

Hino Motors Value Creation

The Hino Motors business model is being developed on the dual pillars of creating social value through the resolution of issues faced by customers and the world and creating economic value by discovering new issues and cultivating needs. In addition, the directionality of our business is established by our environmental strategy called, Hino Environmental Challenge 2050 and Challenge 2025, the medium- to long-term management strategy drawn up based on the Hino Credo. We are striving to carry out sustainable business to realize a sustainable society.



The Hino Motors business model

The 3 Goals

Best-fit products incorporating safety and environmental technologies

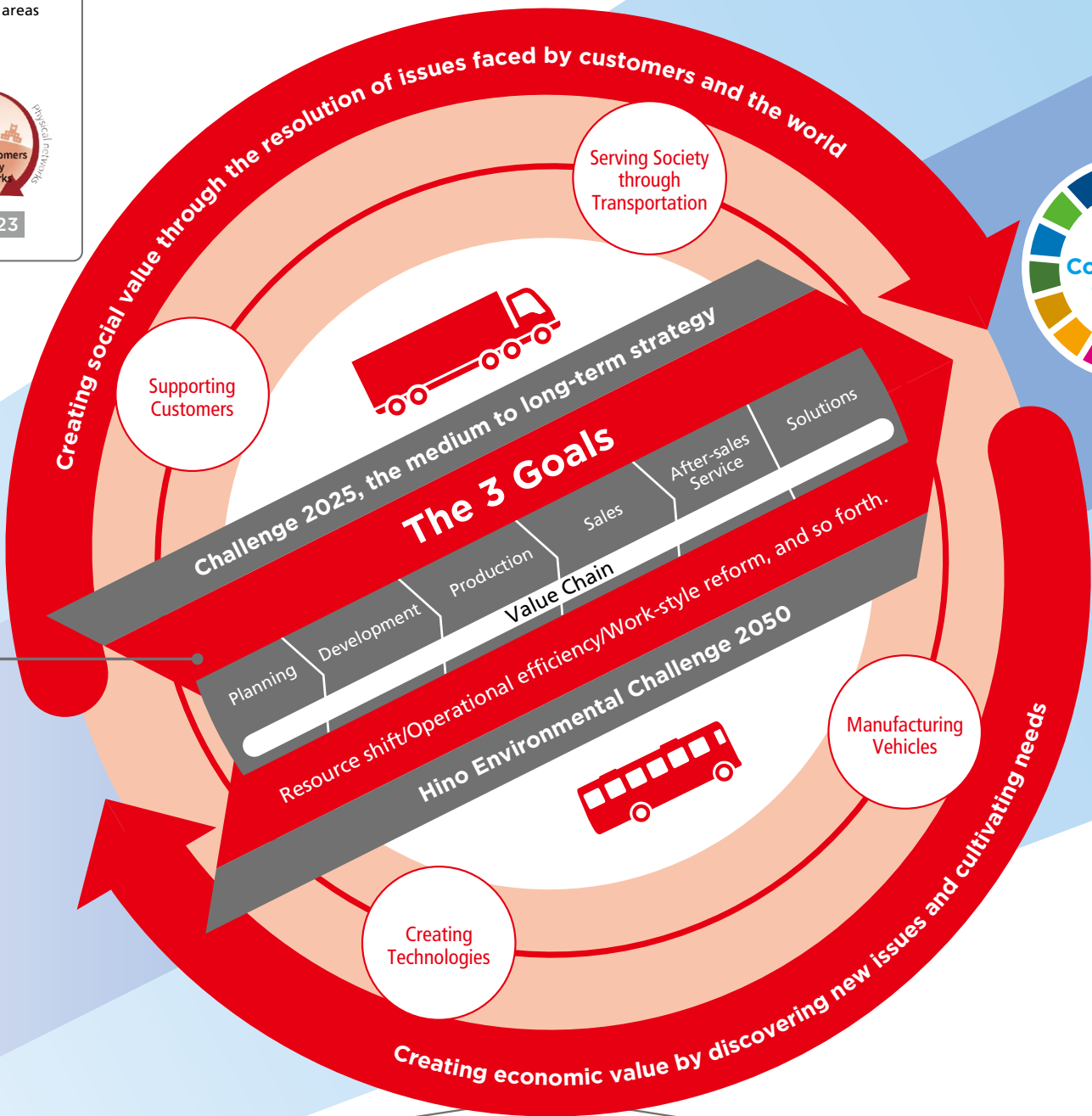
P.18-19

Total Support customized for each vehicle

P.20-21

New activity areas

P.22-23

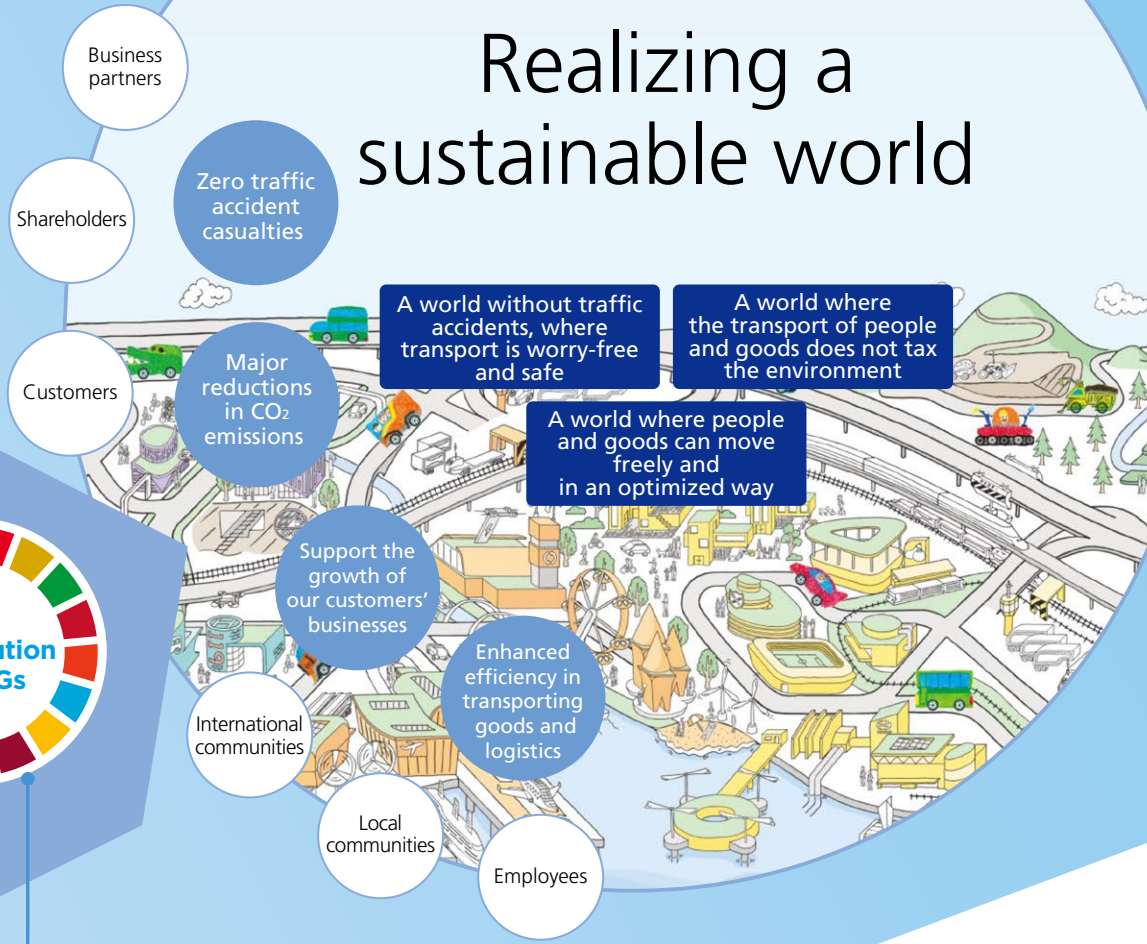


ESG Initiatives (Business foundation)

Occupational health and safety / Quality / Human resources creation / Compliance and fair competition / Human rights and labor practices and so on

The HINO Credo

To make the world a better place to live by helping people and goods get to where they need to go



Creating the vision of Hino Motors through contributing to SDGs

SUSTAINABLE DEVELOPMENT GOALS

- | | | | | | | | |
|---|--|---|---|---------------------------------------|---|-----------------|---------|
| 1 | Realizing a society in which people and goods can get to where they need to go safely, reliably and in an optimum manner with environmental responsibility | 3 GOOD HEALTH AND WELL-BEING | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 11 SUSTAINABLE CITIES AND COMMUNITIES | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | P.26-27 | |
| 2 | Minimizing environmental impact in each step of the truck and bus business | 13 CLIMATE ACTION | 7 AFFORDABLE AND CLEAN ENERGY | 6 CLEAN WATER AND SANITATION | 14 LIFE BELOW WATER | 15 LIFE ON LAND | P.28-29 |
| 3 | Developing partners that have the same dreams (Providing solutions to societal issues by bringing together others competencies) | 17 PARTNERSHIPS FOR THE GOALS | | | | P.30 | |
| 4 | Building a sustainable value chain | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | | | | P.31 | |
| 5 | Diversity & inclusion | 5 GENDER EQUALITY | 8 DECENT WORK AND ECONOMIC GROWTH | 10 REDUCED INEQUALITIES | | P.32 | |
| 6 | Training human resources to help people and goods get to where they need to go | 4 QUALITY EDUCATION | | | | P.33 | |

Current environment

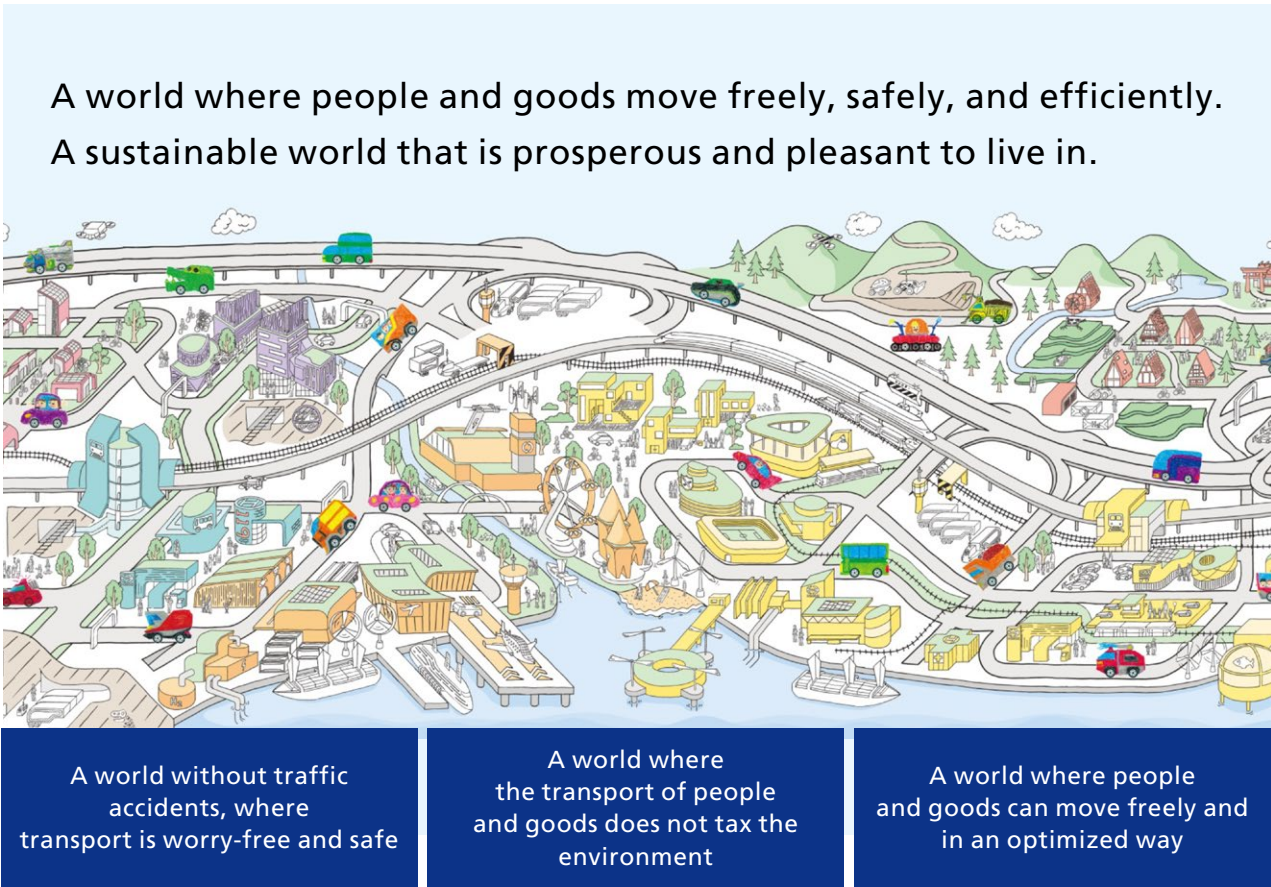


〈 Realizing a sustainable world 〉

Challenge 2025, the medium to long-term strategy

The world we want to create and providing Hino value

To realize “a sustainable world that is prosperous and pleasant to live in,” Hino has worked together with its customers and society to solve a variety of societal issues. Today, various societal issues are materializing in the transportation of goods and people, such as serious traffic accidents, CO₂ emissions, and labor shortages. Hino is not only using its own resources but also bringing together various competencies by cultivating partnerships to resolve these issues by tackling them head on.



1. The world we want to create

Hino wants to achieve “a sustainable world that is prosperous and pleasant to live in,” where people and goods can move freely and in an optimized way in a society that is worry-free, safe, and earth friendly.

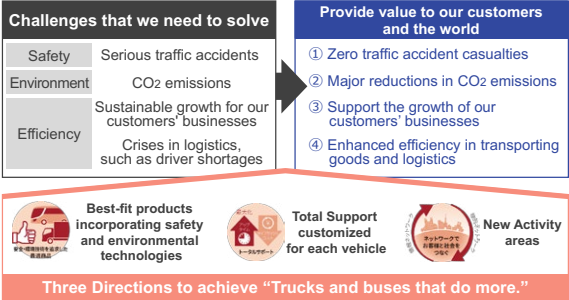
2. Challenges to overcome and providing Hino value

To face the increasingly complex challenges of our customers and the world, we uphold the provision of four values of “zero traffic accident casualties,” “major reductions in CO₂ emissions,” “support for the growth of our customers’ businesses,” and “enhanced efficiency in transporting goods and people.”

We are working on comprehensive solutions

Challenges to be overcome and providing Hino value

Based on our Three Directions approach, develop comprehensive solutions for the increasingly complex challenges our customers and the world face.

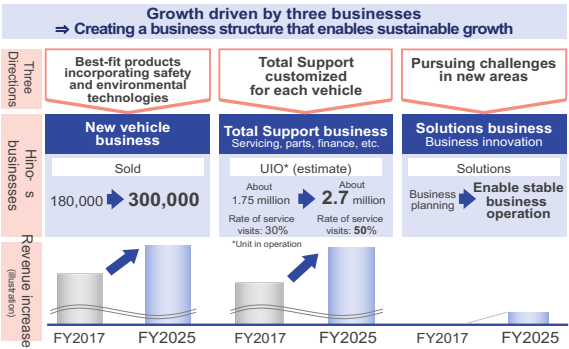


through our Three Directions approach therefore, which is comprised of “best-fit products incorporating safety and environmental technologies,” “total support customized for each vehicle,” and “new activity areas.”

Enhancing our business foundation for sustainable growth

Based on the Three Directions approach of “Trucks and buses that do more,” we have established the pillars of “New vehicle business,” “Total Support business,” and “Solutions business” to enhance Hino’s business foundation. We are striving for sustainable growth by steadily strengthening these businesses.

Growth and business structure changes leading up to 2025



1. Further enhancing our business foundation

The number of vehicles sold is steadily increasing each year, and we aim to sell 300,000 new vehicles by 2025, which is approximately 1.6 times more than in FY2017.

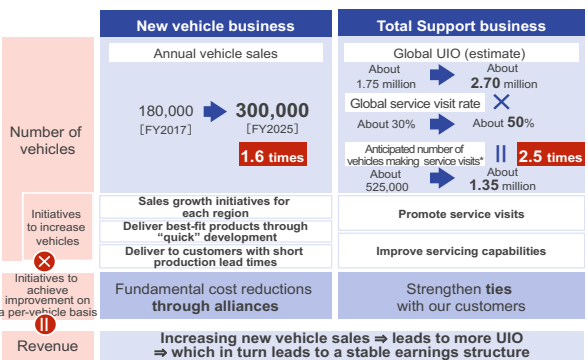
Sales are experiencing well-balanced growth in overseas regions in addition to the three mainstays (Japan, ASEAN, the Americas), and we are releasing the best products in a timely manner through “quick” development utilizing thorough optimization.

In manufacturing, we deliver products to our customers in a short production lead time, and are increasing price competitiveness and revenue per vehicle through drastic cost reduction activities that take advantage of alliances.

Our Total Support (number of units in operation) business aims to boost the rate of service visits 50% by 2025 through improvements to maintenance skills and promotion of service visits. This will result in an increase in the number of vehicles making service visits that is approximately 2.5 times greater than now.

Furthermore, to strengthen our bonds with customers, we will continue providing substantial support, including opening customer service centers at all overseas bases. We are striving for a stable business structure through initiatives that include an increase in the sales of new vehicles and an increase in UIO.

Growth scenario



2. Partnerships

There are endeavors Hino has undertaken thus far that would have been difficult to accomplish alone. While focusing on collaboration with the Toyota Group, we are further moving forward with efforts that include a strategic cooperative relationship with the TRATON Group in a range of areas and collaboration with Ashok Leyland, which has a strong hold in developing nations.

Hino has taken the lead in promoting efforts for commercial base CASE* within the Toyota Group to accelerate resolutions to problems for its customers and the world.

Partnerships




Management perspective (FY2025)

Hino is looking to achieve growth in 2025 of 2.5 trillion yen in sales and an operating profit ratio of 10% by providing strong, far-reaching value to its customers and contributing to society. We hope to secure steady revenue and stable returns to stockholders through growth in the solutions business and Total Support business that accompanies an increase in the number of units in operation. Together with boosting this earning power, we will invest in growth for new technology development to further improve corporate value. We will do our utmost so that Hino continues to be a company needed by all stakeholders, including our customers and stockholders.

Corporate Targets

	FY2017	FY2025 targets
Sales	1.8 trillion yen	2.5 trillion yen
Operating profit ratio (amount)	4.4% (80 billion yen)	10% (250 billion yen)
Vehicle sales*	180,000 units	300,000 units
UIO* (estimate)	About 1.75 million	About 2.70 million
Service visit rate*	About 30%	About 50%
Expected number of service visits	About 525,000 units	About 1.35 million units
Earnings structure	Mainly from new vehicles	Create a stable earnings structure through UIO + solutions

*Figures represent global vehicle and service visit rates.
Sustainable growth based on our Three Directions approach
Consistent shareholder returns and rise in corporate value

 **Challenge 2025**
("Envisioning 2025" announced in October 2018)

Cautions regarding forward-looking statements

Challenge 2025, the medium to long-term strategy contains forward-looking statements concerning matters such as the prospects, goals, plans, and strategies of Hino Motors (including consolidated subsidiaries). These forward-looking statements are based on judgements and assumptions grounded on information currently available to the Company. Given the uncertainty inherent in such judgements and assumptions, and potential changes due to future business management and internal/external changes in circumstances, the actual performance or development of the Company in the future may significantly differ.

*CASE: C = connected (connectivity), A = autonomous (autonomous driving), S = shared, and E = electric (electrification)

《 Realizing a sustainable world 》

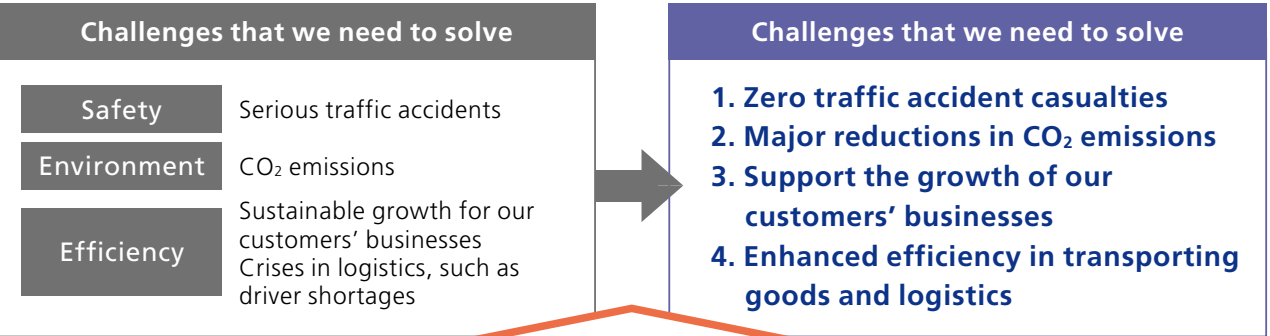
The 3 Goals

Hino Motors, in its medium to long-term strategy, "Challenge 2025," describes the plan to address complex challenges based on its Three Directions approach by listing four ways to provide value to customers and society : **1.** Zero traffic accident casualties, **2.** Major reductions in CO₂ emissions, **3.** Support the growth of our customers' businesses, and **4.** Enhanced efficiency in transporting goods and logistics.

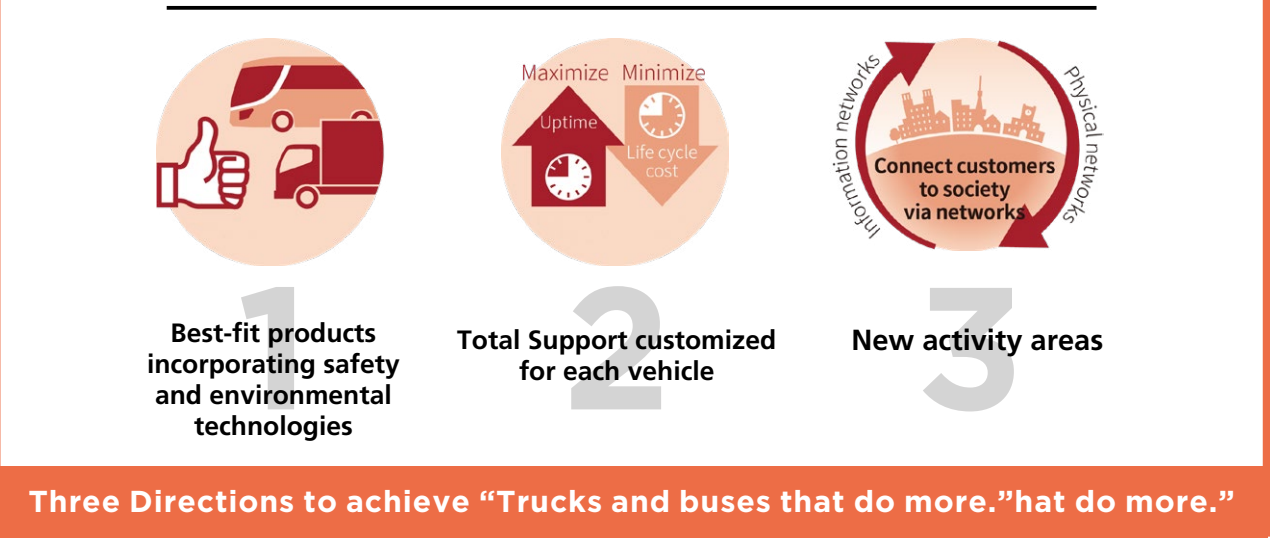
This section will focus on the the 3 Goals to introduce specific examples of Hino Motors initiatives, as well as the members of "Team Hino" who are working to provide solutions to issues faced by customers and society.

3 Goals to realize "Challenge2025"

Based on our Three Directions approach, develop comprehensive solutions for the increasingly complex challenges our customers and the world face.



The 3 Goals





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.

* "PCS" is registered trademarks of Toyota Motor Corporation.



The Power That Sustains Hino Motors

ADAS Development Div

System Development Dept.2,
ADAS Development Div

Naoto Kota

Junior employee

Currently, my job is to develop safety equipment that detects moving objects to prevent accidents. I've always been interested in the safety and comfort of commercial vehicles, which underpin our day-to-day lives, so I feel this work is very rewarding.
I want a job that continuously contributes to the safety of society as a whole—that's my dream. Developing safety technologies that reduce and eliminate human error, which is the greatest cause of accidents, is a constant repetition of trial and error day after day, but I hope to grow by learning from my incredible superiors, using my reasoning skills, and working to achieve goals.

Assistant Manager
System Development Dept.1,
ADAS Development Div

Experienced employee

Shunsuke Hataya

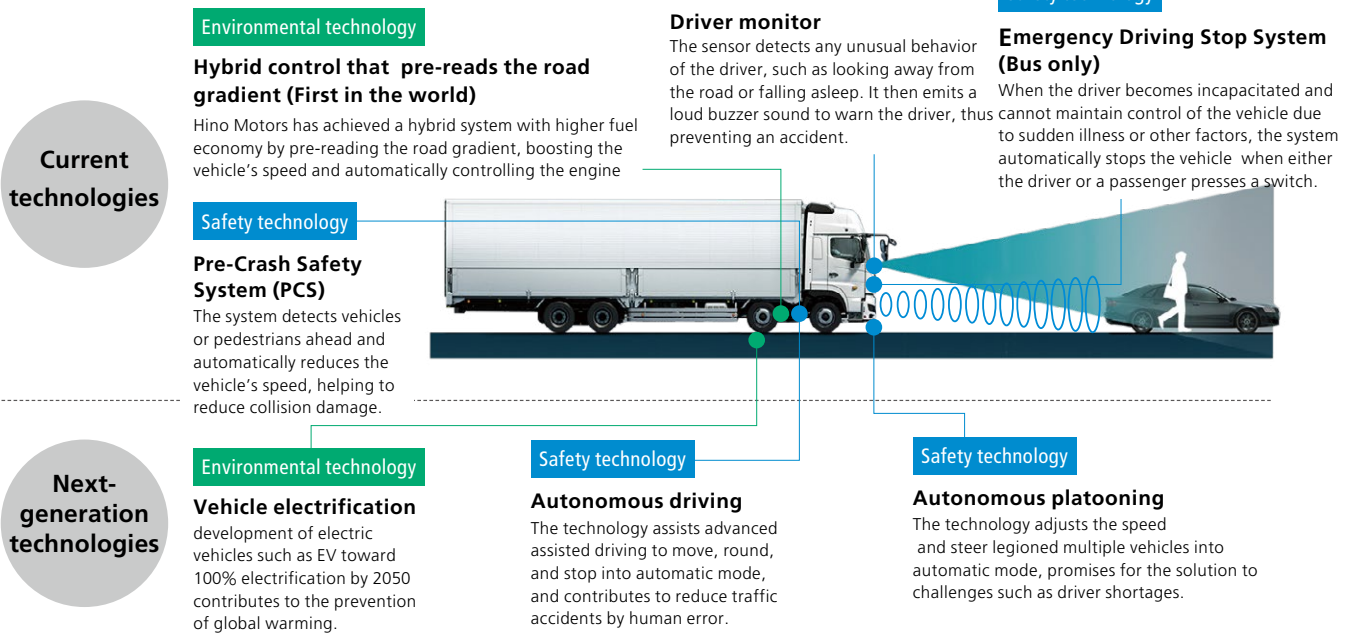
I'm involved in designing advanced safety equipment systems such as automatic braking. My work improving safety technologies is an ongoing, daily pursuit.
To achieve the ultimate goal of "zero accidents" involving Hino vehicles, I especially value listening to the frank opinions of customers who actually use the vehicles. From that point of view, not only does analysis of the causes of accidents move forward, but listening to our customers is also an opportunity to come to unexpected realizations. I hope to thoroughly pass on this kind of know-how to the younger generation and together establish the safety performance standards found only in Hino vehicles.

Specific Initiatives

Safety/Environment

Technologies that are environment friendly and provide safety and peace of mind

Hino Motors is working to sustainably support its customers and society by pursuing technologies that enhance safety and promote environment preservation.



Safety/Environment

New releases

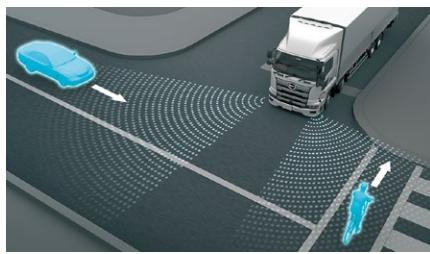
Hino Profia Hybrid

Reducing the fuel consumption of heavy-duty trucks has become a major issue. Hino Profia Hybrid is equipped with the World's first hybrid control system to significantly improve fuel consumption by using AI to predict gradients on routes based on 3D map information. In addition, both environmental performance and safety performance are achieved through standard equipment featuring advanced safety technology, such as the Pre-Crash Safety and the Sight Around Monitor System. (Refer to the right section)



● Sight Around Monitor System

This system detects moving objects closing in at an angle from ahead, such as at intersections. It sounds an alarm to help drivers check for approaching danger and helps prevent head-on collisions.





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.”



The Power That Sustains Hino Motors

United Arab Emirates (U. A. E.)

Overseas subsidiary (Hino Motors Middle East FZE)
Naoto Nakatsuka

Field Service Engineer (FSE)

Mechanic

Mechanic (Al-Futtaim Motors)
Kishore Sanjeeva Salian

I train local mechanics in the Middle East and North Africa. When I was a student, I visited a plant in Arkansas in the USA and was drawn by the ability to work around the world, so I joined Hino Motors as a Field Service Engineer (FSE).*

I believe that gaining customer trust requires improving the technical abilities of mechanics, and that forms the foundation of total support. I train mechanics to learn quick and accurate maintenance skills to cultivate mechanics capable of understanding customer needs and conducting maintenance from the customer’s point of view. I also hope to further polish my skills and continue to grow at the front lines of service in countries around the world with other mechanics who share the same ambition.

*FSE: Specialists who possess expert knowledge of maintenance, services, etc. and work overseas

My mission is to maintain my customers’ vehicles in good condition. I feel a great sense of satisfaction being able to help each of my customers with their work and their lives by keeping their vehicles operating.

As a mechanic, I naturally have a sense of ownership and believe in working closely with my colleagues in the ongoing pursuit of providing the best service.

In addition, my dream is to pass on my experiences and the best technologies to the children who will lead the next generation in order to help achieve a prosperous and comfortable future.

 More information about FSE

Specific Initiatives

Maximizing Vehicle Uptime

Expanding HINO CONNECT, which links vehicles and customers through ICT

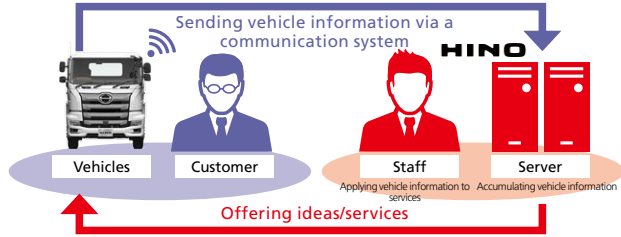
Hino Motors provides support so that trucks and buses continue to operate reliably for its customers and can fulfill their needs.

In 2019, the Hino Dutro was added to our lineup, which includes the Hino Profia, Hino Ranger, and Hino Selega.

To prevent the non-operation of customer’s vehicles, we have focused on “preventive maintenance,” which involves maintaining the vehicle before it breaks down, not fixing it afterwards. We plan to add a feature that offers optimal “preventive maintenance” based on information such as how the vehicle is used and gradually expand the service.

Not only does Hino Motors continue supporting its customers’ business by collecting and utilizing vehicle information, but it also contributes to society as a whole through actions such as offering road information during natural disasters.

● HINO CONNECT



Customer support

安全装置作動一覧

Support for safe operation

Detecting safety equipment operation and sending email notifications to customers from Hino

Customer support

燃費削減サポート

Fuel-saving driving support

Ability to confirm vehicle fuel consumption information using the Eco Tree Report [Please see P.59](#)

Customer support

車両位置表示

Emergency response support

Ability to confirm vehicle location in an emergency

Social contribution

災害時の情報提供

Provide information at the time of disaster

When a disaster occurs, providing ITS Japan with information on passable roads for emergency vehicles to assist in the transport of relief supplies for customers

Improve customers’ awareness and skills for safe and fuel-saving driving

Hino Total Support Customer Center initiatives (Malaysia)

Since opening in 2015, the center has been offering support for daily inspections of customer vehicles, driver training on driving aptitude and vehicle characteristics, and fuel-efficient driving instruction. With cooperation from Yamato Transport (Malaysia) Sdn. Bhd., Hino Motors began offering a new program in April 2019 for safe driving based on the customer perspective. The Company is focusing on total support that maximizes the operation time of customer vehicles and minimizes life cycle costs.



Minimizing vehicle life cycle costs

MOBILOTS Corporation launches operations

The way commercial vehicles are being used is shifting from the previous approach of “ownership” to “utilization,” and customer demand for financial services is growing. To meet this demand, MOBILOTS established by three companies: Hino Motors, Toyota Finance Co., Ltd., and Sumitomo Mitsui Auto Service Co., Ltd. helps to minimize the life cycle costs of customer’ commercial truck / bus vehicles by offering vehicle leases and installment plans, as well as services that include vehicle management and maintenance.





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 challenged 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.



The Power That Sustains Hino Motors

Connected Group,
Commercial CASE Promotion Div

Naoyuki Kawata

Commercial CASE Promotion Div

Junior employee

I've been fascinated by trucks and buses that support our lives from behind the scenes since before I joined Hino Motors. Today, I'm involved in solving onsite problems from the perspective of a commercial vehicle manufacturer that provides waste collection vehicles. I especially feel a great sense of satisfaction when discovering problems that wouldn't have been recognized without going to the worksite. In addition to thinking from the perspective of the onsite workers, I soak up a variety of knowledge. I keenly feel that I can gain customer trust by becoming “more of a professional than the onsite professionals.” Worksites are constantly facing challenges. Going forward, I'd like to be able to solve onsite problems based on an even broader range of perspectives and be a presence that steadily supports customer business from behind the scenes.

Manager
Technical Strategy Group,
Commercial CASE Promotion Div

Yasushi Kawata

Experienced employee

Value unique to Hino Motors is produced by discovering and proposing solutions to potential worksite problems with transporting goods and people, such as risks and waste/inconsistency at work.
Based on the motto “the worksite comes first,” we work to solve problems onsite to quickly offer value. I believe an approach that listens firsthand to customer opinions and carefully responds to each and every issue should be passed on to the younger generation.
This department has been established for less than a year, but we will continue working onsite to cultivate professionals whose strength is onsite skills in order to gain even greater trust both in and outside of the Company.

Specific Initiatives

New Forms of Logistics

NEXT Logistics Japan, Ltd. Initiatives

To resolve societal issues such as driver shortages and CO₂ reduction, NEXT Logistics is striving to optimize logistics with the duel approach of utilizing 25-meter, full trailers for transporting large volumes of freight more efficiently (1 person transports 2 trucks worth of cargo) and “transporting more freight on a single truck (20% increase of loading rate). The company will continue developing initiatives to fulfill the mission of keeping logistics flowing.



Transporting large volumes of freight more efficiently

- Freight that previously required two drivers and two trucks can be shipped with a single driver operating two trucks.

Transporting more freight on a single truck

- Loading rate is improved by using vehicle information, such as available cargo space that is recognized using volume sensors and load sensors

CASE・MaaS

Offering value through new solutions

Hino Motors is developing Commercial CASE (Connected, Autonomous, Shared, Electric) with the aim of continuing to engage with vehicles, even after they have been introduced into world markets, to bring smiles to every person involved with vehicles.

The Company entered into an agreement with the cities of Komatsu in Ishikawa Prefecture and Mitoyo in Kagawa Prefecture in 2019 and began demonstration experiments for a new mobility service using regional public transportation.

To provide “trucks and buses that do more” for customers, Hino Motors will continue identifying and improving issues onsite to assist customers and society through Commercial CASE.

CASE



The term “CASE,” coined by Daimler, embodies the direction of strategy implementation, “automotive manufacturers transform into mobility service providers.”



Signing an agreement with the city of Komatsu



Signing an agreement with the city of Mitoyo