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Interview with Outside Director

Strengthening group governance structure to become a global leader in the flow of goods and people around the world

Toshitaka Hagiwara Outside Director

Born 1940. Graduated from the Graduate School of Law, Waseda University, in 1967. Joined Komatsu Ltd., in 1969. Appointed a director of Komatsu in 1990, after which he became Executive Vice President in 1999 and Chairman of the Board in 2003. Appointed an independent Outside Audit & Supervisory Board Member of Hino Motors in 2013, and became an independent Outside Director in 2015.



> Hino's Tremendous Potential as a Global Company

Prior to my appointment as a director at Hino Motors, my impression of Hino was of an earnest and trustworthy company with a firm domestic focus. However, once I joined the board of directors I realized that with its large percentage of overseas sales and high product development capabilities, Hino has tremendous potential to develop as a global company.

As an outside director, my aim is not just supervising the company's business execution, but also supporting the company's management from the sidelines to ensure the sustainable development of the company. The Company's truck and bus businesses are expected to contribute to various social needs for distribution and transportation on a global scale, including in such areas as automation, labor saving innovation, and reduced environmental impact. As a company that can help to resolve such social issues, it is likely that Hino Motors will have to take certain risks in order to move forward as a truly global company. I believe that one of my roles is to provide full encouragement at such times.

> Importance of Advancing Internationalization from Headquarters

My involvement with Hino Motors spans two years as an Outside Audit & Supervisory Board Member and three years as an Outside Director, and I can see that the company's corporate governance mechanisms and structures are at a very high level. However, what is truly important is whether the systems and mechanisms that have been polished to such a high level are truly functioning as intended, and whether corporate governance, which includes compliance and internal controls as a global company, has actually permeated every part of the company. For Hino to grow further as a global company, it is imperative to ensure that the corporate governance structure is developed and functions on a group-wide basis. Internationalization presents many challenges that need to be overcome, including cultural differences and communication issues, and the issue with the highest priority is to secure and cultivate human resources. It is also necessary for initiatives aiming at internationalization to be instigated by headquarters, including such considerations as where and how to create alliances, and what human resources to allocate to which division in order to enable the company to leverage its strengths and supplement any weaknesses.

Hino Motors is still at the developmental stage in terms of becoming a global company. By further invigorating the functions of the Board of Directors and engaging in thorough discussions about growth strategy and then putting ideas into action, I hope that the Company will strive to become a leading presence in the flow of goods and people around the world, in terms of both equipment and services.

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Aiming to become a truly global company with corporate governance advancements

Motokazu Yoshida Outside Director

Born 1948. Graduated from the Faculty of Commerce of Hitotsubashi University in 1971. Joined Mitsui & Co., Ltd. Appointed a director of Mitsui & Co., in 2001, then Representative Director and Senior Executive Managing Officer in 2007, then Representative Director and Executive Vice President in 2008. Appointed Chairman of Meisei Gakuen Institute in 2012 and has been an independent Outside Director of Hino Motors since 2015.

> Ensuring Sustainable Growth as a Good Corporate Citizen

Essentially there are two elements required to be a company. The first, naturally, is to act as a good corporate citizen should. The other is to achieve the goal of sustainable growth. A company that can balance these two elements in its management and operation is a good company. I believe that the role of an outside director is to supervise and advise from an objective third-party perspective about how to achieve this goal of balance in its management and operations.

The business of transporting goods and people is one that continues to expand as a key part of social infrastructure as societies develop. Hino Motors supports the flow of goods and people in society through its trucks and buses businesses. I feel that, first and foremost, the most significant social contribution the Company can make is to steadily engage in its main line of business. I believe that Hino executives firmly recognize this point. The corporate culture is earnest and open, and the Board of Directors also engages in candid discussions. I can say that Hino has a good corporate culture, and that it is an important base for corporate governance. What is more, in recent years the Board of Directors has engaged in ambitious corporate governance reform measures, driving further advancements in those structures.

> Invigoration of the Board of Directors: The Duty of Outside Directors

Hino Motors is a manufacturer of trucks and buses with bases around the world. However, I think that it is now in a transition period during which it will shift from being an international business company that simply sells and produces products overseas, to become a truly global company that grows as a good corporate citizen together with the various countries and regions around the world where it does business. Given the fast-changing business environment of today's world, the Company must continue to advance its corporate governance to ensure that Hino Motors remains the world's go-to source of advanced logistics and cutting-edge transport technologies. To that end, we must ensure that the Board of Directors is further invigorated, so that it is not just "talking shop" and merely "rubber stamping" decisions that have already been made, but rather is a body that can candidly discuss what is truly important for Hino Motors, in terms of how the company should aim to be, the strategic planning that is required for development in that direction, and the necessary implementation structures. I have worked ambitiously together with my fellow outside director, Mr. Toshitaka Hagiwara, to invigorate the board in this way. I believe that progress is being made in the development of management and operational structures, including the establishment of the Corporate Governance Committee, which participates in discussions on mid- to long-term strategy starting with the formulation stage.

Looking ahead, under the lucid leadership of President Shimo, I will continue to make every effort as an outside director to ensure that Hino Motors can make an even bigger contribution to the global society, growing to become the world's top manufacturer of trucks and buses and the leader in advanced solutions for the flow of goods and people.