

ISUZU

Supplier CSR Guidelines

March 2018

ISUZU MOTORS LIMITED

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1. Introduction

In order to materialize our corporate vision: *ISUZU Always Means the Best; By supporting transportation as a trusted partner, ISUZU aims to contribute to creating a good life*, it is very important for us to obtain support and trust from all the stakeholders. Additionally, ISUZU has made efforts in its CSR activities by defining the following seven activity areas: social contribution; the environment; quality; respect for the employees; harmony with the local communities; information disclosure; and compliance. Especially, we have made sure that each of our employees understands our *activity policies* to act appropriately in his/her respective activities.

ISUZU aims for CO₂ emission reduction, which is an inevitable challenge to achieve a sustainable society, through the development of diesel engines that are fuel-efficient and compliant with the strict environmental standards around the world and various advanced technologies mainly including natural gas-powered vehicle, hybrid vehicle, and electric vehicle in order to achieve a low-carbon emission society. Additionally, four major Japanese truck makers including ISUZU will jointly conduct a verification test (CACC: Cooperative Adaptive Cruise Control) for platooning in order to put platooning via the electronic traction technology into practical use.

Recently, a series of scandals have made the news, shaking *public trust* in finished vehicle makers and material makers. We will make sure not to let similar scandals happen by continuing our severe check systems and disclosing information strictly.

To accomplish our CSR activity goals, it is absolutely imperative for not only ISUZU Motors Limited but also the entire supply chain to take action. Based on this understanding, we issued the Supplier CSR Guidelines in Aug., 2014 to carry out initiatives together with our suppliers.

We have recently revised the *Supplier CSR Guidelines* by adding a clause regarding the *measures against conflict minerals* to tackle the problems of the conflict minerals that might potentially lead to human rights violation or environmental disruption.

We will be committed to leading CSR activities by collaboratively working with suppliers as one team. Therefore, we request that the suppliers understand our objective, act accordingly to this Guidelines and also expand the same CSR activities to your respective suppliers.

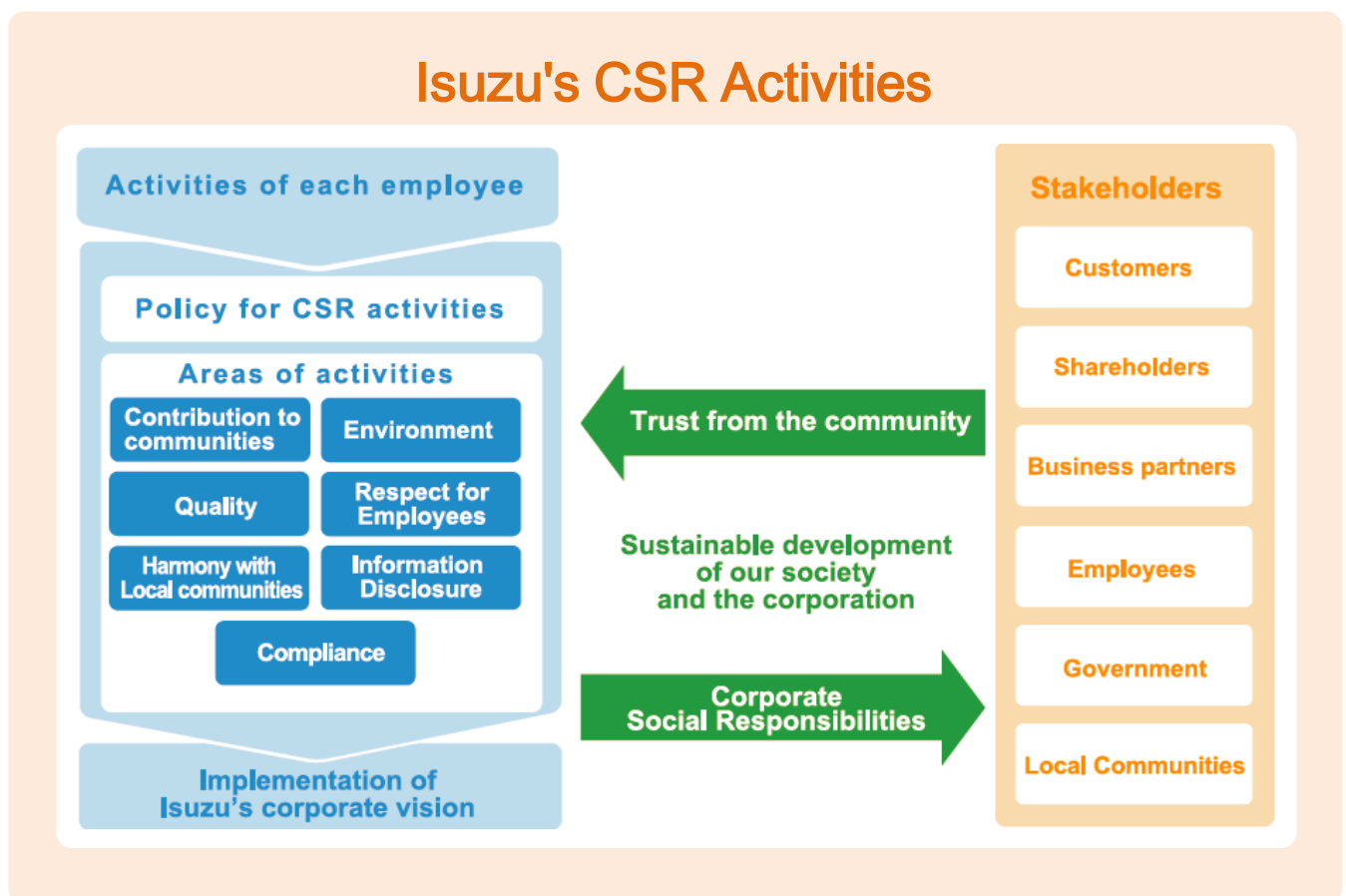
March, 2018
Purchasing Division Executive,
Senior Executive Officer,
Shigeo Tsuzuki

都築 成文

2. Isuzu's CSR Activities

Through Isuzu's CSR activities, aimed at implementing Isuzu's corporate vision, Isuzu contributes to sustainable development of society fulfilling corporate social responsibilities and winning trust from society.

For a sustainable development together with the society, Isuzu emphasizes the importance of fulfilling the social responsibility and achieving our corporate vision while building up trustable relationships with our stakeholders, and we call this "Isuzu's CSR activities". The activities are intended to realize our corporate vision through achievements of each Isuzu employee understanding the "Policies of Isuzu's CSR Activities" and applying it to its business field. Isuzu leverages its strength in obtaining the trust of society and contributing to sustainable development with society through its CSR activities as well as fulfilling its social responsibility.



3. Corporate Vision/Corporate Mission

1) Isuzu Corporate Vision

Isuzu will always mean the best

A leader in transportation, commercial vehicles and diesel engines, supporting our customers and respecting the environment

2) Isuzu Corporate Mission

Trust, Action, Excellence

A global team delivering inspired products and services committed to exceeding expectations

4. Purchasing Basic Vision/Basic Policy

1) Purchasing Basic Vision

Isuzu ensures satisfactory quality, delivery and quantity of purchased parts so that smooth production is achieved through our purchasing activity. We also help to provide a new technology through our purchasing activity in the market to contribute to profitability of the company. We at Purchasing Division ensure satisfactory quality, delivery and quantity of purchased parts.

2) Purchasing Basic Policy

- (1) With having the "quality" as the first priority, Isuzu seeks to create and offer products that would satisfy our customers.
- (2) Isuzu aims to procure domestic or overseas parts, under fair competition, if the parts are satisfactory in terms of quality, pricing and delivery.
- (3) Isuzu enhances corporate competitiveness while developing procurement scheme aiming to form win-win relationships with our business partners.

3) OPEN (Optimum Procurement to Embody the Needs)

Isuzu aims to meet market needs and establish the optimum procurement route, while promoting reform of procurement.

- * This is our procurement slogan aiming to embody the image of reform and disseminate it inside and outside the company. Encourage change in purchasing activity to meet market needs and establish optimum procurement route.

Also, "OPEN" indicates transparency of procurement.



5. CSR Areas and Items

Based on "Supplier CSR Guidelines" published by Japan Automobile Manufacturers Association, and "CSR Guide Book" published by Japan Auto Parts Industry Association, this guidelines reflects the philosophy of Isuzu CSR, stating the policies we ask our suppliers to follow. We would therefore request our suppliers and the related suppliers to implement Isuzu CSR by understanding the aims of this guidelines.

1) Safety and Quality

- ① Provide products and services meeting the needs of the customers and consumers
- ② Provide the appropriate information regarding the products and services
- ③ Ensure the safety of the products and services
- ④ Ensure the quality of the products and services



2) Human Rights and Labor

- ① Elimination of discrimination
- ② Respect of human rights
- ③ Prohibition of child labor
- ④ Prohibition of forced labor
- ⑤ Measures against conflict minerals
- ⑥ Wages
- ⑦ Working hours
- ⑧ Dialogues and discussions with the employees
- ⑨ Safe and healthy work environment



3) Environment

- ① Environmental management
- ② Green house gas emissions reduction
- ③ Prevention of environmental pollution of atmosphere, water, soil, etc.
- ④ Resource saving and waste reduction
- ⑤ Chemical substances management



4) Compliance

- ① Regulation compliance
- ② Competition law compliance
- ③ Corruption Prevention
- ④ Management and protection of confidential information
- ⑤ Export trades management
- ⑥ Intellectual property protection



5) Information Disclosure

- ① Information disclosure to stakeholders



6) Social Contribution

- ① Harmony with the local communities



1) Safety and Quality

① Provide products and services meeting the needs of the customers and consumers

Develop and provide socially beneficial products*, by grasping the needs of customers /consumers.

*socially beneficial products; e.g. products which have universal design: accessible regardless of age, sex, or disability, or products which are eco-friendly: energy saving, resource conservation, and environmental protection,

② Provide the appropriate information regarding the products and services

Provide the appropriate information regarding our products/services to the consumers/customers.

③ Ensure the safety of the products and services

Produce and provide products/services which conform to such regulations as safety regulations stipulated in each country and region.

④ Ensure the quality of the products and services

Construct and operate an integrated structure which ensures the quality.

2) Human Rights and Labor

① Elimination of discrimination

At any employment situation* discrimination is banned against any employees on the grounds of race, ethnicity, birthplace, nationality, religion, or sex.

* any employment situation: e.g. application, appointment, promotion, wage, dismissal, assignment, discipline, etc.

② Respect of human rights

Not allowing any type of harassment at work place due to the employee's race, ethnicity, birthplace, nationality, religion, sex, etc.

③ Prohibition of child labor

Not accepting any child labor which is against the child labor regulations of the relative country or region.

④ Prohibition of forced labor

Not allowing any forced labor; all of the labor shall be voluntary and the employees' rights to leave the job must be ensured.

⑤ Measures against conflict minerals*

We aim not to use the conflict materials that could lead to social problems as raw materials for our products by grasping the situation and taking appropriate measures.

* conflict minerals: Conflict minerals are the minerals mined in the Democratic Republic of the Congo and its neighboring countries and exploited as financial source of armed insurgents.
(i.e. Tin, tantalum, tungsten, and gold are subject to regulation.)

⑤ Wages

Minimum wage, overtime hours, deduction from wage, piece rates etc. shall follow the laws and regulations of the relative country and region.

⑥ Working hours

The employees' working hours (including the overtime hours), holidays, and the annual paid leave, shall be set according to the regulations and laws of the relative country and region.

⑦ Dialogues and discussions with the employees

Hold good willed negotiations and dialogues with representatives of employees, or with employees. By following the laws and regulations of the relative country and region, ensure the employees' rights to associate freely or not to associate.

⑧ Safe and healthy work environment

Make the employees' safety and health as the first priority, and engage in the prevention of accidents and disasters.

3) Environment

① Environmental management

In order to promote a wide range of environmental activities, construct an integrated system to manage the activities, and continuously operate and modify, while following the laws and regulations of the relative country and region.

② Green house gas emissions reduction

In order to contribute to the prevention of global warming, manage the green house gas emission, to further decrease the emission volume. At the same time, commit to the effective usage of energy source.

③ Prevention of environmental pollution of atmosphere, water, soil, etc.

While following the laws and regulations related to air, water, and soil pollution prevention of the relative country and region, continuously manage the reduction of pollutants to prevent environmental pollution.

④ Resource saving and waste reduction

While following the laws and regulations such as proper disposition and recycling of waste, of the relative country and region, by committing to the effective usage of resources, engage in the reduction of the final waste disposal volume.

⑤ Chemical substances management

Safely manage the chemical substances which can be harmful to the environment.

The product shall not contain the chemical substances which are forbidden in the laws and regulation of the relative country and region.

Also, during the manufacturing processes, the prohibited substances shall not be used by following the relative country and region's laws and regulations for chemical substances, and also report and measure the discharge amount to the restricted substances subject to control to the relative authorities according to relevant laws and regulations.



4) Compliance

① Regulation compliance

Follow the relative country's laws and regulations.

Organize the systems and apply the policies, structure, action guidelines, reporting or training system to ensure the compliance.

② Competition law compliance

By following the competition law of the relative country and region, private monopolization, unfair trading restrictions (cartel, big-rigging etc.), unfair business practices, and abuse of dominant position.

③ Corruption Prevention

Political donations or contributions or the like are to be made in accordance with the laws of the individual countries or regions, striving to build sound and normal relationships with legislatures or governments.

No entertaining, gift-giving, giving and receiving or offering of moneys to business partners are to be performed for the purpose of gaining or maintaining improper benefits or preferential measures.

④ Management and protection of confidential information

The personal information of customers, third parties or employees are to be obtained by proper methods, strictly controlled, and only to be used and protected within the proper scope.

⑤ Export trades management

A well-defined management system is to be provided for the export of legally regulated technology and goods, and the proper export procedures are to be followed.

⑥ Intellectual property protection

Intellectual property rights possessed by your company or attributed to your company need to be protected, and intellectual properties of any third party are not to be improperly obtained or used, nor are their rights to be infringed.

5) Information Disclosure

① Information disclosure to stakeholders

Strive to disclose to stakeholders information that is pertinent to them, including financial condition, operating performance, and business activities, in a timely and appropriate manner; also commit to hold and provide mutual understandings and trust with the stakeholders by having open and fair communications.

6) Social Contribution

① Harmony with the local communities

By gaining the trust from society as part of the local community where the business activities are operated, contribute to the development of the local community.

Moreover, in global scale, take a role of a good international corporate citizen by respecting and considering the cultures/customs of the relative countries and regions' when operating businesses.

Trucks for life
ISUZU