January 16, 2025

To Whom It May Concern

Company Name: Hino Motors, Ltd.
Representative: Satoshi Ogiso, President & CEO, Member of the Board of Directors
(Code Number: 7205 TSE, Prime, NSE, Premier)
Contact Person: Hiroshi Hashimoto, Operating Officer,
General & Government & Public Affairs
Phone: (042) 586-5494

Notice of Settlement between Hino Motors, Ltd. and its U.S. Subsidiary and U.S. Government Authorities Concerning Legacy Engine Certification Issue

Hino Motors, Ltd. ("Hino") hereby announces that, on January 16 (U.S. Eastern Time: January 15), 2025, Hino and its U.S. subsidiaries reached a settlement with the U.S. government authorities in relation to the legacy engine emissions certification testing and performance issues in the U.S. market (the "Settlement"). Please refer to the enclosed press release for details of the Settlement.

On October 29, 2024, Hino recorded an extraordinary loss in relation to the legacy certification issues in the U.S. market in its financial results for the second quarter of the fiscal year ending March 31, 2025. The extraordinary loss included a reasonable estimate of the anticipated costs of the Settlement at that time. With today's announcement, Hino is now assessing the impact of the final Settlement amount on its financial results and will promptly make any announcements in relation to the impact as necessary.

Hino Motors Reaches Comprehensive Emissions Resolution with U.S. Government Authorities

Hino City, Tokyo, January 16 (U.S. Eastern Time: January 15), 2025, Hino Motors, Ltd. (HML) has reached an agreement with the U.S. Department of Justice (DOJ) to resolve its criminal investigation, first disclosed by Hino in March 2022, into engine emissions certification testing and performance issues in the U.S. market. HML and its U.S. subsidiaries have also reached a consolidated civil resolution with U.S. federal and California government authorities to resolve their civil investigations into the issues. Hino voluntarily disclosed these issues to U.S. authorities in 2019 and has provided what the U.S. Department of Justice has called "exemplary" cooperation with the DOJ's investigation. The agreements resolve all of the Company's outstanding legal issues in the United States related to its legacy emissions issues.

Under the criminal resolution with the DOJ, HML has agreed to enter a guilty plea and pay criminal penalties totaling $521,760,000, which reflects a significant reduction for cooperation credit. Hino also has agreed to forfeit the proceeds obtained as a result of the charged conduct but expects this obligation to be fully met by credits for payments associated with the civil resolution, resulting in no additional costs to the Company.

To resolve civil claims, HML and its U.S. subsidiaries have agreed to pay $442,500,000 in civil penalties to U.S. federal authorities, including the DOJ, the U.S. Environmental Protection Agency (EPA), National Highway Traffic Safety Administration (NHTSA), and U.S. Customs and Border Protection (CBP), as well as $236,500,000 in civil penalties and other payments to California state authorities, including the California Air Resources Board (CARB) and the California State Attorney General's Office. Subject to regulatory approval, the Company will also implement a proposed field fix for Model Year 2017-2019 J08E and J05E on-road engines and undertake an Environmental Mitigation Program to offset the environmental impact of past and future excess emissions from the affected engines.

"This resolution is a significant milestone toward resolving legacy issues that we have worked hard to ensure are no longer a part of Hino's operations or culture. We deeply apologize for the inconvenience caused to our customers and stakeholders. In order to prevent a recurrence of this kind of issue, we have implemented company-wide reforms, including meaningful improvements to our internal culture, oversight, and compliance practices," said Satoshi Ogiso, President and CEO of Hino Motors Ltd. "We take this resolution seriously and will ensure that the field fix, the Environmental Mitigation Program, and further strengthening of our compliance system, which have been agreed as part of the resolutions, are implemented. We commit to moving forward as a company that can be of service to society."

As previously disclosed, the legacy issues do not affect the driving performance of Hino vehicles and do not raise any safety concerns. Following the resolution, Hino vehicles on the road in the United States remain legal to own, operate, service, and repair. The agreements will not impact the manufacture and sale of new Hino trucks in the United States, which are equipped with engines manufactured by third parties.

Significant Steps Taken to Determine Root Causes and Enhance Compliance and Internal Controls

Hino has made significant changes to address these legacy issues through a comprehensive program to reform and strengthen the Company and its culture, starting with significant improvements to its governance and compliance systems. The Company engaged outside legal counsel both in the United States and Japan, including

global law firm Covington & Burling and Japanese law firm Nagashima Ohno & Tsunematsu, to conduct a thorough investigation into the underlying issues and advise Hino on how it can improve its processes. Hino also engaged leading independent engineering and testing companies to identify the scope and impact of these issues on vehicle performance and engine emissions.

Beginning in June 2022, based on these and other analyses, Hino began to implement a number of internal changes based on the Company's foundational corporate philosophy, the "HINO Way." Designed to ensure these issues never happen again, Hino's "Three Reforms" program has brought meaningful changes to improve and reform the Company's (1) management approach, (2) organization and culture, and (3) structure for new vehicle manufacturing. Specific changes implemented under the program include:

Management Reform

- Appointment of an outside director who is an expert in cross-border legal and compliance matters;
- Renewal of the management team and strengthening of the governance system, including creation of Chief Transformation Officer and Chief Risk Officer roles;
- Establishment of the Chief Compliance Officer and Deputy Chief Compliance Officer positions, which are responsible for general compliance and technical compliance, respectively;
- Conduct of compliance training on general and technical compliance topics;
- Reflection of compliance factors in the HR system;
- Establishment of a system to ensure that management is aware of the situation of the frontline workplaces and communicates with frontline employees;

Organizational and Cultural Reform

- Enhancement of the environment and system such that employees feel comfortable with speaking-up;
- Development of an exhibition to reflect on the misconduct and continuous efforts to have all employees annually reaffirm doing the right thing in accordance with the "HINO Way";

Structural Reform for New Vehicle Manufacturing

- Separation of the engine development and certification functions;
- Establishment of a Product Owner position with cross-functional responsibility for the process from planning to sales in order to prevent functional fragmentation; and
- Enhancement of a regulation information management system (including introduction of a system of a "Regulation Supervisor" to understand laws and regulations and disseminate that knowledge internally.

Hino appreciates the support of its stakeholders in recent years as it has worked to transform the Company, regain their trust, and move forward in a manner that reflects the Company's core values and mission.

Hino believes that these "Three Reform" efforts are effective as the foundation and substance of measures to prevent the recurrence of the issue. The major contents of the compliance program have been agreed upon with the DOJ and other authorities as part of the resolution agreements, and Hino will continue to implement these efforts and expand them globally throughout the Hino Group.

Further details on Hino's "Three Reforms" program, along with associated compliance and governance initiatives, can be found here [https://www.hino-global.com/corp/news/Three Reforms.pdf].

Note to Editors

On October 29, 2024, Hino announced an extraordinary loss of 230 billion yen (approximately $1.54 billion) to cover anticipated costs associated with the resolution of legacy certification issues in North America, including U.S. civil and criminal penalties, remediation, field fixes, and other associated costs.

# # #