Disclosure Based on TCFD Recommendations

The Task Force on Climate-Related Financial Disclosure (“TCFD”) was established in 2015 by the Financial Stability Board at the request of G20 to reduce the risk of financial market instability in connection with climate change. In June 2017, TCFD published certain policy recommendations to encourage the consideration of climate-related risks and opportunities in business and investment decisions, as well as to encourage climate-related financial disclosures.

Hino Motors, Ltd. (“Hino”) hereby announces that it is in agreement with TCFD’s policy recommendations and accordingly discloses the following information with respect thereto.

TCFD Recommendations require companies, etc. to disclose information on the following items: Governance, Strategy, Risk Management, and Metrics and Targets. Based on TCFD’s guidance on disclosure, Hino will conduct scenario analysis, identify climate-related risk that may affect its business activities, and disclose its efforts to address such considerations on an ongoing basis.

**Governance**

Hino prioritizes resolving environmental issues, including those relating to climate-change, as one of its most important management goals.

Accordingly, the Hino Environment Committee, an overarching company-wide organization chaired by the President, discusses and reports on medium- and long-term environmental policies and short-term action plans, and incorporates these plans into corporate management. The subject matter and outcomes of a meeting of the Hino Environment Committee are reported to the Board of Directors and the Management Committee, etc.

**<Hino’s Environmental Management System>**

**Hino Global Environment Charter** *1* (formulated April 1993, revised February 2001)

The Hino Global Environment Charter formulates a basic approach to global environmental conservation through business activities and shares this approach with related companies.

**Hino Environmental Challenge 2050** *1* (established in October 2017)

Hino has declared its commitment to minimizing the environmental impact of its products and their distribution as its long-term environmental vision.

It sets out six challenges to be enacted by the Hino Group to address a variety of global environmental issues, including global warming, water shortages, resource depletion and the destruction of nature.

**Hino Environmental Milestone 2030** *2* (established in April 2021)

In order to achieve the long-term vision of the Hino Environmental Challenge 2050, Hino has set itself mid-term milestones to 2030 as medium-term targets in addressing the six long-term priority challenges.

**2025 Environmental Initiative Plan** *3* (established in December 2021)

In order to achieve its long-term vision and mid-term milestones, Hino strives to resolve environmental issues by creating an action plan every five years and putting the plan-do-check-act method into action every year with an eye to continuous improvement.

*1* Hino Global Environment Charter and Hino Environmental Challenge 2050


Strategy

Taking into account scenarios published by the United Nations Intergovernmental Panel on Climate Change (“IPCC”) and the International Energy Agency (“IEA”), Hino examined two scenarios—the rise in the temperature is 4°C (the “4°C scenario”)¹ and “below 2°C” (the “2°C scenario”)²—and conducted impact analyses on the basis thereof.

As a result, in the 4°C scenario, Hino assumes that extreme weather events will become more common, and physical risks such as droughts and floods, that could affect Hino’s business activities will increase as well.

On the other hand, in the 2°C scenario, Hino assumes that decarbonization of society will proceed as a result of active measures led by developed countries (e.g., strengthening of regulations on fuel consumption and emissions, and regulations on electrification of vehicles, etc.) and the number of eco-friendly vehicles will increase by electrification, etc. In the 2°C scenario, Hino believes that it needs primarily to address transition risks and opportunities.

**[Worldview in 4°C scenario]**

- **Physical Risk**: Extreme weather events due to global warming become more common
- **Material and parts manufacturing**
- **Vehicle manufacturing**
- **Energy for driving**
- **Ownership of vehicles**
- **Maintenance, etc.**

**[Worldview in below 2°C scenario]**

- **Policies and regulations**
  - Introduction of carbon pricing (Carbon Tax, etc.)
  - Strengthening of regulations on motor vehicles (fuel consumption, emissions, electrification, etc.)
  - Introduction of tax incentives and grants for electric vehicles
- **Energy Source**
  - Process in the use of green energy (change in energy mix)
  - Fluctuation in energy for driving (increase/decrease of oil price)
- **Material and parts manufacturing**
- **Vehicle manufacturing**
- **Energy for driving**
- **Ownership of vehicles**
- **Maintenance, etc.**

Hino identified the risks and opportunities to business activities of Hino in the scenarios above, analyzed the impact, and considered countermeasures with respect thereto, the details of which are as follows.

¹ 4°C scenario: The rise in temperature is around 4°C compared to pre-industrial level
² 2°C scenario: The rise in global average temperature was restricted to less than 2°C at the end of the 21st century compared to pre-industrial level
### Physical Risks and Opportunities Including an Increase in Natural Disasters

<table>
<thead>
<tr>
<th>Category</th>
<th>Major Risks</th>
<th>Major Opportunities</th>
<th>Countermeasure Plan</th>
<th>Above: Impact</th>
<th>Below: Length of Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical</td>
<td>· Business continuity risk due to catastrophe and drought (damage on business offices, segmentation of supply chain)</td>
<td>—</td>
<td>· Further strengthening BCP assuming unstable weather (strengthening collaboration among business offices, considering measures based on disasters that occurred in the past, etc.)</td>
<td>Medium-scale</td>
<td>Long term</td>
</tr>
<tr>
<td></td>
<td>· Higher costs for responding to catastrophes</td>
<td>—</td>
<td>· Provision of disaster response vehicles, recovery of vehicles affected by disasters</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Transition Risks and Opportunities Associated with the Transition to a Decarbonized Society

<table>
<thead>
<tr>
<th>Category</th>
<th>Item</th>
<th>Major Risks</th>
<th>Major Opportunities</th>
<th>Countermeasure Plan</th>
<th>Above: Impact</th>
<th>Below: Length of Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transition</td>
<td>Decline of profitability per vehicle due to higher costs for development in compliance with regulations on fuel consumption, emission, and electrification of vehicles</td>
<td>· Acquisition of sales opportunities as a result of improvement in fuel efficiency and introduction of products in compliance with regulations into market</td>
<td>· Strategy for electrification of vehicles in compliance with regulations and trends in infrastructure in each country</td>
<td>D) Establishment of carbon emissions reduction target</td>
<td>Large-scale</td>
<td>Short-medium term</td>
</tr>
<tr>
<td></td>
<td>· Decline in revenue due to introduction of carbon pricing (increase in tax amount)</td>
<td>· Development of optimal products based on energy cost and policies in each country (adjusting various power train) e.g. electrified vehicles, carbon-neutral fuel vehicles, hydrogen vehicles, etc.</td>
<td>· Visualization of CO2 reduction effects</td>
<td>L) Increased carbon emissions reduction target</td>
<td>Large-scale</td>
<td>Medium term</td>
</tr>
<tr>
<td></td>
<td>· Increase in cost of parts (pass through of carbon tax to purchase costs)</td>
<td>· Decrease in tax amount due to development of CO2 reduction, and reduction of energy cost by promoting energy saving (promoting Hino Environmental Milestones 2030)</td>
<td>· Consideration of [offsetting] transactions for reduction shortfall</td>
<td>L) Increased carbon emissions reduction target</td>
<td>Large-scale</td>
<td>Short-medium term</td>
</tr>
<tr>
<td></td>
<td>· Increase in cost of using green energy</td>
<td>· Improvement of energy efficiency and introduction of renewable energy in order to realize carbon-neutral</td>
<td>· Establishment of carbon emissions reduction target</td>
<td>L) Increased carbon emissions reduction target</td>
<td>Medium-scale</td>
<td>Short-medium term</td>
</tr>
<tr>
<td></td>
<td>· Risk that Hino would not be chosen by stakeholders due to the lack of information disclosure regarding measures to address climate change</td>
<td>· Reduction of energy cost by promoting energy saving activities</td>
<td>· Proper disclosure on measures to address climate change issues</td>
<td>L) Increased carbon emissions reduction target</td>
<td>Medium-scale</td>
<td>Short term</td>
</tr>
<tr>
<td></td>
<td></td>
<td>· Introduction and expansion of renewable energy</td>
<td>· Participating in various international environmental initiatives</td>
<td>L) Increased carbon emissions reduction target</td>
<td>Medium-scale</td>
<td>Short term</td>
</tr>
</tbody>
</table>
The results of scenario analysis and the identification of risks and opportunities will be reflected in Hino’s management strategy. Risks and opportunities related to the climate dramatically change from day to day. Hino will continue to flexibly adjust its response to changing risks and opportunities, while working to further enhance the content of information disclosure.

**Risk Management**

In addition, Hino has established the Risk Management Committee as a companywide risk management system. The Risk Management Committee meets twice per year to identify, evaluate, select and manage risks, including those connected with environmental change, and reports the results of its meeting to the Board of Directors, Management Committee, etc. The Committee also regularly conducts risk assessments using a standardized guideline.

With respect to climate change-related risks specifically, each working group within the Hino Environment Committee will analyze, evaluate, and prioritize these risks on the basis of the foregoing scenario analysis to determine long-term and short-term measures to be taken and manage progress thereof. Material risks are regularly reported to the Hino Environment Committee.

**Metrics and Targets**

The Hino Environmental Challenge 2050 provides metrics and targets on the basis of its six priority challenges (as set forth above). Each such challenge item aims to minimize environmental impact as much as possible.

The medium-term targets set forth in the Hino Environmental Milestone 2030 constitute intermediate goals towards the effectuation of Hino’s six long-term targets. In addition, Hino formulates an Environmental Initiative Plan every five years, incorporates such plan into its annual action targets and promotes environmental activities on the basis thereof.

With respect to CO₂ emissions, Hino calculates its Scope 1, Scope 2 and Scope 3 emissions on the basis of the Greenhouse Gases (GHG) Reporting Guideline, using reported values and available data. Hino will continue to strengthen its control of the lifecycle of, and work to reduce, its CO₂ emissions.

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1. Scope 1 emissions are direct emissions of greenhouse gases by business operators themselves (burning fuels, industrial process), Scope 2 emissions are indirect emissions from the use of electricity, heat/steam supplied by other companies, and Scope 3 emissions are indirect emissions other than Scope 1 and Scope 2 emissions (emissions from other companies related to the activities of business operators).
Hino Environmental Challenge 2050

<table>
<thead>
<tr>
<th></th>
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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Percentage Target</td>
<td>25% from 2013</td>
<td>40% from 2013</td>
<td>40% from 2013</td>
<td>Quantity: Water saving &amp; recycling while keeping regional characteristics in mind</td>
<td>30% from 2018</td>
<td>Realize facilities &quot;that can coexist with nature&quot;</td>
</tr>
<tr>
<td>Initiative</td>
<td>- 25% from 2013</td>
<td>- 40% from 2013</td>
<td>- 40% from 2013</td>
<td>Quality: Thoroughgoing management based on our regions criteria</td>
<td>- 12% from 2018</td>
<td>Establish model factories that coexist in harmony with nature</td>
</tr>
</tbody>
</table>

CO₂ emissions by Scope (Unit: 10,000 tons/CO₂)

<table>
<thead>
<tr>
<th>Scope</th>
<th>FY 2018</th>
<th>FY 2019</th>
<th>FY 2020</th>
<th>FY 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1</td>
<td>15</td>
<td>15</td>
<td>12</td>
<td>13</td>
</tr>
<tr>
<td>Scope 2</td>
<td>24</td>
<td>24</td>
<td>18</td>
<td>21</td>
</tr>
<tr>
<td>Scope 3</td>
<td>Currently under review, considering the impact of misconducts in engine certification</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Fiscal 2018-2020: Published in the Hino Sustainability Report; Fiscal 2021: In-house figures