

Corporate Information	Top Message	The HINO Credo & Course of Action	Realizing a Sustainable World	Environmental Management	Hino's Strategies and Initiatives and the Sustainable Development Goals (SDGs)	CSR Management	Topic	ESG Initiatives		ESG data and others
								Environment	Social	Governance

[Corporate Governance](#) Interview with Outside Director Compliance and Risk Management

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**

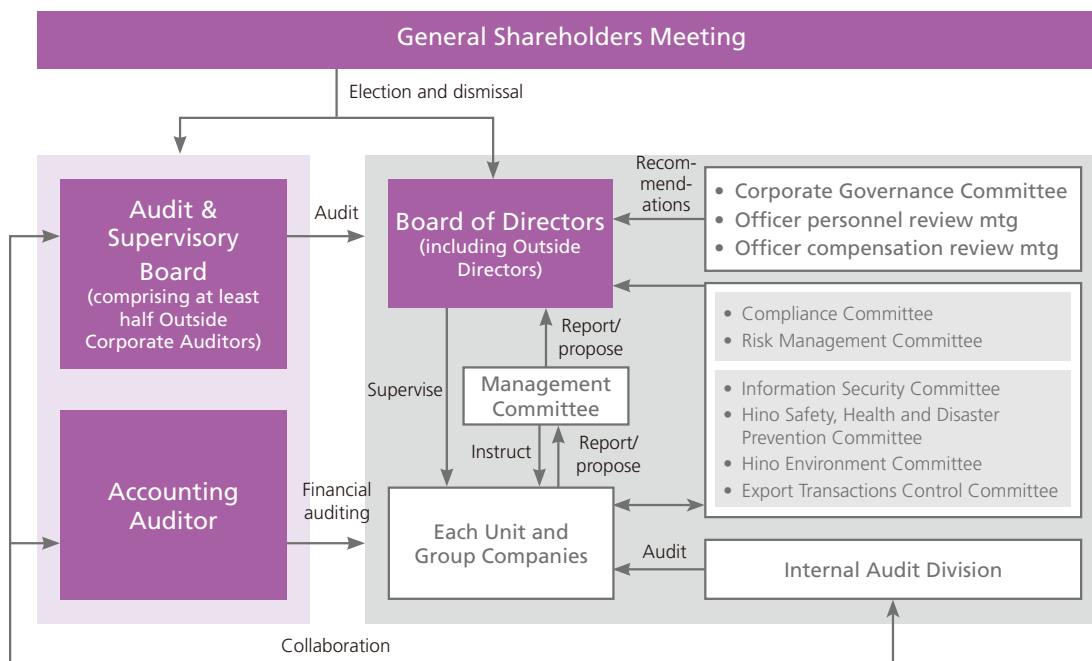
Hino Motors is a company that employs an Audit & Supervisory Board and has established a Board of Directors, established an Audit & Supervisory Board, appointed its members, and appointed an accounting auditor. The Company’s Board of Directors is composed of 9 directors (as of June 2021, the number including three 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 an organizational structure consisting of division and business domains with the aim of streamlining the Board of Directors and flexible execution of business.

The Company has also established a Management Committee made up of the Chairman, the President, the Chief officers of the business divisions, and the full-time 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 2020, the Corporate Governance Committee met 1 times.

Corporate Information	Top Message	The HINO Credo & Course of Action	Realizing a Sustainable World	Environmental Management	Hino's Strategies and Initiatives and the Sustainable Development Goals (SDGs)	CSR Management	Topic	ESG Initiatives			
								Environment	Social	Governance	ESG data and others

Corporate Governance Interview with Outside Director Compliance and Risk Management

● Corporate Governance System



◆ Auditing System

Hino Motors' Audit & Supervisory Board comprises four members (as of June 2021, 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, investigating the status of business and assets of headquarters, plants and major business sites, communicating and exchanging information with directors and audit & supervisory board members of subsidiaries, listening to business reports from subsidiaries, 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 continually conducting audits of the legality, appropriateness, and efficiency of business, while urging each department and subsidiary to make the necessary improvements. The Audit Division reports on the internal audit plans, and the status and findings of the audits to the Audit & Supervisory Board members, as well as exchanges information with the members and accounting auditors on member audits and accounting audits. Mutual cooperation ensures that effective audits are carried out.

Corporate Information	Top Message	The HINO Credo & Course of Action	Realizing a Sustainable World	Environmental Management	Hino's Strategies and Initiatives and the Sustainable Development Goals (SDGs)	CSR Management	Topic	ESG Initiatives			
								Environment	Social	Governance	ESG data and others

[Corporate Governance](#) Interview with Outside Director Compliance and Risk Management

◆ Outside Directors and Outside Audit & Supervisory Board Members

To oversee the execution of duties by the directors, Hino Motors has appointed three outside directors, (as of June 2021, 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 2021, 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. To realize the corporate mission set out in the HINO Credo, Hino Motors aims for sustainable growth and enhancement of corporate value with the trust of stakeholders. Moreover, recognizing that further strengthening corporate governance is important in order to increase corporate value, Hino Motors will constantly work to improve the operation of the Board of Directors. 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.](#)

Corporate Information	Top Message	The HINO Credo & Course of Action	Realizing a Sustainable World	Environmental Management	Hino's Strategies and Initiatives and the Sustainable Development Goals (SDGs)	CSR Management	Topic	ESG Initiatives			
								Environment	Social	Governance	ESG data and others

Corporate Governance [Interview with Outside Director](#) Compliance and Risk Management

Interview with Outside Director

Practicing Sustainability Management Driven by 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 corporate governance. 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. And 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. Societal demand for corporate governance is growing increasingly complex and diverse with the SDGs and ESG investment. Companies must address all stakeholders including customers, employees, shareholders, and local communities in a responsible manner, as they give the utmost consideration to the environment, safety, and human rights. To fulfill these social responsibilities, we are determined to increase our earning capacity and build a stable financial structure with sufficient stamina for sustainable growth. At Hino Motors, we will continue to implement management reforms to boost earning power and seek to practice sustainability management that takes the environment and society into account. To that end, Company management executives need to hear external voices and outside perspectives. We recognize that to be the outside directors' role and understand that corporate governance is based on that balance.

› Achieve Challenge 2025 and Becoming a Company That Customers Choose

Hino Motors' operating environment, which includes autonomous driving, electrification, the new CASE and MaaS mobility society, support for the digital transformation (DX) era, and market changes caused by the corona virus and its aftermath, is changing rapidly.

In anticipation of this new era, Hino Motors formulated the Challenge 2025 management strategy and is actively working on various reforms including organizational reforms that enable swift decision-making and action to meet workplace needs, and setting up organizations to respond to advanced technologies and digital transformation. To achieve Challenge 2025, the board of directors must engage in serious discussions and decision-making, and business execution must be on-target. Strong corporate governance is therefore essential.

Under the Corporate Governance Committee, Hino Motors corporate governance system, including medium- to long-term strategy formulation and the establishment of risk management and compliance systems, has advanced. However, to further instill corporate governance, it is necessary that each Team Hino member around the world acts consciously as someone who embodies our corporate philosophy and vision based on corporate governance.

Corporate Information	Top Message	The HINO Credo & Course of Action	Realizing a Sustainable World	Environmental Management	Hino's Strategies and Initiatives and the Sustainable Development Goals (SDGs)	CSR Management	Topic	ESG Initiatives			
								Environment	Social	Governance	ESG data and others

Corporate Governance [Interview with Outside Director](#) Compliance and Risk Management

Interview with Outside Director

Seeking to lead the world in logistics and transportation as a company practicing proactive, protective corporate governance

Koichi Muto Outside Director

Born 1953. After graduating from the School of Economics of Nagoya University in 1976, joined Mitsui O.S.K. Lines, Ltd. (MOL). Appointed Director and Managing Executive Officer of MOL in 2007, going on to serve as the company's President from 2010 and as Chairman from 2015, before becoming Senior Adviser to MOL in 2019. Independent Outside Director of Hino Motors since 2020.



➤ Commercial vehicles—an advanced sector that must be first in responding to the needs of society

I believe that commercial vehicles are at the forefront of issues and challenges in the automotive industry. Hino Motors is therefore expected to work together with partner companies to continue to solve social issues by providing both software and hardware solutions for total optimization, based on a comprehensive overview of the entire logistics and transportation system. That is why Hino Motors requires unprecedented coordination skills to carry through various projects.

I believe that Hino Motors is a dependable, stable company backed by the technological capacity it possesses as the torchbearer for the Toyota Group's commercial vehicle sector. In the future, based on the pride the company has in its important role in global transportation and logistics, it will be required to respond proactively to the growing needs of society, from the realization of carbon neutrality to improved safety.

➤ Need for more Board discussions on future course, taking a broad perspective

I recognize that the corporate governance system in place at Hino Motors more than adequately serves its purpose. Although some questions remain about the company's independence, given its status as a listed subsidiary of Toyota Motor Corporation, the introduction of three outside directors has added an element of objective external oversight, and the interests of minority shareholders are also adequately protected. I can appreciate that the company itself and minority shareholders also enjoy sufficient advantages from the company's status as a subsidiary of Toyota.

Furthermore, given that simply introducing a corporate governance system alone is insufficient, the internal directors who know the company and its workings best bear a tremendously important role to ensure that work sites remain closely linked with the Board of Directors and that this spirit of linkage permeates the entire organization.

When assessing the effectiveness of the Board of Directors from this perspective, I can say that the Board is constantly improving, including by incorporating the opinions of outside directors. In the future, it will be of even greater importance for the Board to take a broad perspective in discussing how to respond to rapidly changing social needs, such as environmental regulations designed to promote carbon neutrality, and based on these discussions, to set the future course of the company.

➤ Seeking to help enhance the practice of proactive, protective corporate governance

In general terms, outside directors are required to perform management advisory functions, such as providing advice on the direction and operation of the company, and also oversight functions, relating to the supervision and monitoring of management. While keeping a keen eye on global trends, and also listening carefully to opinions from work sites, which tend to be the most practical in terms of their responses, I will participate in discussions on the future course the company should take, help to evaluate risks, and provide active support at those times when business risks need to be taken.

In addition, through interactions and discussions with company management executives at Board of Directors meetings and in relevant committees, I would like to contribute to the enhancement of proactive, protective corporate governance by providing oversight and advice from an objective third-party perspective on whether there are any deviations from social norms, whether appropriate measures are being taken, and whether internal controls are functioning properly.

Corporate Information	Top Message	The HINO Credo & Course of Action	Realizing a Sustainable World	Environmental Management	Hino's Strategies and Initiatives and the Sustainable Development Goals (SDGs)	CSR Management	Topic	ESG Initiatives			
								Environment	Social	Governance	ESG data and others

Corporate Governance Interview with Outside Director Compliance and Risk Management

Compliance and Risk Management

Basic Stance

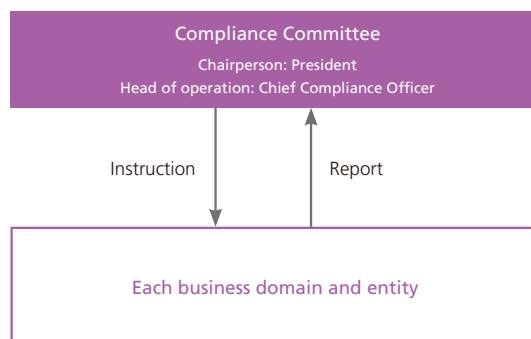
Hino Motors recognizes that earning the trust and cooperation of stakeholders is essential for promoting its CSR activities. Based on this perspective, the Company pursues stringent compliance as a priority management issue, and it is committed to the observance of all laws and regulations along with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

In addition, based on Hino Motors' basic policy for risk management which seeks to avoid or reduce risks and minimize any resulting damage or loss, the Company identifies major risks in corporate management and takes the necessary steps to address them.

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

Compliance Promotion System

The "Compliance Committee" consisting of officers and advisors(external attorneys) has been established with the President & CEO at the top to deliberate on policies and issues related to compliance, and implement compliance measures in each business domain and entity.



Educating Employees in the Complexities of Compliance

To foster awareness of compliance among each and every employee, Hino Motors has introduced compliance training into the employee education curriculum. There are several policy and guidance tools available for carrying out thorough in-house education. They include the CSR Charter, which is the Company's CSR commitment to all stakeholders, the Hino Code of Conduct, which sets out the standards expected from all employees, and the Compliance Guidebook, which illustrates a variety of challenging situations that could arise in everyday work and explains specific appropriate responses from a compliance perspective. 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 its training content to ensure its workforce has a high awareness of compliance.



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



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

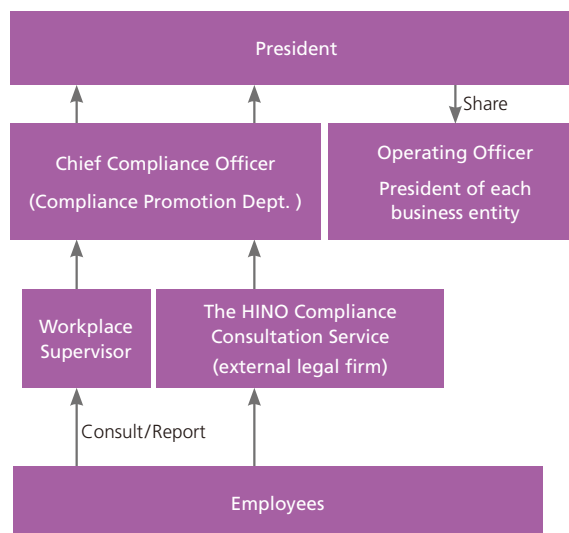
Corporate Information	Top Message	The HINO Credo & Course of Action	Realizing a Sustainable World	Environmental Management	Hino's Strategies and Initiatives and the Sustainable Development Goals (SDGs)	CSR Management	Topic	ESG Initiatives			
								Environment	Social	Governance	ESG data and others

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. Hino Motors has established the HINO Compliance Consultation Service operated by an external legal firm and a specialized company. It endeavors to maintain a system that facilitates consultation through efforts such as providing employees with access to advice on problems that are difficult to discuss in the workplace.

In fiscal year 2020, 123 reports and consultations were received from Hino Motors and its group companies. Hino Motors aims to prevent and swiftly resolve compliance issues by properly implementing this system and improving it on an ongoing basis.

● Flow of Consultations/Reports in the Internal Reporting System



Risk Management Promotion System

Hino Motors regularly identifies major risks, based on changes in laws, regulations, and the business environment. Identified risks are managed by the Risk Management Committee. In addition, the Company carries out specific activities for controlling risk and bolsters risk management through the many activities conducted by the Information Security Committee, Hino Safety, Health and Disaster Prevention Committee, Hino Environment Committee, and Export Transactions Control Committee.

Refer to the following for cases of major risk management.

◆ Responding to natural disasters and infectious diseases

Hino Motors implements drills and measures that prioritize human lives above all else should a major earthquake or other natural disaster or infectious disease such as COVID-19 occur.

The Company has particularly endeavored to increase its capability to cope with disasters through more pragmatic actions since the 2011 Great East Japan Earthquake. These include various exercises such as evacuation drills (twice yearly), fire drills, first-aid training, communications training, and emergency headquarters training.

For infectious diseases including COVID-19, we have established internal regulations, and various activities such as company-wide preventive measures and countermeasures are being implemented by the countermeasures headquarters.



Fire drills



Evacuation drills with practicing social distancing

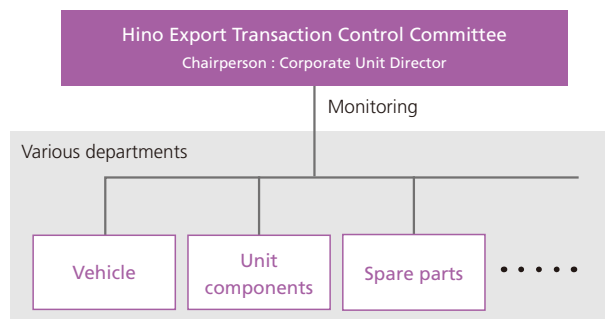
Corporate Information	Top Message	The HINO Credo & Course of Action	Realizing a Sustainable World	Environmental Management	Hino's Strategies and Initiatives and the Sustainable Development Goals (SDGs)	CSR Management	Topic	ESG Initiatives			
								Environment	Social	Governance	ESG data and others

Corporate Governance Interview with Outside Director Compliance and Risk Management

◆ 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.



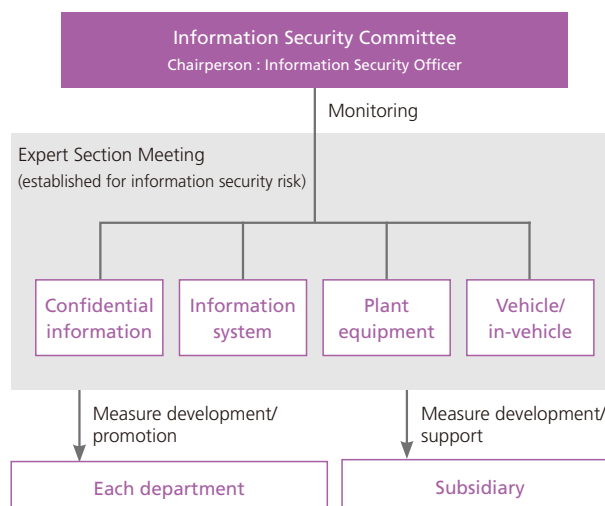
◆ Information Security Management

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.

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 Committee to manage thoroughly information security risks throughout the company.

In keeping with information security regulations, we are implementing system maintenance, risk identification and countermeasures, education for all employees including management, audits, and standardization of incident response to prevent internal information leaks and cyber attacks, which have been increasing in recent years. We are continually enhancing measures to improve workstyles and protect personal data to further decrease risk.

Hino Motors inspects the response status at each company once a year in ongoing efforts to maintain and improve information security. Hino Motors has also established an internal Group contact network for responding to incidents, putting in place systems for proactive defense and rapid emergency response.



[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 and risk management to strictly comply with laws and regulations, and thoroughly maintain and improves its ethical character.