

# Governance

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# A Dialogue

## Between Two Outside Directors

### The Ideal Approach to Corporate Governance for Sustainably Enhancing Corporate Value

As Isuzu enters the implementation phase of its medium-term management plan ISUZU Transformation, the Company is promoting its transformation into a commercial mobility solutions company. Outside directors Machiko Miyai and Tetsuya Nakano discuss their assessment of Isuzu's corporate governance and the challenges that lie ahead as it aims to sustainably enhance its corporate value.

#### Q. To begin with, could you tell us how you view your roles as outside directors?

**Miyai:** It is often said that the role of outside directors is to supervise the management of a company. Personally, however, I believe we also play an important role in strategically providing advice on enhancing corporate value from a medium- to long-term perspective. Of course, while fulfilling our supervisory responsibilities, we also consider it a key mission to engage in meaningful discussions and provide appropriate support so that the execution side can take proactive risks and pursue new challenges.

Outside directors are required to make recommendations from an objective standpoint and view issues from a different perspective than those inside a company. I have had experience with various companies, such as those in the electronics and food industries, so I try to give advice based on that experience.



Tetsuya Nakano

Outside Director

Machiko Miyai

Outside Director

**Nakano:** As Ms. Miyai said, I believe that we, as outside directors, are expected to give advice on how to improve corporate value over the medium to long term. It is also important to express our opinions from an objective standpoint to ensure that the Board of Directors and their discussions are not biased toward industry circumstances or in-house logic. Having spent most of my career in the food industry, I value the ability to bring a viewpoint that differs from those inside the Company, and I strive to ensure that my supervisory role contributes to sound management decisions by considering the perspectives of investors and society as multi-stakeholders.

#### Q. What is your assessment of Isuzu's corporate governance structure?

**Miyai:** The effectiveness of corporate governance should be evaluated not only by its formal aspects, such as its organizational structure, but also by the substance of the initiatives implemented within that framework. In terms of form, Isuzu's transition in 2021 to the company with its audit and supervisory committee organizational system resulted in a more effective structure. In companies that have adopted this system, audit and supervisory committee members serve concurrently as directors, allowing for the integration of



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oversight and auditing of executive functions. I believe this system is working effectively for Isuzu.

In terms of substance, the chairman and other directors are always working to improve how the Board of Directors is managed, and I feel that progress has been made in this regard since I assumed my position in 2024.

**Nakano:** I agree. I have a strong sense that Isuzu prioritizes substance over form in its efforts to enhance the effectiveness of corporate governance. This stance is reflected in the fact that the contents of Board of Directors' discussions and related materials have been reviewed and improved many times over the past year. The Board's adherence to a consistent cycle of pre-meeting briefings, Board meetings, and post-meeting reviews indicates that implementation of the PDCA cycle is firmly embedded in Isuzu's corporate governance framework. Compared with my experience at other companies, I feel that there is a deep-rooted culture at Isuzu of listening carefully to the opinions of others.

**Miyai:** Whether at Board meetings or post-meeting reviews, an atmosphere has been fostered in which directors can actively speak out. Meetings are conducted in a calm yet

disciplined manner, with CEO Masanori Katayama ensuring that all directors are given ample opportunity to voice their opinions.

**Nakano:** As I mentioned earlier, the PDCA cycle has firmly taken root at Isuzu, and one of the areas I feel it has been particularly effective in is risk management. The Company has positioned the enhancement of reporting on the status of internal control, including the risk management system, as one of its priority themes for enhancing the effectiveness of the Board of Directors and has been working to strengthen its risk management system. Isuzu's risk management framework, led by its chief risk management officer (CRMO), has been in place since 2020. Over the past year, the Company has significantly strengthened its reporting lines related to risk and enhanced its discussions on preventing recurrence of identified risks.

**Miyai:** The fact that senior management, including COO Shinsuke Minami, places priority on risk management and takes leadership accordingly also encourages initiatives to be implemented at a faster pace.

### Q. Could you give us your thoughts on the ISUZU ID and ISUZU Transformation?

**Miyai:** From an employee perspective, I feel that the ISUZU ID serves as an important representation of what the Isuzu Group is aiming for. From its purpose to vision, mission, and core values, the framework is clearly laid out, ensuring that the Company's philosophy is communicated with clarity. In addition, viewing the ISUZU ID alongside ISUZU Transformation enables employees to more clearly connect their individual goals with the Company's goals for 2030. Being able to refer to the ISUZU ID and ISUZU Transformation side by side is of great value because it allows employees to apply the contents to their daily work and clearly envision the direction they should aim for.

**Nakano:** That's right. Going forward, the key will be ensuring that the ISUZU ID takes root throughout the Group, so I am keeping a close eye on progress in this regard. The Board often discusses the promotion of the ISUZU ID, and I feel that the execution side is taking measures to this end with a strong awareness of the issue.

**Miyai:** Mr. Nakano is often asked about the promotion of the ISUZU ID. As one would expect, a management philosophy does not take root throughout a company overnight. It is essential to steadily build momentum through ongoing activities such as providing opportunities for dialogue between management and employees and persistently conveying the thinking behind the ISUZU ID. In this regard, I sense a strong determination from the execution side to transform Isuzu and realize the ISUZU ID, so I have high expectations for the progress that lies ahead.

### Q. What kind of discussions are important for the realization of the ISUZU ID and ISUZU Transformation?

**Nakano:** Isuzu is now entering a phase where it will steadily implement strategies and measures to realize the ISUZU ID and ISUZU Transformation. The two key priorities are achieving the fiscal 2031 targets of ISUZU Transformation and taking a long-term perspective to achieve higher standards of management beyond that point.

In working toward the fiscal 2031 targets of ISUZU Transformation, there is, objectively speaking, a certain gap between current performance and the goals set forth. Including the interim target for fiscal 2027, it is essential to continuously monitor progress to assess the feasibility of achieving these objectives.

**Miyai:** Indeed. While the gap between Isuzu's goals and current performance is a concern, the execution side has responded with clear and detailed updates, showing steady



## A Dialogue Between Two Outside Directors

progress in creating a more stable earnings base, pursuing new businesses, and enhancing existing businesses. The Company is currently experiencing a temporary decline in business performance due to external influences, but I believe that the targets of ISUZU Transformation are well within reach if current measures continue to be steadily implemented.

**Nakano:** From the perspective of investors, improving capital efficiency is also an important issue. There is room to further deepen discussions on improving capital efficiency at Board of Directors meetings in the future. That said, we have also confirmed that the CFO has a clear grasp of the issue and is considering financial strategies and measures to appropriately control capital and improve efficiency.

**Miyai:** Fuller discussions on the important themes of capital efficiency and capital cost should be had at future Board meetings. As these themes have been designated as key areas for enhancing the effectiveness of the Board of Directors, it is essential to approach them with a clear sense of purpose and continue expanding discussions.

**Nakano:** It is also necessary to continue to expand discussions with regard to taking a long-term perspective to achieve higher standards of management. Only five years remain until 2030, the final year of ISUZU Transformation, which is not as far away as it may seem. Achieving sustainable growth beyond 2030 requires a clear strategy for building resilient revenue models and identifying key technological areas for investment, especially in light of ongoing changes in the external environment. As it stands, there is still room to further deepen discussions on these themes.

**Miyai:** I agree. The Board of Directors increasingly sets its agenda around future-oriented themes, such as technology strategies, and I believe that it will be important to enhance these discussions moving forward. In addition to its traditional monitoring role, the Board of Directors is expected to further expand constructive discussions on strategic matters. It is also essential to advance deliberations on

functional and capital strategies that are linked to long-term strategic goals. In my view, until now, Isuzu's employees have been able to carry out their work, even without a proper human resource strategy in place, perhaps because of their strong ability to execute their tasks. For better or worse, each function has been operating somewhat independently without a clearly defined strategy. I think the Company should approach its management strategy in an integrated manner, linking business strategy with functional strategies such as finance, human resources, and marketing, based on a clear understanding of the future business model it aims to achieve and the talent and technologies required to support it.

**Nakano:** Taking another perspective, there should also be discussions about the resources of each of the Company's functions. When functional strategies are presented to the Board of Directors, Mr. Shibata, an outside director, often asks whether the Company has sufficient resources to implement the strategy. Based on the management crisis it experienced in the past, Isuzu has maintained a lean organizational structure relative to its business scale. However, as the Company moves forward with the execution of ISUZU Transformation and future strategies, there may be situations where this approach could strain its capacity to do so. Going forward, I would like to see deeper discussions that venture into the topics of appropriate organizational scale and systems in order to promote more aggressive strategies, technology and product development, and organizational reforms.

### Q. Lastly, please tell us what you expect from Isuzu going forward.

**Miyai:** Isuzu's successful recovery from the management crisis many years ago and its subsequent growth into a company with a strong presence in the global commercial vehicle market reflect its underlying strength and demonstrates its potential to enhance corporate value in the



future. I hope that by steadily implementing strategies centered on the ISUZU ID and ISUZU Transformation, the Company will rise to become an innovation leader in the global commercial vehicle market.

**Nakano:** Isuzu is evolving from a company that underpins reliable transportation to a company that drives innovative transportation. It has consistently addressed social challenges surrounding commercial vehicles head-on and has worked hard to resolve them. Even as societal issues and market needs continue to evolve, I expect the Company to maintain its strong presence and become an indispensable commercial vehicle manufacturer in the global market.

# Corporate Governance

Isuzu will enhance its supervisory function, increase the rationality and speed of decision-making, and fulfill its duty of accountability to all stakeholders.

## Basic Approach

In order for Isuzu to continuously increase revenues and enhance corporate value through its corporate activities, the Company believes that it is essential to establish a corporate governance system that provides a framework for regulating such activities.

Furthermore, we believe that the fundamental purpose of corporate governance is to respect the perspectives of and build constructive relationships with all of our stakeholders. To that end, we endeavor to ensure fairness and transparency in our corporate affairs through timely and appropriate disclosure of important information. In particular, we believe that a key element of corporate governance is to develop an internal structure and environment that protects the rights and interests of all stakeholders and ensures equality among stakeholders.

## History of Strengthening Governance

Isuzu has been working to reform its governance in response to the recent trend of strengthening corporate governance in Japan. Going forward, we will continue our efforts to further strengthen governance and improve our corporate value.



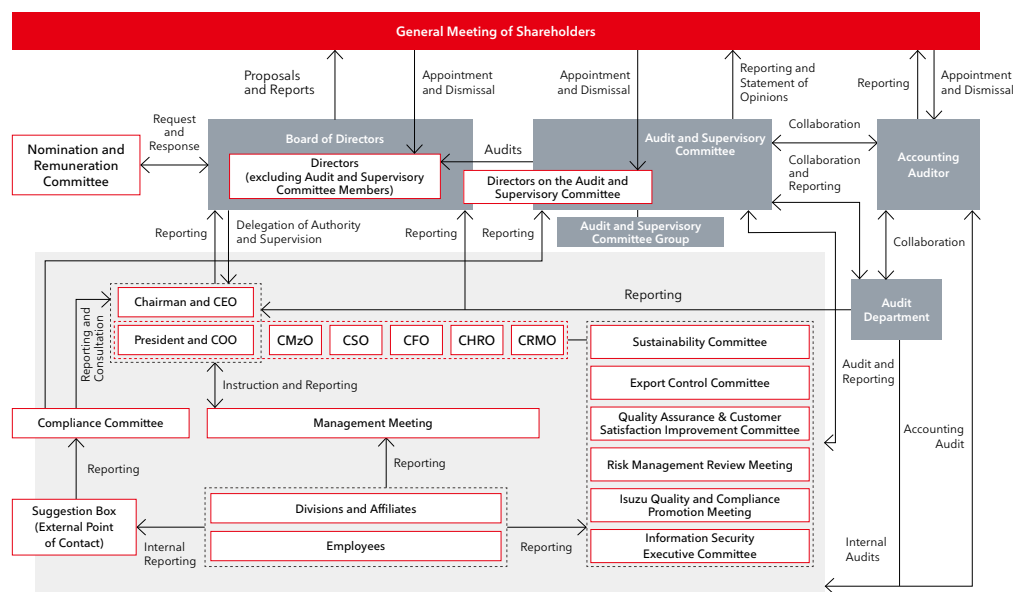
## Corporate Governance

### Corporate Governance Structure

As a corporate governance system considered appropriate for a company and its management to secure the confidence of all stakeholders, Isuzu adopted the “Company with Audit and Supervisory Committee” governance structure, which enables the Board of Directors to delegate a significant portion of important business execution decisions to executive officers, with the objective of achieving greater rationality and speed of business-related decision-making, more robust deliberations at Board of Directors’ meetings, and a strengthened supervisory function.

This corporate governance structure has an Audit and Supervisory Committee comprising five directors, three of whom are outside directors. By giving directors on the Audit and Supervisory Committee voting rights at Board of Directors’ meetings, the Company aims to further increase the soundness and transparency of management. Furthermore, as a voluntary body related to governance, the Nomination and Remuneration Committee, which is chaired by an outside director and comprises a majority of outside directors, has been established to strengthen independence, transparency, and objectivity in the functioning of the Board of Directors in such matters as the nomination of officer candidates, the appointment of management executives, and the determination of officer remuneration.

#### Corporate Governance Structure (as of June 25, 2025)



### Decision-Making and Management Supervision Functions

Body	Board of Directors	Audit and Supervisory Committee
Chairperson	Masanori Katayama Chairman and Representative Director, CEO	Hiroto Abe Outside Director of the Board and Audit and Supervisory Committee Member
Composition	Directors: 13 (7 inside directors and 6 outside directors)	Directors and Audit and Supervisory Committee members: 5 (2 inside members and 3 outside members)
Roles and responsibilities	The Board of Directors carries out important business-related decision-making and supervision in order to respond to the mandate from and trust of shareholders and to continuously enhance corporate value.	In accordance with its established auditing plan, the Audit and Supervisory Committee audits and supervises decision-making by the Board of Directors and execution of business by directors.
Summary	In principle, the Board of Directors holds regular monthly meetings, as well as extraordinary Board of Directors’ meetings as necessary, to deliberate and make decisions on necessary matters. In fiscal 2025, the Board of Directors met 15 times and active discussions were held on Isuzu’s medium-term business plan and its promotion.	The Company has appointed two members as standing Audit and Supervisory Committee members in order to strengthen the audit and supervisory functions of the committee members and enable them to share information by collecting information on a daily basis and attending important internal meetings, as well as to sufficiently cooperate with the accounting auditor and the Internal Audit Division. All five directors who are Audit and Supervisory Committee members are elected members. Further, to support the Audit and Supervisory Committee, the three-person Audit and Supervisory Committee Group, which reports directly to the Audit and Supervisory Committee, has been established as an organization dedicated to assisting the Audit and Supervisory Committee’s execution of duties. Further, the Audit and Supervisory Committee Support Staff Regulations have been established to ensure the independence of the committee group and the effectiveness of instructions to its staff. In fiscal 2025, the Company held 15 Audit and Supervisory Committee meetings.

### Business Execution Functions

Main program and body	Executive Officer System	Management Meeting
Chairperson	–	Masanori Katayama Chairman and Representative Director, CEO
Composition	Executive officers	Chairman and CEO, president and COO, senior executive vice president and CMzO, and executive vice presidents of each division
Summary	By separating the Board’s supervisory and business execution functions, Isuzu is working to enhance deliberations by the Board of Directors, which is the supervisory body, and to create a prompt decision-making and execution system through the appropriate delegation of authority from the Board of Directors. At Isuzu, executive officers have been put in place to carry out a prompt decision-making and execution system and to be responsible for the execution of operations in their respective areas.	The Management Meeting makes decisions and deliberates on matters related to management and business execution within the scope of authority delegated to it by the Board of Directors.

### Nomination and Remuneration Committee

Body	Nomination and Remuneration Committee
Chairperson	Mitsuyoshi Shibata Outside Director of the Board
Composition	Directors: 5 (2 inside directors and 3 outside directors)
Summary	Isuzu has voluntarily established the Nomination and Remuneration Committee, chaired by an outside director, as a voluntary body related to corporate governance. The committee was established with the aim of strengthening the independence, transparency, and objectivity of the Board of Directors’ functions related to such matters as the nomination of officer candidates, appointment of senior management, and determination of officer remuneration. The committee deliberates and reports on matters referred to it by the Board of Directors. In fiscal 2025, the committee met nine times and considered matters such as selecting director candidates, making specific proposals for the nomination and remuneration of each individual, and formulating succession plans.

## Corporate Governance

### Board Members (as of June 26, 2025)

**N** Nomination and Remuneration Committee member **I** Independent officer

#### Directors



**Masanori Katayama**

Chairman and  
Representative Director,  
CEO

**N**



**Shun Fujimori**

Director of the Board and  
Managing Executive Officer

EVP, Product & Technology  
Strategies Division  
EVP, CV Alliance Planning Dept.



**Shinsuke Minami**

President and  
Representative Director,  
COO



**Mitsuyoshi Shibata**

Outside Director of the  
Board (Independent Officer)  
and Chair of the Nomination  
and Remuneration  
Committee

**N I**



**Shinichi Takahashi**

Senior Executive Vice  
President and Director

CMzO

**N**



**Machiko Miyai**

Outside Director of the  
Board (Independent Officer)

**N I**



**Naohiro Yamaguchi**

Director of the Board and  
Managing Executive Officer

CSO  
EVP, Corporate Strategy Division  
EVP, Corporate Planning &  
Finance Division  
EVP, Systems Division



**Tetsuya Nakano**

Outside Director of the  
Board (Independent Officer)

**I**

#### Directors and Audit and Supervisory Committee Members



**Hirotomo Abe**

Outside Director of the  
Board (Independent Officer)  
and Chair of the Audit and  
Supervisory Committee

**N I**



**Kimie Sakuragi**

Outside Director of the  
Board (Independent Officer)  
and Audit and Supervisory  
Committee Member

**I**



**Masao Watanabe**

Director of the Board and  
Standing Audit and  
Supervisory Committee  
Member



**Yumiko Hosoi**

Outside Director of the  
Board (Independent Officer)  
and Audit and Supervisory  
Committee Member

**I**



**Masato Kawanami**

Director of the Board and  
Standing Audit and  
Supervisory Committee  
Member

### Composition of Officers (as of June 26, 2025)

Percentage of  
Female Directors  
**23.08%**



Percentage of Outside Directors  
(Independent Officers)  
**46.15%**





## Corporate Governance

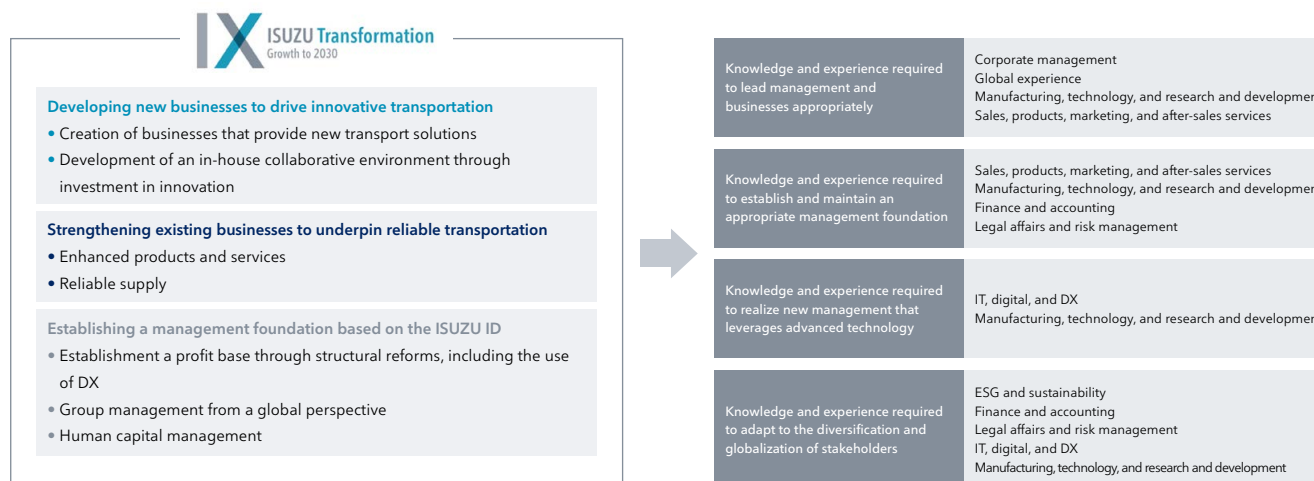
### Isuzu Board of Directors' Skills Matrix (as of June 26, 2025)

Name	Length of Tenure	Independent/ Outside	Meetings Attended (From April 1, 2024 to March 31, 2025)			Corporate Management	Finance and Accounting	Global Experience	Legal Affairs and Risk Management	Environmental, Social, and Governance (ESG) and Sustainability	Sales, Products, Marketing, and After-Sales Services	Manufacturing, Technology, and Research and Development	IT, Digital and Digital Transformation (DX)
			Board of Directors	Audit and Supervisory Committee	Nomination and Remuneration Committee								
Masanori Katayama	18 years		15/15 (100%)	–	9/9 (100%)	●	●	●		●		●	
Shinsuke Minami	7 years		15/15 (100%)	–	2/2 (100%)* <sup>2</sup>	●	●	●			●		
Shinichi Takahashi	8 years		15/15 (100%)	–	7/7 (100%)* <sup>1</sup>			●		●	●	●	
Naohiro Yamaguchi	3 years		15/15 (100%)	–	–	●	●	●			●		
Shun Fujimori	4 years		15/15 (100%)	–	–						●	●	●
Mitsuyoshi Shibata	7 years	●	15/15 (100%)	–	9/9 (100%)	●		●		●		●	●
Machiko Miyai	1 year	●	11/11 (100%)* <sup>1</sup>	–	7/7 (100%)* <sup>1</sup>	●		●		●	●	●	
Tetsuya Nakano	1 year	●	11/11 (100%)* <sup>1</sup>	–	–	●	●	●			●		●
Hiroto Abe	Appointed in June 2025	●	–	–	–			●	●				
Masao Watanabe	2 years		15/15 (100%)	15/15 (100%)	–			●	●				
Masato Kawanami	Appointed in June 2025		–	–	–	●	●	●			●		
Kimie Sakuragi	4 years	●	15/15 (100%)	15/15 (100%)	–				●	●	●		
Yumiko Hosoi	Appointed in June 2025	●	–	–	–		●		●	●			

Note: The above skills matrix does not represent all the knowledge and experience possessed by each individual director. \*1 Since appointment on June 26, 2024 \*2 Until retirement on June 26, 2024

### Reason for Selection of Skills Categories

Our skills matrix comprises the knowledge and experience our directors should possess in order to resolve each of the issues set forth in our new medium-term business plan, ISUZU Transformation–Growth to 2030. The relevance of each skills category to each issue is shown in the chart to the right.





## Corporate Governance

### Officer Remuneration

#### Basic Policy

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

1. Remuneration not only contributes to the Company's sustainable growth and enhancement of corporate value but also promotes the sharing of value with shareholders.
2. Remuneration is at a level that is appropriate and necessary for securing and maintaining talented human resources, taking into consideration the economic environment, market trends, and remuneration levels of other companies.
3. Remuneration amounts reflect the performance of the Company and the relevant individuals and are commensurate with their responsibilities and position.
4. The remuneration determination process is highly objective, impartial, and transparent.
5. The officer remuneration system and the level of remuneration are subject to review on a regular basis in conjunction with the renewal of medium-term business plans, in light of such factors as the economic environment, remuneration levels and systems at other companies, and the status of operation of the system at Isuzu.

#### Details of Remuneration and Nonmonetary Compensation

Basic remuneration		<ul style="list-style-type: none"> <li>• Determined according to the predetermined base remuneration amount for each position and individual performance evaluation</li> </ul>
Performance-linked remuneration	Bonuses	<ul style="list-style-type: none"> <li>• Linked to the degree of achievement of targets for consolidated revenue, consolidated operating profit, and net profit attributable to owners of parent<sup>*1</sup></li> <li>• A performance-linked coefficient indicating the degree of achievement in comparing the single-year results of each performance indicator with the target set between 0% and 200%. This is determined by multiplying the base salary and composition ratio (chairman and CEO: 0.70; president and COO, executive vice president, CMzO, CSO, and CHRO: 0.50; and other officers than the aforementioned officers: 0.40), which are the base amounts for bonuses by position.</li> </ul>
	Share-based remuneration	<ul style="list-style-type: none"> <li>• Linked to the degree of attainment of targets during the applicable period (June 26, 2024 to March 31, 2027)</li> <li>• The achievement rates of targets for consolidated revenue,<sup>*1</sup> consolidated operating profit, consolidated return on equity (ROE), GHG emissions reduction,<sup>*2</sup> etc., are weighted at 30%:30%:30%:10% and multiplied by a coefficient related to the growth rate of shareholder value, etc.,<sup>*3</sup> to calculate a performance-linked coefficient between 0% and 240%. The base amount and composition ratio by position that forms the basis of basic compensation (chairman and CEO: 0.70; president and COO, executive vice president, CMzO, CSO, and CHRO: 0.50; and other officers than the aforementioned officers: 0.30) as well as the assumed stock price<sup>*4</sup> are used to determine the points to be awarded.</li> <li>• Establishment of malus and clawback clause<sup>*5</sup></li> </ul> <p><sup>*1</sup> Starting from fiscal 2025, we have voluntarily adopted International Financial Reporting Standards (IFRS). As a result, the previously used "consolidated net sales" and "net income attributable to owners of parent" under Japanese GAAP have been replaced with "consolidated revenue" and "profit attributable to owners of parent," respectively, under IFRS.</p> <p><sup>*2</sup> GHG reduction target for fiscal 2027: 12% reduction (compared with fiscal 2014)</p> <p><sup>*3</sup> Evaluated based on a comparison between total shareholder return for the relevant period and the TOPIX (total return) growth rate</p> <p><sup>*4</sup> Average value (rounded down to the nearest whole number) of the closing price of ordinary trades of Company shares on the Tokyo Stock Exchange on each day (excluding days on which no trades were made) of the month preceding the month in which the first day of the relevant period falls</p> <p><sup>*5</sup> In the event of serious misconduct or violations by a recipient of the performance-linked share-based remuneration plan, the Company reserves the right to revoke or forfeit the recipient's entitlement to receive shares under the plan or to demand the return of an amount equivalent to the shares already granted.</p>

#### Policy for Determining Remuneration Ratio (When 100% of Performance Targets Are Achieved)

	Base compensation	Bonus	Stock compensation
Chairman and CEO	41.67%	29.17%	29.17%
President and COO, executive vice president, CMzO, CSO, and CHRO	50.00%	25.00%	25.00%
Other than the above	58.82%	23.53%	17.65%

#### 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) is composed of basic remuneration, bonuses linked to the degree of target attainment for consolidated performance in a single fiscal year, and remuneration based on the performance-linked, share-based remuneration plan, which is linked to the degree of attainment of business indicators established with the goal of sustainable enhancement of corporate value during the period of the medium-term business plan.

Further, regarding the evaluation of the individual performances of each officer and the methods for determining bonuses and remuneration under the performance-linked, share-based remuneration plan, there are procedures for inquiry and response with the Nomination and Remuneration Committee, a voluntary committee of which the majority of members are independent outside directors, and the CEO is accountable to this committee to ensure objective and impartial officer remuneration.

#### Outside Director Remuneration

Remuneration for outside directors, given their roles and independence, consists only of basic remuneration, with each being paid only a fixed amount. There is no variability based on performance evaluations or other factors.

#### Remuneration for Directors on the Audit and Supervisory Committee

Remuneration for directors on the Audit and Supervisory Committee, given their roles and independence, consists only of basic remuneration. Taking into account such factors as the number of said directors, the economic environment, market trends, and remuneration levels of other companies, this will be decided through deliberations by the directors on the Audit and Supervisory Committee within the range approved at the General Meeting of Shareholders.

#### Total Amount of Remuneration, etc., for Directors and Audit and Supervisory Committee Members

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	Performance-linked, share-based remuneration, etc.		
			Bonuses	Of which, nonmonetary compensation, etc.	
Directors (of whom Outside Directors)	665 (48)	428 (48)	148 (−)	88 (−)	10 (4)
Audit and Supervisory Committee Members (of whom Outside Directors)	133 (64)	133 (64)	− (−)	− (−)	5 (3)

Note: Includes one outside director who stepped down at the conclusion of the 122nd General Meeting of Shareholders held on June 26, 2024.

For more details, please refer to the Company's Annual Securities Report for fiscal 2025

## Corporate Governance

### Evaluation of the Board of Directors' Effectiveness

To improve the supervisory function of its Board of Directors, Isuzu analyzes and evaluates the effectiveness of the Board of Directors each year. An overview of the analysis and evaluation for fiscal 2025 (the year ended March 31, 2025) is as follows.

#### ① Fiscal 2025 Analysis and Evaluation Process

Isuzu conducted the evaluation with a focus on identifying the strengths of and challenges facing the current Board of Directors.

The Company conducted a questionnaire and third-party interviews with all directors and analyzed the findings. Following the analysis, key issues were compiled and reported to the Board of Directors in March 2025 for evaluation and confirmation of future actions.

#### ② Summary of Evaluation Results (Strengths)

Isuzu's Board of Directors was evaluated and confirmed as having the following four strengths.

- (1) There is a growing awareness that the Board of Directors serves as a forum where directors responsible for business execution, including the representative director, are held accountable for their actions. These directors are increasingly conscious of being supervised by the Board and provide explanations accordingly.
- (2) Post-meeting reviews have led to prompt improvements in the running of Board of Directors' meetings.
- (3) Advance briefings and site visits for outside directors have been implemented, reinforcing a structure that enables them to fulfill their roles effectively.
- (4) The speed of reporting materialized risks to the Board has improved, reflecting a stronger and more responsive risk management function.

#### ③ Summary of Evaluation Results (Issues)

The Board of Directors confirmed the following two points as issues to be addressed in order to strengthen its monitoring function.

- (1) Clarification of scope of issues to be addressed by the Board of Directors
- (2) Enhancement of the provision of information necessary for deliberations at Board meetings

### ④ Key Issues in Fiscal 2024 Evaluation and Fiscal 2025 Initiatives

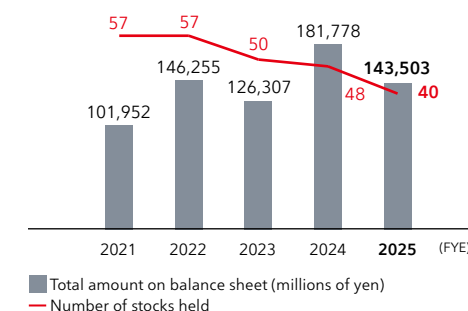
Key Issues Identified in the Fiscal 2024 Evaluation	Fiscal 2025 Initiatives
(1) Enhancement of discussions at Board of Directors' meetings centered on the Company's management philosophy and medium- to long-term management plans	<ul style="list-style-type: none"> <li>• In the process of formulating ISUZU Transformation, active discussions were held on various issues, enhancing overall discussions at Board meetings.</li> <li>• However, it will be necessary to continue to enhance discussions centered on monitoring the progress of ISUZU Transformation.</li> </ul>
(2) Enhancement of reporting on the status of internal control, including the risk management system	<ul style="list-style-type: none"> <li>• The speed of reporting to the Board of Directors on materialized risks has led to strengthened management functions.</li> </ul>
(3) Enhancement of discussions on capital costs and our business portfolio	<ul style="list-style-type: none"> <li>• Discussions were held on the Company's capital policy, including with regard to its approach to shareholders' equity.</li> </ul>

### Approach to Cross-Shareholdings

Isuzu considers the holding of shares of its business partners on the premise of long-term transactions to be an effective means of building stable relationships and enhancing corporate value over the medium to long term. Once a year, in order to confirm the reasonableness of holding shares of client companies, the Board of Directors verifies both quantitative evaluations, such as whether the benefits associated with holding each individual stock are commensurate with capital costs, and qualitative evaluations, such as the significance of holding the stock. Based on the results of such evaluations, we will promptly reduce our holdings in shares for which we have determined that the purpose of holding has been lost.

During fiscal 2025, the Company sold 10 stocks for a total of approximately ¥2,128 million.

#### Status of Reduction in Cross-Shareholdings (Excluding Unlisted Shares)



## Corporate Governance

### Criteria for Appointment and Dismissal of Directors

Director candidates will be extremely knowledgeable and experienced in management, be sufficiently familiar with Isuzu's business and the automotive industry, be able to make appropriate judgments based on such knowledge and experience, be able to express themselves appropriately, and have a high level of insight and abilities. Such persons will be nominated from among internal staff and deliberations will be held by the Board of Directors. At the same time, by appointing as directors a number of persons from outside the Company who have extensive experience in and wide-ranging knowledge of corporate management, meet the independence standards stipulated by the Company, and can proactively offer advice from an outside perspective, the Company aims to increase diversity in the deliberations and decision-making of the Board of Directors as well as strengthen its supervisory function.

Director candidates serving as Audit and Supervisory Committee members must be knowledgeable and experienced in specialized fields, such as finance, accounting, or law, as well as in corporate management, and must be able to actively provide advice from an outside perspective. Furthermore, to ensure that their fields of expertise are balanced and to maintain a certain level of diversity in the composition of the committee, such candidates will be deliberated by the Board of Directors after receiving the agreement of the Audit and Supervisory Committee.

In the appointment and dismissal of directors and executive officers and the nomination of director candidates, reports will be obtained from the Nomination and Remuneration Committee to further enhance the objectivity and transparency of procedures.

If, with respect to the duties of the president and representative director, there is found to be any illegal business conduct, any material damage from willful misconduct or negligence, or any other cause rendering continuation of business infeasible, the issue of dismissal will be submitted as an agenda item for a Board of Directors' meeting based on the recommendation of the Nomination and Remuneration Committee.

### Criteria for Determining the Independence of Outside Directors

The appointment of outside directors will be subject to the condition that the Company's independence criteria are met. The Company's criteria for determining the independence of outside directors conform to the independence criteria of the Tokyo Stock Exchange. Executives of major business partners of the Company, persons whose major business partner is the Company or its 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 partner" refers to a business partner where the volume of transactions between Isuzu and said partner accounted for 2% or more of the consolidated net sales of either party in any previous consolidated fiscal year. The standard for large sums is ¥10 million or more annually, or 2% or more of the total annual income of an organization in its previous fiscal year.


### Support System for Outside Directors

In order for outside directors to actively express their opinions and enhance deliberations at Board of Directors' meetings, the Company provides advance briefings regarding Board of Directors' meeting agendas and continuously works to enhance its materials to provide information necessary for management supervision.

### Internal Control System

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

In response to the occurrence of serious legal violations, including type approval fraud within the automotive industry, to which the Isuzu Group belongs, the Company has positioned the prevention and eradication of such unacceptable conduct as a top management priority. To clearly reiterate the commitment of the Board of Directors and senior management to proactively address these issues, the Company revised the Internal Control System Basic Policy at the Board meeting held in March 2025. Based on this revision, the Company has established and continues to maintain a framework to ensure the appropriateness of operations.

 Please refer to the Corporate Governance Report for details on the Company's basic approach to the internal control system and the status of its development.

# Compliance

## Basic Approach

Isuzu recognizes that it is essential for each one of our officers and employees to follow Isuzu's compliance standards—that is, to comply with laws and regulations and also maintain high ethical standards that live up to the trust society places in us. In particular, Isuzu has positioned thorough compliance with laws and regulations as the highest priority in its business management. In 2005, Isuzu formulated and began implementing the Basic Policy for Compliance, and since then the Company has been making efforts to disseminate and establish the policy among all officers and employees. The policy consists of seven categories\* and states that if an incident occurs that violates the policy, senior management personnel must execute measures to resolve the problem and investigate the cause in an effort to prevent recurrences and must disclose information quickly and accurately to society and fulfill their accountability. We regularly evaluate the effectiveness of our basic compliance initiatives and update them as necessary under the supervision of the Board of Directors.

\* For details on the seven categories, please refer to the "Compliance" page of the "Sustainability" section of our website.

## Management Structure

The Compliance Committee, chaired by the president and COO, was established under the supervision of the chairman and CEO. The committee consists of the general managers of each division responsible for important laws and regulations, and the Audit and Supervisory Committee members and the Corporate Audit Department serve as observers. The committee deliberates on compliance policies, plans, KPIs, and the status of their implementation and determines the direction of compliance promotion for the Company and the Group.

The committee is also informed of the content of reports and consultations received by each consultation contact point and oversees the status of the resolution process.

## Isuzu Group Compliance Promotion System

The Isuzu Quality and Compliance Promotion Meeting is held monthly, attended by Compliance Promotion Committee members from each divisions. The meetings are committed to the prevention of compliance risks through the sharing of information among divisions and the reporting of activities. Isuzu has also built a Group-wide system to prevent compliance risks. Domestically, we hold regular compliance promotion meetings attended by companies of the Isuzu Group in an effort to promote the sharing of information and related activities. In our overseas locations, we share information with contacts of Group companies periodically and make efforts to prevent compliance risks. Particularly in Thailand, home to one of Isuzu's main overseas bases, we regularly hold joint compliance promotion meetings with Group companies based in Thailand to facilitate the sharing of information and related activities.

In the event that a serious problem occurs, we will promptly receive reports from the affected company in accordance with the Group-wide management rules and will work with them to resolve the problem.

## Establishment of Employee Consultation Services

Isuzu has established three consultation contact points for internal reporting and consultation on compliance issues, including comprehensive corruption practices such as discrimination, harassment, hospitality, gift-giving, and insider trading. These contact points are the Workplace Counter (supervised by the immediate supervisor), the Intra-Division Counter (supervised by the division manager), and the Company-wide Counter (supervised by the Enterprise Risk Management Department and the Compliance Management Group). These contact points act as impartial receivers of information and serve not only for cases of clear violations of laws and regulations or internal rules but also for consultation on matters that appear suspicious and inquiries regarding internal rules and laws and regulations related to business operations. In addition to handling compliance-related matters, these contacts points also handle human rights-related inquiries and reports. A suggestion box (external point of contact) has also been set up at an external law firm.

If any compliance concerns arise from the reports or consultations received at each contact point, the Enterprise Risk Management Department, under the supervision of the Board of Directors, conducts thorough investigations and resolves issues in collaboration with the Legal Department, the HR Services Department, and other relevant divisions.

In fiscal 2025, there were 70 cases (17 cases related to the Company and 53 cases related to Group companies) that were reported to or consulted on by the external consultation service. The total number of reported violations was 16 (1 case related to the Company and 15 cases related to Group companies). The reports received through the internal and external consultation services were handled appropriately, and we have confirmed that there were no serious compliance violations.

## Compliance Surveys (in Japan)

To confirm the spread of compliance awareness and identify compliance risks, we conduct regular compliance surveys. The survey consists of questions regarding workplace culture and understanding of important legal topics and is designed to be effective in identifying compliance risks. The survey results are reported to the managers and compliance officers of Isuzu Group companies and are applied to the companies' activities.

## Activities of Overseas Group Companies

In Thailand, home to one of our major overseas locations, Isuzu follows the compliance activity plan. For example, we organize hierarchical workshops and e-learning and put up posters to raise awareness about the need to eradicate drunk driving and about compliance. Isuzu supports the promotion of compliance activities by holding regular compliance promotion meetings jointly with Group companies in Thailand to confirm progress and provide advice.

🌐 For details on specific initiatives, please refer to the "Compliance" page of the "Sustainability" section of our website.



# Risk Management

## Basic Approach

The Isuzu Group manages various risks surrounding its business in a systematic and integrated manner in order to achieve sustainable growth and enhance corporate value. Through risk management initiatives, we will strive to minimize risk, improve operational efficiency, create business opportunities, enhance our competitive advantage, and build relationships of trust with our stakeholders.

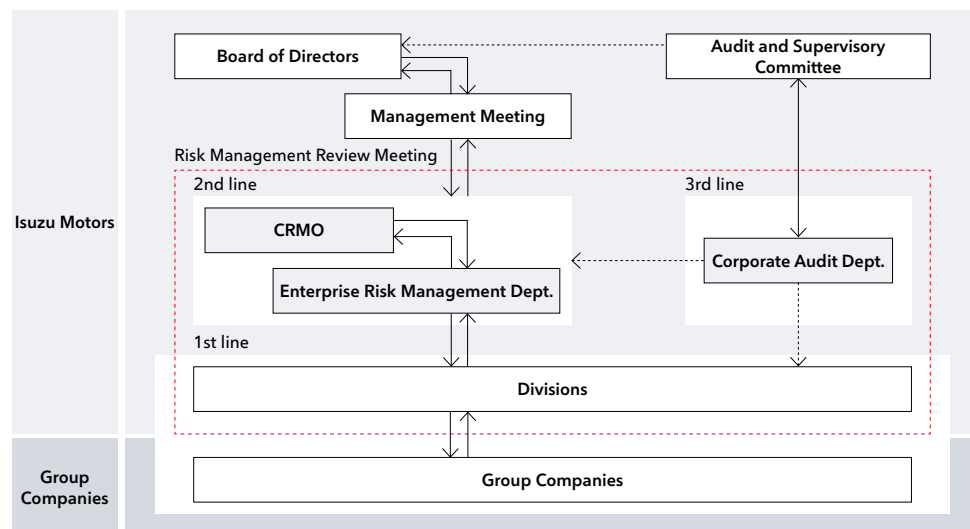
## Risk Governance Structure

To improve the division of responsibilities and effectiveness of risk management activities throughout the Group, we have established a risk governance structure based on a Group-wide three-line defense system.

Isuzu's divisions and the Group companies under their jurisdiction are positioned as the first line, the Enterprise Risk Management Department as the second line under the direction and supervision of the chief risk management officer (CRMO), and the Corporate Audit Department as the third line. Each defense line works in cooperation with the others in risk management activities.

In order to ensure the effectiveness of risk management activities, the Risk Management Review Meeting is held every month to confirm the status of preventative measures and incident management responses of each division and Group company, focusing on the Group's priority risk items, and to report the details of the meeting to management.

## Risk Management Framework



## Risk Management Process

The Isuzu Group comprehensively identifies risks that could affect its business and management, assesses them quantitatively and qualitatively, formulates specific preventive action plans to reduce risks, and promotes the implementation and monitoring of the plans. Believing that it is essential for all employees to view risk management activities as their own business, we also continue to foster a risk culture to achieve sustainable growth and maximize corporate value.

## Group Priority Risks

The Isuzu Group prioritizes preventive actions for risks of particularly high importance in each division of the Company and in each Group company. From a Group-wide perspective, the Group has defined risks that could affect its business or management as "Group priority risks" and implemented preventive measures across the organization.

In selecting the Group priority risks, we identify risks from the following four perspectives to ensure that no omissions are made.

- 1 Bottom-up risk identification through risk assessments from each division of the Company and Group companies
- 2 Top-down risk identification through CRMO interviews
- 3 Materialization of risks within the Company or at other companies
- 4 Changes in the external environment, etc.

Note: Please refer to Business and Other Risks on page 68, which is compiled based on the Group priority risks.

## Crisis Response

The Isuzu Group has established a structure to comprehensively and promptly identify risk events as they emerge and implement effective responses. If any such risks have the potential to affect the business or management of the Isuzu Group, they are promptly escalated to management, and management makes a decision on how to respond to them. Then, under the direction and supervision of the CRMO, a crisis response team is formed, and various countermeasures are implemented to minimize the risk.

Furthermore, the effectiveness of countermeasures is confirmed by analyzing the true causes of risk events that have materialized. Thereby, the risk management process and the crisis management process are organically linked to optimize overall risk management in the Isuzu Group.

## Risk Management

### Business and Other Risks

The following are risk factors in the development of the Isuzu Group's business that could have a significant impact on the judgment of investors, including matters such as those related to the business and accounting conditions described in the Annual Securities Report. The following information includes forward-looking statements that reflect the judgments of the Group as of June 25, 2025.

#### 1. Risks Arising from Global Economic Conditions, Financial Markets, and the Automotive Market

- |     |   |
|-----|---|
| (1) | Fluctuations in economic conditions and overall demand in Isuzu's major markets |
| (2) | Competition in the automotive market  |
| (3) | Geopolitical risks  |
| (4) | Foreign exchange and interest rate fluctuations                                 |
| (5) | Fluctuation in raw material prices  |

#### 2. Business Risks

- |      |   |
|------|---|
| (6)  | Response to new technological innovations, business model changes, etc.         |
| (7)  | Research and development failures and delays                                    |
| (8)  | Failure to achieve goals of joint ventures and other alliances                  |
| (9)  | Dependence on specific channels for sales and supply                            |
| (10) | Shortfalls or delays in the procurement of materials, parts, and other supplies |
| (11) | Product defects   |
| (12) | Human rights violations   |
| (13) | Difficulties in recruiting and retaining talented human resources               |
| (14) | Industrial accidents  |
| (15) | Compliance violations   |
| (16) | Insufficient information security measures                                      |
| (17) | Insufficient IP protection or IP infringements                                  |
| (18) | Delays in responding to societal demands related to climate change              |
| (19) | Disasters   |

 Note: Please refer to [the fiscal 2025 Annual Securities Report](#) for more information on each of the above risks.

### Information Security

The Isuzu Group recognizes information security risk as a particularly important risk in its risk management activities. To prepare against existing risks, such as information leaks, and new risks, such as cyberattacks, the Group strives to ensure information security by developing internal structures and implementing various countermeasures, including education and training for employees.

#### Management Structure

Under the Group Information Security Policy, the Isuzu Group has established a Group-wide information security management structure and is developing and implementing various regulations, including operational processes.

Under the information security management structure, the CRMO is responsible for information security management for the entire Isuzu Group. By assigning information security managers, management personnel, etc., to each Isuzu division, the Group implements various measures for information security, including those of Group companies that are under the supervision of such divisions.

In addition, the Information Security Management Meeting, chaired by the CRMO, is held on a regular basis. At the meeting, annual activity plans for information security are formulated; activity plans of each division, including those of Group companies, are monitored; and instructions for countermeasures are given as necessary. Through these efforts, we are striving to maintain and improve the Group's information security. These activities are regularly reported to the Management Meeting and the Board of Directors, and the effectiveness of the activities is confirmed by management.

#### Cybersecurity Initiatives

In recent years, the automotive industry has seen rapid advancements in vehicle digitization and automated driving technology due to advances in IT technology, and this has increased the importance of information security. Also, the risk of cyberattacks and data leaks has increased, making it essential to protect customer information and vehicle control systems.

The Isuzu Group is strengthening cybersecurity for its products, plants, IT systems, and the supply chain. We participate in J-Auto-ISAC,\* an organization that collects and analyzes information related to automotive cybersecurity. Through this participation, we gather information on security incidents detected within the industry and have established a system for the development and manufacture of vehicles with cybersecurity considerations in place. These activities are conducted in reference to the Cybersecurity Management Guidelines set forth by the Ministry of Economy, Trade and Industry, as well as international standards such as ISO 21434, ISO 27001, and NIST SP800-171, and the international regulations UN R155 and R156 adopted by the United Nations Economic Commission for Europe's World Forum for Harmonization of Vehicle Regulations (WP29).

\*J-Auto-ISAC: Japan Automotive Information Sharing and Analysis Center, a Japanese automotive cybersecurity organization.