



“Hino Motors continues striving to solve societal issues as a truck and bus manufacturer closely connected with society.”

下 義 生 Yoshio Shimo
President & CEO,
Representative Director

Since being established in 1942, Hino Motors has been conscientiously manufacturing trucks and buses that are indispensable to society. Amid a period of structural change involving issues never before experienced, such as EV and automated driving, President & CEO Yoshio Shimo spoke about the strategies and initiatives of Hino Motors for fulfilling our social mission of ongoing support for the transport of goods and people in the next generation, and achieving a sustainable society that is prosperous and comfortable.

Striving to solve societal issues with a strong sense of urgency

—Please tell us about the current environment surrounding business and share a retrospective view of fiscal 2018.

In fiscal 2018, not only did Hino Motors’ global sales of trucks and buses exceed 200,000 for the first time, but domestic sales of all trucks and buses surpassed 70,000, also for the first time. It was a banner year that broke 45-year-old records. Consolidated sales also reached a record high, and the Company was able to secure an increase in both sales and profit for two consecutive quarters. This would not have been possible without the trust of our customers, society, and stockholders, and it is the result of the hard work of all our employees. There is a solid sense that Hino Motors is achieving steady growth.

The automotive industry is currently at a crossroads said to occur once every hundred years. Through technological innovation called CASE,* the concept of cars, including trucks and buses, is significantly changing. On the other hand, in Japan, where there is an accelerated aging and shrinking of the population, societal issues are surfacing such as a logistics crisis caused by driver shortages, and a lack of transportation means due to depopulation. It is precisely because these kinds of concerns have become clear that, as a manufacturer specializing in trucks and buses, Hino Motors must tackle these issues with a sense of urgency before the situation becomes truly grave.

Given this backdrop, in October 2018 Hino Motors presented Challenge 2025, specific policies and strategies for customers around the world that establish the year 2025 as a milestone. That year is in a future not that immediate, yet not that far away, and we envision 2025 to be the right time to be able to solve many societal issues if Team Hino can unite to innovate our business structure and bring together our own capabilities, as well as the competencies of others through the cultivation of partners.

In response to the emerging societal issues, Hino

Motors presented four values in Challenge 2025 to offer customers and society. They are “Zero traffic accident casualties” involving Hino vehicles, “Major reductions in CO₂ emissions,” “Support the growth of our customers’ businesses,” and “Enhanced efficiency in transporting goods and logistics.” To realize the provision of these four values, we are promoting the Three Directions approach of “Best-fit products incorporating safety and environmental technologies,” “Total Support customized for each vehicle,” and “New activity areas.”

Under the slogan, “Trucks and buses that do more,” Hino Motors will lead the way within the Toyota Group and strive to provide these four values.

Aiming to build a new platform for transporting goods and people

—Please talk about specific measures for how the Company will achieve the four values while focusing on increasingly complex societal issues and customers.

As a manufacturer specializing in trucks susceptible to significant damage when an accident occurs, and buses responsible for many lives, we believe that priority should be given to the fourth value of zero traffic accident casualties involving Hino vehicles.

We are accelerating the introduction of new-generation safety technologies. For example, in August 2018 Hino Motors equipped the large sightseeing coach, the Hino S’elega, with the Emergency Driving Stop System (EDSS). This marked the first time in the world such a system was installed in a commercial vehicle. In addition, it is our general policy to make these kinds of new safety technologies standard equipment, rather than optional equipment. Standardization will save time and costs, and lead to superior safety technologies being offered quickly and extensively throughout the world.

Regarding major reductions in CO₂ emissions, Hino Environmental Challenge 2050 names the goal of reducing new vehicle CO₂ emissions by 90%. We are aware it is an issue that should be continuously tackled to build a sustainable society, and addressing heavy duty

*The general term for Connected, Autonomous, Shared, Electric

trucks that emit a high volume of CO₂ is an especially important key to achieving the 2050 goals.

Hino Motors is moving forward with popularizing hybrid vehicles as a realistic measure to reduce CO₂ emissions for the present. Our latest achievement is the market release in June 2019 of the heavy duty hybrid truck, the Hino Profia Hybrid. It realizes high environmental performance by utilizing AI to estimate the running load in order to carry out optimum hybrid control. In addition, we are collaborating with partners to promote the development of EV and FCV as we work toward the future goal of turning all vehicles Hino sells into electric vehicles.

Moreover, from the perspective of supporting the growth of our customers' businesses, I believe it is necessary to forge closer ties with our customers and ascertain what kind of support we can offer as a manufacturer specializing in trucks and buses. This area is closely related to the fourth value, of further optimizing the transport of goods and people. For instance, considering that the population is clearly declining, there are no plain and simple resolutions to solving the issue of driver shortages at logistics sites that would have immediate results. We must step away from the previous notion that we can simply create good products, and work to resolve customer and societal issues based on comprehensive perspectives.

The wholly owned subsidiary, NEXT Logistics Japan, Ltd., was established in June 2018 with the goal of proposing new forms of logistics, such as high efficiency mass transit, using convoys and road trains, and the achievement of high load rate that extensively utilizes information on drivers, vehicles, and cargo. In December 2019, the long-awaited business was put into motion. Also, NEXT Logistics began demonstration experiments for a new mobility service, undertaking regional public transportation in the fall of 2019, based on agreements with the cities of Komatsu in Ishikawa Prefecture and Mitoyo in Kagawa Prefecture. In the future, the Company will take the initiative to step into areas that in the past cargo owners, transport operators, and regional governments could not enter on their own, and offer various ideas to actively contribute to solving issues faced by customers and society.

Promoting Commercial CASE and digital transformation

—Please tell us about specific initiatives and the future directionality of digital transformation (DX) and the development of Commercial CASE, which are necessary to the provision of new value.

As a manufacturer of commercial vehicles, in addition to the Commercial CASE previously mentioned, DX initiatives are important to the resolution of the series of societal issues being encountered. Against a backdrop that includes logistics optimization and worsening environmental problems, the Commercial CASE that Hino is tackling will undoubtedly lead to resolving customer and societal problems. However, even if CASE technologies progress, they will not lead to the resolution of actual problems, discover potential needs, or solve issues of customers and society—unless the variety of data on transporting goods and people that is scattered within and without the company can be utilized in the true sense. Therefore, DX initiatives are needed. Through DX, we want to build an information platform that gathers and visualizes information from within and without the Company to provide value unique to Hino vehicles that utilize data.

To work toward the provision of this value, we have established the Commercial CASE Promotion Department and DX Promotion Department, and put a system into place that will speedily tackle both the promotion of CASE for commercial vehicles and digitalization. Nevertheless, we are aware that using only our own skills hinders that speed. In addition to further bolstering our alliance with the Toyota Group, in 2018 we moved ahead with strategic partnerships with companies in the same industry, such as the TRATON Group (Germany), and collaboration with companies in entirely different fields. Not only will companies possessing different values working together with a common vision naturally develop the truck and bus business, but it should also increase the likelihood of bringing about achievements that would be impossible

on our own.

We will continue cultivating partners with a strong determination to tackle problems together without limiting ourselves. We will also strive to pursue initiatives and make breakthroughs with a mindset that revels in rising to every kind of challenge.

Aiming to achieve a sustainable society in cooperation with each local area

—As a manufacturer specializing in trucks and buses, how do you think Hino Motors should address societal issues and contribute to the realization of a sustainable society?

Hino Motors is a global corporation that has developed business in over 90 countries and regions around the world. As such, we hope to earnestly face the problems of stakeholders in each local area, and continue to be a presence widely considered necessary to society. To do so, we will continue working on strengthening our management foundation that encompasses corporate governance and compliance, and boost employee motivation in business by promoting diversity and practicing workstyle reform.

Sustainability is equally sought by everyone throughout the world; it is a keyword every company should be aware of. We are a manufacturer of commercial vehicles with a close relationship with society, and our ongoing existence as a company over the next 50 or 100 years is predicated on being able to continue offering value to our customers and society. A broad understanding of that assertion translates into preservation of the global environment and a society everyone can comfortably live in. We will value our close relationships with each country and region so that we can achieve a sustainable society. The joint resolution of problems faced by society and our customers can only be achieved by cooperating with every country and region. Therefore, the immediate issue is developing our human resources so that each and every member of Team Hino throughout the world will be of one mind. Through these concepts and actions, we want to synchronize our steps to accomplish the goals indicated



by the globally common language of SDGs and realize a sustainable society.

There will always be an abundance of issues to face as we strive to achieve a sustainable society. However, the existence of global societal issues gives meaning to the presence of Hino vehicles. We will routinely put ourselves in the shoes of society and our customers, and we will strive to overcome societal issues so that when we look back, much later, we can clearly see how much better our world has become and how much Hino Motors contributed.