

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

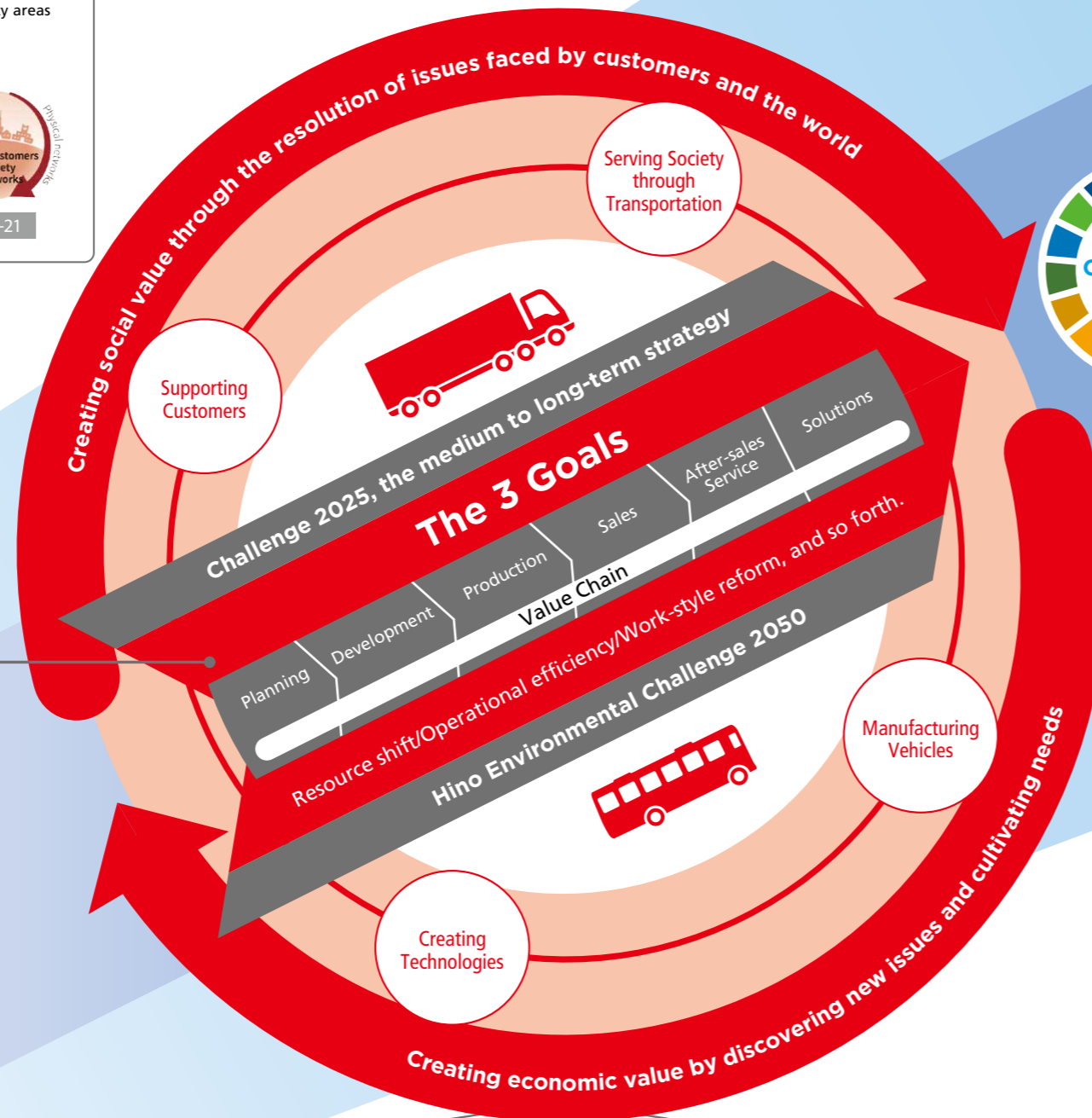
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Total Support customized for each vehicle

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New activity areas

P.20-21



Current environment



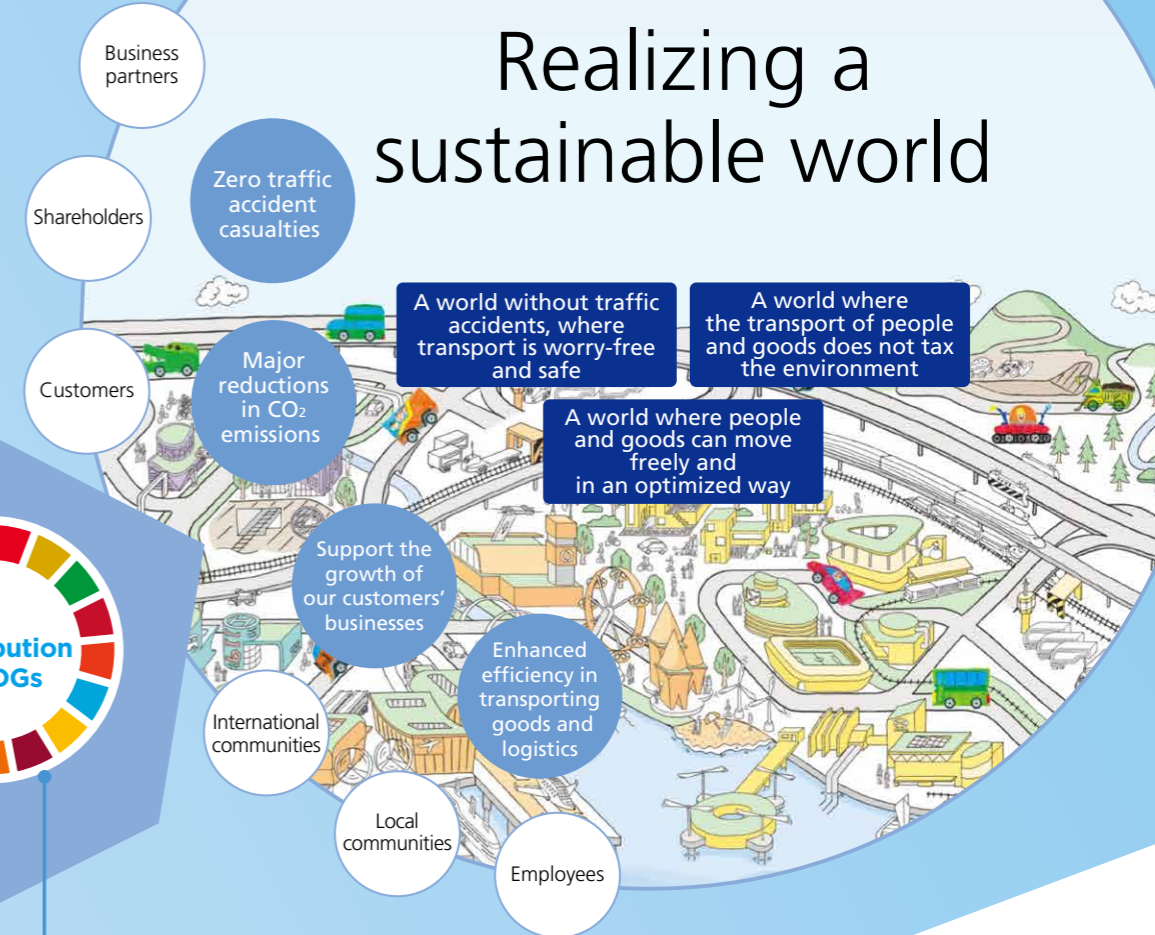
ESG Initiatives (Business foundation)

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

Realizing a sustainable world



Creating the vision of Hino Motors through contributing to SDGs

SUSTAINABLE DEVELOPMENT GOALS

- 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.24-25
- 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.26-27
- Developing partners that have the same dreams (Providing solutions to societal issues by bringing together others competencies)
 - 17 PARTNERSHIPS FOR THE GOALS
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- Building a sustainable value chain
 - 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
 - P.29
- Diversity & inclusion
 - 5 GENDER EQUALITY
 - 8 DECENT WORK AND ECONOMIC GROWTH
 - 10 REDUCED INEQUALITIES
 - P.30
- Training human resources to help people and goods get to where they need to go
 - 4 QUALITY EDUCATION
 - P.31

〈 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.

A world where people and goods move freely, safely, and efficiently.
A sustainable world that is prosperous and pleasant to live in.



A world without traffic accidents, where transport is worry-free and safe

A world where the transport of people and goods does not tax the environment

A world where people and goods can move freely and in an optimized way

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 through

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.

Challenges that we need to solve	Provide value to our customers and the world
Safety Serious traffic accidents	① Zero traffic accident casualties
Environment CO ₂ emissions	② Major reductions in CO ₂ emissions
Efficiency Sustainable growth for our customers' businesses Crises in logistics, such as driver shortages	③ Support the growth of our customers' businesses ④ Enhanced efficiency in transporting goods and logistics

Best-fit products incorporating safety and environmental technologies

Total Support customized for each vehicle

New Activity areas

Three Directions to achieve “Trucks and buses that do more.”

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

Growth driven by three businesses
⇒ Creating a business structure that enables sustainable growth

Three Directions	Best-fit products incorporating safety and environmental technologies	Total Support customized for each vehicle	Pursuing challenges in new areas
Hino's businesses	New vehicle business	Total Support business Servicing, parts, finance, etc.	Solutions business Business innovation
	Cost Reduction	Promote Service Visits	Solutions
	Use of alliance	Rate of service visits 30% → 50%	Business planning Enable stable business operation

1. Further enhancing our business foundation

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.

Furthermore, to strengthen our bonds with customers, we will continue providing substantial support, including opening customer service centers at all overseas bases.

Growth scenario

	New Vehicle business	Total Support business
Initiatives	Sales growth initiatives for each region Deliver best-fit products through “quick” development Deliver to customers with short production lead times	Promote service visits Anticipated number of vehicles making service visits
Initiatives to Achieve improvement on a per-vehicle basis	Fundamental cost reductions through alliances	Strengthen ties with our customers

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

We aim to provide solutions to societal issues, not only through our own capabilities, but also by bringing together others competencies.

Best-fit products incorporating safety and environmental technologies	Total Support customized for each vehicle	New activity Existing areas
Existing areas technologies	Advanced technologies	Existing areas
Strategic partnerships		
ASHOK LEYLAND ISUZU BYD	Extend the range	MOBILOTS NEXT LOGISTICS MOVO MUNET
Toyota Group HINO		Promote commercial base CASE

Challenge 2025
 (“Envisioning 2025” announced in October 2018)

Accelerating structural reforms

There is a real possibility that the current global COVID-19 crisis could continue to severely impact the business environment for the next few years. This makes it imperative to accelerate the creation of a business structure that is more resilient than ever before to changes in the business environment and also capable of realizing sustainable growth.

As a first step, with a view to achieving a stable business structure by 2022, we will work to establish a structure that will enable us to secure revenues, even if global sales volume is in the order of 150,000 units, by boosting the competitiveness of optimal products, and expanding and deepening total support.

Our goal is to capitalize on the efforts we have already made to achieve “Challenge 2025” by 2025. Beyond 2025, we aim to commercialize the solution business and make it a key pillar of our activities, working with each of our customers to solve business challenges.

With this goal in mind, we will engage in a process of further selection and concentration, leaving no stone unturned, to discern areas where we can focus on our competitive advantages and areas where we cooperate with partners to maximize value for customers.

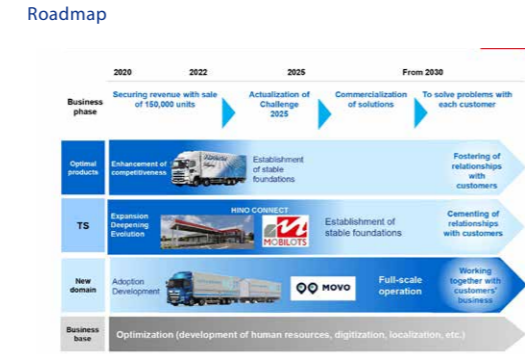
Structural reforms scenario

	New Vehicle business	Total Support business
Initiatives	Sales growth initiatives for each region Deliver best-fit products through “quick” development Deliver to customers with short production lead times	Promote service visits Anticipated number of vehicles making service visits
Initiatives to Achieve Improvement on a per-vehicle basis	Fundamental cost reductions through alliances	Strengthen ties with our customers

To complete these structural reforms, we have organized the challenges we will take on into “50 Projects.” We will allocate the resources that we have already created by improving operational efficiency to these projects. We will also endeavor to strengthen the business base with HR development, digitalization, and localization, looking to support structural reforms overall.

From now on, as the environment changes in various ways, the challenges and needs of our customers and society will also change. Hino Motors works to anticipate these changes and aims to grow together with our customers and society, further strengthening our relationships with them.

Going forward, we will do our utmost to keep offering solutions for the issues faced by our customers and the world, and to be a company that is needed by all of our stakeholders around the world.



《Realizing a sustainable world》

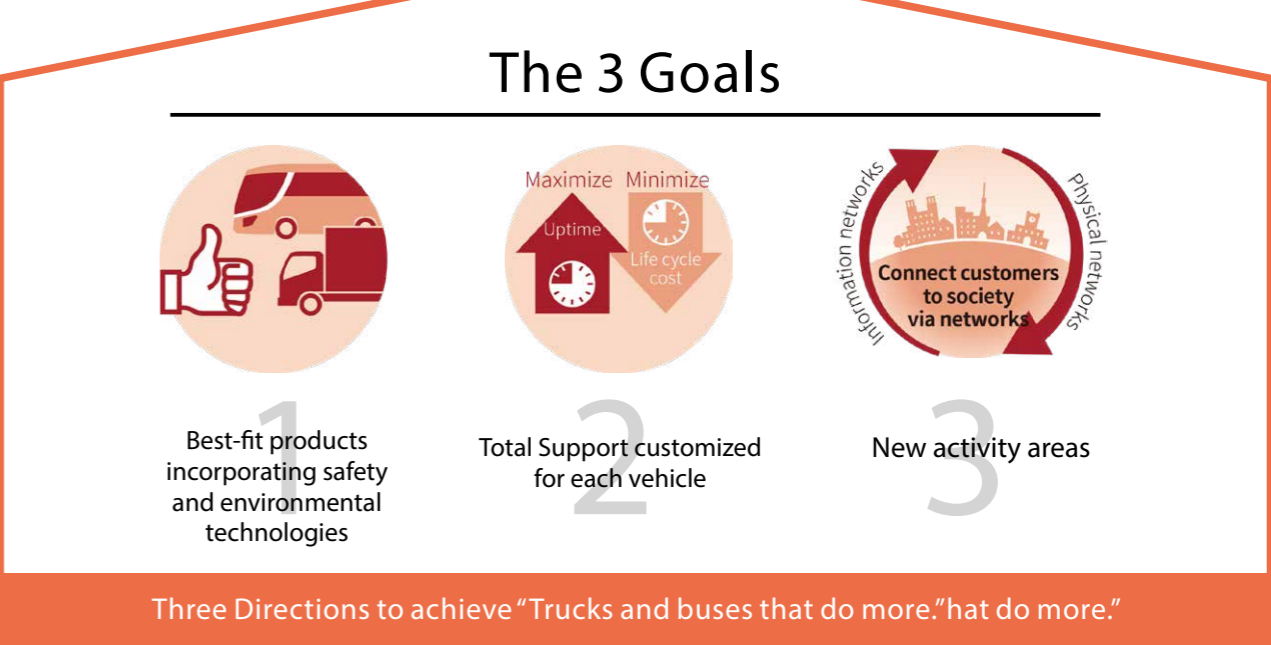
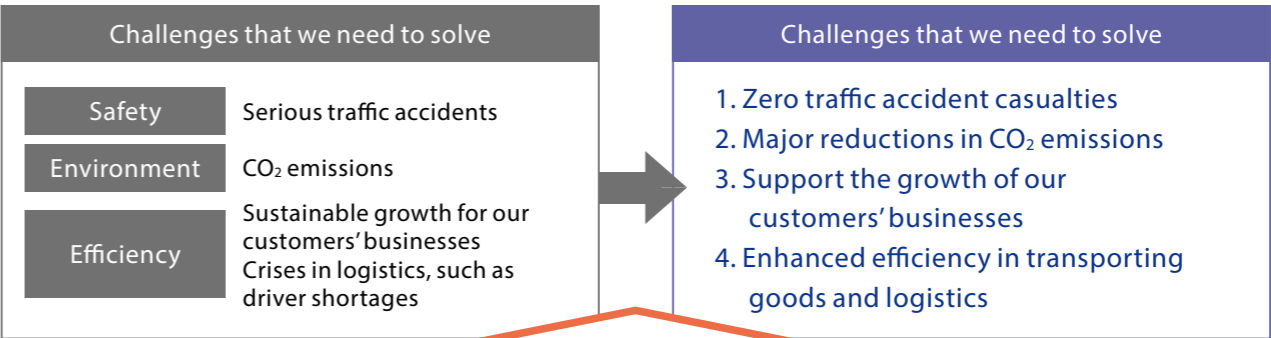
The 3 Goals

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

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 Dept

ADAS Development Dept.

ADAS Development Dept.

Naoto Kota

Junior employee

Experienced employee

Shunsuke Hataya

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.

I'm involved in designing advanced safety equipment systems such as automatic braking. My work improving safety technologies is an ongoing, daily pursuit.

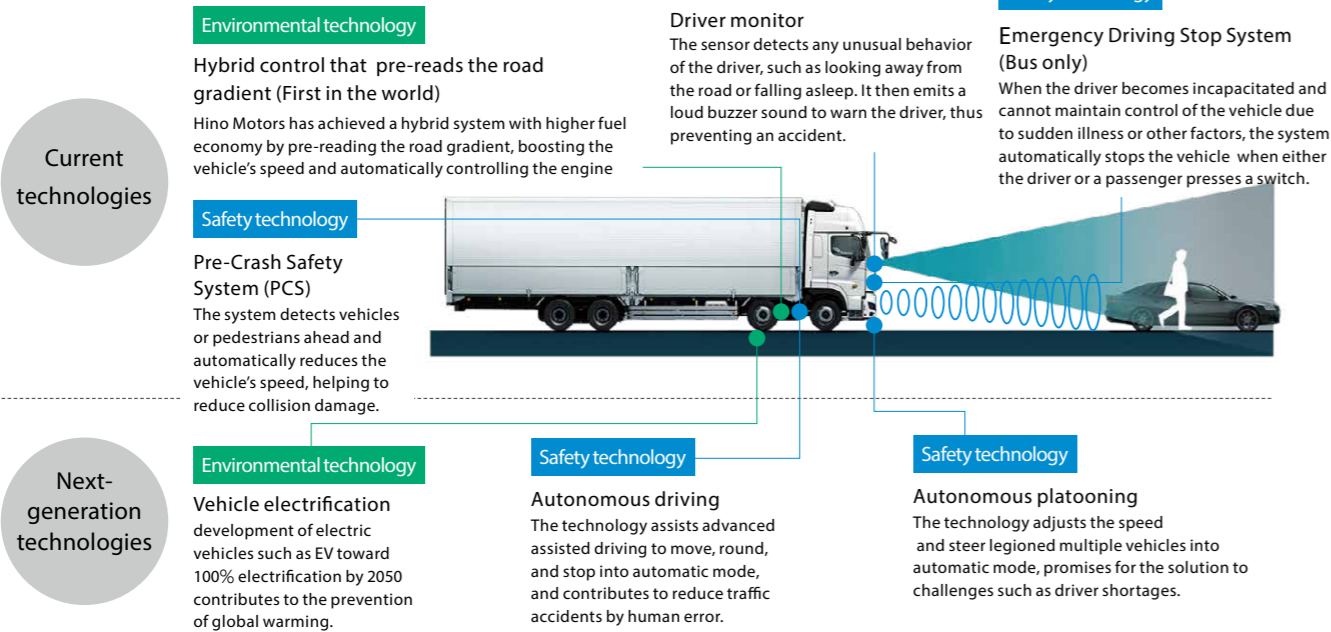
To achieve the ultimate goal of "zero accidents" involving Hino vehicles, I especially value listening to the frank opinions of customers who actually use the vehicles. From that point of view, not only does analysis of the causes of accidents move forward, but listening to our customers is also an opportunity 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.



Environment

Acceleration the Development of Vehicles (EVs) That Do Not Emit Co2

● Joint Development of Heaby-duty Fuel Cell Trucks with Toyota Motors

Hino is pursuing joint development to achieve a high degree of environmental performance and commercial vehicle utility by making the best use of technologies developed by both companies, based on the heavy-duty Hino Profia truck. In 2022, we plan to begin driving demonstrations with logistics companies in Japan, and in 2021 we will develop and evaluate prototype vehicles in North America..



● Project Z: The Road to Zero Emissions in the United States

Hino has announced "Project Z," achieved in collaboration with leading partners in American electric vehicle technology, development path to Zero emissions vehicles, ranging from class 4 to class 8. As an environmental front runner, we will strive to develop and promote innovative and competitive technologies for electric trucks and fuel cell trucks that meet the needs of our customers.





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.

Strengthening of Total Support structure

Strengthening of Total Support Structure of Latin America

Hino Motors expanded and relocated the after-sales service technology training center opened to strengthen our total support activities in Panama in 2013. As such we made available it as total support stronghold to train and educate.

We accelerate totalsupport in order to contribute our customers' business at while Latin America.



Minimizing vehicle life cycle costs

Putting three Hino Motors dealers in the capital region together

A new company will be established in 2021 to put three Hino motors dealers.

In recent years, the delivery network of transport operators in the capital region has become wider due to the development of the main road network.

In response to these changes in our customers, Hino Motors will strive to maximize the convenience of our customers by further strengthening our total support system, in addition to the detailed response that has been closely linked to the local community.

Specific Initiatives

Maximizing Vehicle Uptime

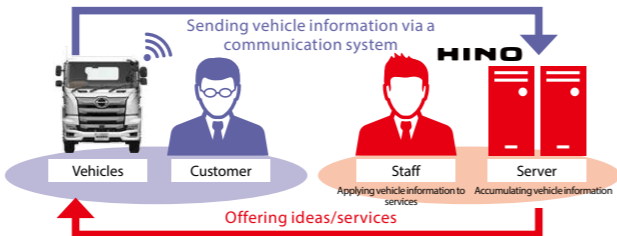
Updating HINO CONNECT, which links vehicles and customers through ICT

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 line-up, which includes the Hino Profia, Hino Ranger, and Hino Selega. In 2020, we will add a "safety report" that can be used for safe driving support, such as vehicle speed data and driver monitor alarm operation status. And we will start a trial of "ICT preventive maintenance monitoring service" in collaboration with MOBILOTS.

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.

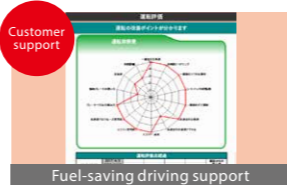
HINO CONNECT



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



Emergency response support
Ability to confirm vehicle location in an emergency



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



Social contribution
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



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

Commercial CASE Promotion Dept.

Commercial CASE Promotion Dept.

Naoyuki Kawata

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.

Commercial CASE Promotion Dept.

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.

DX

● Acceleration of Digital Transformation(Hino's Digital vision)

Hino Motors aims to “continue to be close to customers” through two-way communication with customers and society, starting from the data that can be obtained from trucks and buses. In addition to customers, dealers, and companies, we will expand the circle of “information networks” to customers, partner companies, and suppliers who support us for truck and bus operators, and contribute to solve various issues facing customers and society.



● Data linkage with Hacobu

Started collaboration between Hacobu's digital logistics information platform and Hino's commercial transporting goods and logistics platform to build an open logistics information platform and realize concrete solutions aimed at solving social issues related to logistics such as a shortage of drivers. Did.

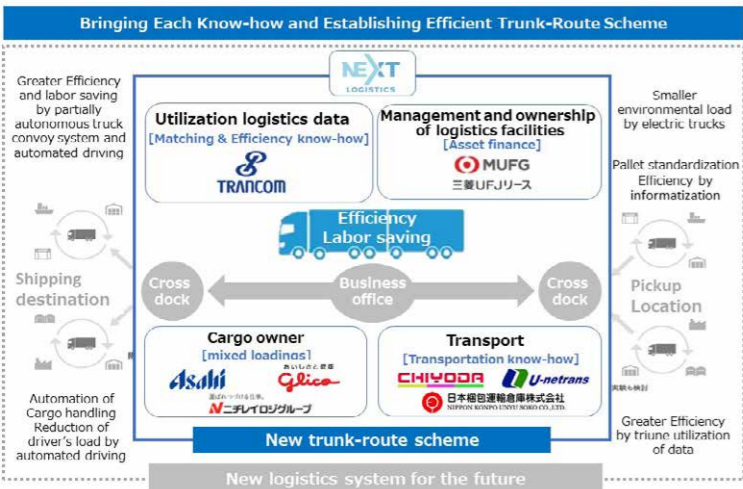
Through collaboration with various partners such as Hacobu, We aim to create value by linking various data such as vehicle operating status, luggage, and warehouse, new optimizations such as overall optimization of transporting goods and logistics processes, as well as improvement of logistics quality, etc.

Specific Initiatives

New Forms of Logistics

NEXT Logistics Japan, Ltd. Initiatives

NEXT Logistics Japan Co., Ltd. consolidated a new trunk-route transportation scheme to provide solutions to the escalating issues in logistics such as driver shortages and CO₂ reduction by bringing together the expertise and technologies of any companies involved in logistics, which include cargo owners, transport companies and vehicle manufacturers, and launch operations in December 2019.



● Maximize logistics efficiency

- Optimal Break-bulk approach calculated from information on cargo and vehicle
- Load-matching for vacant spaces
- Leveling of load rates

● Secure, safe, and sustainable logistics

- Utilization of data from HINO CONNECT
- Visualization of the cargo compartment
- Improving drivers' quality of sleep
- Reform driver's work styles and working-hours