. g. Standards, methodologies, assumptions, and/or calculation tools used.	35, 65
305-2	Energy indirect (Scope 2) GHG emissions	a. Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO ₂ equivalent. b. If applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO ₂ equivalent. c. If available, the gases included in the calculation; whether CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , or all. d. Base year for the calculation, if applicable, including: i. the rationale for choosing it; ii. emissions in the base year; iii. the context for any significant changes in emissions that triggered recalculations of base year emissions. e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source. f. Consolidation approach for emissions; whether equity share, financial control, or operational control. g. Standards, methodologies, assumptions, and/or calculation tools used.	51
305-3	Other indirect (Scope 3) GHG emissions	a. Gross other indirect (Scope 3) GHG emissions in metric tons of CO ₂ equivalent. b. If available, the gases included in the calculation; whether CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , or all. c. Biogenic CO ₂ emissions in metric tons of CO ₂ equivalent. d. Other indirect (Scope 3) GHG emissions categories and activities included in the calculation. e. Base year for the calculation, if applicable, including: i. the rationale for choosing it; ii. emissions in the base year; iii. the context for any significant changes in emissions that triggered recalculations of base year emissions. f. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source. g. Standards, methodologies, assumptions, and/or calculation tools used.	51
305-4	GHG emissions intensity	a. GHG emissions intensity ratio for the organization. b. Organization-specific metric (the denominator) chosen to calculate the ratio. c. Types of GHG emissions included in the intensity ratio; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3). d. Gases included in the calculation; whether CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , or all.	65



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305-5	Reduction of GHG emissions	a. GHG emissions reduced as a direct result of reduction initiatives, in metric tons of CO ₂ equivalent. b. Gases included in the calculation; whether CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , or all. c. Base year or baseline, including the rationale for choosing it. d. Scopes in which reductions took place; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3). e. Standards, methodologies, assumptions, and/or calculation tools used.	38, 54-55, 65
305-6	Emissions of ozone-depleting substances (ODS)	a. Production, imports, and exports of ODS in metric tons of CFC-11 (trichlorofluoromethane) equivalent. b. Substances included in the calculation. c. Source of the emission factors used. d. Standards, methodologies, assumptions, and/or calculation tools used.	-
305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	a. Significant air emissions, in kilograms or multiples, for each of the following: i. NO _x ii. SO _x iii. Persistent organic pollutants (POP) iv. Volatile organic compounds (VOC) v. Hazardous air pollutants (HAP) vi. Particulate matter (PM) vii. Other standard categories of air emissions identified in relevant regulations b. Source of the emission factors used. c. Standards, methodologies, assumptions, and/or calculation tools used.	35, 65
GRI- 306: Effluents and Waste 2016			
306-1	Water discharge by quality and destination	a. Total volume of planned and unplanned water discharges by: i. destination; ii. quality of the water, including treatment method; iii. whether the water was reused by another organization. b. Standards, methodologies, and assumptions used.	-
306-2	Waste by type and disposal method	a. Total weight of hazardous waste, with a breakdown by the following disposal methods where applicable: i. Reuse ii. Recycling iii. Composting iv. Recovery, including energy recovery v. Incineration (mass burn) vi. Deep well injection vii. Landfill viii. On-site storage ix. Other (to be specified by the organization) b. Total weight of non-hazardous waste, with a breakdown by the following disposal methods where applicable: i. Reuse ii. Recycling iii. Composting iv. Recovery, including energy recovery v. Incineration (mass burn) vi. Deep well injection vii. Landfill viii. On-site storage ix. Other (to be specified by the organization) c. How the waste disposal method has been determined: i. Disposed of directly by the organization, or otherwise directly confirmed ii. Information provided by the waste disposal contractor iii. Organizational defaults of the waste disposal contractor	35, 65
306-3	Significant spills	a. Total number and total volume of recorded significant spills. b. The following additional information for each spill that was reported in the organization's financial statements: i. Location of spill; ii. Volume of spill; iii. Material of spill, categorized by: oil spills (soil or water surfaces), fuel spills (soil or water surfaces), spills of wastes (soil or water surfaces), spills of chemicals (mostly soil or water surfaces), and other (to be specified by the organization). c. Impacts of significant spills.	No incidents of significant spills

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306-4	Transport of hazardous waste	a. Total weight for each of the following: i. Hazardous waste transported ii. Hazardous waste imported iii. Hazardous waste exported iv. Hazardous waste treated b. Percentage of hazardous waste shipped internationally. c. Standards, methodologies, and assumptions used.	-
306-5	Water bodies affected by water discharges and/or runoff	a. Water bodies and related habitats that are significantly affected by water discharges and/or runoff, including information on: i. the size of the water body and related habitat; ii. whether the water body and related habitat is designated as a nationally or internationally protected area; iii. the biodiversity value, such as total number of protected species.	-
GRI- 307: Environmental Compliance 2016			
307-1	Non-compliance with environmental laws and regulations	a. Significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations in terms of: i. total monetary value of significant fines; ii. total number of non-monetary sanctions; iii. cases brought through dispute resolution mechanisms. b. If the organization has not identified any non-compliance with environmental laws and/or regulations, a brief statement of this fact is sufficient.	No significant fines and non-monetary sanctions
GRI- 308: Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	a. Percentage of new suppliers that were screened using environmental criteria.	-
308-2	Negative environmental impacts in the supply chain and actions taken	a. Number of suppliers assessed for environmental impacts. b. Number of suppliers identified as having significant actual and potential negative environmental impacts. c. Significant actual and potential negative environmental impacts identified in the supply chain. d. Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which improvements were agreed upon as a result of assessment. e. Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which relationships were terminated as a result of assessment, and why.	-

GRI 400: Social topics

Indicator			Report Page
GRI- 401: Employment 2016			
401-1	New employee hires and employee turnover	a. Total number and rate of new employee hires during the reporting period, by age group, gender and region. b. Total number and rate of employee turnover during the reporting period, by age group, gender and region.	83
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	a. Benefits which are standard for full-time employees of the organization but are not provided to temporary or part-time employees, by significant locations of operation. These include, as a minimum: i. life insurance; ii. health care; iii. disability and invalidity coverage; iv. parental leave; v. retirement provision; vi. stock ownership; vii. others. b. The definition used for 'significant locations of operation'.	-
401-3	Parental leave	a. Total number of employees that were entitled to parental leave, by gender. b. Total number of employees that took parental leave, by gender. c. Total number of employees that returned to work in the reporting period after parental leave ended, by gender. d. Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender. e. Return to work and retention rates of employees that took parental leave, by gender.	84



Indicator			Report Page
GRI- 402: Labor/Management Relations 2016			
402-1	Minimum notice periods regarding operational changes	<p>a. Minimum number of weeks' notice typically provided to employees and their representatives prior to the implementation of significant operational changes that could substantially affect them.</p> <p>b. For organizations with collective bargaining agreements, report whether the notice period and provisions for consultation and negotiation are specified in collective agreements.</p>	-
GRI- 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	<p>a. A statement of whether an occupational health and safety management system has been implemented, including whether:</p> <ul style="list-style-type: none"> i. the system has been implemented because of legal requirements and, if so, a list of the requirements; ii. the system has been implemented based on recognized risk management and/or management system standards/guidelines and, if so, a list of the standards/guidelines. <p>b. A description of the scope of workers, activities, and workplaces covered by the occupational health and safety management system, and an explanation of whether and, if so, why any workers, activities, or workplaces are not covered.</p>	70
403-2	Hazard identification, risk assessment, and incident investigation	<p>a. A description of the processes used to identify work-related hazards and assess risks on a routine and non-routine basis, and to apply the hierarchy of controls in order to eliminate hazards and minimize risks, including:</p> <ul style="list-style-type: none"> i. how the organization ensures the quality of these processes, including the competency of persons who carry them out; ii. how the results of these processes are used to evaluate and continually improve the occupational health and safety management system. <p>b. A description of the processes for workers to report work-related hazards and hazardous situations, and an explanation of how workers are protected against reprisals.</p> <p>c. A description of the policies and processes for workers to remove themselves from work situations that they believe could cause injury or ill health, and an explanation of how workers are protected against reprisals.</p> <p>d. A description of the processes used to investigate work-related incidents, including the processes to identify hazards and assess risks relating to the incidents, to determine corrective actions using the hierarchy of controls, and to determine improvements needed in the occupational health and safety management system.</p>	70
403-3	Occupational health services	<p>a. A description of the occupational health services' functions that contribute to the identification and elimination of hazards and minimization of risks, and an explanation of how the organization ensures the quality of these services and facilitates workers' access to them.</p>	70-71
403-4	Worker participation, consultation, and communication on occupational health and safety	<p>a. A description of the processes for worker participation and consultation in the development, implementation, and evaluation of the occupational health and safety management system, and for providing access to and communicating relevant information on occupational health and safety to workers.</p> <p>b. Where formal joint management-worker health and safety committees exist, a description of their responsibilities, meeting frequency, decision-making authority, and whether and, if so, why any workers are not represented by these committees.</p>	71
403-5	Worker training on occupational health and safety	<p>a. A description of any occupational health and safety training provided to workers, including generic training as well as training on specific work-related hazards, hazardous activities, or hazardous situations.</p>	71
403-6	Promotion of worker health	<p>a. An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided.</p> <p>b. A description of any voluntary health promotion services and programs offered to workers to address major non-work-related health risks, including the specific health risks addressed, and how the organization facilitates workers' access to these services and programs.</p>	72
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<p>a. A description of the organization's approach to preventing or mitigating significant negative occupational health and safety impacts that are directly linked to its operations, products or services by its business relationships, and the related hazards and risks.</p>	70-71



Indicator			Report Page
403-8	Workers covered by an occupational health and safety management system	<p>a. If the organization has implemented an occupational health and safety management system based on legal requirements and/or recognized standards/ guidelines:</p> <ul style="list-style-type: none"> i. the number and percentage of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization, who are covered by such a system; ii. the number and percentage of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization, who are covered by such a system that has been internally audited; iii. the number and percentage of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization, who are covered by such a system that has been audited or certified by an external party. <p>b. Whether and, if so, why any workers have been excluded from this disclosure, including the types of worker excluded.</p> <p>c. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.</p>	70
403-9	Work-related injuries	<p>a. For all employees:</p> <ul style="list-style-type: none"> i. The number and rate of fatalities as a result of work-related injury; ii. The number and rate of high-consequence work-related injuries (excluding fatalities); iii. The number and rate of recordable work-related injuries; iv. The main types of work-related injury; v. The number of hours worked. <p>b. For all workers who are not employees but whose work and/or workplace is controlled by the organization:</p> <ul style="list-style-type: none"> i. The number and rate of fatalities as a result of work-related injury; ii. The number and rate of high-consequence work-related injuries (excluding fatalities); iii. The number and rate of recordable work-related injuries; iv. The main types of work-related injury; v. The number of hours worked. <p>c. The work-related hazards that pose a risk of high-consequence injury, including:</p> <ul style="list-style-type: none"> i. how these hazards have been determined; ii. which of these hazards have caused or contributed to high-consequence injuries during the reporting period; iii. actions taken or underway to eliminate these hazards and minimize risks using the hierarchy of controls. <p>d. Any actions taken or underway to eliminate other work-related hazards and minimize risks using the hierarchy of controls.</p> <p>e. Whether the rates have been calculated based on 200,000 or 1,000,000 hours worked.</p> <p>f. Whether and, if so, why any workers have been excluded from this disclosure, including the types of worker excluded.</p> <p>g. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.</p>	71
403-10	Work-related ill health	<p>a. For all employees:</p> <ul style="list-style-type: none"> i. The number of fatalities as a result of work-related ill health; ii. The number of cases of recordable work-related ill health; iii. The main types of work-related ill health. <p>b. For all workers who are not employees but whose work and/or workplace is controlled by the organization:</p> <ul style="list-style-type: none"> i. The number of fatalities as a result of work-related ill health; ii. The number of cases of recordable work-related ill health; iii. The main types of work-related ill health. <p>c. The work-related hazards that pose a risk of ill health, including:</p> <ul style="list-style-type: none"> i. how these hazards have been determined; ii. which of these hazards have caused or contributed to cases of ill health during the reporting period; iii. actions taken or underway to eliminate these hazards and minimize risks using the hierarchy of controls. <p>d. Whether and, if so, why any workers have been excluded from this disclosure, including the types of worker excluded.</p> <p>e. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.</p>	72-73



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GRI- 404: Training and Education 2016			
404-1	Average hours of training per year per employee	a. Average hours of training that the organization's employees have undertaken during the reporting period, by: i. gender; ii. employee category.	-
404-2	Programs for upgrading employee skills and transition assistance programs	a. Type and scope of programs implemented and assistance provided to upgrade employee skills. b. Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment.	77, 80-81
404-3	Percentage of employees receiving regular performance and career development reviews	a. Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period.	-
GRI- 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	a. Percentage of individuals within the organization's governance bodies in each of the following diversity categories: i. Gender; ii. Age group: under 30 years old, 30-50 years old, over 50 years old; iii. Other indicators of diversity where relevant (such as minority or vulnerable groups). b. Percentage of employees per employee category in each of the following diversity categories: i. Gender; ii. Age group: under 30 years old, 30-50 years old, over 50 years old; iii. Other indicators of diversity where relevant (such as minority or vulnerable groups).	90
405-2	Ratio of basic salary and remuneration of women to men	a. Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation. b. The definition used for 'significant locations of operation'.	-
GRI- 406: Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	a. Total number of incidents of discrimination during the reporting period. b. Status of the incidents and actions taken with reference to the following: i. Incident reviewed by the organization; ii. Remediation plans being implemented; iii. Remediation plans that have been implemented, with results reviewed through routine internal management review processes; iv. Incident no longer subject to action.	-
GRI- 407: Freedom of Association and Collective Bargaining 2016			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	a. Operations and suppliers in which workers' rights to exercise freedom of association or collective bargaining may be violated or at significant risk either in terms of: i. type of operation (such as manufacturing plant) and supplier; ii. countries or geographic areas with operations and suppliers considered at risk. b. Measures taken by the organization in the reporting period intended to support rights to exercise freedom of association and collective bargaining.	-
GRI- 408: Child Labor 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor	a. Operations and suppliers considered to have significant risk for incidents of: i. child labor; ii. young workers exposed to hazardous work. b. Operations and suppliers considered to have significant risk for incidents of child labor either in terms of: i. type of operation (such as manufacturing plant) and supplier; ii. countries or geographic areas with operations and suppliers considered at risk. c. Measures taken by the organization in the reporting period intended to contribute to the effective abolition of child labor.	-
GRI- 409: Forced or Compulsory Labor 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	a. Operations and suppliers considered to have significant risk for incidents of forced or compulsory labor either in terms of: i. type of operation (such as manufacturing plant) and supplier; ii. countries or geographic areas with operations and suppliers considered at risk. b. Measures taken by the organization in the reporting period intended to contribute to the elimination of all forms of forced or compulsory labor.	-



Indicator			Report Page
GRI- 410: Security Practices 2016			
410-1	Security personnel trained in human rights policies or procedures	a. Percentage of security personnel who have received formal training in the organization's human rights policies or specific procedures and their application to security. b. Whether training requirements also apply to third-party organizations providing security personnel.	-
GRI- 411: Rights of Indigenous Peoples 2016			
411-1	Incidents of violations involving rights of indigenous peoples	a. Total number of identified incidents of violations involving the rights of indigenous peoples during the reporting period. b. Status of the incidents and actions taken with reference to the following: i. Incident reviewed by the organization; ii. Remediation plans being implemented; iii. Remediation plans that have been implemented, with results reviewed through routine internal management review processes; iv. Incident no longer subject to action.	-
GRI- 412: Human Rights Assessment 2016			
412-1	Operations that have been subject to human rights reviews or impact assessments	a. Total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments, by country.	-
412-2	Employee training on human rights policies or procedures	a. Total number of hours in the reporting period devoted to training on human rights policies or procedures concerning aspects of human rights that are relevant to operations. b. Percentage of employees trained during the reporting period in human rights policies or procedures concerning aspects of human rights that are relevant to operations.	84-85
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	a. Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening. b. The definition used for 'significant investment agreements'.	-
GRI- 413: Local Communities 2016			
413-1	Operations with local community engagement, impact assessments, and development programs	a. Percentage of operations with implemented local community engagement, impact assessments, and/or development programs, including the use of: i. social impact assessments, including gender impact assessments, based on participatory processes; ii. environmental impact assessments and ongoing monitoring; iii. public disclosure of results of environmental and social impact assessments; iv. local community development programs based on local communities' needs; v. stakeholder engagement plans based on stakeholder mapping; vi. broad based local community consultation committees and processes that include vulnerable groups; vii. works councils, occupational health and safety committees and other worker representation bodies to deal with impacts; viii. formal local community grievance processes.	62-64, 93, 94-96
413-2	Operations with significant actual and potential negative impacts on local communities	a. Operations with significant actual and potential negative impacts on local communities, including: i. the location of the operations; ii. the significant actual and potential negative impacts of operations.	-
GRI- 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	a. Percentage of new suppliers that were screened using social criteria.	-
414-2	Negative social impacts in the supply chain and actions taken	a. Number of suppliers assessed for social impacts. b. Number of suppliers identified as having significant actual and potential negative social impacts. c. Significant actual and potential negative social impacts identified in the supply chain. d. Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment. e. Percentage of suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated as a result of assessment, and why.	-



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Indicator			Report Page
GRI- 415: Public Policy 2016			
415-1	Political contributions	a. Total monetary value of financial and in-kind political contributions made directly and indirectly by the organization by country and recipient/beneficiary. b. If applicable, how the monetary value of in-kind contributions was estimated.	-
GRI- 416: Customer Health and Safety 2016			
416-1	Assessment of the health and safety impacts of product and service categories	a. Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	70-71
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services within the reporting period, by: i. incidents of non-compliance with regulations resulting in a fine or penalty; ii. incidents of non-compliance with regulations resulting in a warning; iii. incidents of non-compliance with voluntary codes. b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.	No incidents
GRI- 417: Marketing and Labeling 2016			
417-1	Requirements for product and service information and labeling	a. Whether each of the following types of information is required by the organization's procedures for product and service information and labeling: i. The sourcing of components of the product or service; ii. Content, particularly with regard to substances that might produce an environmental or social impact; iii. Safe use of the product or service; iv. Disposal of the product and environmental or social impacts; v. Other (explain). b. Percentage of significant product or service categories covered by and assessed for compliance with such procedures.	32, 76
417-2	Incidents of non-compliance concerning product and service information and labeling	a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labeling, by: i. incidents of non-compliance with regulations resulting in a fine or penalty; ii. incidents of non-compliance with regulations resulting in a warning; iii. incidents of non-compliance with voluntary codes. b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.	No incidents
417-3	Incidents of non-compliance concerning marketing communications	a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by: i. incidents of non-compliance with regulations resulting in a fine or penalty; ii. incidents of non-compliance with regulations resulting in a warning; iii. incidents of non-compliance with voluntary codes. b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.	-
GRI- 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	a. Total number of substantiated complaints received concerning breaches of customer privacy, categorized by: i. complaints received from outside parties and substantiated by the organization; ii. complaints from regulatory bodies. b. Total number of identified leaks, thefts, or losses of customer data. c. If the organization has not identified any substantiated complaints, a brief statement of this fact is sufficient.	-
GRI- 419: Socioeconomic Compliance 2016			
419-1	Non-compliance with laws and regulations in the social and economic area	a. Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area in terms of: i. total monetary value of significant fines; ii. total number of non-monetary sanctions; iii. cases brought through dispute resolution mechanisms. b. If the organization has not identified any non-compliance with laws and/or regulations, a brief statement of this fact is sufficient. c. The context against which significant fines and non-monetary sanctions were incurred.	No significant fines and non-monetary sanctions

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ISO 26000 Reference

The content of the initiatives described in this report has been organized under each of the seven core subjects and issues of ISO 26000.

Core Subjects in ISO 26000	Issues		Page
Organizational Governance	1 Organizational Governance	The HINO Credo	10
		Hino Motors Group CSR	18-19
		Corporate Governance	98-100
		Compliance and Risk Management	103-105
Human Rights	1 Due diligence 2 Human rights risk situations 3 Avoidance of complicity 4 Resolving grievances 5 Discrimination and vulnerable groups 6 Civil and political rights 7 Economic, social and cultural rights 8 Fundamental principles and rights at work	Human Resources "Creation" and Work Styles	80-91
		Supply Chain	92-93
		Compliance	103-104
Labor Practices	1 Employment and employment relationships 2 Conditions of work and social protection 3 Social dialogue 4 Health and safety at work 5 Human development and training in the workplace	Human Resources "Creation" and Work Styles	80-91
Environment	1 Prevention of pollution 2 Sustainable resource use 3 Climate change mitigation and adaptation 4 Protection of the environment, biodiversity and restoration of natural habitats	Environmental Management	28-34
		Material Balance	35
		New Vehicle Zero CO ₂ Emissions Challenge	42-45
		Life Cycle Zero CO ₂ Emissions	46-51
		Factory with Zero CO ₂ Emissions	52-55
		Challenge of Minimizing and Optimizing Water Usage	56-57
		Challenge of Achieving Zero Waste	58-59
		Challenge of Minimizing the Impact on Biodiver	60-64
		Supply Chain	92-93
		Compliance	103-104
Fair Operating Practices	1 Anti-corruption 2 Responsible political involvement 3 Fair competition 4 Promoting social responsibility in the value chain 5 Respect for property rights		
Consumer Issues	1 Fair marketing, factual and unbiased information and fair contractual practices 2 Protecting consumers' health and safety 3 Sustainable consumption 4 Consumer service, support, and complaint and dispute resolution 5 Consumer data protection and privacy 6 Access to essential services 7 Education and awareness	Safety	66-71
		Quality	76-79
		Supply Chain	92-93
		Social Responsibility Initiatives	94-97
		New Vehicle Zero CO ₂ Emissions Challenge	42-45
		Life Cycle Zero CO ₂ Emissions	46-51
		Factory with Zero CO ₂ Emissions	52-55
		Challenge of Achieving Zero Waste	58-59
		Compliance and Risk Management	103-105
Community Involvement and Development	1 Community involvement 2 Education and culture 3 Employment creation and skills development 4 Technology development and access 5 Wealth and income creation 6 Health 7 Social investment	Safety	66-71
		Social Responsibility Initiatives	94-97



Sustainability Reporting Policy

Objective

This CSR Report strives to disclose in good faith the policies, initiatives, and activities of Hino Motors, with the overall aim of realizing the Hino Credo. In this manner, we are endeavoring to further enhance communication with all stakeholders.

Report content

This Sustainability Report provides information on Hino Motors' internal organizations, structure and systems, human resource education and training initiatives, along with environmentally conscious measures, especially in terms of how these factors contribute to the Company's initiatives in carrying out its 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."

Publication format

Since 2009, this report has been published via a website only with the aim of timely information disclosure and to conserve the environment by saving resources and reducing CO₂ emissions. However, since 2018, the report has been published in PDF format, with the aim of organizing and accumulating information by enabling archiving of reports by fiscal year.

Issue frequency

In principle, this report is issued annually.

Major changes

- Beginning this fiscal year, coverage of sustainability activities and disclosure were further enhanced, and the title of the report was changed from the HINO CSR Report to the HINO Sustainability Report.
- The content of the report was divided into two main categories — "CSR Management" and "ESG Initiatives" — and we sought to communicate Hino Motors' CSR activities and initiatives in each field in an easy-to-understand manner.
- ESG data is compiled at the end of the report to briefly show the current status of ESG initiatives.

Scope and Other Features of the Report

● Scope

Includes reporting on domestic and overseas Group companies with a focus on Hino Motors, Ltd.

● Period

With fiscal 2017 (April 1, 2017 to March 31, 2018) serving as the basis of the report, some content outside of that fiscal year is also contained in the report. There were no major organizational changes associated with the content of this report due to mergers, business downsizing, or other factors during the reporting period.

● Website Updates

This Sustainability Report was updated in November 2018. Prior to that it was updated in November 2017, and the next update is scheduled for October 2019.

Reference Guidelines

- Sustainability Reporting Standards 2016
- Japan's Ministry of the Environment's Environmental Report Guidelines (FY2012 edition)
- ISO 26000 (CSR Guidance)

This report writers and inquiries

Through this Report and dialogue with its stakeholders, Hino Motors is aiming to help realize a sustainable society. For this purpose, we welcome your candid comments and opinions.

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Third-Party Review



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Profile

In 1976, completed master's degree at Kyushu University's Faculty of Engineering. After working at MODEC, Inc., joined NLI Research Institute, where he was primarily engaged in research on environmental management, environmental business, CSR management, integrated reporting, and climate change adaptation. Now works as a CSR/ESG consultant and serves as Vice Chairman of the Sustainable Management Forum of Japan. Books authored include *Carbon Disclosure*, *New Trends in Integrated Reporting*, *Perfect Guide to CSR Management*, and *Integrated Thinking and ESG Investment*.

1. Reporting Method

Globalization of Initiatives and Reports

I offer my opinion again this year, but this time I will cover CSR in its entirety including social reporting. First, the overall composition of the report has been arranged in the format of a sustainability report.

Notably, in the Top Interview, President Yoshio Shimo discusses the company's Corporate Mission, its slogan, and the expectations it contains, and he also clarifies the Company's direction including the business of Hino Motors as the "three goals." His last point — where he states that the question of "How can we create the future?" is more important than asking "How will the future change?" — indicates the Company's motivation for achieving a sustainable society.

Each article addresses the "three goals," and interviews with young employees have been included to allow the reader to sense the dynamism unique to Hino Motors.

Next, matters to be reported on about the environmental aspects of ESG information are fairly well established, and specific goals and their status are clearly described for each of the six challenges of the Hino Environmental Challenge 2050, established in October 2017. However, from the viewpoint of PDCA for the 2020 Environment Initiative Plan, each challenge and corrective measure needs to be described.

For the social and governance aspects as well, the concepts, activity reports, and directions of the activity for each item are described and the Company's desire to communicate details about the activities to the reader is tangible. However, in the future, to communicate the progress of activities in a manner more easy-to-understand, the activity assessment should be quantified as much as possible, and improvements to counter aging and related assessments are required. Therefore, it is vital that the Company establish KPIs and target scores and spread the awareness of CSR risk.

All in all, defining the CSR concept and system, and establishing a system of CSR management on a global scale including supply chain management, is imperative. If these tasks are done, globalization not only of the "reporting method," but also of the "content of the report," will progress, and we can expect further improvement in the overall report.

2. Content of Report

Definition of CSR and Review of System

First, as a company that hopes to expand its business globally and approach consolidated sales of ¥2 trillion, global CSR standards should be reflected in a timely manner, such as ISO26000 or GRI standards, in its CSR approach.

The definition of CSR according to ISO26000 is "Responsibility for corporate decision making and the impact of business activities on the environment and society" in order to help realize a sustainable society, and this definition was also adopted in the GRI standard. The areas in which initiatives are to be taken have been organized as seven "core themes" targeting the company's own business as well as its supply chain.

As for the relationship with the SDGs, it is first necessary to identify positive and negative impacts of the business using value chain mapping. Since this will also lead to identifying "CSR materiality" in terms of both risks and opportunities, the Company says they will address it. I sincerely hope that prompt action is taken.

Above all, a positive impact is one that leads to creating shared value (CSV) and solves social problems by means of the company's core business (the company's strength). CSV forms the core part of this report and is cited starting in the Top Interview. It can be assessed by how clearly and easily understandably it is stated.

With the megatrends of the global environment and international community, ESG investors who have a long-term perspective evaluate the impact of business activities, long-term strategies, and sustainability of business models in terms of both risks and opportunities. Therefore, a review of the definition and system of CSR is strongly recommended.

Today, in this epoch-making post-2015 era, and spurred on by the emerging "sustainability revolution" epitomized by the Paris Accord, I hope that Hino Motors' practice of CSR and CSV management leads to further value creation and prevents from being damaged.

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● We welcome your candid comments and opinions for this report.
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