

< NOTE > English translation from the original Japanese-language document

## Corporate Governance Report

Last Update: December 28, 2021

Hino Motors, Ltd.

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The corporate governance of Hino Motors is described below.

### I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

#### 1. Basic Views

As a company that manufactures and sells trucks and buses needed for distribution and transportation, Hino Motors is working to fulfill its corporate mission: “To make the world a better place to live by helping people and goods get where they need to go—safely, economically and with environmental responsibility—while focusing on sustainable development.” At the same time, the Company has taken a clear stand on its responsibility to contribute to society and has set related goals under the Hino Credo, along with its Core Principles and CSR Charter.

To fulfill its corporate mission, Hino Motors is striving to build on the positive relationships it has established with its stakeholders, which include shareholders, customers, business partners, local communities around the world, and employees. Based on this stance, Hino Motors is working to enhance its corporate governance with the goal of achieving sustainable growth and raising its corporate value over the medium to long term as a global company.

In addition, Hino Motors endorses the Corporate Governance Code prescribed by the Financial Services Agency of Japan and has devised various measures based on the objectives and intent of the code’s guidelines and principles. As a basic policy, Hino Motors intends to pursue these measures as a means of strengthening its corporate governance.

#### [Reasons for Non-compliance with the Principles of the Corporate Governance Code] UPDATED

[Principle 4.2. Roles and Duties of the Board of Directors (2)]

Supplementary Principle 4.2.2

Hino Motors has been working to address sustainability issues based on the Hino Credo, as shown to date in the Hino Sustainability Report. However, the Company plans to restructure the basic policy and announce it in the first half of 2022.

#### [Disclosure Based on the Principles of the Corporate Governance Code] UPDATED

[Principle 1.4 Cross-Shareholdings]

<Policy on Cross-Shareholdings>

As collaborative relationships between various companies in development, procurement, production, logistics, and sales are vital in the automotive industry, Hino Motors holds shares of listed companies it deems necessary from the perspective of enhancing corporate value over the medium to long term

through the building of positive relationships with business partners and implementing business smoothly. As a policy, Hino Motors will not hold listed stocks as cross-shareholdings in other cases. Cross-shareholdings here include not only mutual shareholdings but also unilateral ones. Every year the Board of Directors qualitatively examines the aims of owning cross-shareholdings for each stock, as well as quantitatively examines matters including related earnings and returns such as dividends income to reevaluate the significance of ownership. In addition to quantitatively evaluating matters such as whether the benefits of shareholding counterbalance the capital cost, the Board of Directors conducts a qualitative assessment of the aims of ownership to comprehensively determine suitability. Stocks whose ownership is no longer recognized as justified are considered for gradual disposal and reduction.

<Basic Policy on the Exercise of Voting Rights Related to Cross-Shareholdings>

With regard to the exercise of voting rights related to cross-shareholdings, Hino Motors makes a comprehensive decision on each proposal based on a judgement of whether a proposal will lead to an increase in corporate value from a medium- to -long- term perspective, whether a proposal will undermine the justification for ownership of the stock and other criteria.

[Principle 1.7 Related Party Transactions]

Hino Motors complies with the procedures stipulated in Japan's Companies Act regarding conflict of interest transactions with officers. In addition, transactions with executive vice presidents and senior managing officers who are not directors have to be approved by and reported to the Board of Directors.

Sales of products and other goods to TOYOTA MOTOR CORPORATION, the parent company of Hino Motors, are determined in price negotiations each fiscal year by taking into account such factors as the market prices of raw materials and the contracted production volume. Other transactions with the parent company are conducted at a reasonable price following discussions with the parent company and take full account of such factors as market prices in the same way as for regular terms of transactions. The interest rate when borrowing funds is determined by taking the market interest rate into account in the same way as for regular transactions.

[Principle 2.4 Ensuring Diversity within the Company, including Encouraging Women to Take Active Roles]  
Supplementary Principle 2.4.1

Hino Motors promotes the coexistence within the Company of diverse perspectives and values that reflect disparate experiences, abilities, and attributes. Looking to promote sustainable growth, the Company works to foster an environment that facilitates the demonstration of skills and a work-friendly environment for women, non-Japanese people, and mid-career hires.

(1) The promotion rate for women into management positions is 15% compared to 13% for men, when comparing employees hired at the same time. The Company will continue active promotion of women with the aim of promoting 65 women to management by 2026.

\* Active promotion has led to 49 women managers in 2021, up from 19 in 2014 (2.6 times more).

(2) In regard to promoting non-Japanese people to management positions, the Company seeks to hire and develop outstanding human resources, aiming to increase the proportion of management positions held by non-Japanese people from 2.6% as of March 2021 to 5% in 2026.

(3) In comparison to the current 37% promotion rate to management positions for regular hires, the promotion rate for mid-career hires to management is 38% due to encouraging promotion of human resources capable of leadership by acquiring outside human resources with digital expertise, etc. The Company will continue to actively promote mid-career hires.

[Principle 2-6. Roles of Corporate Pension Funds as Asset Owners]

Hino Motors has established an expert committee so that the organization responsible for the corporate pension fund can take appropriate action, such as monitoring the investment manager, for proper management of the corporate pension reserve fund and the sound operation of the pension plan into the

future. Hino Motors also strives to further strengthen the required human resources for the expert committee.

In addition, if necessary, external experts and the labor union are invited to the above expert committee to ensure that any conflicts of interest that may arise between the beneficiaries of corporate pension funds and the company are managed properly.

[Principle 3.1 Full Disclosure]

(1) Company objectives (management philosophy, etc.), business strategies and business plans

Please refer to the HINO Credo and business strategies posted on the Hino Motors corporate website.

HINO Credo

[https://www.hino-global.com/corp/about\\_us/hino\\_credo.html](https://www.hino-global.com/corp/about_us/hino_credo.html)

Hino's business strategies for the future

[https://www.hino-global.com/corp/for\\_investors/business\\_strategy.html](https://www.hino-global.com/corp/for_investors/business_strategy.html)

(2) Basic views and guidelines on corporate governance

Please refer to "I.1 Basic Views" in this document where this is noted.

(3) Board policies and procedures determining the remuneration of the senior management and directors

Please refer to II.1 Director Remuneration and Policy on Determining Remuneration Amounts and Calculation Methods in this document, which notes the policies and procedures in determining the remuneration of senior management and directors.

(4) Board policies and procedures in the appointment and dismissal of senior management and the nomination of directors and Audit & Supervisory Board member candidates

The policies and procedures for the appointment and dismissal of senior management and the nomination of candidates for directors and Audit & Supervisory Board members at Hino Motors are as below.

<Policies>

Hino Motors' Board of Directors assumes the role of appropriately supervising corporate activities based on the perspectives of stakeholders and in accordance with the Company's medium-to-long-term policies and strategies, such as the Hino Environmental Challenge 2050 and Challenge 2025, based on the Hino Credo, to achieve sustainable growth and ongoing improvements in corporate value.

To fulfill the above role, the skill set (experience, insights, expertise, etc.) considered necessary to the Board of Directors has been listed as a skill matrix by making selections based on skills forming the basis of organizational management (examples include corporate management, legal work, compliance, and internal controls) and skills that can be linked to the Company's unique strategies and visions (examples include R&D and manufacturing).

In addition to fulfilling the aforementioned skill set, when appointing directors and auditors, selections are made by comprehensively taking into consideration matters such as each individual's achievements, character, and insights from the perspective of diversity and placing the right person in the right job.

Hino Motors selects outside directors/Audit & Supervisory Board members from the viewpoint of enhancing management monitoring and supervisory functions, giving comprehensive consideration to factors such as experience of corporate management at other companies, industry understanding, and expertise in addition to independence

The skill matrix for the directors is provided on Appendix Sheet 2.

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<Procedures>

When appointing and dismissing directors and auditors, the Proposal Review Committee for Officers, composed of the Chairman, the President and the independent outside directors, select candidates according to the aforementioned policy and prepares a proposal to be submitted to the Board of Directors and a proposal to be recommended to the Audit & Supervisory Board. (The Committee met in March and April 2021.)

In addition, following the recommendation from the Proposal Review Committee for Officers (auditors are selected with approval from the Audit & Supervisory Board), the Board of Directors makes a tentative decision on the candidates, and the selections are then officially determined after deliberation by the general meeting of shareholders.

(5) Explanations with respect to the individual appointments and dismissals and nominations based on the board policies and procedures in the appointment of the senior management and the nomination of directors and Audit & Supervisory Board member candidates:

Refer to the Notice of Convocation for the General Meeting of Shareholders posted on the corporate website, which contains explanations with respect to the appointments and dismissals of senior management and the nominations of individual directors and Audit & Supervisory Board members.

#### Supplementary Principle 3.1.3

The Company's sustainability initiatives are disclosed within the specific endeavors of the medium-to-long-term management strategy, Challenge 2025 and the ESG endeavors (safety, health, human resources creation, work styles) found in the Sustainability Report uploaded to the Company's website.

#### [Principle 4.1 Roles and Responsibilities of the Board (1)]

##### Supplementary Principle 4.1.1

The Board of Directors at Hino Motors decides on the implementation of important business as well as supervising the execution of duties by the directors. Hino Motors has also secured a system to ensure that the duties of the directors are executed efficiently. The Board of Directors and the directors lead and supervise the executive officers based on management policy while collaborating with them from a management perspective. At the same time, they delegate executive authority in each organization to chief officers, deputy chief officers, officers in each region, operating officers, and deputy operating officers to carry out flexible decision making.

Matters relating to the judgements and decisions of the Board of Directors and matters related to the delegation of authority and the judgements and decisions of chief officers, deputy chief officers, officers in charge of each region, operating officers, and deputy operating officers are clearly stipulated in the Articles of Incorporation of the Company and the Regulations of the Board of Directors in addition to the Rules for Approval of Important Issues. Of these, the Regulations of the Board of Directors defines the matters to be resolved and reported at the Board of Directors as follows, and these matters are deliberated and resolved at the Board of Directors' meeting composed of the Chairperson of the Board of Directors and all the directors.

##### <Matters to be resolved>

- (1) Matters provided for in Japan's Companies Act and other laws and regulations
- (2) matters provided for the Company's Articles of Incorporation
- (3) matters delegated by resolution of the general meeting of shareholders
- (4) other important matters of management

##### <Matters to be reported>

- (1) The state of execution of business and other matters provided for in Japan's Companies Act and other laws and regulations
- (2) Other matters deemed necessary by the Board of Directors

#### [Principle 4.9 Independence Standards and Qualification for Independent Directors]

Please refer to II. 1 Independent Directors/Audit & Supervisory Board Members in this document.

#### [Principle 4.11 Preconditions for Board and Audit & Supervisory Board Effectiveness]

##### Supplementary Principle 4.11.1

Refer to the above Principle 3.1 Full Disclosure (4) Board policies and procedures in the appointment and dismissal of senior management and the nomination of directors and Audit & Supervisory Board member candidates.

##### Supplementary Principle 4.11.2

The concurrent service of officers at other listed companies is noted in the *HINO Report* (Business Report) and the Notice of Convocation for the General Meeting of Shareholders posted on the Company's corporate

website as well as on EDINET (Electronic Disclosure for Investors' NETwork). Please refer to the Securities Report.

#### Supplementary Principle 4.11.3

Hino Motors established a Corporate Governance Committee with the aim of increasing the effectiveness of corporate governance and further contributing to sustained growth and enhancement of corporate value.

In addition to initiating discussion on the form that the Board of Directors should take (recommendations to the Board of Directors as necessary) and the sharing of management information involving all of the independent directors and non-full-time director, the Corporate Governance Committee has implemented an evaluation of the effectiveness of the Board of Directors.

An outline of the evaluation conducted (once a year) this year, its results, and an outline of the measures for improvement of the issues identified are presented below.

(1) Subjects of evaluation (evaluation method)

- All directors, including outside directors (questionnaire-style self-evaluation)

(2) Objective of evaluation

- Establishment of the plan-do-check-act (PDCA) cycle in order to continuously improve and enhance the functions of the Board of Directors

(3) Areas of evaluation

- Evaluation of the roles and responsibilities that the Board of Directors should fulfill (including the roles and responsibilities of the Board in General Principle 4 of the Corporate Governance Code)
- Evaluation of the structures that support the effectiveness of the Board of Directors (composition and operation of the Board of Directors, the quality of discussion at the Corporate Governance Committee, and support for the activities of outside directors, etc.)

(4) Evaluation Results

- Overall, the Board of Directors is being appropriately operated. While responding to environmental changes, constructive debates are being held through unfettered discussions on important issues such as corporate strategy, decisions are being made on specific execution of business matters based on the directionality of those debates, progress is being supervised, and course corrections are being made in response to changes. Furthermore, the risk management system has been reinforced, and improved awareness of risk was observed. The decision process for individual execution of business matters was also suitably conducted, and, based on an independent and objective viewpoint, it was confirmed that mutual oversight is being achieved among directors.

- On the other hand, issues with ensuring further independence and diversity for the boards of directors of publicly listed subsidiaries were identified. Moreover, the strengthening of supervision of the implementation status of decisions remained an ongoing issue.

(5) Improvement measures

Going forward, the Board of Directors will operate following a full review of the improvement measures below in particular.

- Consideration of a Board of Directors structure that boosts the effectiveness of oversight
- Confirmation of course corrections and regular monitoring of the progress of decisions/outcomes

[Principle 4.14 Training for Directors and Audit & Supervisory Board Members]

#### Supplementary Principle 4.14.2

Hino Motors will establish opportunities for training and activities from the perspective of identifying changes in the environment and other factors to promote sustained growth in addition to understanding and practicing the HINO Credo which is “to make the world a better place by helping people and goods get to where they need to — safely, economically and with environmental responsibility — while focusing on sustainable development.”

[Principle 5.1 Policy for Constructive Dialogue with Shareholders]

Hino Motors believes that timely and appropriate disclosure of business information is important in order to deepen an accurate understanding of the Company. Based on this view, Hino Motors strives for constructive dialogue with shareholders and investors and aims to increase corporate value over the medium to long term

by taking the opinions obtained through this dialogue seriously and using them as reference information in the management of the Company.

<Forums for and Views on Dialogue>

1. General Meeting of Shareholders

Hino Motors views the General Meeting of Shareholders as a forum for important dialogue with all of its shareholders and believes that it deepens understanding of the Company through reports on subjects that include the progress of operations and outcomes and issues to be addressed as well as question and answer sessions. The opinions received from shareholders through this dialogue are then used as reference information in the management of the Company.

Moreover, Hino Motors strives to enhance information provision through such means as holding facility tours (cancelled in fiscal 2020 due to COVID-19) for shareholders who wish to visit on dates other than the day of the General Meeting of Shareholders.

2. Other

With regards to forums for dialogue other than the General Meeting of Shareholders, Hino Motors provides mass media announcements and analyst briefings on financial results each quarter, and the Company President also takes part in these forums each six-monthly period.

In addition, the Company holds various press conferences and briefings when appropriate in an effort to further deepen understanding of its management strategy and business content. Dialogue is also held with investors, including regular participation by the director in charge of the Public Affairs Department in conferences organized by securities companies.

Furthermore, the Company responds to individual questions and requests for interviews as appropriate based on the nature of the request and other factors.

The director in charge of the Public Affairs Department oversees dialogue other than the General Meeting of Shareholders, covering the implementation as well as in-house cooperation including regular meetings between the departments concerned. When necessary, this director reports on the opinions obtained through the dialogue, passing them on as feedback to senior management.

<Management of Insider Information>

In addition to the operation of in-house regulations on insider trading, Hino Motors strives to prevent the unintended leakage of insider information by further raising awareness through attendance at various seminars and participation in training and rigorous management for officers and employees involved in dialogue.

A number of employees also participate in forums for dialogue together in an effort to check and monitor each other.

Before the day when the financial results for each quarter are announced, the Company refuses requests for interviews concerning performance and also refrains from responding to similar inquiries.

(Establishment of silent period for approximately one month before announcement of financial results)

<Identification of Shareholder Ownership Structure>

Hino Motors identifies its shareholder ownership structure regularly using an external data service company and other means and strives to utilize this information in dialogue.

**2. Capital Structure**

Percentage of Shares Held by Foreign Investors	From 10% to less than 20%
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**[Description of Major Shareholders] UPDATED**

Name / Company Name	Number of Shares Owned	Percentage (%)
TOYOTA MOTOR CORPORATION	287,897,126	50.14
The Master Trust Bank of Japan, Ltd. (Trust Account)	46,815,800	8.15
Custody Bank of Japan, Ltd. (Trust Account)	20,190,900	3.52
GOLDMAN SACHS & CO. REG	5,728,057	1.00

Custody Bank of Japan, Ltd. (Trust Account 7)	5,290,700	0.92
Tokio Marine & Nichido Fire Insurance Co., Ltd.	4,884,060	0.85
Custody Bank of Japan, Ltd. (Trust Account 9)	4,542,200	0.79
STATE STREET BANK WEST CLIENT – TREATY 505234	4,386,221	0.76
Nisshinbo Holdings Inc.	4,209,250	0.73
Denso Corporation	4,095,687	0.71

Existence of Controlling Shareholders (excluding parent company )	—
Existence of Parent Company	TOYOTA MOTOR CORPORATION (listed stock exchanges: Tokyo, Nagoya, and overseas)

Supplementary Explanation	—
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### 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section, Nagoya Stock Exchange First Section
Fiscal Year-End	March
Type of Business	Transportation equipment
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1,000
Sales (consolidated) as of the End of the Previous Fiscal Year	More than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 50 companies to less than 100 companies

### 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

Toyota Motor Corporation is the parent company of Hino Motors and holds 50.2 % of the voting rights (50.3 % when indirect holdings are included) in the Company as of March 31, 2021. Sales of products and other goods to the parent company are determined in price negotiations each fiscal year by taking into account such factors as the market prices of raw materials and the contracted production volume. Other transactions with the parent company are conducted at a reasonable price following discussions with the parent company and take full account of such factors as market prices in the same way as for regular terms of transactions. The interest rate when borrowing funds is determined by taking the market interest rate into account in the same way as for regular transactions. Consequently, it is considered that transactions with the parent company do not harm the rights of the Company or, consequently, of minority shareholders.

### 5. Other Special Circumstances which may have Material Impact on Corporate Governance

In conducting business activities as a member of the Toyota Group, Hino Motors strives for collaboration and cooperation with Toyota Group companies to strengthen its management base. Meanwhile, the Company has the Hino Group's unique Hino brand business that includes trucks, buses and engines, which accounts for 73% of Company sales, and engages in independent product planning, research and development, procurement, production and sales activities. While complying with the policies of the Group overall as a

member of the Toyota Group, Hino Motors has established its own corporate governance framework to prevent conflicts of interest from arising with general shareholders.

## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Structures and Organizational Operations

Organization Form	Company with an Audit & Supervisory Board
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	15
Term of Office Stipulated in Articles of Incorporation	One year
Chairperson of the Board	Chairman (except when President serves concurrently)
Number of Directors UPDATED	Nine
Appointment of Outside Directors	Appointed
Number of Outside Directors UPDATED	Three
Number of Independent Directors UPDATED	Three

#### Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Motokazu Yoshida	From another company					△							
Koichi Muto	From another company								△				
Masahiro Nakajima	From another company								○				

\* Categories for "Relationship with the Company"

\* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the listed company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/Audit & Supervisory Board member

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)



- i. Executive of a company, between which and the Company outside directors/Audit & Supervisory Board members are mutually appointed (the director himself/herself only)
- j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k. Others

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Motokazu Yoshida	○	Hino Motors has a key business relationship with Mitsui & Co., where Motokazu Yoshida was a corporate officer in the past, but given the size and nature of transactions, the business will not greatly impact the Company's decision-making. Sales volume to Mitsui & Co. in the last business year was around 3% of Hino Motor's consolidated sales. In addition, over 10 years have passed since his resignation from that company, and he currently is not involved in the business affairs of Mitsui & Co.	At Mitsui & Co., he served in offices such as director and executive vice-president, and president and CEO of Mitsui & Co. (U.S.A.), Inc. As a corporate manager, he has a wealth of experience and wide-ranging insights. Since June 2015, he has served as Outside Director of Hino Motors and has provided beneficial recommendations on the Company's general management based on his experience and insights. He has been appointed an Outside Director since it has been determined that in that office he can be anticipated to provide sufficient advice and management supervision/oversight on the Company's general management going forward based on an independent viewpoint. As he fulfills the conditions of an independent officer and it has been determined there is no risk of conflict of interest arising with general shareholders, he has been designated an independent officer.
Koichi Muto	○	Hino Motors has a business relationship with Mitsui O.S.K. Lines, Ltd., where Mr. Koichi Muto was an executive officer in the past. But the outline is omitted because it is judged that there is no risk of affecting the judgement of shareholders and investors, given the size and nature of transactions.	He has served in the past as director and president and director and chairman of Mitsui O.S.K. Lines, Ltd., and as a corporate manager has a wealth of experience and wide-ranging insights. Since June 2020, he has served as Outside Director of Hino Motors and has provided beneficial recommendations on the Company's general management based on his experience and insights. He has been appointed an Outside Director since it has been determined that in that office he can be anticipated to provide sufficient advice and management supervision/oversight on the Company's general management, going forward, based on an independent viewpoint. As he fulfills the conditions of an independent officer and it has been

			determined there is no risk of conflict of interest arising with general shareholders, he has been designated an independent officer.
Masahiro Nakajima	○	Hino Motors has a business relationship with J. Morita Corp., where Masahiro Nakajima is a corporate officer, but the outline is omitted because it has been judged there is no risk of affecting the judgment of shareholders and investors, given the size and nature of transactions.	He has served in the past as director and president, and director and chairman (to present) of Morita Holdings Corporation and as a corporate manager has a wealth of experience and wide-ranging insights. Since June 2017, he has served as Outside Auditor of Hino Motors and has provided beneficial and valuable advice on compliance and governance. He has been appointed an Outside Director since it has been determined that in that office he can be anticipated to provide sufficient advice and management supervision/oversight on the Company's general management going forward based on an independent viewpoint. As he fulfills the conditions of an independent officer and it has been determined there is no risk of conflict of interest arising with general shareholders, he has been designated an independent officer.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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	Voluntary Establishment of Committee corresponding to Nomination Committee	Voluntary Establishment of Committee corresponding to Remuneration Committee
Name of committee	Proposal Review Committee for Officers	Proposal Remuneration Committee for Officers
All committee members	5	5
Full-time members	0	0
Inside directors	2	2
Outside directors	3	3
Outside experts	0	0
Others	0	0
Committee chairman	Inside Director	Inside Director

Supplementary Explanation

Chairman of the Board Yoshio Shimo serves as the chair of the above Proposal Review Committee for Officers and Proposal Remuneration Committee for Officers

**[Audit & Supervisory Board Members]**

Establishment of Audit & Supervisory Board	Established
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Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	7
Number of Audit & Supervisory Board Members	4

Cooperation among Audit & Supervisory Board Members, Accounting Auditors and Internal Audit Departments

Audit & Supervisory Board members receive regular reports on audit planning, the implementation and results of audits, and the status of implementation of their duties from the accounting auditors and exchange opinions in addition to striving for mutual cooperation which includes witnessing onsite audits at subsidiaries and monitoring and verifying the maintenance of independence and the performance of proper auditing by the accounting auditors. Audit & Supervisory Board members also hold meetings when required, again with mutual cooperation, including for sharing information such as audit planning, the implementation and results of audits, etc. with the Internal Audit Department.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	2
Number of Independent Audit & Supervisory Board Members	1

Outside Audit & Supervisory Board Members' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Keiko Kitamura	Academic													
Naoki Miyazaki	Person from another company													

\* Categories for "Relationship with the Company"

\* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiary

b. Non-executive director or accounting advisor of the Company or its subsidiaries

c. Non-executive director or executive of a parent company of the Company

d. Audit & supervisory board member of a parent company of the Company

e. Executive of a fellow subsidiary company of the Company

f. A party whose major client or supplier is the Company or an executive thereof

g. Major client or supplier of the Company or an executive thereof

h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an Audit & Supervisory Board member

i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

- j. Executive of a client or supplier company of the Company (which does not correspond to any off, g, or h) (the Audit & Supervisory Board member himself/herself only)
- k. Executive of a company, between which and the Company outside directors/Audit & Supervisory Board members are mutually appointed (the Audit & Supervisory Board member himself/herself only)
- l. Executive of a company or organization that receives a donation from the Company (the Audit & Supervisory Board member himself/herself only)
- m. Others

Outside Audit & Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Keiko Kitamura	○		In order to reflect her academic experience and deep insight into accounting and finance in auditing activities. Hino Motors has designated Keiko Kitamura as an independent Audit & Supervisory Board member as there is no risk of a conflict of interest with general shareholders.
Naoki Miyazaki			He has served in the past as managing officer of Toyota Motor Corporation and president and chairman of Toyoda Gosei Co., Ltd., and has a wealth of experience and deep insights regarding general corporate management. Based on his wealth of experience and deep insights, he was appointed as Outside Director since it has been determined that he can be anticipated to provide advice on strengthening the Company's governance and compliance, and to play an appropriate role in improving the audit system.

**[Independent Directors/Audit & Supervisory Board Members]**

Number of Independent Directors/Audit & Supervisory Board Members	4
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Matters relating to Independent Directors/Audit & Supervisory Board Members

Based on the requirements for outside directors and outside Audit & Supervisory Board members stipulated in Japan's Companies Act and the standards for independence set out by financial instruments exchanges, Hino Motors requires independent directors/Audit & Supervisory Board members to have extensive experience and broad insight as a manager or knowledge in a specialized field such as accounting and to be capable of fulfilling proper supervisory and monitoring functions for the Company's management.

Hino Motors has designated as independent directors/Audit & Supervisory Board members all of the outside directors/Audit & Supervisory Board members who qualify as independent directors/Audit & Supervisory Board members.

**[Incentives]**

Incentive Policies for Directors	Other
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Supplementary Explanation

Hino Motors has introduced remuneration in the form of restricted stock starting in fiscal 2019 in order to encourage the sustainable enhancement of corporate value and to promote greater sharing of value with shareholders (approved at the Annual General Meeting of Shareholders in June 2019).

Recipients of Stock Options	None
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Supplementary Explanation

#### [Director Remuneration]

Disclosure of Individual Directors' Remuneration	Partial individual disclosure only
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Supplementary Explanation

Hino Motors discloses individual directors' remuneration for persons with more than ¥100,000,000 in total consolidated remuneration in its Securities Report. The Securities Report is published on the Electronic Disclosure for Investors' NETwork (EDINET) run by the Financial Services Network, and the Business Report is published on the Company's website.

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The policy and procedure for determining the remuneration of directors at Hino Motors is as below.

##### 1. Basic policy

Hino Motor's remuneration for directors employs a compensation structure designed to foster the Company's sustained growth and improve its corporate value, and it encourages the practice of management from the shareholder perspective. Since it is linked to the Company's performance as well as individual achievements, it also incentivizes improved performance.

This policy is determined by the Company's Board of Directors.

Remuneration for the Board of Directors is comprised of a fixed remuneration as basic remuneration, performance-based bonuses, and share remuneration with restriction on transfer.

However, only basic remuneration is paid to outside directors in view of their function of providing supervision/oversight of management from an independent viewpoint, and to non-managing directors in view of their undertaking supervision/oversight of management.

Basic remuneration, bonuses, and share remuneration with restriction on transfer for directors are determined within the scope of the maximum total remuneration stipulated by a decision of the General Meeting of Stockholders held on June 19, 2019 (an annual amount of 1 billion yen, of which the annual amount for Outside Directors is within 100 million yen).

The number of shares to be granted for share remuneration with restriction on transfer is determined by the Board of Directors to be within the scope of the maximum number of shares stipulated by a decision of the General Meeting of Stockholders held on June 19, 2019 (300,000 stocks) based on position, duties, stock prices, etc.

##### 2. Basic remuneration

Basic remuneration for directors is paid every month as a fixed monthly remuneration. The amount is comprehensively determined according to position and duties by taking into consideration the Company's performance, employee salary levels, and the levels of other companies.

##### 3. Bonuses

Bonuses provided to directors as performance-based remuneration are based on consolidated operating profit in each term (the goal at the beginning of the term ending in March 2021 was undetermined; the mid-term revised goal is 3 billion yen; performance is 12.3 billion yen) to function as an incentive to achieve management goals. It is determined by comprehensively considering position, duties, dividends to shareholders (the forecast at the beginning of the term ending in March 2021 was undetermined; the mid-term revised forecast is 10 yen; performance is 12 yen), employee bonus levels, mid-to-long-term performance, past salaries, other companies' trends, etc., and is paid annually during a specified period.

4. Share remuneration with restriction on transfer

With the aims of providing an incentive to continuously improve the Company's corporate value and promote further shared value with shareholders, shares with restriction on transfer are granted to directors annually during a specified period. The restricted transfer period is the period immediately following the point a director retires from his/her position that is stipulated in advance by the Company's Board of Directors. The number of shares to be granted is determined based on the director's position, duties, stock prices, etc. that align with the aims of provision noted above.

5. Policy on determining the amount and percentage of remuneration, etc., for each director

The total amount of basic remuneration, bonuses that are performance-based remuneration, and share remuneration with restriction on transfer for directors is decided by the Board of Directors after the Review Committee on Proposed Remuneration for Directors, comprised of the chair, president, and 2 or more outside directors, determines the amount of remuneration for each director. The approximation of the percentage for each type of remuneration is determined by comprehensively considering the Company's performance, employee bonus levels, mid-to-long-term performance, and the levels of other companies.

6. Determining the content of remuneration, etc., for each director

Hino Motors Board of Directors determines the total amount after deciding whether the amount of remuneration for each director that is established by the Review Committee on Proposed Remuneration for Directors is appropriate by considering the aforementioned indicators and adherence to the basic policy.

Based on a resolution of the Board of Directors, Chairman & CEO Yoshio Shimo and President & Representative Director Satoshi Ogiso, who are capable of evaluating each director's duties and contribution to the Company's performance, are entrusted with the authority to decide on each director's basic remuneration amount and bonus distribution.

So that the said authority is appropriately exercised, the Review Committee on Proposed Remuneration for Directors gives consideration to the determined remuneration amounts for each position, and the number of shares allotted for the share remuneration with restriction on transfer is similarly determined for each director by the Board of Directors based on the decision of the Review Committee on Proposed Remuneration for Directors.

**[Supporting System for Outside Directors and Outside Audit & Supervisory Board Members]**

In addition to providing forums for information exchange between outside directors and outside Audit & Supervisory Board members and the representative directors, Hino Motors provides information on important matters, including prior explanations of proposals submitted to the Board of Directors. Moreover, the Corporate Strategy Department and the Secretary Department are in charge of in-house liaison and coordination for outside directors. The Company has established an Audit & Supervisory Board Office as a full-time organization to assist Audit & Supervisory Board members with their activities.

**[Status of Persons Who Have retired from senior positions, such as President and CEO]**

Names of consultants and advisors, etc., who formerly served as President and CEO, etc.	Name	Position, rank	Business outline	Employment status and conditions (full-time, part-time, remunerated/non-remunerated, etc.)	Date of departure from position of President and CEO, etc.	Term of office

No. of consultants and advisors, etc., who formerly served as President and CEO, etc.	0
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Other items	Currently there are no persons to whom these conditions apply.
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**2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) UPDATED**

1) Overview of Current System (please read in conjunction with corporate governance at Hino Motors (schematic diagram) in Appendix Sheet 1)

Hino Motors is a company that employs an Audit & Supervisory Board and has established a Board of Directors, Audit & Supervisory Board members, an Audit & Supervisory Board and an accounting auditor. The Company's Board of Directors is composed of nine directors (the number as of the date of submission of this document including three outside directors as defined by Japan's Companies Act. The Company's Articles of Incorporation stipulate a maximum number of 15). The Board of Directors makes decisions on important matters of business execution and supervises the execution of duties by the directors. Furthermore, with the aim of streamlining the Board of Directors and executing business agilely, the Company has established an organizational structure consisting of divisions and fields.

The Company has also established a Management Committee made up of the Chairman, the President, Unit Directors, and Audit & Supervisory Board members to deliberate on the management policies and strategies of the Company and to report information that is important for management.

Hino Motors has established a Corporate Governance Committee in response to the election of outside directors with the aim of increasing the effectiveness of corporate governance and contributing further to sustained growth and enhancement of corporate value. The Corporate Governance Committee discusses the form that the Board of Directors should take (recommendations to the Board of Directors as necessary) and shares management information with the involvement of all of the outside directors and non-full-time director. In fiscal 2020, the Corporate Governance Committee met once.

Hino Motors' Audit & Supervisory Board comprises four Audit & Supervisory Board members (the number as of the date of submission of this document including two outside Audit & Supervisory Board members; the Company's Articles of Incorporation stipulate a maximum number of seven). Conforming to the standards for audits by the Audit & Supervisory Board members stipulated by the Audit & Supervisory Board, the Audit & Supervisory Board members communicate with the directors, the Internal Audit Division, and other employees and work to gather information and establish the audit environment in accordance with the Company's audit policy and planning. The Audit & Supervisory Board members audit directors' execution of duties by attending meetings of the Board of Directors and other important meetings, hearing reports about



the execution of duties from directors and employees, viewing important approval documents, auditing the status of operations and assets at the head office, plants and major business establishments, communicating and exchanging information with the directors and corporate auditors of subsidiaries, and hearing business reports from subsidiaries. The Audit & Supervisory Board members receive reports on audit planning, the implementation and results of audits, and the status of implementation of their duties from the accounting auditors and exchange opinions in addition to striving for mutual cooperation which includes witnessing onsite audits at subsidiaries during the fiscal year and monitoring and verifying the maintenance of independence and the performance of proper auditing by the accounting auditors. They also review the Business Report, financial statements and supplementary statements, and the consolidated financial statements.

Hino Motors has also established an Internal Audit Department. In addition to conducting audits of the development and operation of internal control systems relating to financial reporting in each department and at subsidiaries based on in-house regulations, the Internal Audit Department seeks to enhance internal control by continually conducting audits of the legality, appropriateness, and efficiency of business, while urging each department and subsidiary to make the necessary improvements. As needed, the Internal Audit Department reports matters to the auditor such as the internal auditing plan and the status and results of auditing. It also exchanges information with the auditor and accounting auditor on the state of the auditor's inspections and accounting audits to facilitate effective audits through reciprocal collaboration.

## 2) Outside Directors and Outside Audit & Supervisory Board Members

To oversee the execution of duties by the directors, Hino Motors has appointed three outside directors, both of whom are independent directors, as provided for in Japan's Companies Act. The outside directors are contributing to transparent, fair, swift and resolute decision making by playing a management oversight role for important decision making by the Board of Directors as well as participating in active and constructive discussion at the Corporate Governance Committee.

To monitor the execution of duties by the directors, Hino Motors has also appointed two outside Audit & Supervisory Board members, one of which, Keiko Kitamura, is an independent officer as provided for in Japan's Companies Act. The Company considers that there is an adequate management monitoring function to oversee the appropriateness and legality of management through the implementation of objective audits in partnership with the two full-time Audit & Supervisory Board members.

Hino Motors makes efforts on collaboration so that the supervisory and audit functions operate fully by establishing forums for the exchange of information between the outside directors and outside Audit & Supervisory Board members and the Representative Director in addition to providing information on important matters, including providing explanations in advance of proposals to be submitted to the Board of Directors.

The outside Audit & Supervisory Board members work to achieve mutual communication with the full-time Audit & Supervisory Board members, the directors, and other employees, and they attend the Audit & Supervisory Board members' meetings to hear about the execution of duties and internal audits from the directors and other employees. In addition, as a rule, a meeting of the Audit & Supervisory Board is held before a meeting of the Board of Directors is convened. Thus, the Audit & Supervisory Board members in attendance, including the outside Audit & Supervisory Board members, check the proposals to be submitted to the Board of Directors to conduct a preliminary review. The outside Audit & Supervisory Board members also engage in mutual cooperation, including by receiving reports on audit planning, the implementation and results of audits, etc. as necessary from the accounting auditors and exchanging opinions with them.

## 3) Agreements to Limit Liability

With regard to the liability specified in paragraph 1, Article 423 of the Companies Act, Hino Motors has concluded agreements with the directors (excludes executive directors) and the outside Audit & Supervisory Board members to limit liability to the amount specified in paragraph 1, Article 425 of the Act when there has been good faith and no gross negligence in the performance of duties.

## 4) Internal Control, etc.

Please refer to "Basic Views on Internal Control System and the Progress of System Development" in section IV, 1 of this report, where this is set out.

### 3. Reasons for Adoption of Current Corporate Governance System

Hino Motors has appointed three outside directors, one of which, Keiko Kitamura, is an independent officer, to the Board of Directors, establishing a system for transparent, fair, swift and resolute decision making in its management. Moreover, in order to monitor the appropriateness and legality of management, objective audits are performed by the two outside Audit & Supervisory Board members, both of whom are independent Audit & Supervisory Board members, as provided for by Japan's Companies Act in addition to the two full-time Audit & Supervisory Board members providing a function for monitoring the Board of Directors.

## III. Implementation of Measures for Shareholders and Other Stakeholders

### 1. Approach toward the Vitalization of the General Shareholders' Meeting and the Facilitation of Exercise of Voting Rights

	Supplementary Explanations
Early distribution of notice of convocation of General Shareholders' Meeting	In connection with an Ordinary General Shareholders' Meeting, Hino Motors posts the notices of convocation for the Ordinary General Shareholders' Meeting before the statutory deadline.
Scheduling of General Shareholders' Meeting avoiding the date on which General Shareholders' Meeting of companies are concentrated	Hino Motors convenes its General Shareholders' Meeting avoiding the dates on which general shareholders' meetings of companies are most and second-most concentrated on.
Exercise of voting rights by electronic means	Hino Motors enables shareholders to exercise voting rights on the Internet.
Measures aimed at participation in electronic voting platforms and other improvements in voting environments geared towards institutional investors	Hino Motors participates in an electronic voting platform for institutional investors operated by ICJ Corporation.
Provision of summary English-language convocation notices	Hino Motors creates an English-language convocation notice and reference documents for an Ordinary General Shareholders' Meeting (both in summary form) and makes them available on both the Company's corporate website and within electronic voting platform for institutional investors.
Others	Hino Motors posts the date of the Ordinary General Shareholders' Meeting on the Company's corporate website as soon as it is decided. Moreover, the Company posts the convocation notice for an Ordinary General Shareholders' Meeting prior to the date of the distribution of the convocation notice as well as the notices of resolutions on the Company's corporate website on the date of the distribution of the notices.

### 2. IR Activities

	Supplementary Explanations	Briefing provided by representative
Preparation and Publication of Disclosure Policy	—	
Holding Regular Briefings for Individual Investors	—	—
Holding Regular Briefings for Analysts and Institutional Investors	In addition to holding briefings on financial results four times a year, including quarterly financial results, Hino Motors holds corporate briefings and tours of its facilities as it deems fit.	Yes

Holding Regular Briefings for overseas investor	—	—
Posting of IR Materials on Website	Hino Motors has established an IR section on its website where it posts useful IR-related information such as summaries of financial results and convocation notices for AGMs in a timely and appropriate manner. <a href="https://www.hino-global.com/corp/for_investors/">https://www.hino-global.com/corp/for_investors/</a>	
Establishment of Department and/or Manager in Charge of IR	Hino Motors has assigned IR managers in the PR and IR Office of the Public Affairs Department, the Finance & Accounting Department, and the General Administration Department.	
Others		

### 3. Measures Concerning Respect for the Position of Stakeholders

	Supplementary Explanations
Provisions for Respecting the Position of Stakeholders Based on Internal Rules, etc.	The Company has set forth its CSR Charter within the HINO Credo to provide a statement to its stakeholders.
Implementation of Environmental Activities, CSR Activities etc.	Hino Motors has established its corporate mission as “to make the world a better place by helping people and goods get to where they need to go—safely, economically and with environmental responsibility—while focusing on sustainable development” and is helping to build a sustainable world. The Company has drawn up the Hino Environmental Challenge 2050 and the Hino Environmental Milestones 2030 to address environmental issues. It is tackling issues head-on in a manner befitting a manufacturer of commercial vehicles that continues to support the flow of goods and people, which is the lifeline of society. Moreover, Hino Motors, through the public interest incorporated association established in 1991, Hino Green Fund (HGF), is lending support to various programs related to environmental greening activities and environmental conservation in order to promote environmental preservation. In addition, information on specific sustainability initiatives and activities is presented in the Hino Sustainability Report.  <a href="https://www.hino-global.com/corp/csr/">https://www.hino-global.com/corp/csr/</a>
Establishment of policies concerning disclosure of information to stakeholders	Hino Motors has established the “Hino Code of Conduct” based on the aforementioned HINO Credo, and the Company’s policy on the appropriate disclosure of information is provided within the Code.
Other	In order to continue providing high value added goods and services that contribute to society, Hino Motors believes that it is important for its diverse human resources to reach their full potential.  As part of the Company’s initiatives to promote diversity, Hino Motors is continuing to carry out initiatives that encourage women in the workforce to take more active roles and has significantly improved the gender gap in promotion to managerial positions with a focus on employees who are raising children. As a result, the number of its female managers has been steadily increasing, from 19 in 2014 to 49 in 2021. In addition to initiatives for female employees achieve greater success in their careers, Hino Motors intends to continue focusing on the following initiatives with the aims of achieving work-life balance and building a system and environment that allow all employees to work with vitality.

	<p>1) Providing support for formulating various career plans and new role models</p> <p>2) Creating a workplace that is easy for anyone to work in, such as by introducing flexible working systems (a work-at-home system was introduced in April 2018)</p> <p>3) Creating an environment that facilitates taking childcare leave and returning to the workplace</p>
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## IV. Matters Related to the Internal Control System

### 1. Basic Views on Internal Control System and the Progress of System Development

<p>(a) Basic Policy on Establishing a System to Ensure the Appropriateness of Business Operations of the Company</p> <p>With regard to the internal control system, the Basic Policy on Establishing a System to Ensure the Appropriateness of Business Operations of the Company has been adopted as follows by the Board of Directors in accordance with revisions to Japan’s Companies Act.</p> <p>Resolutions by the Board of Directors are listed here (See Appendix Sheet A)</p> <p>(b) Outline of the Operational Status of the System to Ensure the Appropriateness of Operations</p> <p>1. Overall Internal Control System</p> <p>The basis of the internal control system at Hino Motors consists of oversight of management by the Board of Directors and decision-making after comprehensive reviews conducted by the Board of Directors (once a month), the Management Committee (twice a month) and various other inter-organizational meetings, as well as the implementation of internal audits regarding the legality, appropriateness, and efficiency of operations by the Internal Audit Division, based on in-house regulations.</p> <p>Moreover, in order to foster a sound corporate culture, including at subsidiaries, Hino Motors has formulated The Hino Code of Conduct, which clarifies the attitude and behavior guidelines for the management team and employees. Hino Motors has been working to clarify the basic policies for the internal control system relating to the development of systems to ensure the appropriateness of operations at subsidiaries, which the Company has been addressing for some time, in response to the revisions to Japan’s Companies Act enforced on May 1, 2015. Ongoing improvements in the systems are being implemented based on these policies after assessments are made in light of actual operational status, including evaluations by full-time directors (once per year).</p> <p>2. Compliance and Risk Management</p> <p>To strengthen the system for ensuring compliance, Hino Motors has established the Compliance Committee, which meets four times per fiscal year and is made up of the President, Outside Directors, Chief Officers of each division, and the Chief Compliance Officer (CCO), as well as outside lawyers. The Compliance Committee reviews company-wide policies and issues related to compliance, and, based on plans approved by the committee, the operating officers of each region implement various compliance measures (human resources development, organizational/climate development) in their own region in accordance with requests from the CCO. The Compliance Promotion Office, reporting to the CCO, works with relevant company departments to report on the status of compliance activities throughout the Hino Motors Group to the chair of the Compliance Committee. In addition, to ascertain important information on compliance early on, as a system for internal reporting at the Company, the Office operates the HINO Compliance Consultation Help Desk, a contact point for outside lawyers in Japan, and the HINO Global Compliance Hotline, which handles consultation at international specialized companies throughout the world. It also preserves minutes from meetings of the Board of Directors, etc., in keeping with laws and legislation, and appropriately stores written approval of important matters, etc., in accordance with in-house regulations and manages them so that they can be viewed.</p> <p>Regarding risk management, as a basic policy for reducing risk and for minimizing damage when a risk does materialize, the Risk Management Committee articulates the important risks to corporate management and controls risks, while also carrying out careful control activities and strengthening risk management by taking</p>
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measures including the Information Security Committee, HINO Safety, Health and Disaster Prevention Committee, HINO Environment Committee, and HINO Export Transaction Control Committee.

**3. Ensuring Efficient Execution of Duties**

Important matters such as the mid-to-long-term management plan and company policies for each fiscal year are purposefully and repeatedly examined, swiftly deliberated in the Management Committee, and then decided by the Board of Directors and shared with chief officers, deputy chief officers, officers in charge of each region, operating officers, and deputy operating officers at the Board of Directors Sharing Meeting. Hino Motors also conducts integrated policy management that ensures policy takes root at each level of the fields and establishes in-house regulations on the provisions for authority and the division of duties to enable agile decision-making to be conducted by each department, ensuring the efficiency of execution of operations. In fiscal 2019, the Board of Directors met 14 times, the Management Committee met 22 times, and joint meetings between the Board of Directors and Management Committee were held 20 times.

**4. Ensuring Appropriate Operations in Group Companies**

Hino Motors supervises and audits the execution of operations related to important matters for the management of subsidiaries based on the Management Regulations for Affiliated Companies, and attaches non full-time directors and Audit & Supervisory Board members to key subsidiaries. Moreover, in addition to presenting the Code of Conduct and various guidelines to Group companies for building and operating systems, Hino Motors exchanges opinions with subsidiaries with the aim of developing systems to ensure the appropriateness of operations.

**5. Ensuring the Effectiveness of Audit & Supervisory Board Members**

Hino Motors shares information in a timely and appropriate manner through the attendance of the full-time Audit & Supervisory Board members at all the meetings of the Board of Directors, the Management Committee and other important meetings. In addition, the departments in charge report on the execution of key operations such as the status of internal audits and the operational status of internal reporting to the Audit & Supervisory Board members periodically, while also forwarding them documents on important decisions. Each business site and subsidiary makes the necessary reports at the time of site visits by the Audit & Supervisory Board members. Hino Motors assigns independent staff to assist the duties of the Audit & Supervisory Board members, and the Management Department provides monthly reports on the execution of operations.

The expenses that arise in connection with the execution of the duties of the Audit & Supervisory Board members are paid smoothly, and the directors and the Audit & Supervisory Board members and the accounting auditor and the Audit & Supervisory Board members work to enhance the audits through the Company's internal control system by holding meetings, striving to communicate, and exchanging the necessary information.

**2. Basic Policy and Preparation towards the Elimination of Anti-social Forces**

Based on The Hino Code of Conduct, Hino Motors' basic policy is to have no relationship with anti-social forces.

The Hino Code of Conduct clearly states that Hino Motors takes resolute action as an organization against organized violence and criminal activities by anti-social forces or groups, and that when confronted with an undue demand, we should consult immediately with the relevant department and work with the appropriate authorities to swiftly resolve the issue. Hino Motors makes the above thoroughly known to its officers and employees.

**V. Other**

**1. Adoption of Anti-Takeover Measures**

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation
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Toyota Motor Corporation, the parent company, owns 50.2 % of the voting rights in Hino Motors (50.3 % when indirect ownership is included).
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Other Matters Concerning Corporate Governance System	See Appendix Sheet 1
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## 2. Other Matters Concerning Corporate Governance System

The internal system for the timely disclosure of Hino Motors' corporate information is as follows.

1. Hino Motors has established the Hino Code of Conduct which clearly states the conduct guidelines for officers and employees. This includes the following provisions on the timely disclosure of corporate information.

We seek to implement an active investor relations (IR) program, disclosing information pertinent to Hino's operation such as business performance and financial position in an accurate and timely manner. We also disclose our management policy and the measures we are taking to improve profits, and take all opinions and criticism seriously, passing along this information as feedback to top management and other concerned departments and divisions.

2. In order to achieve the above, Hino Motors clarifies important information disclosure rules (information that must be disclosed, departments responsible for disclosure, disclosure procedure, etc.) as follows, and discloses company information at a suitable time according to the process below.

\* Departments with responsibility for disclosure: Public Affairs Department, Finance & Accounting Department, Legal and Intellectual Property Department, Corporate Strategy Department

1) Each internal department shall take the following measures when there is information that should be disclosed in the department (and the subsidiaries that it supervises) in accordance with regulations on disclosure at suitable times prescribed by the Tokyo Stock Exchange.

a) With regard to information on decisions, each department and the division with responsibility for disclosure consult on the method and timing of timely disclosure at the planning and review stage for each project.

b) With regard to information on facts which occurred, each department contacts the division with responsibility for disclosure as it obtains the information.

2) Hino Motors determines the details of disclosure as follows.

a) The details of disclosure for information on decisions are determined at meetings such as the Board of Directors and the Management Committee.

b) The details of disclosure for information on facts which occurred are determined based on consultation between the division with responsibility for disclosure and the department in charge of the case in question.

3) The department with the responsibility for handling information (Public Affairs Department) promptly carries out disclosure to the stock exchange in light of the decisions described above.

## Appendix Sheet A

< The Basic Policy on Establishing a System to Ensure the Appropriateness of Business Operations of the Company >

Hino Motors has developed a system to ensure the appropriateness of business operations under the Basic Policy below.

Hino Motors fosters a sound corporate culture that includes subsidiaries based on the HINO Credo and The Hino Code of Conduct.

Hino Motors works to gain the trust of stakeholders, achieve sustained growth and enhance corporate value, seeking to achieve the corporate mission stated in the HINO Credo. Hino Motors recognizes that further strengthening corporate governance is vital to enhancing corporate value and will work relentlessly to improve the operation of the Board of Directors. In addition to detecting problems in operational processes and incorporating mechanisms for improvement at the sites where operations are actually executed, Hino Motors will make unwavering efforts to develop the human resources to implement these approaches.

### 1. System to Ensure that the Execution of Duties by Directors Conforms to Laws and Regulations and the Articles of Incorporation

- (1) Directors act in compliance with laws, regulations, the Articles of Incorporation of the Company, the HINO Credo, and The Hino Code of Conduct.
- (2) Decisions are made following comprehensive review by the Board of Directors and a variety of inter-organizational meetings based on the division of duties and in-house regulations, and directors supervise each other.
- (3) Internal audits on the legality, appropriateness, and efficiency of operations are conducted based on in-house regulations, and in addition to confirming the results and the risk management status and making the necessary improvements, information is disclosed appropriately and in a timely manner.

In order to ensure that the execution of duties by the directors complies with laws, regulations, and the Articles of Incorporation of the Company based on the above recognition, Hino Motors has developed a system, outlined below, to ensure the appropriateness of operations under the provisions of ordinances of the Ministry of Justice of Japan.

### 2. System Regarding Storage and Management of Information on Execution of Duties by the Directors

Hino Motors ensures the appropriate storage and management of information on the execution of duties by the directors by each department in charge based on the relevant rules, laws and regulations.

### 3. Rules for Management of Risk of Loss and Other Systems

- (1) Business and investment-related risks are managed through meetings of the Board of Directors, the Management Committee and a variety of inter-organizational meetings held on a company-wide basis in accordance with in-house regulations. Officers are in charge of and responsible for all investment-related risks in their jurisdiction.
- (2) For other risks including safety, quality, the environment and information security, the Risk Management Committee deliberates on and determines the overall system based on the Risk Management Regulations, and the officers in each field with jurisdiction manage each individual risk. When a risk materializes, Hino Motors takes appropriate measures to minimize damages, based on the Risk Management Regulations.

### 4. System to Ensure Efficient Execution of Duties by Directors

- (1) Based on the medium- to long-term management policy and the Company's policy each fiscal year, Hino Motors gives concrete shape to its policies at each level of the organization, engaging in consistent policy management.

- (2) The Board of Directors and the directors lead and supervise general managers, deputy general managers, supervising officers, field directors, and deputy field directors based on management policy, while collaborating with executive officers from a management perspective. At the same time, they delegate executive authority in each field to the field directors to carry out flexible decision making.

5. System to Ensure that Execution of Duties by Employees Conforms to Laws, Regulations, and the Articles of Incorporation of the Company

- (1) Hino Motors ensures that the HINO Credo and The Hino Code of Conduct are well known to employees.
- (2) Hino Motors ensures that the execution of operations is conducted in accordance with decisions of the Board of Directors, based on in-house regulations and other methods for the approval of important matters.
- (3) In addition to clarifying the duties of each organization, Hino Motors maintains an infrastructure for achieving continuous improvement.
- (4) Hino Motors has established a Compliance Committee to improve and strengthen the compliance system and conducts appropriate deliberation about important issues and responses related to corporate ethics and compliance in and outside Japan.
- (5) Hino Motors aims to quickly grasp and resolve compliance concerns and issues related to laws and ordinances, as well as abide by inhouse regulations through means such as the HINO Compliance Consultation Help Desk. In addition, Hino Motors ensures protection so that whistleblowers are not penalized.

6. System to Ensure Appropriate Operations in Corporate Group Composed of the Joint Stock Company as well as its Parent Company and Subsidiaries

Hino Motors has extended the HINO Credo and Hino Code of Conduct, which are based on The Toyota Precepts and the Guiding Principles at Toyota of the parent company Toyota Motor Corporation, to its subsidiaries as a common code of conduct for the Group in its endeavors to create an environment to properly ensure the soundness of Group operations. The Company also works to disseminate the HINO Credo and the Hino Code of Conduct through human interaction.

- (1) Important Matters for Group Management Deliberated by the Board of Directors of Hino Motors  
Hino Motors has established the Management Regulations for Affiliated Companies and related regulations as a framework for reporting to the joint stock company on matters related to the execution of duties by the directors of subsidiaries, and the department at Hino Motors with responsibility for subsidiaries verifies the appropriateness and legality of operations at subsidiaries through information exchange on a regular basis and when needed. Important matters for Group management are deliberated by the Board of Directors of Hino Motors.
- (2) Rules for Management of Risk of Loss at Subsidiaries and Other Systems  
Hino Motors has established risk management systems at its subsidiaries based on risk management regulations at the Company. After the department at Hino Motors with responsibility for subsidiaries collects and evaluates risk information, the department in charge promptly reviews the countermeasures for major risks and the situation is deliberated on by the appropriate meeting at Hino Motors.
- (3) System to Ensure Efficient Execution of Duties by Directors of Subsidiaries  
Hino Motors has the directors of subsidiaries produce management policies and annual business plans and requires regular reports. In addition, the Company has established in-house rules on areas such as provisions for authority and the division of duties based on the Management Regulations for Affiliated Companies and seeks to ensure that authority is delegated appropriately and duties are performed efficiently based on these rules.
- (4) System to Ensure that Execution of Duties by Directors and Employees of Subsidiaries Conforms to Laws, Regulations, and the Articles of Incorporation of the Company  
Hino Motors helps its subsidiaries to operate a compliance system and to establish an internal reporting service. In addition, Hino Motors operates an external reporting service. The Company conducts regular inspections including a variety of audits on the state of compliance, which are



reported to the Compliance Committee. Hino Motors provides support including the holding of training seminars and other events as appropriate for compliance staff at its subsidiaries.

7. System for Support Staff Where Required by Audit & Supervisory Board Members, Independence of Support Staff from Directors, and System for Ensuring the Effectiveness of Instructions from Audit and Supervisory Board Members to Support Staff

Hino Motors assigns the appropriate number of staff to support the duties of audit & supervisory board members. These personnel are approved in advance by the Audit & Supervisory Board or the full-time audit & supervisory board member designated by the audit & supervisory board.

8. System for Reporting to the Audit & Supervisory Board Members and System for Ensuring that Persons Making Such Reports Do Not Receive Adverse Treatment as a Result

(1) Directors report properly on the execution of the main operations to the audit & supervisory board members as appropriate through the department in charge. In addition, they report immediately to the audit & supervisory board members when they discover facts likely to cause significant damage to the Company or its subsidiaries.

(2) The directors, the executive vice presidents, senior managing officers, executive officers and other employees report on business to the audit & supervisory board members regularly and as required on the request of the audit & supervisory board members.

(3) The directors, the executive vice presidents, senior managing officers, executive officers and other employees, or the directors, audit & supervisory board members or employees of subsidiaries report on business of the subsidiary regularly and as required on the request of the audit & supervisory board members.

(4) Hino Motors has established provisions that stipulate a person who makes a report to the audit & supervisory board members shall not receive adverse treatment by reason of having made the said report, and makes these provisions well known to the directors, the executive vice presidents, senior managing officers, managing officers, executive officers and other employees.

9. Policies on Handling of Expenses and Liabilities from the Execution of Duties by Audit & Supervisory Board Members

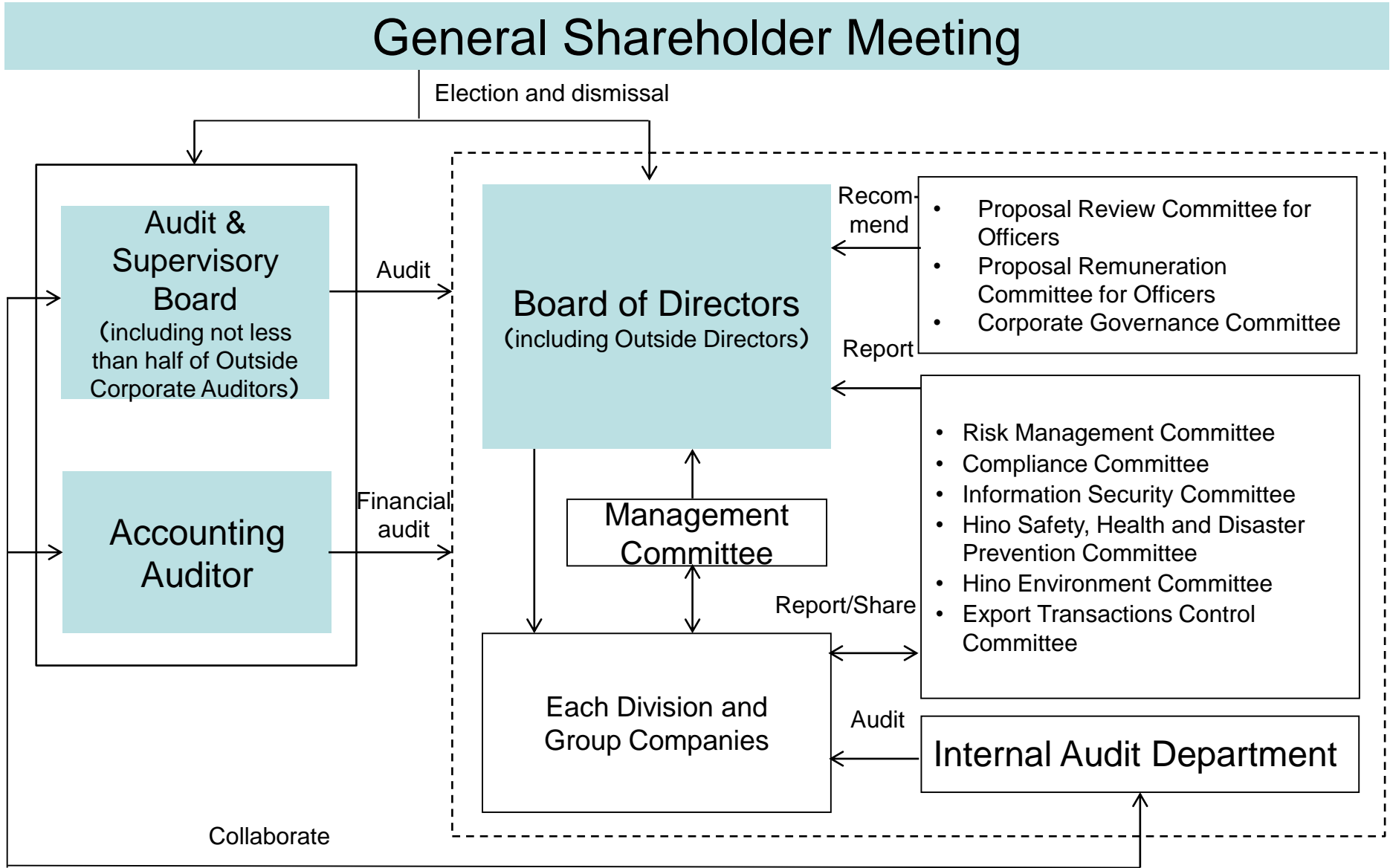
With regard to the expenses required for the execution of the duties of the audit & supervisory board members, Hino Motors makes budgetary provision for the amount considered necessary by the audit & supervisory board members. The Company also pays the expenses required for reasons that cannot be anticipated when making budgetary provisions.

10. Other Systems for Ensuring That Audits by Audit & Supervisory Board members are Conducted Effectively










In addition to having audit & supervisory board members attend the main meetings of officers, Hino Motors ensures there are opportunities for audit & supervisory board members to view important documents and exchange information with accounting auditors regularly and as necessary.

# Appendix Sheet 1

## The Company's Corporate Governance



## Appendix Sheet 2 Skill Matrix for Directors

No.	Name	Title	Age	Years of Service as Director	Outside Director	Independent Director	Committee Involvement (◎ : Chairman ○ : Member)		Corporate Management	Legal Compliance Internal Control	Finance Accounting	Global	Sustainability	Research & Development	Production (Monozukuri)	Marketing Sales	IT Digital
							Proposal Review Committee for Officers	Proposal Remuneration Committee for Officers									
1	 <b>Yoshio Shimo</b>	Chairman of the Board	62	5			◎	◎	○	○		○	○	○		○	
2	 <b>Satoshi Ogiso</b>	President, Member of the Board	60	1			○	○	○	○		○	○	○			○
3	 <b>Makoto Minagawa</b>	Senior Managing Officer, Member of the Board	63	1						○		○	○		○		
4	 <b>Ichiro Hisada</b>	Senior Managing Officer, Member of the Board	61	2						○		○	○			○	
5	 <b>Taketo Nakane</b>	Senior Managing Officer, Member of the Board	63	6						○	○	○	○				
6	 <b>Motokazu Yoshida</b>	Director, Member of the Board	73	7	○	○	○	○	○	○		○	○			○	
7	 <b>Koichi Muto</b>	Director, Member of the Board	68	2	○	○	○	○	○	○		○	○				
8	 <b>Masahiro Nakajima</b>	Director, Member of the Board	71	1	○	○	○	○	○	○		○	○				
9	 <b>Kenta Kon</b>	Director, Member of the Board	53	1					○	○	○	○	○				

\* Age and years of service is as of December 31, 2021.