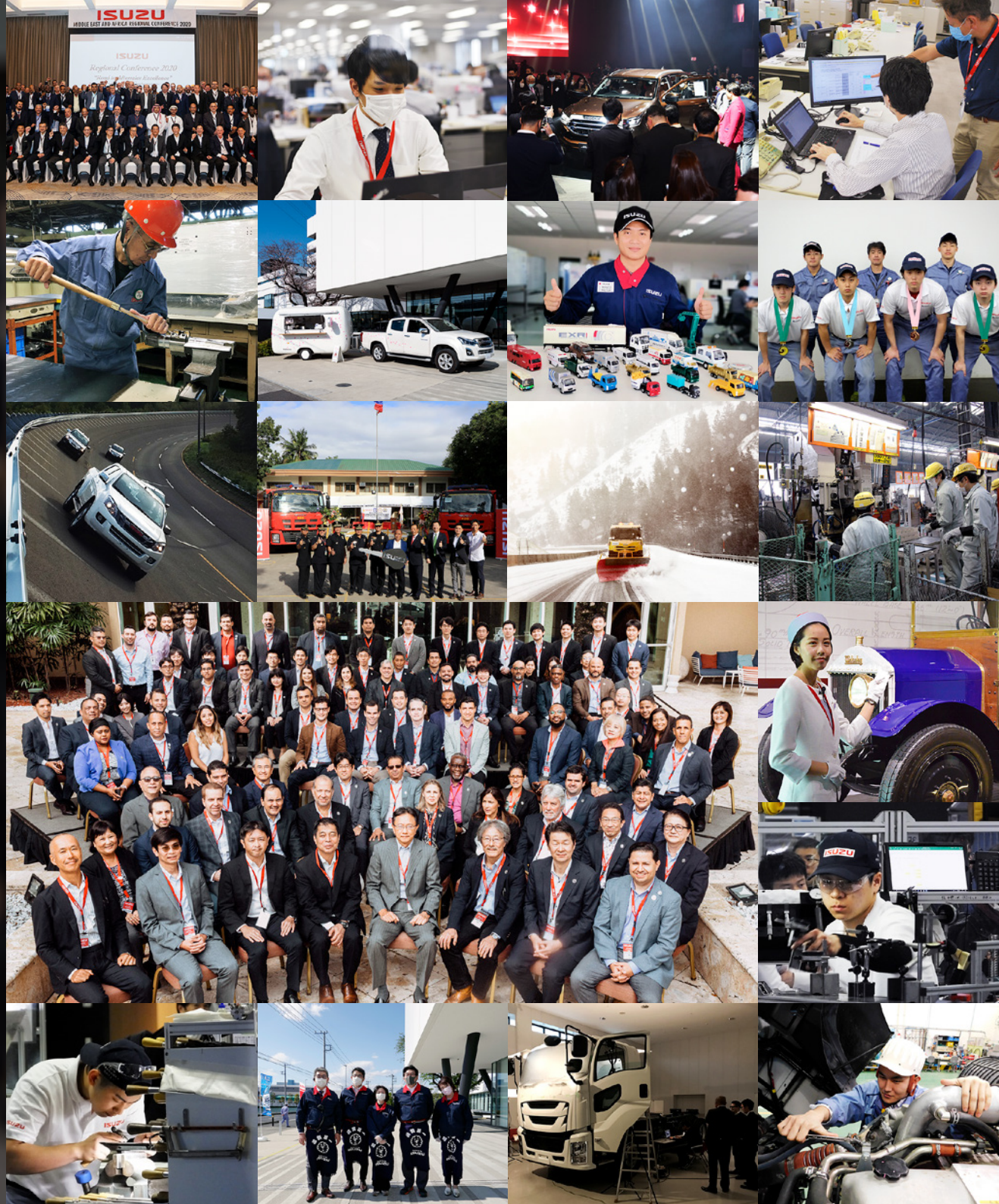


## Cornerstones Supporting Value Creation

This section introduces vital elements that serve as cornerstones for value creation, including our initiatives on the environment, quality, respect for employees, supply chain, local community contributions, and corporate governance.

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## Message from the Chairperson of the Sustainability Committee

### Evolution of Sustainability Management in the Mid-Term Business Plan

We are working to help solve social issues through our business activities, leveraging our strengths as a commercial vehicle manufacturer, guided by our corporate vision: *Isuzu will always mean the best: A leader in transportation, commercial vehicles and diesel engines, supporting our customers and respecting the environment.*

Less than 10 years remain until 2030, the target year of the United Nations SDGs, and there are growing expectations and demands from investors and other stakeholders for ESG (Environmental, Social, and Governance) initiatives. As social issues surrounding us continue to diversify, the Isuzu Group recognizes that *accelerated trends towards electrification and decarbonization to achieve carbon neutrality as well as increased expectation for non-stop logistics infrastructure* driven by the spread of COVID-19 are important elements of the external environment for CV manufacturers.

In the light of this environment, the new Mid-Term Business Plan 2024 which begins this fiscal year, positions carbon neutrality and solving issues in the logistics industry as our axes for innovation. The Isuzu Group considers these initiatives for solving social issues through our business activities to be important for management going forward. We are committed to sustainability management that further evolves our current sustainability activities. In addition, based on these efforts, the Sustainability Committee discussed and reviewed the *social issues we want to solve through our business* which were formulated in 2018, to more appropriately express the Company's initiatives.



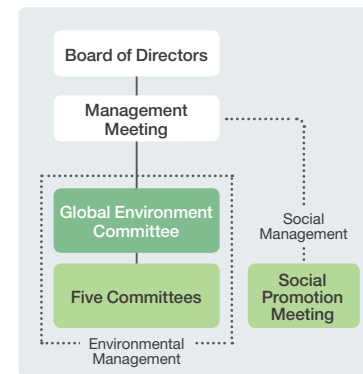
**Shinichi Takahashi**  
Executive Vice President and Director  
Chairperson of the Sustainability Committee

#### Isuzu's Key Challenges

Providing value to society	Relationship with SDGs	Cornerstones supporting value creation	Relationship with SDGs
Realizing a society in which people and goods can be transported safely, securely, and efficiently	3 sustainable development goals	Improving technologies and providing reliable products and services	3 sustainable development goals
Balancing the global environment and economic development	7 sustainable development goals	Respecting employees and diversity	5 sustainable development goals
Enhancing lives and the economies in emerging countries	1 sustainable development goal	Win-win relationships with local communities and stakeholders	4 sustainable development goals
Sustaining lifestyles and the environment during disasters and emergencies	11 sustainable development goals	Appropriate governance	16 sustainable development goal

### Governance System for Promoting Sustainability

In April 2021, the Isuzu Group established the *Sustainability Committee*, expanding the functions of the previous Global Environment Committee to handle overall sustainability activities. Even as the Isuzu Group promoted company-wide activities to realize its *Global Environmental Charter*, we faced a growing need for an organization that comprehensively addresses the impact of increasingly diverse and complex social issues. We therefore strengthened the sustainability promotion structure to work towards realizing the *Isuzu Environmental Vision 2050* formulated in March 2020, while accelerating initiatives for human rights and diversity. Under this new structure, subcommittees for environmental and social issues are placed under the Sustainability Committee. In addition to deepening discussions and initiatives on environmental and social issues, this structure allows for broader discussions while deepening management engagement.



Expanded Functions



\*CN: Carbon neutral

## Message from the Chairperson of the Sustainability Committee

The Sustainability Committee makes decisions on management issues, business policy, and business strategies related to sustainability, as well as promoting company-wide sustainability activities on an on-going basis. In this way, the committee will reflect changing social trends and expectations of companies in our medium- to long-term business activities, and enhance the sustainable growth of society and the company. The roles of the Sustainability Committee and subcommittees are shown in the following table.

### Role of the Sustainability Committee

<b>Promotion of sustainability for the entire group.</b>	Recognize sustainability strategies as a management issue for the entire group and promote Isuzu's business policies, business strategies, and sustainability activities from a long-term perspective.
<b>Monitor progress of sustainability activities.</b>	Monitor progress on various business activities related to promoting Isuzu's corporate philosophy, medium- to long-term policies, vision, and sustainability.
<b>Gather and share external expectations and internal information.</b>	Constantly recognize society's expectations based on changing social trends and promote awareness internally.

### Roles of each subcommittee

<b>Business CN Promotion Subcommittee</b>	Promote cross-department activities to achieve carbon neutrality in 2050, focusing on production activities which are the group's main source of CO <sub>2</sub> emissions, to achieve carbon neutrality in the Isuzu Group's business activities.
<b>Product CN Promotion Subcommittee</b>	Promote various activities that contribute to the carbon neutrality of products, including decarbonization technologies and energy, to achieve well-to-wheel (WtW) carbon neutrality.
<b>Resource Recycling Promotion Subcommittee</b>	Promote waste reduction and recycling in all Isuzu business activities including products and services to achieve 100% recycling of resources.
<b>Environmental Management Promotion Subcommittee</b>	Promote environmental activities in coordination with group companies, focusing on environmental management measures such as ISO 14001 certification acquisition, environmental risk management, and biodiversity conservation.
<b>Social Promotion Subcommittee</b>	Examine various sustainability management issues such as ESG investment evaluation trends and promote activities to improve Isuzu's social evaluation.

## Activities Going Forward

As Isuzu engages in sustainability management under the new structure, from 2021 it started the following new initiatives to strengthen its existing sustainability efforts.

### 1. Endorsement of TCFD Recommendations

Climate change is a major global issue, and it is important for companies to clarify climate-related risks and opportunities for their businesses, and to appropriately reflect them in management. Isuzu recognizes climate change as a key environmental issue and has been promoting climate change countermeasures in its all of its business activities, products and services. We now recognize that more than simply disclosing the results of these activities, we need to implement strategic climate change countermeasures by considering climate change-related risks and opportunities from a perspective more in line with corporate management. Therefore, Isuzu decided to disclose climate change-related information in accordance with a framework based on the recommendations of the *TCFD (Task Force on Climate-related Financial Disclosures)* set up by the Financial Stability Board, and endorsed the recommendations in April 2021. By tackling climate change issues from a global perspective, and pro-actively disclosing information, we will uphold the trust of our stakeholders and further enhance our climate change countermeasures.

### 2. Participation in the United Nations Global Compact

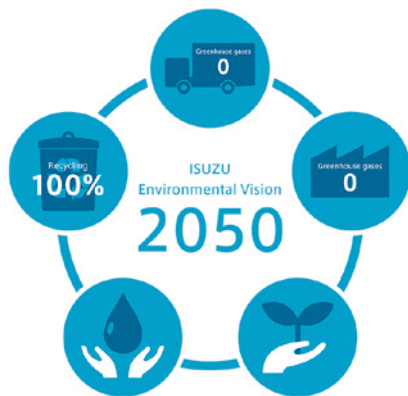
As a global company operating in over 150 countries and regions around the world, Isuzu joined the United Nations Global Compact in May 2021, in order to cooperate with the international community and contribute to the growth of a sustainable society. We will further enhance and strengthen our existing sustainability activities in line with the 10 principles of the United Nations Global Compact, which include *Human Rights, Labor, Environment, and Anti-Corruption*.

From this year, in an effort to strengthen human rights protection activities, we started including environmental and human rights considerations in our procurement activities by incorporating human rights due diligence in our supply chain management.

Going forward, we will continue to focus on the expectations of society and voices of our stakeholders, incorporate appropriate sustainability perspectives in our management and business activities, and strengthen our approach to achieving sustainable growth for society and the company.

## Isuzu Environmental Vision 2050

The Isuzu Group formulated and published *the Isuzu Environmental Vision 2050* in March 2020 in order for a society to be prosperous and sustainable by the year 2050, and for Isuzu to continue to support transportation. Each and every member of the Isuzu Group, together with our customers and partners, is committed to taking on the challenge of realizing *the Isuzu Environmental Vision 2050*.



**To help ensure a prosperous and sustainable society in 2050, we will continue to take on the challenge of minimizing the burden on the global environment.**

### Future Course

Through developing products and advancing business practices that promote decarbonization and reduce environmental impacts across entire product life-cycles, Isuzu will contribute to economic development and a safe, secure, and environmentally-friendly society, that is prosperous and sustainable.






Climate change and other global environmental issues are becoming more serious every year.

Isuzu believes it is important for each and every employee of the Isuzu Group to recognize that society stands at a major crossroads, and we need to make continuous efforts to minimize our impact on the global environment, working as one team together with our stakeholders.

Isuzu published the *Isuzu Charter on the Global Environment* in 1992, and has long worked on addressing global environmental issues. In 2018, we developed a Mid-Term Business Plan that positioned global environmental issues as a key management priority. With the Paris Agreement, the adoption of SDGs, and other developments, we recognized an increasingly strong call on companies to address environmental issues, and in June 2018 revised the *Isuzu Charter on the Global Environment* as the *Isuzu Group Charter on the Global Environment* to reset our environmental activity policy.

With this reset, the key challenges (materialities) in Isuzu's environmental activities were clarified, and Isuzu set out four material issues related to the environment: *climate change*, *resource recycling*, *environmental risk management*, and *biodiversity conservation*. Through measures to address these priority issues, the Isuzu Group aims to reduce the environmental impact of all its business activities, to realize *Isuzu's Environmental Vision 2050*, that is to create a more prosperous and sustainable society.

### Isuzu's Five Challenges

Measures against Climate Change (products and services)	 <b>We will aim for zero greenhouse gas (GHG) emissions*<sup>1</sup> across the entire life-cycle of Isuzu Group products by 2050.</b> <ul style="list-style-type: none"> <li>• Development and diffusion of next-generation vehicles</li> <li>• Utilization of decarbonized energy</li> <li>• Streamlining physical distribution flow</li> </ul>
Measures against Climate Change (business activities)	 <b>We will aim for zero greenhouse gas (GHG) emissions arising directly from Isuzu Group operations*<sup>2</sup> by 2050.</b> <ul style="list-style-type: none"> <li>• Using less energy</li> <li>• Creating clean energy</li> <li>• Switching to clean energy</li> </ul>
Resource Recycling	 <b>We will achieve 100% recycling of waste and end-of-use vehicles generated by the Isuzu Group operations by 2050.</b> <ul style="list-style-type: none"> <li>• Promoting effective resource use</li> <li>• Promoting rebuilding</li> <li>• Promoting recycling</li> </ul>
Environmental Risk Management	 <b>We will strive for safe and secure operations and products across the entire Isuzu Group value chain.</b> <ul style="list-style-type: none"> <li>• Promoting water resource conservation</li> <li>• Thorough chemical substance management</li> <li>• Promoting natural disaster countermeasures</li> </ul>
Biodiversity Conservation	 <b>We will conserve native biodiversity in the areas surrounding Isuzu Group operations in partnership with NGOs and other stakeholders.</b> <ul style="list-style-type: none"> <li>• Promoting biodiversity conservation efforts</li> <li>• Promoting efforts to protect local ecosystems</li> <li>• Promoting sustainable procurement</li> <li>• Promoting development of personnel</li> </ul>

\*1 Zero GHG: Net zero balance of GHG emissions and sequestration

\*2 GHG emitted directly from business activities: Scope 1 + Scope 2

► For further details, please refer to the [Environment](#) section of the Sustainability Report.

## Improving Technologies and Providing Reliable Products and Services

We will respond to the trust of our stakeholders by prioritizing quality above all else, and pursuing safety and environmental technologies that meet the needs of the times.

### Basic Approach

By making quality our first priority, Isuzu aims to create products and services that truly satisfy our customers, contribute to society, and develop as a company with a rich sense of humanity. We believe that activities at each stage of the value chain are important to ensure the quality of our products and services, and have set up systems at each stage, from development to procurement, manufacturing, and the market to ensure quality.

Details of our quality policy and management systems are provided in our Sustainability Report.

### Initiatives to Improve Product Quality

Isuzu's mission is to support *Transportation*, to support people's living environment and society's production activities. To realize this, we have taken various initiatives to improve quality at every stage from product development and manufacturing through to user operation.

At the development stage, we are striving to improve quality with a focus on the three key technology pillars of Safety, Economy, and the Environment. In particular, it is extremely important to improve the safety performance for trucks, which are closely involved with people and society. To help prevent accidents and mitigate damage, we are developing safety features to suit each vehicle model, such as pre-crash brake control that can detect pedestrians and bicycles, and a blind spot monitor that projects into the driving space on all sides of the cab.



Pre-crash brake control that can detect pedestrians and bicycles

At the procurement stage, we are thoroughly implementing quality improvement activities for purchasing products in cooperation with our suppliers. We have a total of 666 suppliers in Japan and overseas, and regularly check the delivery and market quality of all of them. We calculate a monthly evaluation score based on factors such as the number of defective items and their severity, and ask suppliers that do not reach a certain standard to make improvements.

At the production stage, Isuzu has systematized its *quality first* manufacturing philosophy, methods, and production know-how in *Isuzu Monozukuri (IM)*. We create products that are homogenized at a high level, based on the concept that *all products with the ISUZU badge should be made with the same manufacturing approach and quality control at any factory around the world*. In addition, we regularly provide training in IM philosophy, methods, and production know-how to employees involved in production for them to acquire this expertise.

In FY2021, 2,787 people participated in remote and group training sessions.

In addition, we collect information from customers on post-sales operation and usage conditions, and use this to improve the quality of our products. **Please see ▶ P15 for details**

### Initiatives to Improve Service Quality

Since commercial vehicles (CVs) are used in harsh environments and also have long service lives, it is extremely important that they are of high quality and have a full-service system to support their operation. Isuzu aims to establish high-quality integrated service systems for customers in Japan and overseas. We have 251 service centers in Japan, and 3,170 bases overseas (as of March 31, 2021).



We are also working to improve maintenance technologies that support our after-sales services. To improve service quality in countries and regions around the world, we hold various contests such as the Isuzu World Service Skills Competition (I-1GP), in which teams of service staff and engineers from around the world compete on technical skills and knowledge, as well as parts skill contests in Japan.

For employees of Isuzu distributors, we provide training to improve their maintenance skills and to enhance their advanced repair techniques. Service engineers who handle repairs are trained in basic and specialized knowledge about the structure of vehicles, engines, and other equipment, while service advisors who deal directly with customers, are given training in diagnosis and explanation skills.

### Initiatives to Improve Operational Quality

The Isuzu Group believes improving the quality of work by all its employees, not just in those departments directly involved in product quality, will create quality that meet customers' needs, and provides training to develop the awareness and knowledge of our employees.

To improve the quality awareness of the entire Group, we hold an annual Quality Month (November) and create opportunities at distributors throughout Japan for employees to reflect on a *good job from the customers' perspective* and the importance of quality-related operations, and hold discussions within departments to raise awareness of work quality. In addition, an educational program for employees to systematically acquire knowledge on quality provides legal, regulatory and quality control (QC) training. The legal and regulatory training covers laws related to the quality of Isuzu's products, including the Road Transport Vehicle Act and the recall system. QC training aims to improve employees' basic problem solving and practical skills so they can effectively implement quality improvement in the workplace. In FY2021, 341 people participated in remote and group training sessions.

▶ For details of specific initiatives, please refer to the [Quality](#) section of our Sustainability Report.



## Respecting Employees and Diversity

We aim to grow our employees and the company by respecting the human rights and diversity of our employees, and creating an environment where they can work with enthusiasm.


### Basic Approach

Isuzu believes employees and the company will grow together by respecting the human rights and diversity of our employees, providing an environment where they maximize their abilities, and work safely and comfortably.

### Overview of Initiatives

To respect employees and promote diversity, Isuzu implements various human resources initiatives on issues including *promoting diverse workstyles*, *utilizing a diverse workforce*, *personnel development*, *improving employee satisfaction*, *work health and safety* and *labor-management relations*.



<b>HR Policy</b>	<p>In order to respond to challenges in both the external environment, such as the declining birthrate and aging population, the decrease in the labor force and the implementation of laws related to work style reform, and the internal environment, such as further utilizing diverse human resources including the middle/senior generation, women and the people with disabilities, Isuzu continues to take initiatives based on empowering both individual employees and the organization.</p>	<b>Personnel Development</b>	<p>Isuzu has examined and clarified the skills needed at each level and built a substantial training system for employees to acquire the right skills at the right time. The education system caters to each level and position for administrative and technical staff, from career development for young employees to training for management personnel. There is also a system for supporting self-advancement.</p>
<b>Promoting Diverse Workstyles</b>	<p>To promote flexible work styles as an organization, we established personnel compensation systems that enable individual employees to approach their work with satisfaction, and introduced work-from-home and other diverse work styles.</p>	<b>Improving Employee Satisfaction (ES)</b>	<p>We conduct an ES survey every two years to monitor changes in employee satisfaction, and use the results to expand and improve our systems and measures.</p>
<b>Utilizing a Diverse Workforce</b>	<p>We strive to create an environment that facilitates the hiring of a diverse workforce, including people with disabilities and foreign nationals, as well as the use of shorter working hours, childcare and nursing care leave.</p> <p>To support active participation by female employees, we aim to double the number of female managers by FY2024, compared to FY2015, and actively expand the work-from-home system, increasing the number of users in administrative and technical positions to 50% or more by 2024.</p> <p>In addition, Isuzu was awarded the three star <i>Eruboshi</i> by the Ministry of Health, Labour and Welfare, which certifies companies that have achieved excellent results in promoting women in the workplace based on the Act on Promotion of Women's Participation and Advancement in the Workplace.</p> 	<b>Work Health and Safety</b>	<p>In keeping with our <i>Health and Safety Philosophy</i>, we promote business activities based on the health and safety of our employees.</p> <p>We prevent workplace accidents through thorough safety checks, and conduct regular drills for fire and disaster prevention.</p>
		<b>Labor-Management Relations</b>	<p>Isuzu has established fair and sound labor-management relationships based on mutual trust between management and employees, who work together to resolve issues. In particular, important management issues are examined and discussed through the labor-management council, which is convened on a regular basis.</p>

▶ For further details, please refer to the [Respect for Employees section of the Sustainability Report](#).

## Win-Win Relationships with Local Communities and Stakeholders

Through appropriate communication, we will effectively recognize and respond to requests from local communities and stakeholders.

### Contributions to Local Communities and Society

#### Basic Approach

Isuzu has established a basic policy of respecting national and regional cultures and customs, participate in harmonizing with local communities and society through our business activities, and actively contributing to the realization of sustainable societies. We are working on *addressing poverty, educational support, and harmony with local communities*.

In *addressing poverty*, we actively engage in social contribution activities driven by employee participation. To provide *educational support* from the perspective of *Monozukuri* (manufacturing), the company's specialty, Isuzu provides various educational opportunities such as *Isuzu Monozukuri Experience Workshops*, and supports a program for an auto mechanics training school, as described below. Furthermore, in harmony with local communities, Isuzu engages in activities to contribute to local community development, and to becoming a trusted member of the local community around its business sites by hosting social studies tours and through *Isuzu Plaza*. For further details on these activities, please refer to the Sustainability Report.

#### Support Program for Auto Mechanics Training School

Isuzu's unique social contribution activities include *addressing poverty and educational support* through an educational support program for an auto mechanics training school in the Philippines. Since 2008, Isuzu has provided educational support activities at an auto mechanics training school for economically disadvantaged young people organized by the Technical Education and Skills Development Authority (TESDA) of the Department of Labor and Employment of the Philippines in Tacloban City.

In addition to financial support, Isuzu uses its expertise in an initiative called *Isuzu Juku*, that dispatches instructors from Japan to the school to provide technical education support. Since the start of the program, it has supported 317 graduates, who have been highly evaluated by their employers not only for their skills, but also for their strong grounding in Isuzu Monozukuri (manufacturing).



▶ For further details, please refer to the [Contributions to the Local Community](#) section of the Sustainability Report.

### Supply Chain Management

#### Basic Approach

Isuzu shares the philosophy of supporting *transportation* and contributing to the creation of prosperous lifestyles as a trusted partner with our business partners, and engages and cooperates with them in procurement activities.

We are committed to open and fair transactions and maintain mutual communication with the various business partners involved in our supply chain to build relationships of trust.

We also formulated our *Basic Purchasing Vision* and *Basic Purchasing Policy*, and thoroughly educate our employees on them. In addition, for our business partners, we formulated the *Isuzu Supplier CSR Guidelines*, which set out our CSR-related requests, and the *Isuzu Green Procurement Guidelines*, which summarize our environmental action guidelines and requests for each industry, to seek an understanding of Isuzu's approach and initiatives. For further details on these Policies and Guidelines, please refer to the Sustainability Report.

#### Monitoring the Current Status of Business Partners

As a new initiative in 2021, we asked our business partners to make a voluntary evaluation using the *Self-Assessment Questionnaire*. In addition to the use of conflict minerals, which have been asking them to address since 2018, the questions covered their human rights initiatives. The questionnaire will help us understand the potential risks our business partners are facing, and monitor factors we judge to be risks that require improvement.

▶ For further details, please refer to the [Supply Chain Management](#) section of the Sustainability Report.

## Appropriate Governance: Corporate Governance

### Basic Approach

In order for Isuzu to continuously generate profits and increase corporate value through our corporate activities, we believe it is essential to have in place a corporate governance system, which is the framework that governs our activities. We also believe that the basic purpose of corporate governance is to respect the perspectives of, and build constructive relationships with, all our stakeholders. To that end, we endeavor to ensure fairness and transparency in our corporate business through timely and appropriate disclosure of important information.

In particular, we believe that an important element of corporate governance is to develop the appropriate internal structure and environment to protect the rights and interests of all stakeholders and ensure equality among stakeholders.

### Corporate Governance System

Amidst a rapidly changing business environment, Isuzu became a *company with an audit and supervisory committee* at the Annual General Meeting of Shareholders held on June 25, 2021, with the aim of further increasing the rationality and speed of management decision-making, enhancing deliberations at Board of Directors meetings, and strengthening the supervisory function.

The new corporate governance system has an Audit and Supervisory Committee comprising five directors, three of whom are outside directors. To further improve the soundness and transparency of management, directors who are Audit and Supervisory Committee members, will have voting rights at Board of Directors meetings. Further, we have established a Nomination and Remuneration Committee, with a majority of members being outside directors, as a voluntary body relating to corporate governance. This will strengthen the independence, transparency, and objectivity in Board of Directors' functions related to the nomination of officer candidates, appointment of management executives, and determination of executive remuneration.

### Board of Directors

The Board of Directors makes important management decisions and supervises management in order to respond to the mandate and confidence of shareholders to continuously increase corporate value. In principle, the Board of Directors holds regular monthly meetings and extraordinary meetings as necessary to deliberate and decide on necessary matters.

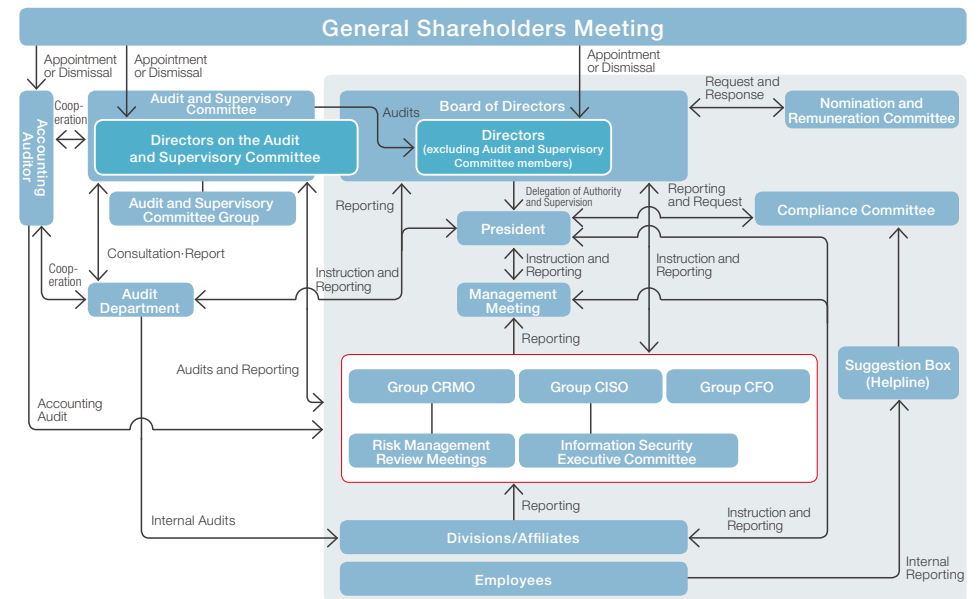
At present, the Board of Directors consists of 13 directors.

The chair is President and Representative Director Masanori Katayama, and five of the 13 directors (Mitsuyoshi Shibata, Kozue Nakayama, Tetsuhiko Shindo, Kanji Kawamura, and Kimie Sakuragi) are outside directors with a high degree of independence.

In FY2021, the Board of Directors met 18 times and engaged in active discussions on alliances and other issues.

We will enhance our supervisory function and increase the rationality and speed of decision-making, fulfilling our duty of accountability to all stakeholders.

Diagram of Corporate Governance System



### Audit and Supervisory Committee

The Audit and Supervisory Committee audits and supervises decision-making by the Board of Directors and execution of duties by the Directors in accordance with the audit plan determined by the Audit and Supervisory Committee.

The current Audit and Supervisory Committee consists of five directors who are Audit and Supervisory Committee members. The chair is Tetsuhiko Shindo, an outside director who is a standing Audit and Supervisory Committee member, and three of the five members (Tetsuhiko Shindo, Kanji Kawamura, and Kimie Sakuragi) are outside directors with a high degree of independence. All five members are appointed Audit and Supervisory Committee members.

Further, to support the Audit and Supervisory Committee, a three-person Audit and Supervisory Committee Group reporting directly to the Audit and Supervisory Committee has been established as an organization dedicated to assisting the Audit and Supervisory Committee members in their execution of duties. We have established Rules for Employees Assisting the Audit and Supervisory Committee to ensure the independence of the Group and the effectiveness of instructions to staff.

In FY2021, the Company held 15 Audit & Supervisory Board Meetings as a Company with a Board of Corporate Auditors.



## Appropriate Governance: Corporate Governance

### Nomination and Remuneration Committee

The Nomination and Remuneration Committee serves as a voluntary body relating to corporate governance. It aims to strengthen the independence, transparency, and objectivity in Board of Directors' functions related to such matters as the nomination of officer candidates, appointment of management executives, and determination of executive remuneration.

The current Nomination and Remuneration Committee consists of four members: the chair, President and Representative Director Masanori Katayama, and three outside directors (Mitsuyoshi Shibata, Kozue Nakayama, and Tetsuhiko Shindo), and deliberates and reports on to matters referred to it by the Board of Directors. In FY2021, the committee met nine times, debating criteria for commencing discussions on the necessity of dismissing the President, and matters related to succession planning and training the President.

### Transition in Corporate Governance

Amid the recent trend of strengthening corporate governance in Japan, Isuzu has worked to reform governance. Further, we transitioned to a company with an Audit and Supervisory Committee in June 2021, and have taken additional initiatives to strengthen governance and enhance our corporate value.

#### Corporate Governance Initiatives

	115th Term FY2017	116th Term FY2018	117th Term FY2019	118th Term FY2020	119th Term FY2021	120th Term FY2022
Independent Outside Directors (including women)	2 (0)	2 (0)	2 (0)	2 (0)	2 (1)	5 (2)
Executive Remuneration	Introduction of Performance-linked Share-based Remuneration System	Director Bonuses Setting Annual Bonus Limits				
Advisory Committee				Establishment of Nomination and Remuneration Committee		
Separation of Execution and Supervision					Revision of Decision-making Rules  Establishment of CxOs (Chief Executive Officers by field)	Transition to a Company with an Audit and Supervisory Committee  Delegation of Important Business Decisions to Directors
Board of Directors Administration				Start of Effectiveness Evaluation	Ratio of Independent Outside Directors At least one-third	

#### Activities of Directors and Audit & Supervisory Board members (April 1, 2020 to March 31, 2021)

Current Position	Name	Attendance at Meetings	
<b>President and Representative Director</b>	Masanori Katayama	Board of Directors Meetings: 18/18 (100%)	
<b>Director of the Board</b>	Shinichi Takahashi	Board of Directors Meetings: 18/18 (100%)	
<b>Director of the Board</b>	Masatoshi Ito	Board of Directors Meetings: 18/18 (100%)	
<b>Director of the Board</b>	Shinsuke Minami	Board of Directors Meetings: 18/18 (100%)	
<b>Director of the Board</b>	Tetsuya Aiba	Board of Directors Meetings: 18/18 (100%)	
<b>Director of the Board</b>	Kazuya Igeta	Board of Directors Meetings: 18/18 (100%)	
<b>Director of the Board</b>	Koichi Seto	Board of Directors Meetings: 18/18 (100%)	
<b>Director of the Board</b>	Tetsuya Ikemoto	Board of Directors Meetings: 18/18 (100%)	
<b>Director of the Board</b>	Shigeji Sugimoto	Board of Directors Meetings: 18/18 (100%)	
<b>Director of the Board</b>	Mitsuyoshi Shibata	Board of Directors Meetings: 18/18 (100%)	
<b>Director of the Board</b>	Kozue Nakayama	Board of Directors Meetings: 13/13 (100%) (Since taking office on June 29, 2020)	
<b>Standing Audit &amp; Supervisory Board Member</b>	Masayuki Fujimori	Board of Directors Meetings: 18/18 (100%)	Audit & Supervisory Board Meetings: 15/15 (100%)
<b>Standing Audit &amp; Supervisory Board Member</b>	Kenji Miyazaki	Board of Directors Meetings: 13/13 (100%) (Since taking office on June 29, 2020)	Audit & Supervisory Board Meetings: 11/11 (100%)
<b>Standing Audit &amp; Supervisory Board Member</b>	Tetsuhiko Shindo	Board of Directors Meetings: 18/18 (100%)	Audit & Supervisory Board Meetings: 15/15 (100%)
<b>Audit &amp; Supervisory Board Member</b>	Takashi Mikumo	Board of Directors Meetings: 18/18 (100%)	Audit & Supervisory Board Meetings: 15/15 (100%)
<b>Audit &amp; Supervisory Board Member</b>	Kanji Kawamura	Board of Directors Meetings: 18/18 (100%)	Audit & Supervisory Board Meetings: 15/15 (100%)

\*Of the above Directors, Masatoshi Ito, Tetsuya Aiba, Kazuya Igeta and Shigeji Sugimoto, and Audit & Supervisory Board Member Takashi Mikumo retired at the conclusion of the 119th Ordinary General Meeting of Shareholders due to expiration of their terms of office.

## Appropriate Governance: Corporate Governance

**N** Nomination and Remuneration Committee **A** Audit and Supervisory Committee **I** Independent Officer

## Board Members (As of June 25, 2021)

President and  
Representative Director  
**Masanori Katayama**

**N**

**Apr. 1978** Joined ISUZU MOTORS LIMITED  
**Jun. 2007** Director of the Board, ISUZU MOTORS LIMITED  
**Apr. 2014** Executive Vice President and Director, ISUZU MOTORS LIMITED  
**Apr. 2015** Executive Vice President and Director, Supervisory Management Officer, Senior Division Executive of Operations Headquarters, ISUZU MOTORS LIMITED  
**Jun. 2015** to present President and Representative Director, ISUZU MOTORS LIMITED

Executive Vice President  
and Director  
**Shinichi Takahashi**

Senior Division Executive of  
Operations Headquarters,  
Senior Division Executive of  
Quality Assurance Division  
and Product & Technology  
Strategies Division



**Apr. 1980** Joined ISUZU MOTORS LIMITED  
**Apr. 2016** Senior Executive Officer, Division Executive of Engineering Division, Operations Headquarters, ISUZU MOTORS LIMITED  
**Jun. 2017** Director of the Board, Division Executive of Engineering Division, Operations Headquarters, ISUZU MOTORS LIMITED  
**Apr. 2020** Director of the Board, Senior Division Executive of Quality Assurance Division; Division Executive of Engineering Division, Operations Headquarters, ISUZU MOTORS LIMITED  
**Apr. 2021** to present Executive Vice President and Director, Senior Division Executive of Operations Headquarters, Senior Division Executive of Quality Assurance Division and Product & Technology Strategies Division, ISUZU MOTORS LIMITED

Director of the Board,  
and Managing Executive Officer  
**Shinsuke Minami**

Division Executive of  
Corporate Strategy Division  
and Corporate Planning &  
Finance Division



**Apr. 1983** Joined ISUZU MOTORS LIMITED  
**Apr. 2016** Executive Officer, Division Executive of Sales Division No.2, Sales Headquarters, ISUZU MOTORS LIMITED  
**Jun. 2017** Senior Executive Officer, Division Executive of Sales Division, Sales Headquarters, ISUZU MOTORS LIMITED  
**Jun. 2018** Director of the Board; Division Executive of Sales Division, Sales Headquarters, ISUZU MOTORS LIMITED  
**Apr. 2019** Director of the Board; Senior Division Executive of Quality Assurance Division; Division Executive of Corporate Planning & Finance Division, ISUZU MOTORS LIMITED  
**Apr. 2020** to present Director of the Board; Division Executive of Corporate Strategy Division and Corporate Planning & Finance Division, ISUZU MOTORS LIMITED

Director of the Board, and  
Senior Executive Officer  
**Shun Fujimori**

Division Executive of Product  
& Technology Strategies  
Division, Deputy Division  
Executive of Engineering  
Division, Operation  
Headquarters



**Apr. 1984** Joined ISUZU MOTORS LIMITED  
**Apr. 2016** Executive of Program Management Dept., ISUZU MOTORS LIMITED  
**Apr. 2017** Executive Officer, Associate Division Executive of Corporate Planning & Finance Division, ISUZU MOTORS LIMITED  
**Oct. 2018** Executive Officer, Associate Division Executive of Corporate Planning & Finance Division; General Manager of Program Management Dept., ISUZU MOTORS LIMITED  
**Apr. 2019** Executive Officer, Associate Division Executive of Corporate Planning & Finance Division, ISUZU MOTORS LIMITED  
**Apr. 2020** Senior Executive Officer, Division Executive of Product Strategy Division; Deputy Division Executive of Engineering Division, Operation Headquarters, ISUZU MOTORS LIMITED  
**Apr. 2021** Senior Executive Officer, Division Executive of Product & Technology Strategies Division; Deputy Division Executive of Engineering Division, Operation Headquarters, ISUZU MOTORS LIMITED  
**Jun. 2021** to present Director of the Board; Division Executive of Product & Technology Strategies Division; Deputy Division Executive of Engineering Division, Operation Headquarters, ISUZU MOTORS LIMITED

Director of the Board,  
and Senior Executive Officer  
**Tetsuya Ikemoto**

Executive of Sales Division,  
Sales Headquarters



**Apr. 1983** Joined ISUZU MOTORS LIMITED  
**Apr. 2016** Executive Officer, ISUZU MOTORS LIMITED; Executive Vice President and Director, ISUZU MOTORS SALES LTD.  
**Apr. 2017** Senior Executive Officer, ISUZU MOTORS LIMITED; Executive Vice President and Director, ISUZU MOTORS SALES LTD.  
**Apr. 2018** Senior Executive Officer, ISUZU MOTORS LIMITED; President and Representative Director, ISUZU MOTORS SALES LTD.  
**Jun. 2019** Director of the Board, ISUZU MOTORS LIMITED; President and Representative Director, ISUZU MOTORS SALES LTD.  
**Apr. 2021** to present Director of the Board; Executive of Sales Division, Sales Headquarters, ISUZU MOTORS LIMITED; Chairman and Representative Director, ISUZU MOTORS SALES LTD.

Director of the Board,  
and Senior Executive Officer  
**Koichi Seto**

Division Executive of Industrial  
Solutions & Powertrain  
Business Division, Powertrain  
Business Headquarters



**Apr. 1983** Joined ISUZU MOTORS LIMITED  
**Feb. 2011** President, ISUZU MOTORS ASIA LTD.  
**Apr. 2014** Associate Division Executive of Powertrain Business Division, ISUZU MOTORS LIMITED  
**Apr. 2015** Executive Officer, Associate Division Executive of Corporate Planning & Finance Division, ISUZU MOTORS LIMITED  
**Apr. 2016** Executive Officer, Executive of Corporate Communications Dept. and Corporate Business Planning Dept., Corporate Planning & Finance Division, ISUZU MOTORS LIMITED  
**Apr. 2017** Senior Executive Officer, Division Executive of Corporate Planning & Finance Division, ISUZU MOTORS LIMITED  
**Apr. 2019** Senior Executive Officer, Division Executive of Industrial Solutions & Powertrain Business Division, Powertrain Business Headquarters, ISUZU MOTORS LIMITED  
**Jun. 2019** to present Director of the Board; Division Executive of Industrial Solutions & Powertrain Business Division, Powertrain Business Headquarters, ISUZU MOTORS LIMITED

Outside Director of the Board  
**Mitsuyoshi Shibata**

**N****I**

**Apr. 1977** Joined Furukawa Electric Co., Ltd.  
**Jun. 2008** Corporate Vice President and General Manager of Corporate Planning Department, Furukawa Electric Co., Ltd.  
**Jun. 2009** Corporate Senior Vice President and President of Metals Company, Furukawa Electric Co., Ltd.  
**Jun. 2010** Director, Corporate Senior Vice President and President of Metals Company, Furukawa Electric Co., Ltd.  
**Apr. 2012** President and Representative Director, Furukawa Electric Co., Ltd.  
**Apr. 2017** to present Chairman of the Board, Furukawa Electric Co., Ltd.  
**Jun. 2018** to present Outside Director, TOBU RAILWAY CO., LTD. Outside Director of the Board, ISUZU MOTORS LIMITED  
**Jul. 2018** to present Outside Statutory Auditor, Asahi Mutual Life Insurance Company

Outside Director of the Board  
**Kozue Nakayama**

**N****I**

**Apr. 1982** 1982 Joined Nissan Motor Co., Ltd.  
**Apr. 2005** General Manager, Corporate Planning Division, Nissan Motor Co., Ltd.  
**Apr. 2008** General Manager, Brand Management Office, Nissan Motor Co., Ltd.  
**Sep. 2010** Vice General Manager, Brand Coordination Division, Nissan Motor Co., Ltd.  
**Apr. 2011** Director General for Urban Management Bureau, City of Yokohama  
**May 2011** Executive Director of City Brand Promotion Office, Culture and Tourism Bureau, City of Yokohama  
**Apr. 2012** Director General of Culture and Tourism Bureau, City of Yokohama  
**Jun. 2012** Outside Director, Pacific Convention Plaza Yokohama  
**Apr. 2018** Director, Pacific Convention Plaza Yokohama  
**Jun. 2018** President & CEO, Pacific Convention Plaza Yokohama (resigned June 2020)  
**Jun. 2019** to present Outside Auditor, Imperial Hotel, Ltd.  
**Jun. 2020** to present Outside Director, TDK Corporation; Outside Director of the Board, ISUZU MOTORS LIMITED

## Appropriate Governance: Corporate Governance

**N** Nomination and Remuneration Committee **A** Audit and Supervisory Committee **I** Independent Officer

Outside Director of the Board,  
Standing Audit and Supervisory  
Committee Member

**Tetsuhiko Shindo**

**N A I**



**Apr. 1977** Joined Japan Development Bank (Predecessor of Development Bank of Japan Inc.)  
**Oct. 2008** Corporate Auditor (Full-Time), Development Bank of Japan Inc.  
**Jun. 2011** Director and Managing Executive Officer, Development Bank of Japan Inc. (resigned June 2013)  
**Jun. 2013** Standing Audit & Supervisory Board Member, ISUZU MOTORS LIMITED  
**Jun. 2021** to present Outside Director of the Board, Standing Audit and Supervisory Committee Member, ISUZU MOTORS LIMITED

Director of the Board,  
Standing Audit and Supervisory  
Committee Member

**Masayuki Fujimori**

**A**



**Apr. 1980** Joined ISUZU MOTORS LIMITED  
**Apr. 2014** Senior Executive Officer, ISUZU MOTORS LIMITED President and Representative Director, Isuzu Motors Co., (Thailand) Ltd.  
**Apr. 2015** Senior Advisor, in charge of Tax and Finance, Corporate Planning & Finance Division, ISUZU MOTORS LIMITED  
**Jun. 2015** Senior Advisor, in charge of Tax and Finance, Corporate Planning & Finance Division, ISUZU MOTORS LIMITED; Director (part-time), IJT Technology Holdings Co., Ltd. (currently IJT Co., Ltd.) (resigned June 2018)  
**Apr. 2017** Senior Advisor, in charge of IR and Financial Strategy, ISUZU MOTORS LIMITED  
**Jun. 2018** Standing Audit & Supervisory Board Member, ISUZU MOTORS LIMITED  
**Jun. 2021** to present Director of the Board; Standing Audit and Supervisory Committee Member, ISUZU MOTORS LIMITED

Director of the Board,  
Standing Audit and Supervisory  
Committee Member

**Kenji Miyazaki**

**A**



**Apr. 1981** Joined ISUZU MOTORS LIMITED  
**Apr. 2013** Executive Officer, Associate Division Executive of Corporate Planning & Finance Division, ISUZU MOTORS LIMITED  
**Apr. 2015** President and Representative Director, Isuzu Motors Asia (Thailand). Ltd. Senior Vice President and Director, Isuzu Motors Co., (Thailand) Ltd.  
**Jun. 2018** Managing Director, NIPPON FRUEHAUF COMPANY, LTD.  
**Jun. 2020** Standing Audit & Supervisory Board Member, ISUZU MOTORS LIMITED  
**Jun. 2021** to present Director of the Board, ISUZU MOTORS LIMITED

Outside Director of the Board;  
Standing Audit and Supervisory  
Committee Member

**Kanji Kawamura**

**A I**



**Apr. 1971** Joined Itochu Corporation  
**Apr. 1998** Professor, Faculty of Law, Meiji University  
**Jun. 2011** Outside Audit & Supervisory Board Member, Jamco Corporation (resigned June 2019)  
**Apr. 2013** Legal Advisor to the President, Meiji University (resigned March 2017)  
**Jun. 2017** Outside auditor, ISUZU MOTORS LIMITED  
**Jun. 2021** to present Outside Director of the Board; Audit and Supervisory Committee Member of ISUZU MOTORS LIMITED

Outside Director of the Board,  
Audit and Supervisory  
Committee Member

**Kimie Sakuragi**

**A I**



**Mar. 1981** Joined Fukutake Publishing Co., Ltd. (Predecessor of Benesse Holdings, Inc.)  
**Apr. 1995** General Manager of Book Businesses in Publishing Division, Benesse Holdings, Inc.  
**Nov. 1998** General Manager of Business Ethics and Compliance Division, Benesse Holdings, Inc.  
**Jun. 2003** Standing Audit & Supervisory Board Member, Benesse Holdings, Inc. (resigned June 2019)  
**Apr. 2007** to present Adjunct Professor (part-time) of the University of Aizu Graduate School  
**Jun. 2019** to present Outside Director, Toyobo Co., Ltd.  
**Jun. 2021** to present Outside Director of the Board, Audit and Supervisory Committee Member of ISUZU MOTORS LIMITED



## Appropriate Governance: Corporate Governance

## Executive Remuneration

### Basic Policy

The Company's basic policy regarding remuneration for directors and executive officers is as follows.

1. Remuneration should contribute to the sustainable growth and enhancement of the corporate value of the Company, and the share value of shareholders.
2. The level of remuneration should be appropriate and necessary to secure and maintain outstanding personnel, taking into consideration the economic environment, market trends, and remuneration levels of other companies,
3. The amount of remuneration should reflect the performance of the company and each individual, and be commensurate with their responsibilities and position.
4. The remuneration determination process is highly objective, fair, and transparent.
5. The remuneration system and the level of remuneration are subject to review on a regular basis in conjunction with the renewal of the Mid-Term Business Plan, in light of such factors as the economic environment, remuneration levels and systems at other companies, and the state of operation of the system at Isuzu.

Details of Remuneration	Base Remuneration		Determined according to the standard amount of remuneration predetermined for each position and individual performance evaluation.
	Performance-linked Remuneration	Bonuses	<ul style="list-style-type: none"><li>· Linked to the degree of achievement of single-year performance targets</li><li>· A performance-linked coefficient which indicates the degree to which the single-year consolidated operating profit target was achieved is set between 0% to 200%, and then the bonus is determined by multiplying that coefficient by the product of the base remuneration and a weighting factor of 40% (or 50% for the President and Chairman), which together indicate the position-specific standard bonus.</li></ul>
		Stock Compensation	<ul style="list-style-type: none"><li>· Linked to the degree of achievement of targets during the period of the Mid-Term Business Plan.</li><li>· A 35% : 35% : 30% weighted average of the degree of achievement of targets for consolidated net sales, consolidated operating income, and consolidated return on equity (ROE), is multiplied by a coefficient related to the degree of growth in shareholder value<sup>*1</sup> to calculate a performance-linked coefficient between 0% to 225.6%. This coefficient is then used along with the position-specific standard value and a weighting factor of 30% (or 50% for the President and Chairman), which together serve as the basis for the base remuneration, and the reference share price<sup>*2</sup> to determine a point award.</li></ul> <p><sup>*1</sup> Evaluated based on the results of a comparison between total shareholder return (TSR) of the Company and the growth rate of TOPIX (including dividends) during the target period.</p> <p><sup>*2</sup> Average closing price (rounded down to the nearest whole number) of ordinary trades of the Company's shares on the Tokyo Stock Exchange on each day of the month preceding the month in which the first day of the relevant period falls (excluding days on which no trades were made).</p>
Policy for Determining Remuneration Ratio			Basic Remuneration: Bonus: Share-based Remuneration = 1.00 : 0.40 : 0.30 (1.00 : 0.50 : 0.50 for President and Chairman) (when performance targets are achieved 100%)
Policy Regarding Payment Timing	Base Remuneration		Monthly Remuneration (1/12 of annual basic remuneration is paid monthly)
	Bonuses		Paid in July after achievement of single business year (individual/company) performance targets are determined.
	Share-based Remuneration		Paid in July after degree of achievement of the Mid-Term Business Plan performance targets and TSR coefficient in comparison with TOPIX are determined.
Method to Determine Reappointment	Base Remuneration		Evaluation of individual performance is delegated to the President by resolution of the Board of Directors.
	Bonuses and Share-based Remuneration		Automatically calculated based on the degree of achievement of targets, standard amounts and coefficients. The amount depends only on company performance, so there is no scope for discretion.

### Remuneration for Directors

#### (excluding Directors on the Audit and Supervisory Committee and Outside Directors)

Remuneration for directors (excluding directors on the Audit and Supervisory Committee and outside directors) consists of base remuneration, bonuses linked to the degree of achievement of consolidated performance targets for a single business year, and remuneration based on a performance-linked share-based remuneration plan, which is linked to the degree of achievement of business indices set out to achieve sustainable enhancement of corporate value during the period of the Mid-Term Business Plan.

Further, we have established procedures to consult with and report to the *Nomination and Remuneration Committee*, a voluntary committee with a majority of independent outside directors, regarding the evaluation of individual performance for each officer and the methods for determining bonuses and remuneration under performance-linked share-based remuneration plans, with the President accountable to this committee to ensure objectivity and fairness in executive remuneration.

### Remuneration for Outside Directors

Given their roles and independence, outside directors are paid only base remuneration, which is a fixed amount for each director, and does not vary depending on performance evaluation or other factors.

### Remuneration for Directors who are members of the Audit and Supervisory Committee

Given their roles and independence, Directors who are members of the Audit and Supervisory Committee are only paid base remuneration. This amount is determined through deliberations by the directors on the Audit and Supervisory Committee, within the limit approved at the General Meeting of Shareholders, taking into account such factors as the number of such directors, the economic environment, market trends, and remuneration levels of other companies.

### Total Amount of Remuneration etc. for Directors and Corporate Auditors

Officer Classification	Total Amount of Remuneration etc. (millions of yen)	Amount of Remuneration etc. by type (millions of yen)			Number of Eligible Officers
		Basic Remuneration	Bonuses	Remuneration Based on Performance-linked Stock Remuneration Plan	
<b>Directors (excluding outside directors)</b>	699	388	294	15	9
<b>Auditors (excluding outside corporate auditors)</b>	62	62	—	—	3
<b>Outside Officers</b>	73	73	—	—	6

\* Includes one director and one Audit & Supervisory Board member who retired at the conclusion of the 118th Annual General Meeting of Shareholders convened on June 29, 2020.

\* By a resolution of the 119th Annual General Meeting of Shareholders held on June 25, 2021, the Company has transitioned to a *Company with an Audit and Supervisory Committee*.

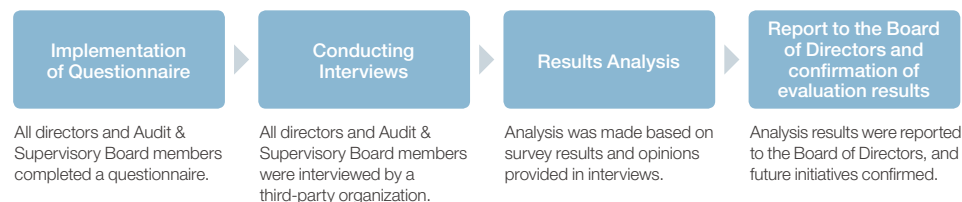
## Appropriate Governance: Corporate Governance

### Evaluation of the Effectiveness of the Board of Directors

To improve the functioning of the Board of Directors, Isuzu analyzes and evaluates the effectiveness of the Board of Directors each year.

An overview of the analysis and evaluation for FY2021 (year ended March 31, 2021) is as follows.

#### 1. FY 2021 Analysis and Evaluation Process



#### 2. Overview of Evaluation Results

The Board of Directors shared the view that to achieve sustainable growth and enhance corporate value, it was necessary to strengthen the supervisory function and separate the executive and supervisory functions, and concluded that while there are issues that need to be addressed to further improve effectiveness, improvement measures are being steadily implemented.

#### Status of Issues for Improvement Identified in FY2020

With respect to *Further Clarification of Topics to be Deliberated at Board of Directors Meetings*, which was identified as an issue in the FY2020 (year ended March 31, 2020) evaluation, in FY2021 the standards for referral of matters to the Board of Directors were revised and some of its authority delegated to the Management Meeting. In addition, steps were taken to enhance deliberations at Board of Directors meetings, such as reviewing our processes (e.g., holding multiple deliberations when formulating the Mid-Term Business Plans) and having Group CxOs (Chief Executives Officers by field) provide more robust business execution reports.

#### Overview of FY2021 Evaluation Results

The FY2021 evaluation confirmed that in order to respond to changes in the business environment and management issues with a sense of urgency, it was necessary to clarify the roles of executive and supervisory functions, for the Board of Directors to deepen discussions on medium-to-long-term strategies which are prerequisites for management, and for internal directors to strive to cultivate a managerial perspective and devise new ways to manage the company. It was also confirmed that the size and composition of the Board of Directors needs to be further diversified in order to have in-depth discussions from a medium-to-long-term perspective.

#### 3. Future Initiatives

To further contribute to sustainable growth and enhance corporate value over the medium-to-long term, the Board of Directors will take the following measures based on the results of the effectiveness evaluation.

- (1) To further separate executive and supervisory functions in order to increase management speed, the roles of the Board of Directors and the Management Meeting will be clarified, and discussions on medium-to-long-term strategies and management issues at Board of Directors Meetings will be deepened. In addition, we will work to enhance communication among internal and outside officers to deepen understanding of each other's expected roles.
- (2) To enhance Board of Directors discussions, the quality and volume of materials used for discussions will be improved, and changes made to improve the environment such as securing more time for deliberations.
- (3) To establish an effective supervisory system based on strategies and the business environment, consideration will be given to the knowledge, experience, abilities and diversity (such as gender, nationality, work experience and age) required based on the anticipated roles of the Board of Directors, and regularly review the size and composition of the Board of Directors.

\*As of the 119th Annual General Meeting of Shareholders convened on June 25, 2021, the ratio of independent, outside members of the Board of Directors has increased to more than one-third.

## Appropriate Governance: Corporate Governance

### Criteria for Appointment and Dismissal of Directors

Candidates for directors are nominated from within the company and deliberated at Board of Directors' meetings. Candidates must have deep knowledge and experience in management, sufficient knowledge of Isuzu's business and the automotive industry, and a high level of insight and ability to make appropriate judgments and statements based on such knowledge and experience.

At the same time, by appointing a number of directors from outside the Company who have a wealth of experience and broad insight into corporate management, who meet the independence standards set by the Company, and can proactively offer advice from an external perspective, we are working to increase diversity in the Board of Directors deliberations and decision-making, and strengthen supervisory functions such as checks and advice.

Candidates for directors serving as Audit and Supervisory Committee members must be knowledgeable and experienced in specialized fields such as finance, accounting, and legal affairs, as well as corporate management, and capable of proactively providing advice from an outside perspective. With the consent of the Audit and Supervisory Committee, the Board of Directors will deliberate to ensure the composition of the committee is as diverse as possible.

To enhance objectivity and transparency of procedures for the nomination of director candidates and the appointment and dismissal of directors and executive officers, reports will be provided by the Nomination and Remuneration Committee.

In addition, in the event the President and CEO is found to have committed an illegal act in the course of their duties, to have caused material damage due to willful misconduct or negligence, or any other reason making it difficult to continue their duties, an agenda item regarding the issue of dismissal will be submitted to the Board of Directors Meeting based on the recommendation of the Nomination and Remuneration Committee.

### Criteria for Appointment of Independent Officers

Appointment of outside directors is based on the condition that they meet the Company's independence standards. The Company's standards for judging the independence of outside directors conform to the independence criteria set by the Tokyo Stock Exchange. Executives of major business partners of the Company, persons whose major business partner is the Company or their executives, and consultants, accountants, attorneys etc. who earn large sums from the Company other than officer remuneration are in principle deemed not to be independent.

Here, *major* business partners are those whose volume of transactions with Isuzu is 2% or more of the consolidated sales of either party in any previous consolidated fiscal year. The standard for *large sums* is 10 million yen or more annually.

### Internal Control System

Isuzu has established a system to ensure the appropriateness of operations for the entire Group from the perspectives of compliance with laws and regulations and the Articles of Incorporation, thorough risk management, ensuring management efficiency and the reliability of financial reporting.

At the 119th Annual General Meeting of Shareholders convened on June 25, 2021, Isuzu became a company with an Audit and Supervisory Committee as of the same date. In conjunction with this transition, we revised the *Basic Policy on Internal Control Systems*, and based on this policy designed, implemented and maintained a system to ensure the appropriateness of operations. For details on the basic concept of the internal control system and its development status, please refer to [the report on Corporate Governance](#). (Available in Japanese only)



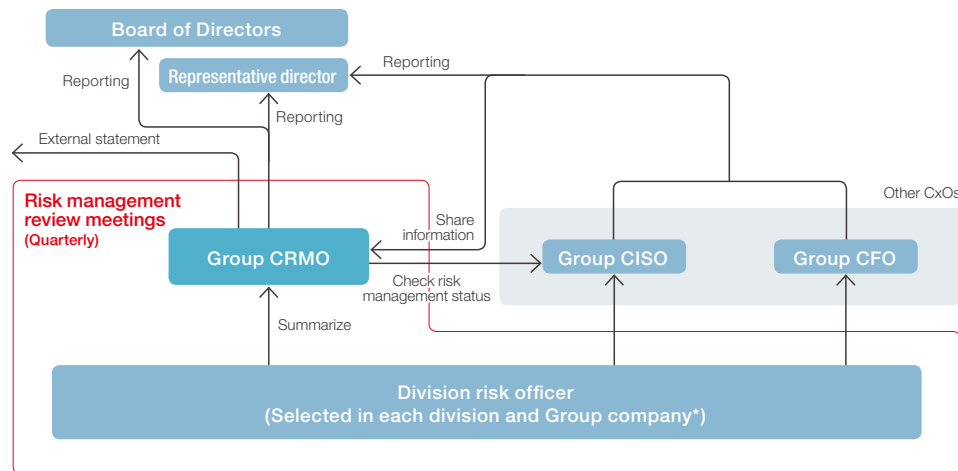
# Appropriate Governance: Risk Management

## Basic Approach

In 2020, the Isuzu Group adopted a new risk management structure. The position of Group Chief Risk Management Officer (Group CRMO) was created with responsibility for risk management throughout the Group, and to lead the company-wide risk management process. The Group CRMO regularly identifies and assesses risks in the Group's management and business operations, and strive to appropriately manage and especially reduce these risks.

The Group CRMO holds regular *risk management review meetings* to ascertain progress on implementing risk countermeasures as well as emerging risks, and to continually review countermeasures and risk awareness. Furthermore, if a risk emerges and triggers a crisis, the Group CRMO takes charge and forms a response team to plan and execute various risk countermeasures, including minimizing the impact of the risk. The results of these activities are reported to management as needed, to ensure thorough risk management at all times.

### Risk Management Structure



\*In addition to risk management review meetings, separate meetings are held to liaise between the secretariat and members.

## Business and Other Risks

Among the factors related to the status of operations and management described in the annual securities report as risk factors for the Isuzu Group's business development, the following are risk factors that may have a significant impact on the judgement of investors.

The following information includes forward looking statements that reflect the judgment of management as of the date of submission of the Annual Securities Report, June 25, 2021.

### 1. Risks arising from global economic conditions, financial markets, and automotive markets

- (1) Fluctuations in economic conditions, supply and demand trends in major markets
- (2) Competition in the automotive market
- (3) Fluctuations in exchange rates and interest rates

### 2. Business risks

#### 2-1. Business risk arising primarily from the Group's response to the external environment

- (4) Response to new technological innovations, changes in business models, etc.
- (5) R&D
- (6) Joint ventures and other alliances
- (7) Dependence on specific channels for sales and supply
- (8) Delays or shortfalls in the procurement of materials, parts, and other supplies; rising procurement prices

#### 2-2. Business risk arising primarily from the Group's internal operations

- (9) Compliance and reputation
- (10) Product defects
- (11) Risks related to information security in IT society
- (12) Risks related to intellectual property protection
- (13) Recruitment, retention, and effective utilization of a talented workforce

#### 2-3. Business risk deriving primarily from external factors

- (14) Legal requirements
- (15) Potential risks associated with international activities and foreign ventures
- (16) Disasters
- (17) Climate change

\*Please refer to the Company's annual securities report for details of each item.

## Appropriate Governance and Risk Management

### COVID-19

As a commercial vehicle manufacturer, Isuzu continues to operate its production and after-sales service systems while taking measures to prevent infection, to help maintain social infrastructure such as deliveries of medical care and daily commodities.

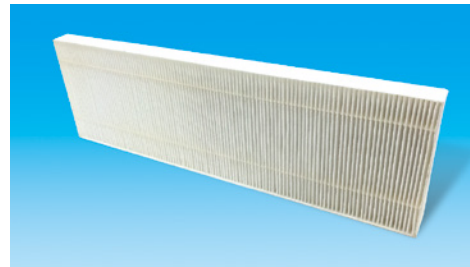
In addition, as part of our contribution to the community, we provide the Isuzu Hospital and other facilities as COVID-19 vaccination sites at the request of local municipalities.

With regard to our products, in an initiative for route buses, we conducted an in-vehicle ventilation simulation in collaboration with private industry, government, and academia, and published the results on our website<sup>\*1</sup>. Based on the results of the simulation, we launched a product to prevent droplet infection in the driver's seat, and added an aerosol filter option that effectively provides the same in-vehicle ventilation as having the windows open.

Even as people's values change due to the pandemic, we will strive to grasp the needs of customers and local communities, and respond to them quickly.



Image of droplet nuclei being collected by an aerosol filter



Aerosol filter that can remove 99.9% of 0.3μm particles in 15 minutes

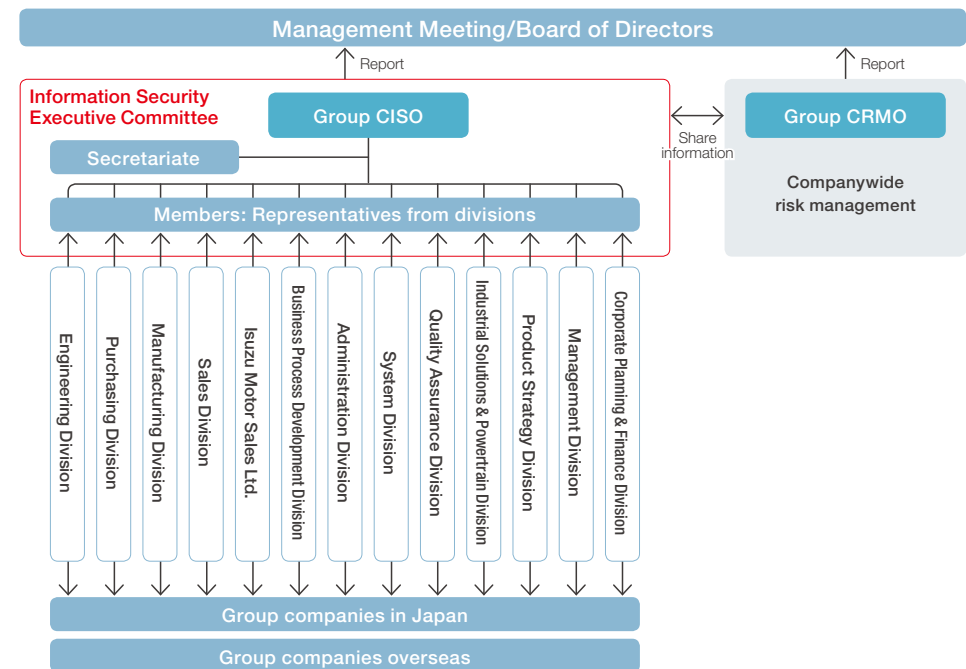
<sup>\*1</sup> News Release [Simulation of in-vehicle ventilation for a fixed route bus](#). (Available in Japanese only)

### Information Security

As information security risks grow more serious year by year, the Isuzu's Group Chief Information & Security Officer (Group CISO) leads Groupwide activities for strengthening information security.

The *Group Information Security Policy* has been established to promote information security management, and regulations put in place at all Isuzu Group companies. All these regulations are based on various laws, standards, and protocols such as the Ministry of Economy, Trade and Industry's *Cybersecurity Management Guidelines*, ISO 21434, ISO 27001, and NIST SP800-171. In addition, Isuzu is participating in Auto-ISAC<sup>\*2</sup>, an initiative launched in Japan and the United States to collect and analyze information related to automobile cybersecurity, and have created a structure for collecting and responding to incidents detected in the industry.

#### Information Security Management Structure



<sup>\*2</sup> Auto-ISAC: Automotive Information Sharing and Analysis Center, an automobile cyber security organization based in North America. Japan Automotive ISAC was established in Japan in February 2021.