

October 7, 2022

Measures addressing Certification Issues**Hino Submitted its Recurrence Prevention Report to the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) in Response to MLIT's Correction Order; Clarify Management Responsibilities and Established "Three Reforms" to Prevent Future Misconduct**

Today Hino Motors, Ltd (**Hino**) announces that it has taken the following measures to address the certification issues that have been announced since March 4, 2022:

1. Clarified management responsibilities in relation to the certification issues;
2. Submitted the recurrence prevention report to MLIT today in response to a correction order received from MLIT on September 9, 2022; and
3. Established and announced the "three reforms" to prevent future misconduct.

Hino is committed to reflecting seriously on our past mistakes and implementing lasting change throughout the organization. Our previous corporate culture has called our company's mission into question. We believe that it is a serious problem that we did not correct our ways over that period of time. We have not lived up to our social responsibilities and our actions have greatly affected our customers and other stakeholders.

We believe that the source of the problem was deep-rooted shortcomings in our corporate culture. We lost sight of our approach to vehicle manufacturing, and misplaced management priorities by neglecting the development of Hino's human resources and failing to carry out our mission in the right way. We are committed to addressing this issue head on and living out our corporate mission with renewed intent: *"To make the world a better place to live by helping people and goods get where they need to go."* Management will take the initiative and promote reform throughout the entire company to ensure that Hino learns from its past mistakes and appropriately fulfills its social responsibilities going forward.

1. Clarification of management's responsibilities

We take our past mistakes and the current disruption and inconvenience caused to the stakeholders very seriously and believe that management should accept responsibility for Hino's past actions. Please see below for a list of the actions we are taking in this regard:

(1) Resignation

1) Effective date: As of October 7

2) Resigning officers:

Title	Name	Current post
Senior Managing Officer and Member of the Board of Directors	Makoto Minagawa	Chief Officer, Production Division
Senior Managing Officer and Member of the Board of Directors	Ichiro Hisada	Chief Officer, Corporate Division
Senior Managing Officer and Member of the Board of Directors	Taketo Nakane	Business Foundation Reinforcement Department, Compliance Promotion Department
Senior Managing Officer	Kenji Nagakubo	Chief Officer, Engineering Division

After these resignations, the minimum number of Members of the Board of Directors prescribed by Japanese law and the Articles of Incorporation is still satisfied.

(2) Demotion of Chief Officer

1) Effective date: As of October 7

2) Demoted officer:

Title	Name	Current post
Executive Post	Toyohisa Tamaki	Chief Officer, Quality Division

(3) Reduction in remuneration

Title	Details of reduction
President, Member of the Board of Directors	50% of monthly remuneration for 6 months
Senior Managing Officer (Chief Officer)	30% of monthly remuneration for 3 months
Outside / Part-time Member of the Board of Directors	20% of monthly remuneration for 3 months

(4) Voluntary return of remuneration

We will request the voluntary return of part of the remuneration received during the relevant service period from former officers, who were the representative directors of the company during and after 2003, and former officers of the company, who are named in the Special Investigation Committee's Report as having been involved in establishing the previous corporate culture.

(5) Tentative management structure

We have implemented changes to our organization and officers as of October 7, 2022. We are

reviewing the new management system designed to implement the reforms and will release the full extent of these changes in due course.

1) Change of organization at the Division level

- Abolition of Corporate Division and Production Division

2) Change of the Responsibilities

Name	New post	Current post
Satoshi Ogiso	Overall management; Chief Officer, Engineering Division	Overall management
Noboru Yamate	President's Secretary	(Deputy) Chief Officer, Corporate Division
Toyohisa Tamaki	Executive Post, Business Foundation Reinforcement Department	Chief Officer, Quality Division
Kunihiro Ono	Chief Officer, Quality Division; Operating Officer, Quality Assurance Area	Operating Officer, Quality Assurance Area

2. Submission of the Recurrence Prevention Report to MLIT in response to the Correction Order

We submitted the recurrence prevention report to MLIT today in response to the correction order received from MLIT on September 9, 2022.

In the recurrence prevention report, we have reported our progressive implementation of the measures including the sweeping reform of Hino's corporate culture, which was a central cause of Hino's certification issues. The recurrence prevention report also outlines the measures that we have already taken in relation to Hino's development and regulatory certification processes.

[Overview of the Correction Order regarding Type-approval Violation]

- (1) We were required to take action to correct the identified type-approval violation and to formulate comprehensive recurrence prevention measures, including the following:
 - (i) Establishment of a type-approval application system that prevents misconduct
 - (ii) Improvement of the development department's work processes
 - (iii) Restructuring of the company's internal technical management system
- (2) We were required to submit an outline of the recurrence prevention measures above within one month from the date of the correction order and also report on the status of implementation of those measures on a quarterly basis.

The progress of the implementation of the outlined measures will be reported to the Board of Directors and the Compliance Committee, which includes outside experts. Both the Board of Directors and the Compliance Committee will provide supervision and support to further enhance the effectiveness of the implemented measures. The progress will also be reported to MLIT on a quarterly basis and announced publicly.

3. “Three Reforms” to prevent future misconduct.

We believe that the source of the problem was deep-rooted shortcomings in our corporate culture. Management did not fully understand or appreciate the front line situation. We misplaced management priorities by neglecting the development of compliance awareness and establishment of sound culture while pursuing the expansion of revenue and sales. Against this context, we lost sight of our approach to vehicle manufacturing, which led to deficiencies in our type approval applications and certification processes.

We will promote the reforms to management, corporate culture and vehicle manufacturing, based on our foundational corporate philosophy, the “HINO Way”, in order to realize our corporate mission and fulfill our social responsibilities.



(1) **Management reforms to emphasize respect for all Hino staff and promote working in the right way**

In order to prevent future misconduct, we have carefully considered the role of management within the company.

(a) Reform of management

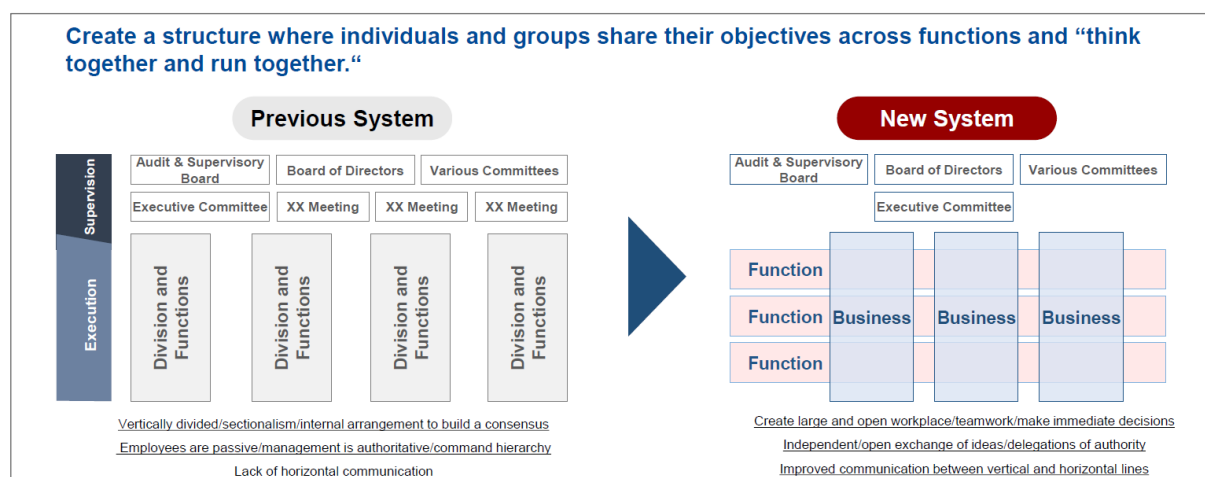
We will return to our basic philosophy as our guiding principle. Starting from contributing to customers and the society, we will put the HINO Way's principles of "sincerity," "contribution," and "empathy" at the center of all decision making. Management will place importance on demonstrating "respect for front line workers and building relationships," and will increase opportunities to visit front line workplaces to hear the concerns of all employees.

Management will openly commit to a new declaration on action, which will be monitored and evaluated by the employees.

(b) Creating an organizational structure that embodies contribution to customers and society

We will create an organization to realize a system where all relevant employees can share purposes across divisions and "think together and run together."

We will eliminate sectionalism and the lack of communication among departments within the company, which were caused by an overemphasis on the previous top-down, hierarchical structure.



(c) Governance to support sound management practices

In order to ensure the consistent implementation of measures on a company-wide basis, we will strengthen our internal control systems and management supervision function. To realize this reform, we will strengthen our internal audit function which will be assessed by external third parties. We will establish and ensure the thorough implementation of the work process, internal rules, manuals and data control system to promote the optimization of our company-wide business management.

In order to strengthen the supervisory function of the Board of Directors, we will introduce an evaluation of the effectiveness of the activities of the Board by outside organizations, and shift the focus of discussions from achieving business objectives to strengthening the management base.

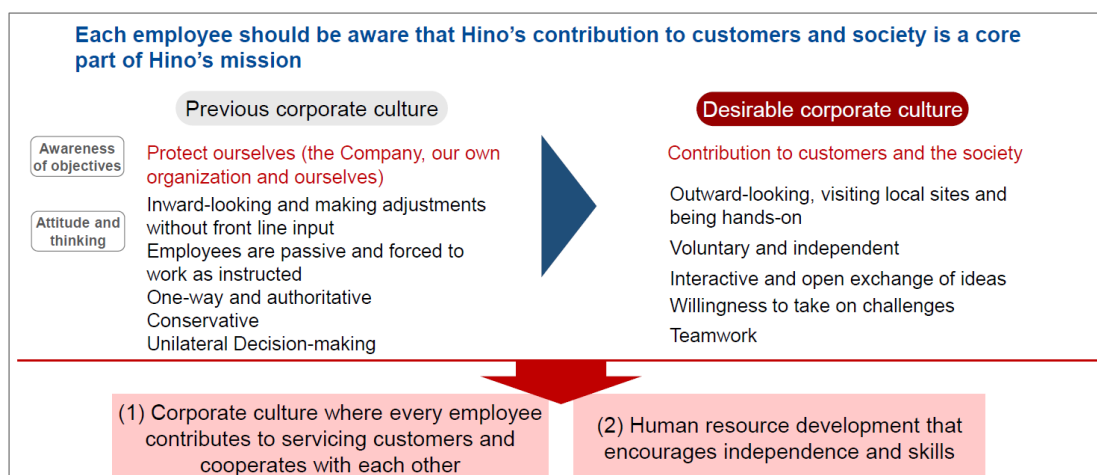
We will also review the composition of our Board of Directors to ensure it contains diverse perspectives.

(d) Raising compliance awareness to learn from past mistakes

To ensure that past mistakes do not occur again, we will create opportunities to reflect on the past mistakes regularly by ensuring dialogue and displaying relevant informational materials throughout the company's facilities. In addition, we will promote initiatives to strengthen compliance and establish awareness of our compliance-first mindset, which includes the appointment of outside members and efforts to improve compliance awareness among both management and employees.

(2) Organizational culture reform with “respect for all Hino staff” as a core value

Our aim is that Hino's management and all Hino employees are aware that Hino's contribution to customers and society is a core part of Hino's mission, change the culture of looking inward, conservativeness and unilateral communication, and that each employee has a responsibility to demonstrate the awareness, behavior and culture of the company that we want Hino to be.



- (a) A culture where every employee contributes to servicing customers and cooperates with each other

In order to foster and entrench an awareness of our customers' views, we will promote proactive personal exchanges with customer's sites, distributors and other industries. To develop a fundamental culture of cooperation to enhance mutual understanding throughout the company, we will initiate dialogue and connection between individuals in every manner by increasing communication between staff and management, holding conferences among each layer of staff led by the "Culture Change Team" and creating opportunities for conversation between the President and all employees. We will promote the initiative to eliminate workplace harassment ("No Workplace Bullying Initiative") to create workplaces where employees feel comfortable engaging in dialogue with colleagues.

- (b) Human resource development that encourages independence and skills

In relation to the measures and systems that support human resource development within the company, we will expand the opportunities to increase each employee's ambition to take on challenges, such as participating in projects and job rotations linked to career planning.

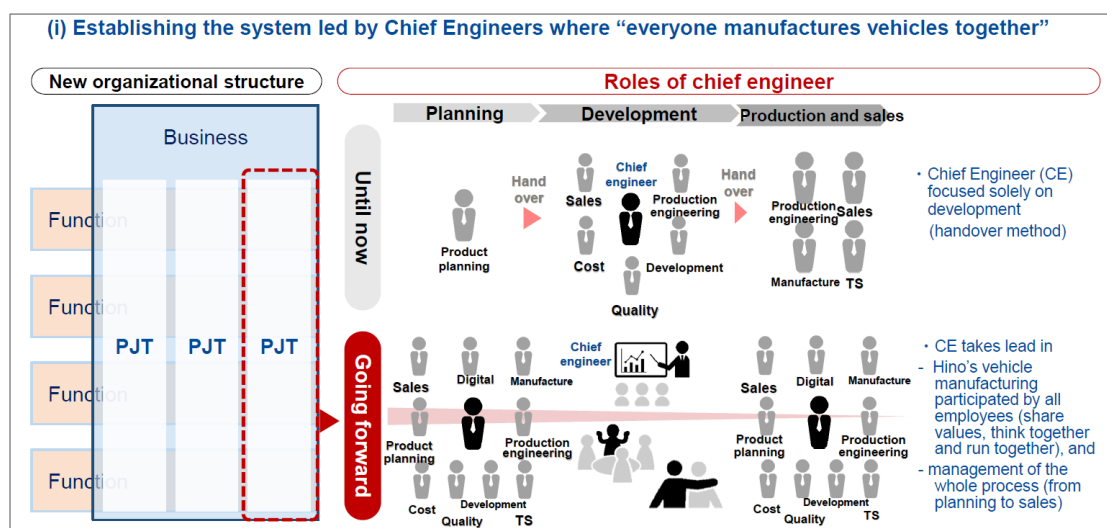
In order to promote the creation of opportunities and environment where all employees can work actively, we are committed to investing in Hino's human resource development in multiple ways, such as the provision of IT tools to all employees including front line workers, the improvement of work environments and education and training to build skills.

(3) Structural reforms for a new “Hino vehicle manufacturing”

We will establish a vehicle manufacturing system to prevent the recurrence of past mistakes.

(a) Restructuring and redefinition of the vehicle manufacturing processes

Aiming to establish an organization where “everyone manufactures vehicles together,” we will redefine the role of chief engineers, who are the center of the organization, and clarify that their position manages the entire project, instead of the traditional position that focuses solely on development. Also, we will develop and implement the processes that enable us to manufacture vehicles in a compliant manner by enhancing the internal verification function, such as separating the Vehicle Regulation & Compliance Department from the development division and ensuring that only projects that can be properly managed with our resources are commenced.



(b) Proper implementation of correct procedures

In order to secure the quality of our products, we will develop a system to properly implement development, certification and quality assurance processes and will introduce a check on the effectiveness of our processes by an external entity.

As a basic premise for manufacturing vehicles, we will establish an organization and system to understand and correctly interpret applicable laws and regulations in a timely manner and reflect them in our processes of development. We will also develop and implement processes to develop and manage relevant software.

The reforms that we have developed and publicly announced today are the fulfilment of the commitment we made in [our announcement](#) on August 2 to prepare an outline comprehensive remedial measures. Now we are selecting new personnel for the new organization and will publicly announce further changes within the year. The projects to promote the company-wide reform will be coordinated with the establishment of the new management structure.

In particular, we plan to promote company-wide and cross-sectional reforms of issues and measures related to the organization and corporate culture, with young employees in each internal organization also becoming proactive leaders.

Going forward, we will steadily implement these reforms throughout the company and continuously improve and strengthen our efforts through periodic reviews, including management-level evaluation of their effectiveness in conjunction with outside experts. We will also periodically publicly disclose the progress of our reforms.

We will firmly keep in mind the fact that each and every Hino employee and all of our actions are closely connected to building a better society and fulfilling Hino's mission.

“Three Reforms” to Prevent Future Misconduct

**October 7, 2022
Hino Motors, Ltd.**

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1. Overview of issues

- The investigation conducted by the special investigation committee, which is composed of outside experts, identified issues with Hino's past certification applications regarding emissions and fuel economy for engines sold in the Japanese market.
- In 2016, Hino provided a report that contained inaccurate statements to the Ministry of Land, Infrastructure, Transport and Tourism ("MLIT") after MLIT requested [Japanese manufacturers] report whether there were inappropriate matters in emissions and fuel economy tests upon obtaining certification. In light of that, we consider our recent issues with Japanese engine testing to be extremely serious since it should have been an opportunity for us to examine and improve our practices.
- Following Hino's announcement of the recent issues, MLIT found additional discrepancies during its on-site inspections in relation to emission deterioration durability tests conducted for the Japanese market.

2. Views as management

Management did not fully understand or appreciate the front line situation, and neglected the development of compliance awareness and the establishment of sound culture.



We lost sight of our approach to vehicle manufacturing, which led to deficiencies in our Japanese type approval applications and certification processes.



We failed to fulfill our social responsibility of “helping people and goods get where they need to go” and caused disruption to our customers and other stakeholders.

**Management responsibilities are serious.
We will take strict measures and implement reforms to prevent future misconduct.**

3. Management responsibility

We take management's role very seriously and have taken the following management actions

Subject person	Position	Action
Satoshi Ogiso	President, Representative Director	Reduction of remuneration (50% × 6 months)
Makoto Minagawa	Director, Senior Managing Officer (Chief Officer, Production Division)	Resignation (as of October 7)
Ichiro Hisada	Director, Senior Managing Officer (Chief Officer, Corporate Division)	Resignation (as of October 7)
Kento Nakane	Director, Senior Managing Officer (responsible for both Business Foundation Reinforcement Department and Compliance Promotion Department)	Resignation (as of October 7)
Kenji Nagakubo	Senior Managing Officer (Chief Officer, Technology Development Division)	Resignation (as of October 7)
Megumu Yamashiki	Senior Managing Officer (Chief Officer, Global Business Division)	Reduction of remuneration (30% × 3 months)
Hisataka Toorisaka	Senior Managing Officer (Chief Officer, Advanced Technology Division)	Reduction of remuneration (30% × 3 months)
Toyohisa Tamaki	Officer (Chief Officer, Quality Division)	Demotion (Removal from the office of Chief Officer)
	Outside Directors, Part-time Director (4 persons)	Reduction of remuneration (20% × 3 months)

* We will request former Representative Directors and former Officers whose involvement in this issue was identified by the investigation report to return part of their received remuneration.

4. Recounting of causes

Causes identified by the special investigation committee

Causes identified by MLIT

Causes identified by self-analysis

(1) Management issues

Management did not fully understand or appreciate personnel

Put lower priority of development of human resources

Inadequate attention to physical and mental health care

Lack of consideration

No appropriate delegation of authorities given from the executive level to the front line

Lack of sensitivity to compliance

Lack or absence of sensitivity to compliance

Lack of governance

Shortage of human resources assigned, lack of process control

Disconnect between the management and the front line regarding capabilities and resources

High volume of work compared to assigned employees and chronic lack of human resources

Objectives that exceed our capacity

Prioritizing schedules and production output

↑ management level

Problems in managing operations

↓ front line level

Power Train Evaluation & Engineering Department was in charge of both development work and certification work

Ambiguous decision-making process of the advancement in the transfer steps in development

Concurrently served in type-approval applications; insufficient monitoring and checking functions

Insufficient function to check development processes

Inadequate development of internal rules and manuals; improper management of data and records

Inadequate development and inappropriate operation of internal rules such as work procedures

The roles of the Quality Assurance Department and the Quality Control Department not being fully understood

Weak quality management

Lack of understanding of laws/regulations

Weakness in the mechanism to understand the trends in regulations, and sharing their content and impact throughout the company

Disregard for laws/regulations

(3) Issues in manufacturing vehicles

(2) Issues of organizational culture

Loss of motivation

Avoiding facing the reality of not being able to accomplish goals

Low psychological safety

Organization with strong command hierarchy, workplace harassment

Vertically divided

Closed culture

Lack of communication

Lack of openness in horizontal and vertical relationships

Lack of concern as a player

Lack of constructive discussion based on occupational skepticism and critical thinking

Resting on its laurels; an environment of not being good at "making an about-turn"

Lack of openness in organization culture

Sectionalism

Fixed personnel transfer

5. Approach to reform

Returning to our corporate mission and reforming as a company that fulfills our social responsibilities
Management will take the initiative and promote reform throughout the entire company

(1) Management reforms to emphasize the “respect for all Hino staff” and “promote working in the right way”

Reform of management

Creating an organizational structure that embodies mutual assistance and cooperation for contribution to customers and society

Governance to support sound management practices

Raising compliance awareness to learn from past mistakes

(2) Organizational culture reform with “respect for all Hino staff” as a core value

A culture where every employee contributes to servicing customers and cooperates with each other

Human resource development that encourages independence and skills

**HINO
Way**

(3) Structural reforms for a new “Hino vehicle manufacturing”

Restructuring and redefinition of vehicle manufacturing processes

Proper implementation of correct procedures

5. Approach to reform - The “HINO Way”



◇ Values that every Hino employee should appreciate and embody

- The HINO Way was developed primarily by young employees and mid-level employees selected from internal organizations including overseas entities
- Promoting dissemination and establishment of the HINO Way as the cornerstone for our decisions and actions

The HINO Way



Corporate Mission

We make a better world and future
by helping people and goods get where they need to go.

Core Principles



We are committed to
acting with integrity and in
a compliant manner.



We support a future
society by committing to
safety and environmental
sustainability.

We support the businesses
of our customers by
committing to quality and
professionalism.



We respect diversity and
inclusion, and build a safe
working environment.

6. Three Reforms - ① Management reforms to emphasize respect for all Hino staff and promote working in the right way

① Management reforms to emphasize respect for all Hino staff and promote working in the right way

- ▶ Careful consideration of the role of management within the company in order to prevent future misconduct

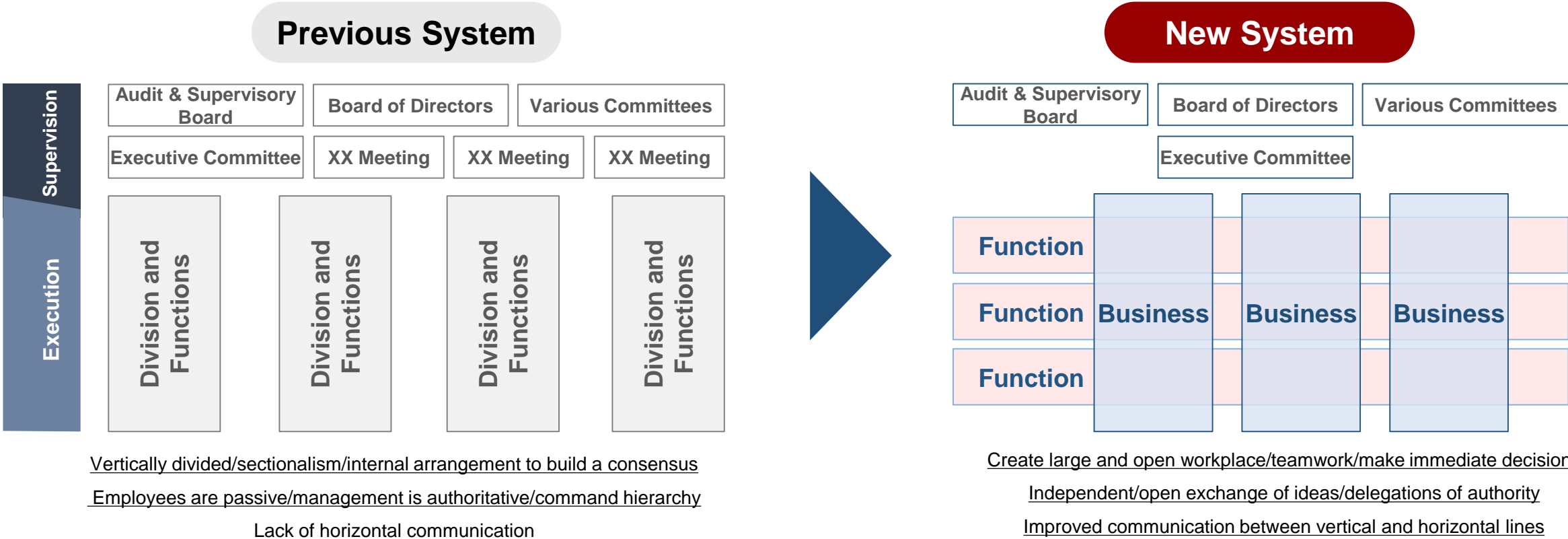
(1) Reform of management

- **Returning to Hino's basic philosophy as a guiding principle - starting from contributing to customers and the society**
 - Put principles of “integrity,” “contribution,” and “empathy” at the center of all decision making
- **Management to demonstrate “respect for front line workers and building relationships”**
 - President and management to visit frontline workplaces
 - Create open workplace for management
 - Management to openly commit to a new declaration on action, which will be monitored and evaluated by the employees
 - Hold management workshops to discuss management issues

6. Three Reforms - ① Management reforms to emphasize respect for all Hino staff and promote working in the right way

(2) Creating an organizational structure that embodies contribution to customers and society

Create a structure where individuals and groups share their objectives across functions and “think together and run together.”



6. Three Reforms - ① Management reforms to emphasize respect for all Hino staff and promote working in the right way

(3) Governance to support sound management practices

■ Strengthening of internal control systems

- Strengthening of the internal audit function and assessment of the effectiveness of the internal audit by external third parties
- Establishment of the thorough implementation of work processes, internal rules, manuals and data control system

■ Strengthening of management's supervisory function

- Strengthening of the supervisory function of the Board of Directors based on the evaluation of the effectiveness of the activities of the Board by an outside organization
- Shifting the focus of discussions by the Board from achieving business objectives to strengthening the management base
- Reviewing the composition of the Board of Directors to ensure it contains diverse perspectives and enhance the effectiveness of the activities of the Board

6. Three Reforms - ① Management reforms to emphasize respect for all Hino staff and promote working in the right way

(4) Raising compliance awareness to learn from past mistakes

■ Initiatives to raise compliance awareness to learn from past mistakes

- Raising/spreading of compliance awareness through dialogue between discussion leaders and employees
- Education by displaying relevant informational materials throughout the company's facilities
- Establishment of "Trust Restoration Day" (tentative)

■ Promotion of initiatives to strengthen compliance

- Reorganization of the Compliance Committee and operations
- Strengthening of the system by appointing additional outside members
- Improvement of compliance awareness among both management and employees
e.g.) Expansion of education, strengthening of whistleblowing system, incorporation of compliance initiatives into personnel evaluations.

6. Three Reforms - ① Management reforms to emphasize respect for all Hino staff and promote working in the right way

**Starting from “contributing to customers and the society,”
Hino is committed to emphasize “respect for all Hino staff” and
“promote working in the right way”**

Core Principles



We are committed to acting with integrity and in a compliant manner.



We support a future society by committing to safety and environmental sustainability.

We support the businesses of our customers by committing to quality and professionalism.



We respect diversity and inclusion, and build a safe working environment.

6. Three Reforms - ② Organizational culture reform with “respect for all Hino staff” as a core value

② Organizational culture reform with “respect for all Hino staff” as a core value

Each employee should be aware that Hino’s contribution to customers and society is a core part of Hino’s mission

Previous corporate culture

Awareness
of objectives

Protect ourselves (the Company, our own organization and ourselves)

Attitude and
thinking

Inward-looking and making adjustments without front line input
Employees are passive and forced to work as instructed
One-way and authoritative
Conservative
Unilateral Decision-making

Desirable corporate culture

Contribution to customers and the society

Outward-looking, visiting local sites and being hands-on
Voluntary and independent
Interactive and open exchange of ideas
Willingness to take on challenges
Teamwork

(1) Corporate culture where every employee contributes to servicing customers and cooperates with each other

(2) Human resource development that encourages independence and skills

6. Three Reforms - ② Organizational culture reform with “respect for all Hino staff” as a core value

(1) A culture where every employee contributes to servicing customers and cooperates with each other

■ Mindset of valuing the “customers’ view”

- Promote proactive personal exchanges with customer’s sites, distributors and other industries

■ Invigorating vertical, horizontal diagonal and connections between employees

- Increase communication between all employees and management to enhance mutual understanding (with the support from outside experts)
e.g.) Employees and management: Workplace meetings, labor-management committee
Culture Change Team: Dialogue among each level of employee
- Expand opportunities for dialogue between the President and all employees (quarterly)

■ Foster psychological safety in the workplace

- Initiative to eliminate workplace bullying (“No Workplace Bullying Initiative”)

6. Three Reforms - ② Organizational culture reform with “respect for all Hino staff” as a core value

(2) Human resource development that encourages independence and skills

■ Expansion of measures and systems that support human resource development

- Expansion of the opportunities to increase each employee's ambition to take on challenges
e.g.) Voluntary participation in projects and attendance at meetings of directors.
- Enhance job rotations linked to career planning

■ Investment in Hino's human resource development

- Promote the creation of opportunities and environment where all employees can work actively
e.g.) Provision of IT tools to all employees including front line workers, the improvement of work environments and education and training to build skills.

6. Three Reforms - ③ Structural reforms for a new “Hino vehicle manufacturing”

③ Structural reforms for a new “Hino vehicle manufacturing”

- ▶ Establishment of a vehicle manufacturing system to prevent the recurrence of past mistakes

(1) Restructuring and redefinition of the vehicle manufacturing processes

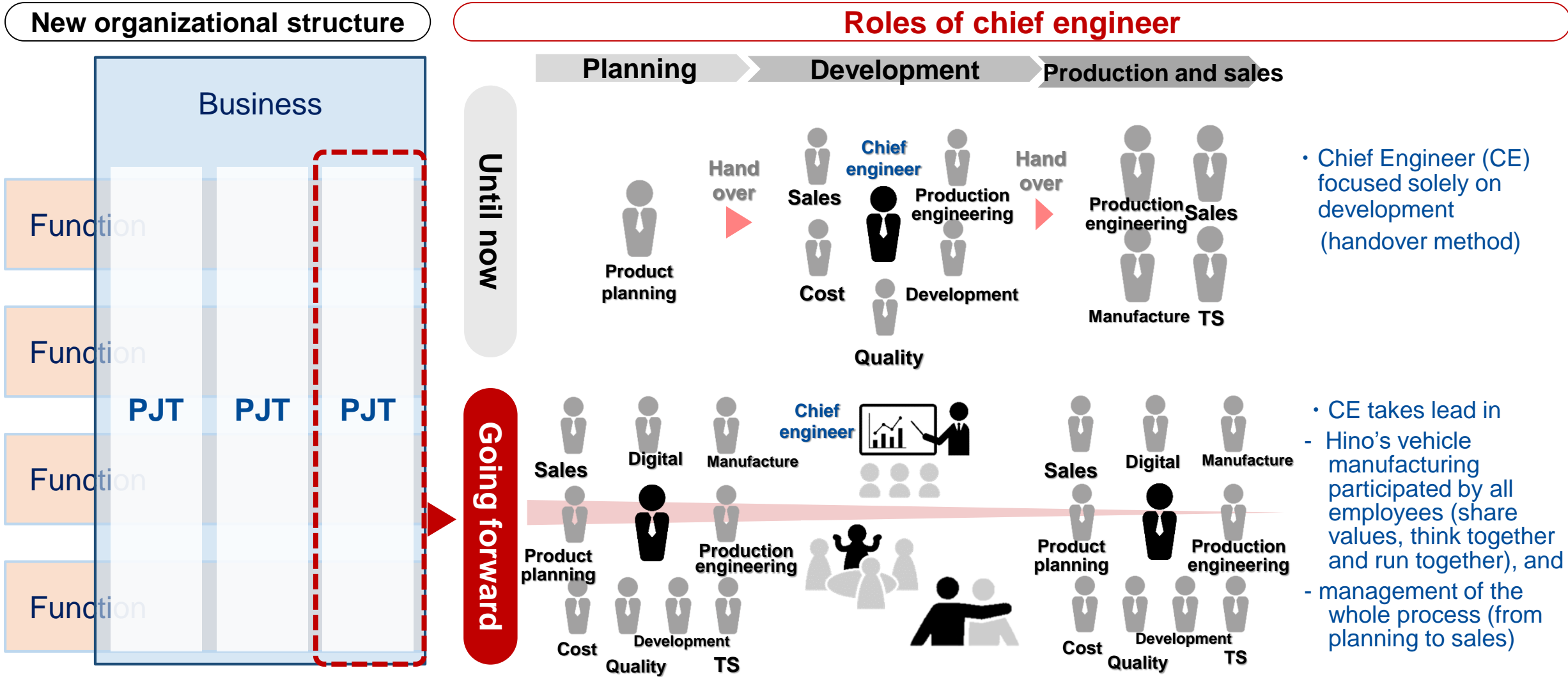
- (i) Establishment of the system led by chief engineers where “everyone manufactures vehicles together”
- (ii) Restructuring of the vehicle manufacturing processes

(2) Proper implementation of correct procedures

- (iii) Introduction of “system to secure quality of our products” with verification by an external entity
- (iv) Understanding and sharing of regulatory information
- (v) Enhancement of software management

6. Three Reforms - ③ Structural reforms for a new “Hino vehicle manufacturing”

(i) Establishing the system led by Chief Engineers where “everyone manufactures vehicles together”



6. Three Reforms - ③ Structural reforms for a new “Hino vehicle manufacturing”

(ii) Restructuring of the vehicle manufacturing processes

- Development and implementation of processes to manufacture vehicles in an appropriate manner

Until now

- Project are planned that cannot be managed with our resources
- Quality Assurance Department only participates just before the start of production
- Development and regulatory certification are handled by the same department



Going forward

- Plan projects that can be properly managed with our resources
- Enhance compliance functions with the participation of the Quality Assurance Department from the start of planning
- Enhance verification functions by separating development and regulatory certification
- Enhance checking functions at transition of stages

(iii) Introduction of “system to secure quality of our products” with verification by an external entity

- Establishment of a system to review the effectiveness of our processes by an external entity and ensure proper implementation

Until now

- Existing internal quality assurance policies have not been prioritized
- No involvement of an external entity to review work processes and systems



Going forward

- Introduce a quality management system for quality assurance that involves an effective external audit
- Implementation of internal audit of certification applications

6. Three Reforms- ③ Structural reforms for a new “Hino vehicle manufacturing”

(iv) Understanding and sharing of regulatory information

- System to properly understand legal and regulatory information and incorporate it into development processes

Until now

- Information concerning regulatory trends is not sufficiently shared prior to the announcement of new laws and regulations
- Interpretations are not unified within the company



Going forward

- Clarify the process of, and person in charge for, incorporating the most recent laws and regulations into development processes
- Hold periodic internal briefings on various regulatory trends

(v) Enhancement of software management

- Development and operation of processes for developing and managing software in collaboration between persons in charge

Until now

- Specifications of software for development/certification/production are not consistent
- Persons in charge of design do not share software specification strategies with test staff



Going forward

- Clarify the determination date of software specifications for prototype vehicles and the person in charge of schedule management
- Develop processes in which persons in charge of design share and develop the software specification strategies with test staff

Core Principles

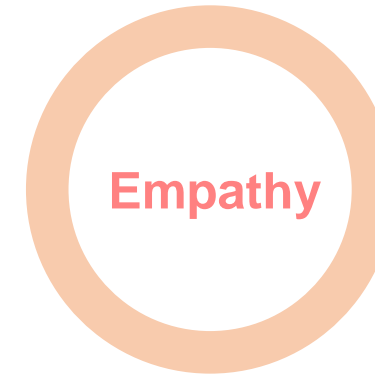


We are committed to acting with integrity and in a compliant manner.



We support a future society by committing to safety and environmental sustainability.

We support the businesses of our customers by committing to quality and professionalism.



We respect diversity and inclusion, and build a safe working environment.

List of Recurrence Prevention Measures (As of October 7, 2022)

Exhibit

[]:Existing initiatives (announced on August 2, 2022)

No Major item	Medium item	Sub-item	Contents of implementation	Progress	Corresponding Reference in the Remedial Measures Report	
1	(1) Reform of management	1) Returning to Hino's basic philosophy as a guiding principle - starting from contributing to customers and the society	• Dissemination of new corporate philosophy "Hino Way" that puts "integrity," "contribution," and "empathy" at the center of all decision making. -- Return to the basic philosophy of contributing to customers and society, and promote understanding and entrenching of such philosophy as the basis for each employee making decisions and taking actions. [B-1]	Being implemented	(3)㉗	
		2) Management to demonstrate “respect for front-line workers and building relationships”	• President and management to visit frontline workplaces. • Create open workplace for management. • Management to openly commit to a new declaration on action, which will be monitored and evaluated by the employees. • Hold management workshops to discuss management issues. • Messages by management to all employees [B-2]	Being planned	(3)㉙	
			Being implemented			
	(2) Creating an organizational structure that embodies mutual assistance and cooperation for contribution to customers and society		• Create a structure where individuals and groups share their objectives across functions and “think together and run together.”	Being planned		
	(3) Governance to support sound management practices	1) Strengthening of internal control systems	• Strengthening of the internal control functions through a three-line defense system ((i) business departments, (ii) management and control departments, and (iii) internal audit departments). • Strengthening of the internal audit function and assessment of the effectiveness of the internal audit by external third parties. • Reestablishment and reinforcement of implementation of the operational processes, internal rules, manuals and data control system.			
		2) Strengthening of management’s supervisory function	• Strengthening of the supervisory function of the Board of Directors based on the evaluation of the effectiveness of the activities of the Board by an outside organization • Shifting the focus of discussions by the Board from achieving business objectives to strengthening the management base. • Reviewing the composition of the Board of Directors to ensure it contains diverse perspectives and enhance the effectiveness of the activities of the Board.			
	(4) Raising compliance awareness to learn from past mistakes	1) Initiatives to raise compliance awareness to learn from past mistakes	• Raising/spreading of compliance awareness through dialogue between leaders and employees	Being implemented	(3)㉙	
			• Education by displaying relevant informational materials throughout the company’s facilities. • Establishment of “Trust Restoration Day” (tentative).	Being planned		
		2) Promotion of initiatives to strengthen compliance	• Establish the Compliance Committee, including outside officers and specialists as members, and hold discussions at the management level once every quarter. [B-4] • Establish the Compliance Promotion Department and upgrade and expand resources, including external human resources with experience and knowledge. Newly appoint a Deputy Chief Compliance Officer (DCCO) in charge of Technical Compliance and Technical Compliance Group. [B-5] • Establish a cross-departmental task force to put recurrence prevention measures into practice, and perform periodic confirmation with the participation of outside attorneys. [B-11] • Culture Change Plan to nurture compliance awareness by issuing periodic bulletins or hanging posters. [B-3] • Establish and revise Compliance Rules in order to strengthen compliance structure and activities. [B-6] • Enhance the internal whistleblowing system in order for employees to feel comfortable speaking up. [B-7] • Expand training to improve compliance awareness of officers and employees. [B-8] • Periodically implement compliance awareness surveys to all employees [B-9] • Clarify that compliance is essential to the ideal employee model required by the company and reflect the results of compliance assessments in personnel evaluation [B-10]	Being implemented	(3)㉙	
	2	(1) A culture where every employee contributes to servicing customers and cooperates with each other	1) Mindset of valuing the “customers’ view”	•Promote proactive personal exchanges with customers on site, distributors and other industries	Being planned	(3)㉗㉙
2) Invigorating vertical, horizontal diagonal and connections between employees			•Increase communication between all employees and management to enhance mutual understanding (with the support from outside experts) e.g.) Employees and management: Workplace meetings, labor-management committee, Culture Change Team: Dialogue among each level of employee •Expand opportunities for dialogue between the President and all employees (quarterly)			
3) Foster psychological safety in the workplace			•Initiative to eliminate workplace bullying (“No Workplace Bullying Initiative”)	Being implemented	(3)㉗	
			•Assertive communication *Introducing training and reflecting it in personnel evaluation *Exchanging views with respecting each other	Being planned		
(2) Human resource development that encourages independence and skills		1) Expansion of measures and systems that support human resource development	•Expansion of the opportunities to increase each employee’s ambition to take on challenges e.g.) Voluntary participation in projects and attendance at meetings of directors, etc.	Being prepared	(3)⑧	
			•Enhance job rotations linked to career planning	Being implemented		
			•Introduce evaluation using indicators of human skills (emphasis on behavioral assessment and reflection of 360-degree evaluation)	Being planned		
	•Evaluation and performance management system based on job responsibilities and performance		Being implemented			
2) Investment in Hino’s human resource development		•Promote the creation of opportunities and an environment where all employees can work actively e.g.) Provision of IT tools to all employees including front-line workers, the improvement of work environment and education and training to build skills.	Being prepared			

List of Recurrence Prevention Measures (As of October 7, 2022)

Exhibit

[]:Existing initiatives (announced on August 2, 2022)

No Major item	Medium item	Sub-item	Contents of implementation	Progress	Corresponding Reference in the Remedial Measures Report
3	(1)Restructuring and redefinition of vehicle manufacturing processes	1) Establishment of the system where "everyone manufactures vehicles together"	• A system led by chief engineers where everyone is able to manufacture vehicles together (a system that involves the full participation of employees)	Being planned	(2)⑤
		2) Restructuring of the vehicle manufacturing processes	• Fundamental review of ongoing projects based on existing resources • Establishing medium-term product plans, not adding new products on an ad hoc basis • Clarify the process from planning to start of production, the conditions for proceeding to the next step and the persons in charge • Clarify agenda items to be decided at various development meetings		
	(2) Proper implementation of correct procedures		• Establish process rules for a flexible schedule modification procedure and clarification of the persons responsible [A-14]	Implemented	(2)⑥
		1) Introduction of "quality management system" with a check by an external entity [A-3]	• Systems in which an external entity reviews the effectiveness of our quality management system, such as ISO9001 and framework for implementation of the system • Establish "a company-wide promotion department" to adjust the concepts and approaches related to the above systems in a consistent manner • Implement internal audit of certification application	Being planned	(1)①
		2) Establishing and reinforcing checking structure (checking systems) related to the certification function [A-1]	• Transfer certification testing and application functions from the Technical Development Division to the Quality Division and change to a system that allows sound internal checking - Separate Vehicle Regulation & Compliance Office from the Technical Development Division and after upgrading it to the Vehicle Regulation & Compliance Department, transfer it to the Corporate Division (February 2020) - Restructure development function in line with consistent processing (February 2021) - Transfer the Vehicle Regulation & Compliance Department to the Quality Division (April 2021)	Implemented	(1)①
		3) Establishing a function to audit the regulatory certification by an external department [A-2]	• Newly establish a technical audit function within the Internal Audit Department, which is independent from the Technology Development/Quality Divisions, and conduct audits in collaboration with the Person in Charge of Technical Compliance		
		4) Establishing audit programs of the Internal Audit Department [A-8]	• Establish audit programs (audit items, procedure manual, etc.) for audits over certification work		
		5) Establishing rules related to the preservation of certification test records [A-7]	• Establish internal policies and manuals related to the preservation of certification test data records	Being implemented	(1)③
		6) Establishing a system to preserve test records [A-10]	• Establish a system to preserve certification test records, which will secure traceability and access control, and plan to automate the preservation of data by introducing external systems		
		7) Revision of the details of assessment for manufactured prototype vehicles and production vehicles by quality assurance functions	• In addition to regulatory requirements, revise the details of the assessment in terms of product quality assurance, such as values applied in certification and values stated in catalogues. • Clarify the roles of the Quality Assurance Department and Quality Control Department in each plant, such as determination of suspension of plant production lines	Being planned	(2)⑥
		8) Planning projects from the perspective of return on investment (ROI)	• Assess ROI at the time of planning projects and establish a medium-term product plan • Thoroughly implement the overall review of the project after commercialization		
		9) Adjustment of development target values, etc.	• Recognize the level of variation of values at production stage, and determine development target values, specification values and shipment control values based thereon • Clarify the method of determining the fuel economy target control value and the measurement methods	Being implemented	(1)①
		10) Increasing the number of personnel in charge of certification work [A-12]	• Increase the number of personnel engaged in certification work (increased by 40% from the same month two years ago)		
		11) Establishing rules related to implementation of certification tests [A-5]	• Standardize the correct procedures of the certification tests, include prohibitions, and prepare standards for work relating to checking/recording certification test data	Implemented	(1)③
		12) Establishing rules related to the certification application procedures [A-6]	• Clarify the roles and authority of the Vehicle Regulation & Compliance Department in the certification process, and establish internal policies which clarify certification work processes		
		13) Improving the certification transition management process [A-4]	• Establish and commence the "Certification Transition Meeting" by the Vehicle Regulation & Compliance Department, separately from the development evaluation, to determine the completion of development based on technical and objective grounds		
		14) Establish systems to collect and precisely interpret information about laws and regulations [A-9]	• Strengthen the system for collecting and accumulating information on laws and regulations, increase the number of employees responsible for laws and regulations, establish a system of disseminating and construing information on laws and regulations, and establish rules for the management of information on such laws and regulations • Clarify responsibilities for process to incorporate the latest laws and regulations into design/ experiment standards and quality assurance regulations and update thereof • Establish a system for dealing with the technical side of JAMA and hold internal seminars on trends of laws and regulations regularly, including information obtained from JAMA	Being planned	(1)② (2)④
		15) Improving management of changing control software [A-11]	• Strengthen the following management of control software used in certification/durability tests from the perspective of laws and regulations: - linking control software used in development tests to the test results; and - "running change" control upon changes of control software • Discuss the strategy of control design and the method to proceed with compliance confirmation between the persons in charge of compliance confirmation and control design, and keep record of such discussion • Clarify the proper schedule for determining software specifications and calibration values of respective prototype vehicles and the person in charge of management of such schedule	Being implemented	
				Being planned	
		16) Providing compliance training for development and certification [A-13]	• Provide continuous education on relevant laws and regulations, including newly enacted or revised rules and applicable environmental laws and regulations • In addition, commence systematic educational programs for domestic laws and regulations by external specialist institution	Being implemented	(1)② (2)④
		17) Organizational restructuring within the development division [A-18]	• Newly establish the PT Planning Department to hold a cross-sectional planning and coordination function within the Technology Development Division • Manage the development system, including setting the scale and duration, etc. of projects that are not unreasonable	Implemented	(2)⑤
		18) Establish a system to secure appropriate human resources [A-15]	• Make visible any human resource shortages within the development division, and establish a system to ensure necessary actions are taken, including increasing resources		(2)⑥
		19) Installing additional benches for engine certification tests [A-16]	• Consider whether there is a need to install additional test benches for certification tests, and an additional E9-compliant emissions certifications bench already has been installed		
		20) Clarifying budget approval procedures for capital investment [A-17]	• Clarify the process for budget approval requests, decision-making processes, and record-keeping processes for capital investment		