

Corporate Governance Report

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Hino Motors, Ltd.

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Securities Code: 7205

<http://www.hino-global.com/index.html>

The corporate governance of Hino Motors, Ltd. (“the Company”) 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]

[Principle 4.10: Use of Optional Approach]

Supplementary Principle 4.10.1

In the nomination of candidates for director and audit & supervisory board member, Hino Motors plans to establish an advisory committee that includes independent directors at an early stage to examine proposals to be submitted to the Board of Directors and suggestions to be proposed to the Audit & Supervisory Board. With regard to remuneration for directors, Hino Motors plans to establish an advisory committee that includes independent directors at an early stage to examine proposals to be submitted to the Board of Directors.

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

Supplementary Principle 4.11 - 3

With regard to analysis and evaluation of the effectiveness of the Board of Directors as a whole, Hino Motors is carrying out a review in order to create this framework as soon as possible based on adequate consideration.

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

[Principle 1.4: Cross-Shareholdings]

<Policy on Cross-Shareholdings>

Hino Motors has a policy of maintaining cross-shareholdings taking a comprehensive view of business relationships over the medium to long term as collaborative relationships between various companies in development, procurement, production, logistics, and sales are vital in the automotive industry.

<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 emphasizes dialogue with the investee company to verify and decide on each proposal from the perspectives of future increases in corporate value and improvement in shareholder returns based on respect for the management policy of the investee company rather than determining approval or disapproval in a uniform manner.

[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 senior managing officers and managing officers who are not directors have to be approved by and reported to the Board of Directors. Moreover, regular checks are conducted by the Audit & Supervisory Board, Audit Div., General Administration Div., and Finance & Accounting Div.

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 3.1: Full Disclosure]

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

Please refer to the Hino Credo and Hino's vision for the future posted on the Hino Motors corporate website.

Hino Credo <http://www.hino-global.com/about_us/hino_credo/index.html>

Hino Future <http://www.hino-global.com/content/dam/hino_global/common/img/IR/20151105IR_4.pdf>

ii) Basic views and guidelines on corporate governance

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

iii) 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.

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

The policies and procedures for the appointment of directors and audit & supervisory board member at Hino Motors are as below.

<Policies>

Hino Motors selects human resources who are capable of contributing to sustained growth, giving comprehensive consideration to factors such as the credentials, character and insight of each person from the viewpoints of appropriate and swift decision-making and the right person for the job. Hino Motors selects outside officers 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.

<Procedures>

Each year, the representative director selects personnel, who are submitted to and approved by the general shareholder meeting after approval by the Board of Directors.

v) Explanations with respect to the individual appointments 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 members candidates

Refer to the Notice of Convocation for the General Shareholder Meeting posted on the corporate website, which contains explanations with respect to the appointments of individual directors and audit & supervisory board members.

[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 senior managing officers and managing officers based on management policy while collaborating with the executive officers from a management perspective. At the same time, they delegate executive authority in each department to the senior managing officers and managing officers to carry out flexible decision-making. Matters relating to the judgements and decisions of the Board of Directors itself and matters related to the scope of delegation to and the judgements and decisions of senior managing officers and managing officers are clearly stipulated in the Articles of Incorporation of the Company and the Regulations of the Board of Directors in addition to the Regulations for Approval of Important Issues, the Regulations on Senior Managing Officers and Managing Officers and other regulations. 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 shareholder meeting
- (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 Officers" in this document.

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

Supplementary Principle 4.11.1

Please refer to the preceding "Principle 3.1: Full Disclosure" under which this is noted in "(iv) Board policies and procedures in the appointment of the senior management and the nomination of directors and audit & supervisory board members candidates."

Supplementary Principle 4.11.2

The concurrent service of officers at other listed companies is noted in the Business Report and the Notice of Convocation for the General Shareholder Meeting posted on the Company's corporate website as well as on EDINET (Electronic Disclosure for Investors' NEtwork). Please refer to the Securities Report.

[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 where they need to go — 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 foster 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 Shareholder Meeting

Hino Motors views the General Shareholder Meeting as an important forum for dialogue with all of its shareholders. The Company believes that the Meeting facilitates understanding of the Company by serving as a venue for reports on subjects such as progress of operations and outcomes and issues to be addressed, as well as for 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 disclosure through such means as holding plant tours for shareholders who wish to attend to coincide with the date of the General Shareholder Meeting.

2. Other

With regards to forums for dialogue other than the General Shareholder Meeting, 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 Corporate Planning division 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 Corporate Planning division oversees dialogue other than the General Shareholder Meeting, 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.

In the month 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)

<Identification of Shareholder Ownership Structure>

Hino Motors identifies its shareholder ownership structure in a timely manner 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]

Name / Company Name	Number of Shares Owned	Percentage (%)
TOYOTA MOTOR CORPORATION	287,897,126	50.10
The Master Trust Bank of Japan, Ltd. (Trust Account)	32,152,700	5.59
Japan Trustee Services Bank, Ltd.(Trust Account)	18,332,000	3.19
Tokio Marine & Nichido Fire Insurance Co., Ltd.	6,104,960	1.06
State Street Bank and Trust Company 505223	5,715,909	0.99
State Street Bank and Trust Company 505225	4,925,701	0.85
JPMorgan Chase Bank, N.A., 385078	4,878,517	0.84
Nagasaka Sangyo K.K.	4,255,000	0.74
Nisshinbo Holdings Inc.	4,209,250	0.73
DENSO CORPORATION	4,013,000	0.69

Existence of Controlling Shareholders (excluding parent company)	—
Existence of Parent Company	TOYOTA MOTOR CORPORATION (listed stock exchanges: Tokyo, Nagoya, Sapporo, Fukuoka, and overseas) Code Number: 7203

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 50.3% of the voting rights (50.4% when indirect holdings are included) in the Company as of March 31, 2015. 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 69% 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.

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	11
Appointment of Outside Directors	Appointed
Number of Outside Directors	2
Number of Independent Directors	2

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Toshitaka Hagiwara	From another company									△		
Motokazu Yoshida	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/corporate auditors 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
Toshitaka Hagiwara	○	Hino Motors conducts transactions with Komatsu Ltd. and the Financial Accounting Standards Foundation where Toshitaka Hagiwara previously served as an executive officer. However, as there is judged to be no risk of an impact on the judgements of shareholders and investors in light of the size and nature of the transactions, a summary has been omitted.	In order to utilize his extensive experience and deep insight as a management expert in the Company's management. Hino Motors has designated Toshitaka Hagiwara as an independent officer because there is no risk of a conflict of interest with general shareholders.
Motokazu Yoshida	○	Hino Motors conducts important transactions with Mitsui & Co., Ltd. where Motokazu Yoshida previously served as an executive officer. Until April 2009, Motokazu Yoshida served variously as Executive Director and Executive Vice President as well as Executive Director and Senior Executive Managing Officer at Mitsui & Co., Ltd.	In order to utilize his extensive experience and deep insight as a management expert in the Company's management. Mitsui & Co., Ltd., the company where Motokazu Yoshida served previously, is one of Hino Motors' main business partners but is not one with a notable impact on the Company's decision-making. Sales to Mitsui & Co., Ltd. in the most recent fiscal year were around 5% of Hino Motors' consolidated net sales. It has also been more than five years since Motokazu Yoshida resigned from Mitsui & Co., Ltd, and he is not currently involved in the execution of that company's business. Based on the above, Hino Motors has designated Motokazu Yoshida as an independent officer as there is no risk of

			a conflict of interest with general shareholders.
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Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Not Established
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[Audit & Supervisory Board Members]

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	7
Number of Audit & Supervisory Board Members	5

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

Audit & Supervisory Board Members receive regular reports on audit planning and the implementation and results of audits 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. Audit & Supervisory Board Members also receive reports on audit planning and implementation of audits by the Internal Audit Division as well as holding meetings when required, again with mutual cooperation.

Appointment of Outside Corporate Auditors	Appointed
Number of Outside Corporate Auditors	3
Number of Independent Outside Corporate Auditors	2

Outside Corporate Auditors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*													
		a	b	c	d	e	f	g	h	i	j	k	l	m	
Akio Tsujii	From another company														
Keiko Kitamura	Academic														
Yoshiaki Kitahara	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 of f, g, or h) (the audit & supervisory board member himself/herself only)
- k. Executive of a company, between which and the Company outside directors/corporate auditors 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 Corporate Auditors' Relationship with the Company (2)

Name	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons of Appointment
Akio Tsujii	○		In order to reflect his extensive experience and deep insight as a management expert in auditing activities. Hino Motors has designated Akio Tsujii as an independent officer as there is no risk of a conflict of interest with general shareholders.
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 officer as there is no risk of a conflict of interest with general shareholders.
Yoshiaki Kitahara		Former executive of a fellow subsidiary company of the Company	In order to reflect his extensive experience and deep insight as a management expert in auditing activities.

[Independent Directors/Outside Corporate Auditors]

Number of Independent Directors/Outside Corporate Auditors	4
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Matters relating to Independent Directors/Outside Corporate Auditors

Based on the requirements for outside directors and outside corporate auditors stipulated in Japan's Companies Act and the standards for independence set out by financial instruments exchanges, Hino Motors requires independent officers 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 officers all of the outside officers who qualify as independent officers.

[Incentives]

Incentive Policies for Directors	Stock Options
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Supplementary Explanation

Stock options at Hino Motors were granted up until August 2011 with the objective of increasing corporate value by further enhancing motivation and morale among the directors and employees to improve business performance and improving international competitiveness and profitability.

Recipients of Stock Options	Inside Directors / Employee / Other
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Supplementary Explanation

"Employees" corresponds to senior general manager and general manager grade employees, and "others" corresponds to managing officers, for whom exercise rights for stock options granted in August 2011 have not expired.

[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.

<Policy>

Remuneration of directors is composed of monthly remuneration and bonuses.

Remuneration is structured to ensure it is linked to corporate performance and to reflect responsibilities and results.

Monthly remuneration reflects responsibilities. Bonuses are determined based on consolidated operating income for each fiscal year with comprehensive consideration given to such factors as dividends to shareholders, the level of bonuses for employees, medium and long term business performance, the past

payment record, and trends at other companies.

Hino Motors does not pay bonuses to outside directors and outside corporate auditors in view of their responsibility for supervising and monitoring management from an independent viewpoint.

<Procedure>

Monthly remuneration is determined within the limit of the ceiling for total remuneration (directors: ¥60 million monthly, audit & supervisory board members: ¥15 million monthly) determined by resolution of the Annual General Shareholder Meeting

The amount of remuneration for each director is determined by the representative director delegated by the Board of Directors based on the criteria stipulated by the Company. The amount of remuneration for each audit & supervisory board member is determined in consultation with the audit & supervisory board. For bonuses, the total amount of bonuses to be paid to directors is first approved by resolution of the General Shareholder Meeting, and the representative director delegated by the Board of Directors determines the amount of bonus for each director.

[Supporting System for Outside Directors and Outside Corporate Auditors]

In addition to providing forums for information exchange between outside officers (directors and corporate auditors) 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 Planning Div. and the General Administration Div. are in charge of in-house liaison and coordination for outside directors while a number of dedicated staffs have been assigned to assist the activities of the outside corporate auditors. The Company has also created forums for regular reports from the accounting auditors to the outside corporate auditors.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

1) Overview of Current System (please read in conjunction with corporate governance at Hino Motors (schematic diagram) on the last page of this document)

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 11 directors (the number as of the date of submission of this document including two 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. The Company also employs a system of senior managing officers and managing officers with the aim of streamlining the Board of Directors and flexible execution of business.

The Company has also established a Management Committee made up of full-time 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' audit & supervisory board comprises five audit & supervisory board members (the number as of the date of submission of this document including three outside corporate auditors; 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 Department, and other employees and work to gather information and establish the audit environment in accordance with the Company's audit policy and planning. They also audit the status of Company operations and assets by attending meetings of the Board of Directors and other important meetings, hearing about the execution of duties from the directors and other employees, viewing important approval documents, visiting each business site, visiting subsidiaries and investigating their conditions of property, and supervise the execution of duties by the directors. The audit & supervisory board members monitor the maintenance of independence and performance of proper auditing by

the accounting auditors in addition to receiving reports on the execution of the duties from the accounting auditors, exchanging opinions and reviewing the Business Report, financial statements and supplementary statements, and the consolidated financial statements.

2) Outside Directors and Outside Corporate Auditors

To oversee the execution of duties by the directors, Hino Motors has appointed two outside directors, both of whom are independent officers, as provided for in Japan's Companies Act. The outside directors are expected to contribute to transparent, fair, swift and resolute decision-making by playing a management oversight role for important decision-making by the Board of Directors in particular.

To monitor the execution of duties by the directors, Hino Motors has also appointed three outside corporate auditors, two of whom are independent officers, 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.

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 corporate auditors 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.

The internal control system at Hino Motors is based on the management oversight by the Board of Directors described above in addition to decision-making that follows comprehensive reviews by the Board of Directors, the Management Committee and a variety of other inter-organizational meetings. In line with Japan's Companies Act, Hino Motors has adopted the Basic Policy on Establishing a System to Ensure the Appropriateness of Business Operations of the Company.

Moreover, Hino Motors has established the "Compliance and Risk Management Committee" (the name of which as of the date of submission of this document) composed of the senior managing officers and the managing officers with responsibility for each function in addition to the full-time directors and audit & supervisory board members in order to consolidate corporate ethics and thoroughly enforce compliance. The Compliance and Risk Management Committee deliberates on important issues related to corporate ethics, compliance and risk management and countermeasures for them.

Hino Motors has also established the "Hino Compliance Whistle Blowing Hot Line (the name of which as of the date of submission of this document), a service for employees operated by attorneys-at-law outside the Company, and strives to identify important information concerning compliance. The Company has been establishing internal regulations that provide for prevention of risks and initial measures upon occurrence of risks. Moreover, for the areas which require individual and specific control, risk management and compliance, the Company is endeavoring to strengthen specific control activities and risk management through various activities that include the "Hino Safety, Health and Disaster Prevention Committee", the "Hino Environment Committee", and the "Hino Export Transaction Control Committee" (all names of which are as of the date of submission of this document), in addition to internal control activities as core operations for each responsible department.

3. Reasons for Adoption of Current Corporate Governance System

Hino Motors has appointed two outside directors, both of whom are independent officers, 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 three outside corporate auditors, two of whom are independent officers, 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
Scheduling of General Shareholders' Meeting avoiding the date on which General Shareholders' Meeting of companies are concentrated	Hino Motors convenes General Shareholders' Meeting avoiding the date on which General Shareholders' Meeting 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 English-language convocation notices (summary) and makes them available on both its corporate website and within electronic voting platform for institutional investors.
Others	Hino Motors posts the date and agenda for General Shareholders' Meeting on its website as soon as they are decided. Moreover, the Company posts the convocation notices for General Shareholders' Meeting as well as the notices of resolutions on its website before the mailing date.

2. IR Activities

	Supplementary Explanations	Explanation by the representative himself/herself
Regular Investor 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
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. (http://www.hino-global.com/for_investors/index.html)	
Establishment of Department and/or Manager in Charge of IR	Hino Motors has assigned IR managers in the Corporate Communications Department of the Corporate Planning Div., the Finance & Accounting Div., and the General Administration Div..	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	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 promotes CSR activities in a broad range of fields including environmental conservation, social contribution activities and compliance to fulfill the trust and expectations of stakeholders. The main activities are featured in the CSR Report. http://www.hino-global.com/csr/index.html In particular, in the area of environmental conservation activities, the Company set up the Hino Green Fund (HGF) in 1991 to assist a variety of enterprises related to afforestation and nature conservation.
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 diverse human resources to reach their full potential. As part of the Company’s initiatives to promote diversity, Hino Motors has set the goal of tripling the number of its female managers by 2020 from the current level of 19 (as of November 2014) in order to help female employees attain greater success in their careers. To achieve this goal, Hino Motors intends to continue to expand its previous childcare support systems while focusing on the following initiatives. 1) Increase the female hiring rate for new college graduates and year-round recruits 2) Conduct career-track training for female employees and training on diversity for managers 3) Adopt flextime work systems and other measures that make workplaces easier to work in for everyone

IV. Matters Related to the Internal Control System

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

Hino Motors has promoted the development of its internal control environment in order to enhance and strengthen corporate governance. The internal control system at Hino Motors is based on the oversight of audits by the audit & supervisory board and management by the Board of Directors described above in addition to decision-making that follows comprehensive reviews by the Board of Directors, the Management Committee and a variety of other inter-organizational meetings. 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.

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

- 1) Hino Motors ensures that the directors act in compliance with laws, regulations and the Articles of Incorporation of the Company in forums such as training for officers.
- 2) In the execution of business, decisions are made following comprehensive review by the Board of Directors and a variety of inter-organizational meetings. Moreover, matters are referred appropriately in accordance with the regulations stipulating the matters to be submitted to these meetings.
- 3) Important issues and countermeasures related to corporate ethics, compliance, and risk management are properly deliberated on by the Compliance and Risk Management Committee. In addition, a variety of inter-organizational meetings deliberate on and determine the identification of risk in each function and the

policy and framework for countermeasures.

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) In addition to the proper management of funds through the budget system, operations and the implementation of the budget are carried out based on the authority and responsibility specified under the approval system. Important matters are referred appropriately in accordance with the regulations stipulating the criteria for submission to the Board of Directors and a variety of meetings.

2) Hino Motors strives to ensure proper financial reporting, including the documentation of the flow of funds and the management system. The Company also ensures the timely and appropriate disclosure of information in accordance with the relevant laws and regulations.

3) When necessary, each department builds systems to liaise with each region concerning risk including such areas as safety, quality, and the environment as well as compliance in addition to providing management by establishing rules or creating and distributing manuals.

4) In preparation for events such as disasters, Hino Motors prepares manuals and conducts training in addition to taking measures to diversify and take out insurance coverage when necessary.

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 the senior managing officers and managing officers based on management policy while collaborating with the executive officers from a management perspective. At the same time, they delegate executive authority in each department to the senior managing officers and managing officers to carry out flexible decision-making.

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

1) In addition to clarifying the duties of each organization, Hino Motors maintains the foundation for achieving continuous improvement.

2) Hino Motors constantly reviews the framework for legal compliance and risk management to ensure effectiveness. Therefore, each department carries out inspections and verification, including reporting to the Compliance and Risk Management Committee.

3) Hino Motors endeavors to find out information on legal compliance and corporate ethics resolve problems and questions related to compliance promptly through the HINO Compliance Consultation Service.

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 Code of Conduct 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.

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 Complies with Laws, Regulations, and the Articles of Incorporation of the Company

Hino Motors requires its subsidiaries to create a compliance system and to establish an internal reporting service. In addition, Hino Motors has established an outside reporting service for subsidiaries in Japan. The Company conducts regular inspections including a variety of audits on the state of compliance at its subsidiaries, which are reported to the Compliance and Risk Management 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 & 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 members 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, senior managing officers, managing 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, senior managing officers, managing 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, senior managing officers, managing 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.

2. Basic Policy and Preparation towards the Elimination Antisocial Forces

Hino Motors stipulates the following in the Hino Code of Conduct, which officers and employees practice in

daily corporate activities.

[Standing Firmly Against Organized Crime] (Text from the Hino Code of Conduct below)

As an organization, we firmly oppose all undue claims, organized violence and criminal activities conducted by antisocial forces (“Criminal activities”).

If any of us is ever confronted with the “Criminal activities”, we report and consult immediately with the relevant department and work with the appropriate authorities to swiftly resolve the issue.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation

Toyota Motor Corporation, the parent company, owns 50.3% of the voting rights in Hino Motors (50.4% when indirect ownership is included).

2. Other Matters Concerning to 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 has clearly stated rules for the disclosure of important information (information that requires disclosure, departments with responsibility for disclosure, procedure for disclosure, etc.) and endeavors to disclose corporate information based on the following processes.

* Departments with responsibility for disclosure: Corporate Planning Div., Finance & Accounting Div., General Administration Div.

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 the rules on the disclosure of important information.

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 (the Corporate Planning Division) promptly carries out disclosure to the stock exchange in light of the decisions described above.

The Company's Corporate Governance

