

Corporate Governance & Compliance Policy



Corporate governance and compliance remain a major management priority at Isuzu. Companies are under growing pressure to be accountable for management decisions and actions, providing effective checks and balances, and maintaining the confidence of investors and the public by means of timely and appropriate disclosure.

In recent years, we have taken the following steps to enhance our corporate governance:

- To strengthen local management structures, we unified the oversight of North American and ASEAN operations in 2003, and for China in 2004.
- In December 2003, our president and representative director certified that the contents of the first half earnings report submitted to Japanese regulatory authorities were accurate.
- In April 2004, the Audit Group of the General Affairs and HR Department became the Business Audit Group, an independent structure under which we began conducting our internal audits.
- As part of our sustainability governance program, in 1999 we began publishing an annual Environmental Report that records the company's environmental management performance and progress with a range of initiatives to reduce environmental impact, reduce waste, and promote recycling. The first English version of the Environmental Report was published in 2000.

Isuzu is committed to disclosure of information in the interests of fair business practice and corporate transparency. We distribute information via various channels, including a comprehensive corporate website, and provide extensive English-language information for our shareholders and other stakeholders around the globe.

Isuzu's corporate governance structure incorporates a five-member Audit Committee with two outside auditors, a Management Committee empowered to make decisions on critical business matters, and an executive officer system that transfers the authority for executing strategies to the operating level. In addition we have implemented a Vehicle Line Executive (VLE) system. VLEs are responsible for each of our product areas—commercial vehicles, light commercial vehicles, and powertrains—and report directly to the Management Committee.

In April 2005, Isuzu established a Compliance Committee to provide impartial advice, oversight and assessment of progress and organizational structures for compliance. To ensure fairness and transparency, the Compliance Committee includes legal professionals from outside the company. We also established a Compliance Management Department to administer and promote compliance-related business activities. The department reports directly to the president and consists of two groups—the Compliance Group responsible for compliance planning, implementation and review, and the Internal Audit Group. As well, we set up a helpline at a law firm that employees could use to report compliance issues in confidence. The purpose of the helpline is to obtain information about compliance issues in the company.

In May 2005, we announced the Isuzu Basic Compliance Initiative. Our corporate vision is "Isuzu will always mean the best: A leader in transportation, commercial vehicles and diesel engines, supporting our customers and respecting the environment." It is crucial for all Isuzu executives and employees to conduct themselves in accordance with the highest values so that we earn society's trust and fulfill our vision.

The Basic Compliance Initiative is for both internal and external use, designed with the goal of complete compliance, appropriate disclosure, and public accountability.

The seven principles of the Basic Compliance Initiative are:

1. Gaining customers' trust by providing socially valuable products and services
2. Fair and sound activities, i.e., conducting our business in the spirit of free and fair competition
3. Disclosure of corporate information to shareholders and the public in a fair and timely manner
4. Respecting employees by providing a safe, comfortable working environment where they can make the most of their abilities
5. Protecting the environment in our business activities as well as through community work
6. Making a positive contribution to society as good corporate citizens
7. Living in harmony with local and global communities, respecting the cultures and customs of different countries and regions and contributing to the development of these areas through our business

Isuzu aims to achieve a high level of compliance by ensuring that all employees and executives share a common awareness of its importance through regular education and training, providing a consultation function when problems cannot be resolved within the organization, and responding quickly to rectify violations to ensure they do not recur. Isuzu's management is strongly aware of its responsibility to present a model of compliance to the rest of the company at all times, as well as also taking the initiative to investigate and resolve any violations, and exercise public accountability by disclosing accurate information without delay.

A recent compliance issue is the Personal Information Protection Law, which was enacted in April 2005 in Japan following a spate of personal information leaks and mounting information security problems. Keenly aware of the important responsibility as a trusted partner to protect personal information, Isuzu began working on information security improvements and raising awareness of the issue at an early stage, establishing a Personal Information Protection Committee before the Law was enacted. In March 2005, Isuzu announced its Privacy Policy for protecting personal information, and has since published a Personal Information Protection Law Guidebook for distribution to all Isuzu dealers to raise awareness. Isuzu will continue to take a rigorous and comprehensive approach to compliance, working from the inside out to improve awareness and achieve the highest standards expected of us.



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8 Eizou Kawasaki

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10 Yoshihiro Tadaki

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Koji Yamaguchi

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(As of June 29, 2006)