



下 義 生

Yoshio Shimo
President & CEO,
Representative Director



Listening to Our Customers Above All Else, Hino Motors Continues to Be an Indispensable Presence in Any Era

Hino Motors is facing unprecedentedly rapid change. We spoke to President & CEO Yoshio Shimo about the outlook for the future, asking him about how Hino Motors, as a leading truck and bus manufacturing company, needs to tackle social challenges in order to achieve sustainable growth and increase corporate value against the backdrop of today's fast-moving world.

The Power of Trucks and Buses: Essential to Solving Diverse Social Challenges

—More than a year has now passed since you were appointed President & CEO in June 2017. What are your thoughts and opinions on the current business environment, and how would you assess fiscal 2017?

When you think of the emergence of autonomous driving and electric vehicles (EV), it is easy to see that

the automotive industry is in the midst of what could be called a once-in-a-century revolution. Society is also facing a multiplicity of challenges that are having a transformative impact on the truck and bus business environment. While global warming caused by CO₂ emissions is an issue familiar to many, other challenges include the driver shortage accompanying the growth of e-commerce, heightened safety needs brought about by the aging of society, and the need to do something for the growing number of people whose movement is restricted in sparsely populated areas with few available means of transportation. We must respond to these environmental changes speedily and accurately if we are

to remain in business.

In fiscal 2017, Hino Motors' global sales of trucks and buses hit a historic high, surpassing 180,000 units sold. The HINO brand is now the brand of choice in commercial vehicles for customers in more than 90 countries and regions around the world, with multiple bases located in Asia, North America, Central and South America, Europe, the Middle East and Oceania. On a consolidated basis, more than 32,000 people are working for us, with people of all nationalities at every level of the company from senior management down. I believe that it is imperative for all of our employees to respond to changes in the business environment by striving together to build a company that is loved by people both in Japan and all around the world.

—The new slogan, "Trucks and buses that do more," was created as part of the effort to respond to the fast-changing environment. What ideas does this slogan intend to convey?

Trucks and buses are specialized vehicles that can be thought of as "tools" for the transport of goods and people. In emerging and developing economies in particular, there are still many people who do not have their own vehicle, which further highlights the importance and necessity of trucks and buses.

"Trucks and buses that do more" incorporates our desire for the vehicles that we produce to become an even greater presence in the working world, where they help to solve even more social challenges and in so doing contribute to social development as a whole. It is such efforts that will certainly lead to "Hino Motors being loved the world over."

Becoming a More Beneficial Presence in Society Through Commitment to Three Goals

—Could you tell us a little more about the direction for the business from now on?

To realize our aim of "Trucks and buses that do more" we are committed to implementing three goals: "Best-fit products incorporating safety and environmental

technologies," "Total Support customized for each vehicle," and "new activity areas." Safety and the environment are the two areas in which truck and bus manufacturers must implement measures as a bare minimum, but there are probably still many people who have a long-held bad impression of the safety and environmental performance of trucks and buses. Our aim is to dispel this negative image by engaging in through-going measures to enhance safety and environmental technologies.

Firstly, safety is our top priority. Aiming for zero truck and bus traffic accident casualties, we have enhanced safety features, including the fitting of automatically activated brakes as standard on all new models. We remain committed to expediting the introduction of the latest advanced safety technologies on our vehicles. In environmental areas, too, we are actively introducing vehicle electrification, including the development of hybrid models, looking to further reduce CO₂ emissions. Given the serious driver shortages of recent years, we are also working to realize technological innovations that will support drivers everywhere, by improving the operability and comfort of trucks and buses, and reducing the burden placed on drivers when unloading, which is a critical aspect of the distribution industry that cannot be overlooked.

Next, the goal of "Total Support customized for each vehicle" refers to our recognition of the importance of providing optimized support for each and every one of the more than 1.75 million Hino trucks and buses on the road today around the world. As our customers use trucks and buses as tools in their businesses for many years, we must ensure that Hino vehicles are always "road-ready" and so we are advancing efforts to further enhance our after-sales service, including the expansion of repair shops and increasing servicing lanes at dealerships.

Another point is that the way trucks and buses run varies hugely depending on the country or region, the state of the roads, and the content of the work being performed. By first fully understanding the distribution situation in each country, we then seek to provide customized services that correspond to our customers' needs. It is through the provision of such services that we aim to raise our social value. Furthermore, in terms

of “new activity areas,” we intend to engage in creative challenges that anticipate the future for logistics and transport and in so doing solve social challenges around the world, making trucks and buses an even more beneficial presence in society.

—It is also the case that a new company has been established to explore new forms of transport, isn't it?

In June 2018 NEXT Logistics Japan, Ltd., was established as a fully owned subsidiary of Hino Motors. As a manufacturer of commercial vehicles, we believe that in addition to providing optimized products and services, we should also take up the challenge of resolving the logistics and transport issues that our customers and society face. We have already implemented verification tests for vehicle platooning as a potential solution to truck driver shortages, and we will continue to imagine and engineer a future in which autonomous driving and even more advanced environmental technologies have become the norm. When you take a long-term perspective that looks ahead 20 to 30 years in the future, there are many challenges that will need to be overcome. However, Hino has already made the first step on the road to realizing “new logistics,” and I am certain that our efforts will be of great benefit to society as a whole.

Meeting the Needs and Expectations of the International and Local Communities as Part of our Quest to Become a Truly Global Company

—What is your view on the kind of social responsibilities that Hino Motors should fulfil?

In the sense that the truck and bus business of Hino Motors contributes to the businesses of our customers, who in turn support the social infrastructure with logistics and transport services, our business is one that provides a high degree of public benefit. There is, therefore, a great deal of overlap between the social responsibilities we pursue in our main business and the broader vision of Creating Shared Value (CSV). Take

next-generation technologies such as autonomous driving, for example. If they were to be fitted not just on passenger vehicles but on trucks and buses too, it would generate greater social value.

As set out in our three goals, Hino Motors aims to help solve many social challenges with our truck and bus business. Just as there are things that can be resolved with existing technologies now, so too are there technologies we can aspire to realize in the future—it is important to engage in challenges based on various time scales. I believe that it is our duty to set out a clear business roadmap to the future as we continue to advance technological and product development, always bearing in mind what would happen if a technological breakthrough could be achieved.

—How do you think Hino Motors should respond to global social needs based on such perspectives as the Sustainable Development Goals (SDGs) and environmental, social and governance (ESG) performance?

As a global company, it is of course only natural that we respond to the various needs of the international community. At the same time, however, we should also never forget that our global operations are only possible thanks to our close interactions with the local communities in which we operate, including Hino City, where our company was first established. It is precisely because we have these close points of contact with local truck and bus communities that we can make a greater contribution to both the local and international communities. It is imperative that all employees have a strong awareness of this point as they engage in work operations.

What is important is to always listen earnestly to what our local customers and communities need and engage in technological development accordingly. It is this process that comprises the Total Support that Hino Motors has continuously focused on since its founding. If we forget that point, it will not be long before society leaves us behind.

Always Staying a Step Ahead with Proposals Based on Hino's Unique Values

—Can you share with us some of the initiatives being implemented to strengthen the management base with an eye on future growth?

If Hino Motors can maintain the trust of customers, communities and stakeholders around the world and further highlight our indispensable presence in society, this will lead to sustainable growth. To achieve this goal, it will be critically important to share a strong and commonly held recognition across the entire group about the significance of our work and our place in society. We must also be strictly disciplined if we are to maintain the trust of the global society, meaning that strengthening the management base in terms of corporate governance and compliance will be important themes. We are also engaged in active efforts to promote diversity and implement work-style reforms, seeking to provide employees with opportunities to grow and develop significantly based on the various knowledge and insights they acquire. It is through these diverse efforts and initiatives that we aim to reconfirm the values on which Hino Motors is founded and take our business to the next stage as a global company.

Hino Motors is also working to build friendships on the global level, as demonstrated by the Mutual Cooperation Agreement we concluded with Ashok Leyland Ltd. of India in November 2017 and the strategic partnership we entered into with TRATON AG of Germany in April 2018. We expect that these and other interactions will provide new knowledge and insights, as we aim to assimilate positive values and reflect them in the value that Hino Motors provides.

—Do you have a final inspirational message?

The reason I decided to join Hino Motors was because I wanted to work at a company that is involved in a business that is truly indispensable to society—in this case the manufacture of trucks and buses—and a



company that could make a contribution to the world. That was 40 years ago, but the pride I feel in being able to take a part in such work has never dimmed. In fact, it only grows stronger, given the ever-increasing necessity of trucks and buses to society.

It is only natural that social norms and people's views will change with the times, and there will likely never be a time when all social challenges have been resolved. However, no matter how society may change in the years ahead, what will remain constant is that Hino Motors will always present proposals that are a step ahead, as we work to solve social challenges. Rather than thinking about “How will the future change?” we should be focusing on “How can we create the future?” It is our hope and also a source of joy that the things that Hino Motors is working on now will be utilized by and remain valuable to our customers and to society 10, 20 or even 50 years from now. These are the things we keep firmly in mind as we maintain our presence as a company that can be called indispensable to society, a company that does its part in building a sustainable world.