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Trucks for life

Isuzu Motors Limited
Environmental & Social Report
2009

Published in: September 2009
Next publication: September 2010
Outline of Isuzu

Isuzu vehicles and engines are produced and sold to support the livelihoods of people around the world.

Products

- 4J1 engine
- 4HK1 engine
- 6HK1 engine
- 6ZU1 engine
- 6WG1 engine
- D-MAX (made in Thailand)
- ELF
- FORWARD
- GIGA
- ERGA

Corporate Profile (as of March 2009)

Company name: Isuzu Motors Limited
Representative: Susumu Hosoi, President and Representative Director
Headquarters: Omori Bell Port A, 6-26-1 Minami-Ok, Shinagawa-ku, Tokyo, Japan 140-8722
Established: April 9, 1937
Capital: JPY40.644 billion
Main business: Manufacture, sales and service of motor vehicles, transport machinery and tools, engines, and related parts and materials
Sales: Non-consolidated: JPY857.4 billion, Consolidated: JPY1,424.7 billion
Ordinary profit: Non-consolidated: JPY3.2 billion; Consolidated: JPY15.2 billion
Vehicle sales: Non-consolidated: 54,490 sold in Japan, 169,256 exported
Consolidated: 57,478 sold in Japan, 340,919 exported
Main products: Heavy, medium and light-duty trucks, pickup trucks, utility vehicles, buses, and engines and other components
Employees: Non-consolidated: 8,127; Consolidated: 24,257
Offices and plants: Headquarters, Fujisawa Plant, Toshigi Plant

Employee and Sales Figures in FY2008

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<thead>
<tr>
<th>Sales</th>
<th>Non-consolidated</th>
<th>Consolidated</th>
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<tbody>
<tr>
<td>(in million yen)</td>
<td>2003</td>
<td>2004</td>
</tr>
<tr>
<td>Employees</td>
<td>8,800</td>
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<tr>
<td>Vehicles</td>
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<td>15,000</td>
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<tr>
<td>Engines</td>
<td>10,000</td>
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Domestic and Overseas Consolidated Sales/Ratio

For an unbiased perspective on this report, independent, third-party opinion was obtained. These views will be considered in ongoing efforts by Isuzu toward the creation of a sustainable society.

Third party opinion

In my third party opinion last year, I encouraged Isuzu to “make significant gains in developing innovative, next-generation vehicles and engines.” Reading through the feature article on the ELF model and the section on Environmental Goals and Achievements, I was able to see that steady progress has been made in the development of hybrid buses and electric cars and other active commitments. I also suggested that the company do even more to contribute to communities overseas. In this regard too, I am glad to learn of increased activities as typified by the educational aid program in the Philippines for the ISUZU HEART & SMILE PROJECT.

There were many more notable achievements such as contributions to environmental efforts in distribution through the Mimamori-kun online service, winner of the Energy Conservation Grand Prize from the Minister of Economy, Trade and Industry, and attainment of environmental targets at corporate plants. These achievements are the product of Mr. Hosoi’s leadership in continuing to make trucks that are kind to the environment and to society so that Isuzu continues to be the customers’ choice, coupled with the ardent efforts of Isuzu’s management and staff who have worked hard to meet these requirements.

In the face of growing political concern over climatic changes both domestically and overseas, deterioration in the economy and employment situation in Japan and on a global level, and other changes in social conditions, I would like to make the following recommendations in the hope of seeing a better society that exists in harmony with the environment and further advancement by the company.

My recommendation to Isuzu, therefore, is to consider obtaining further evaluation from specialists and assessment organizations with respect to its achievements as well as short-term and mid to long-term targets for production, plant development and environment management. This will help shed light on Isuzu’s strengths and weaknesses in relation to other companies which can then be used to set targets and implement realization schemes. Setting practical targets by incorporating the views of specialists and assessment bodies will serve to enhance the company’s transparency and social credibility.

My second recommendation concerns social aspects. I encourage Isuzu to expand its scope of overseas social contribution activities even further to boost confidence abroad. Doing so will undoubtedly generate new customers too. In addition, efforts to maintain and promote employment as a corporate social responsibility have recently come under closer public scrutiny in view of the worsening employment situation. I feel that presenting further details on your perseverance and future goals (plans) in these areas will be important in improving Isuzu’s social credibility.

Firstly, from an environmental perspective, we have recently witnessed the birth of a new government which has hammered out enthusiastic mid-term goals on greenhouse gas emissions and is expected to introduce emissions trading and environment tax systems in Japan. We are on the threshold of an era when we can anticipate that businesses will find it difficult to survive and expand without being environmentally conscious. Companies will come under increasing pressure to excel over other firms in the industry in terms of environmental commitments.

My recommendation to Isuzu, therefore, is to consider obtaining further evaluation from specialists and assessment organizations with respect to its achievements as well as short-term and mid to long-term targets for production, plant development and environment management. This will help shed light on Isuzu’s strengths and weaknesses in relation to other companies which can then be used to set targets and implement realization schemes. Setting practical targets by incorporating the views of specialists and assessment bodies will serve to enhance the company’s transparency and social credibility.

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Editorial Policy
In this 11th annual environmental and social report, we have strived to introduce initiatives of the Isuzu group, which aims to create a sustainable society, in a simple and easy-to-understand way to a wide range of readers. The report was compiled using the Environmental Reporting Guidelines 2007 issued by the Ministry of the Environment and the GRI* Sustainability Reporting Guidelines 2006 as reference. Please share your comments with us by filling out the attached questionnaire.

*GRI (Global Reporting Initiative): An international organization that establishes globally applicable reporting guidelines, not only for environmental programs but also for social and economic activities.

Scope of Report
This report mainly focuses on environmental initiatives implemented by Isuzu Motors but it also introduces group activities both in Japan and abroad.

Period Covered
The data used in this report is from fiscal 2008 (April 1, 2008-March 31, 2009). However, some of the activities introduced refer to more recent events.
Making Trucks that Are Kind to the Environment and to Society so that Isuzu Continues to Be Our Customers’ Choice

Isuzu Motors supplies products to well over a hundred countries around the world closely adhering to its corporate philosophy of supporting transportation and contributing to the creation of an affluent lifestyle as a trusted partner. Trucks used in logistics and diesel engines for moving goods have become indispensable to people’s lives. That is why we believe we must do our utmost to ensure that when our customers choose Isuzu products, that choice will be kind to the environment and will lead to the development of a safe and secure community.

Fortunately, we have seen progress in trucks and diesel engines both in terms of their environmental and economic efficiency, and improvements in fuel efficiency has facilitated a reduction in CO₂ emissions. We hope that Isuzu vehicles will continue to be our customers’ choice for being environment-friendly, economical and safe.

The world is going through a period of unprecedented challenges with the global economic stagnation and natural disasters in various regions caused by abnormal weather phenomena. However, it goes without saying that we humans are responsible for this state of affairs. Once we recognize this fact, we must believe that mankind is capable of overcoming these problems. Isuzu will consolidate its latest technologies for commercial vehicles and diesel engines to continue to provide products that are friendly to the environment, our planet earth and to our society.
Taking the Initiative in Earth-conscious Measures as a Corporate Responsibility

Ryozo Tsukioka
Director of the Board and Managing Executive Officer
Development Division Executive Chairman, Global Environment Committee

I currently serve as the Division Executive for the Engineering Division and I have had increasing opportunities to attend JAMA (Japan Automobile Manufacturers Association) meetings and various committee meetings for the government’s Central Environment Council. What I have deduced from these meetings is that the environment and the economy have become inseparable aspects that need to be addressed collectively as the world’s top agenda in the years ahead. For instance, over 70% of the trucks currently sold by Isuzu already meet the fuel efficiency standard for heavy-duty vehicles* whose target attainment year is set at fiscal 2015. Customers are extremely conscious of environmental performance and they have applauded the initiatives spearheaded by Isuzu. That is why many people have chosen to purchase our trucks.

Furthermore, Isuzu has refined its techniques by serving as a leading diesel engine company over many years. With a backdrop of the world’s most stringent exhaust gas regulations in Japan, our new diesel engines are exceptionally clean. With the advantage of emitting less CO\textsubscript{2} than gasoline engines, these diesel engines are being used around the world as a power source that offers outstanding environmental and economic performance.

For us, regulations are not obstacles that need to be cleared one way or another, but rather minimum standards demanded by society. It is clear that it will work to the advantage of the global environment and of the economy if we can attain our targets as quickly as possible and improve fuel efficiency even further. We intend to continue to view regulation values as one of our targets and seek to attain performances to exceed them.

In addition to developing diesel engines that are cleaner and discharge less CO\textsubscript{2}, Isuzu Motors will actively promote the use of diesel hybrid and CNG (compressed natural gas) vehicles so that we can carry on serving as your partner in creating an affluent way of life around the world.

*Fuel efficiency standard for heavy-duty vehicles ……A target standard value stipulated for vehicles with a gross vehicle weight of over 3.5 tons as a measure against global warming. Improvement in fuel efficiency curbs CO\textsubscript{2} emissions and helps to prevent global warming.
People and Technology that Support ELF

The ELF model (N-Series) appeared on the market in 1959 as the first ever cab-over type* light-duty truck. For 50 years since then, Isuzu has constantly produced trucks that are ahead of their time. The new 6th generation ELF has also achieved a level of evolution that wins our customers confidence with respect to the truck’s environmental and social features by promptly adapting to emission gas regulations. What has supported ELF’s popularity for the past half century? Credit has to go to the technology which has always been one step ahead, the zeal of its passionate developers and the warm support of its customers. This feature article presents Isuzu’s commitment to the environment and society in making trucks by introducing some of the people involved in the development of the new ELF model.

Numerous issues had to be overcome in launching a fully-remodeled vehicle to match the needs of the new era. We had to come up with a truck that caters to changes in the logistics system and in the global market, make it safe and economical, and in particular, implement a major transformation at Isuzu to produce a module that is compatible with many models including the light-duty ELF (N-Series) and the medium-duty FORWARD (F-Series) models. Amid these developments, “environmental considerations” were singled out as the paramount requirement for the new ELF series.

“Japan now ranks with Europe and the US as an environment-oriented nation. Our customers, who use trucks for their work, are increasingly required to adopt environmental measures. That is why, as a commercial vehicle, ELF must allow our customers to contribute to the environment while also offering cost benefits.”

However, it is costly to produce vehicles that are environmentally friendly. Will customers be willing to accept that? Various views were raised from relevant departments and discussions were held on numerous occasions. A large majority of the comments were positive, calling attention to the fact that ELF’s success in expanding its share of the market was thanks to the wide range of efforts that have been applied so far and that as a vehicle with the No. 1 share, it has the responsibility of leading the industry by always keeping a close eye on market trends.

The answer to this question came from the ELF KR model which was released in 2002 prior to the release of new ELF. Although being quick to adapt to the new short-term exhaust gas regulations mean an increase in the vehicle’s price, many customers still selected the ELF KR. It was from around this time that emphasis began to be directed to developing vehicles with less impact on the environment. In addition to releasing CNG (compressed natural gas) and HEV (diesel-engine based hybrid) vehicles, environmental features were also incorporated into the new ELF focusing on meeting fuel efficiency targets for heavy-duty vehicles and offering lightweight products.

*Cab-over type ...... Trucks with no hood that have an engine located under the driver’s seat.
Planning

Product making begins with planning. One must picture the ideal form in one’s mind based on references and experience by giving careful thought to the kind of trucks that people really need. One must then decide on a concept for turning ideals into reality.

Customer Needs for the Years Ahead Center on Environmental Considerations

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6th Generation ELF

80% of Isuzu’s lineup, including the ELF model released in 2008, already meets the 2015 fuel efficiency standard for heavy-duty vehicles. These models are eligible for vehicle weight tax and acquisition tax reductions and exemptions, helping to save costs on the part of our customers.

ELF KR

Isuzu was applauded for releasing the first vehicle of its class to comply with the new short-term exhaust gas regulations, the ELF KR, in June 2002 before the regulations came into effect in October 2003.
Vehicle design is done separately for the cab, chassis and engine. After seeking to enhance the performance of each of these components, they are finally assembled and are tuned to refine their performance balance. Making adjustments to the design and conducting repeated tests are critical in attaining the desired performance.

**Design**

Finding the Right Shape and Putting Concepts into Shape

"Easing driver fatigue was identified as the key issue in the cab design for the new ELF model. As well as offering comfort for the driver, the aim was to eliminate accidents resulting from driving fatigue so that towns that have ELF trucks running through them would become safe towns."

The cab of the new ELF was designed as closely as possible in a square shape providing greater breathing space in the operating area to ensure that the instruments and switches are easily visible, give the driver a wider view of his immediate surroundings and reducing the number of blind spots around the vehicle. Furthermore, since the light-duty truck is often used for deliveries, designs that allow the driver to get in and out with ease also help to alleviate fatigue. Every possible attention to safety has also been given in the size of the driving wheel, layout of the levers and switches as well as the size and position of the steps.

**Cab Design**

Safe Driving Originates from a Comfortable Cab: a Spacious Driving Seat with Good Visibility

Reducing the weight of the body was the biggest challenge in designing the chassis. A lighter body with the same engine power naturally facilitates fuel efficiency improvement and a reduction in CO2 emissions. If the vehicle is lighter, customers gain the added advantage of increased load capacity. However, since strength and durability cannot be discarded from the perspective of keeping the vehicle safe and economical, we produced a lightweight body that has sufficient strength and durability by changing the materials, dimensions and shape of the frame.

Use of environmentally hazardous substances such as lead and hexavalent chrome was scrapped entirely in the new ELF. These were used in the past for their strength and rust prevention attributes. Producing substitute parts required reexamining the shape and structure besides simply switching materials.

"Not using materials that are harmful to the environment and producing lighter vehicles is a step towards taking care of earth's resources. With the new ELF model, we managed to reduce vehicle body weight by 10% by optimizing wherever possible."
Fuel Efficiency Improvement and Clean Emissions Are Eternal Themes - Engines that Are Small and Powerful

The new ELF model utilizes a small engine with less displacement than previous models. Use of smaller engines brings both environmental and safety benefits. Small engines leave more space for the cab area. Lighter body weight and smaller engine displacement improves fuel efficiency and reduces CO₂ emissions in the process. However, we cannot satisfy our customers unless we can offer driving power that is equivalent to or greater than before even with reduced displacement. Consequently we had to make various modifications to acquire high power from a small engine.

"Engine performance is adjusted, firstly by producing the engine on its own and then by finding a balance with the body and chassis so that high fuel efficiency is achieved overall. Fuel efficiency also depends on how the truck is used whether it is for long-distance deliveries or for transport in city areas. In improving fuel efficiency, the engine is tuned so that it offers optimum combustion efficiency to suit the uses of our ELF model customers." Other improvements include reduction in engine noise because the model is often used for early-morning and late-night deliveries as well as enhanced durability because a sizeable load is placed on the small engine.

ELF Design Contributes to Cleaner Scenery and Environment

Besides being the symbol of Isuzu Motors, the ELF model also represents the companies of its users. Moreover, the fact that it holds the No. 1 share of the market means that it is a component of the urban scenery and paints the facade of the community. For these reasons, the impression that ELF conveys to onlookers is of extreme importance. While sticking to the universal style of simplicity and cleanliness that has withstood the test of time, the graphics of the windows and the shape of the headlights bring out a touch of individuality. When it comes to interior design, a great deal of thought went into the layout of the driver’s controls to ensure that they are easy to use and that the space around the driver’s seat is comfortable for the driver. Additionally, the cubic shape of the cab creates a spacious and relaxing environment. With vehicles such as the ELF model, because the cab is positioned directly above the engine, the functions need to be arranged effectively within a compact space. Meticulous adjustments are needed with the design department to transform design requirements into the designer’s ideal layout. Ensuring driver visibility affects safety immensely and even the curb on the corner of the cab can alter aerodynamics and fuel efficiency performance and thus contribute to the environment. In that sense, we believe that our designs can be a force for good, not only for our customers, but for the scenery and environment of a community.
In Pursuit of Optimum Driving Sensation

Thanks to recent progress in digitized development procedures, testing can commence once a virtual vehicle body is completed on the computer. Then, right up until mass production, tests are carried out to achieve the ultimate riding comfort based on detailed analysis results together with years of experience and intuition.

One-and-a half Times to the Moon and Back

Various methods are employed including virtual computer tests, bench tests and actual-vehicle test runs, starting with tests on the engine, brakes and other individual parts and finishing with road tests on the completed vehicle. The test results are fed back and reflected in the design to be retested, and this process is repeated over and over again. For example, improving fuel efficiency was one of the directives for the new ELF model. To achieve this, various departments worked exhaustively to produce smaller engines, reduce air resistance by improving the cab design and cut down on tire friction. Proposing changes to the design based on test data and experience sometimes raised conflicts of opinions. It is not easy because directing attention to one aspect of performance can end up hindering another. But the goal of producing a superior product was the same for all concerned. Much time passed in meeting all the requirements while trying to reach a balance without compromising.

"Tests must always be conducted from the customers’ perspective. The use of light-duty trucks is changing with the times. For instance, delivery services nowadays are very demanding and perform hundreds of short-distance stop-and-go movements in a single day. But the improvements are worthless unless they come into play under these circumstances. After thoroughly testing the vehicle under conditions expected to be experienced by our customers, we suddenly realized that we had driven it over a distance equivalent to going to the moon and back and then back to the moon again."

Choosing Environment-conscious Products for Each Part

Parts suppliers who share Isuzu’s philosophy are essential for producing eco-friendly ELF trucks. The purchasing department therefore calls on each supplier to acquire ISO14001 certification or else obtain equivalent Eco Action and Eco Stage accreditations. To date, 319 firms representing over 90% of our suppliers have acquired this type of certification and 13 more firms are planning to apply in fiscal 2009.
Making Products in Eco-friendly Energy-saving Factories

In conjunction with designing the main frame of the ELF model, the production line must also be retooled to manufacture the new vehicle. In the case of a full model change, the production line will also be designed from scratch. Once production begins, the line is continuously improved to ensure that the vehicles produced are free of defects.

A Clean Line Offers Greater Transparency for Identifying Problems

The factories that produce eco-friendly trucks must also be energy efficient and not emit CO₂ and waste. We have driven forward with a wide range of initiatives on a daily level such as installing energy-conserving facilities, minimizing energy loss and other energy-saving activities. In the painting process too, which consumes relatively large volumes of energy, we succeeded in introducing Japan’s first ever fully automated production line for the coating process in summer 2008. As a result, air conditioning for the site no longer needs to be adapted for workers and is kept on energy-saving settings solely with a view to achieving optimum product quality.

The production line for the new ELF model introduced in line with the full model change employs a new supply method which amazes visitors. There are no piles of parts anywhere besides the straight 200-meter line that can be viewed a glance. There is not even a single forklift carrying parts anywhere in sight.

“Line-side parts are consolidated in the sub-operation area. There, necessary parts for each vehicle are organized into boxes (kits) and are transported to the line on unmanned carriers. This has reduced the workload for line workers, significantly improved product quality and work efficiency, and made the line more “transparent”.

Thus, forklifts for carrying parts are no longer required, helping to curb CO₂ emissions.”

Moreover, in order to clarify the effect on the environment and to help grasp the extent of compliance to EU’s chemical substance regulations and recycling rates, we employ an international system called IMDS (International Material Data System) for registering information on materials and substance content of parts that make up the vehicle, and call on suppliers to register substance content data.

Also, since 2008, all external transfers of drawings and diagrams are done online without using paper as a means of reducing CO₂ emissions. In addition, to cut down on the CO₂ released while transporting parts, a cooperative transport framework has been set up to make the rounds efficiently by grouping suppliers by region.

People and Technology that Support ELF
Gauging and Reflecting Customer Needs in Products

Sales

Sales can largely be divided into two kinds of work - dealer support and direct sales to big clients.
In either case, it is important to listen carefully to the views of the customer and to reflect those requests in our subsequent products.
This process leads on to the development of the next generation ELF model.

Customers who presently use ELF know best what features the next model should have.

In order to find out how ELF owners use the vehicle, from time to time, our sales and development staff accompany our customers in their trucks to see with their own eyes how frequently the customers get in and out of the vehicle, what kind of places they visit and the age, sex and driving skills of the driver.

"For example, delivery service drivers who frequently visit apartment building car parks often pass through areas where there are children playing. We need to devise ways of improving visibility from the driving seat, preventing children from slipping under the truck bed and sounding warnings when turning corners. Recently, we see an increase in the number of amateur drivers who work as part-time drivers as well as elderly and female drivers. We must therefore provide trucks that can be operated safely and with ease even by inexperienced drivers and that are easy to get into and out of for people with small stature."
There is also a growing need among our customers for environmental considerations. Good fuel efficiency, which is one of ELF’s strengths, represents not only cost reductions for a logistics firm but also attests to the fact that the company is using eco-friendly low CO2 emission trucks.

"When we make trucks that have high environmental performance and safety features, the sales staff at our dealers make conscientious efforts to convey those benefits to the customer. I feel that this collective strength will serve to win people’s confidence and will sustain ELF’s popularity for years to come."

Kenichi Ebine
Manager, Japan Sales Department

Improving Recycling Rates

Isuzu has made a constant effort in the area of recycling scrapped vehicles. Since the automobile recycling law came into effect on January 1, 2005, we have been a member of the ASR (automobile shredder residue) recycling promotion team, ART, which comprises 13 domestic and imported automakers and aims to increase ASR recycling rates. Our current recycling rate is 75.7% attained by selecting disposal firms that have advanced resource recycling achievement rates and thereby reducing the volume of waste that needs to be buried. This value already fulfills the fiscal 2015 legal standard set at a recycling rate of 70%. We have also established the Japan Auto Recycling Partnership with other auto companies to contract out scrapping, improve airbag recycling rates and ensure that CFCs are disposed of properly.
Furthermore, in recent years, initiatives have been underway right from the development and design phase to incorporate reusable materials and designs that enable easy dismantling so as to improve recyclability during the scrapping process.
We are driving forward with schemes to recycle and reuse limited resources effectively.
Tending to a Major Part of ELF’s Service Life

Isuzu’s service section comes into play over the longest period in a truck’s service life from the time our customers begin to use the truck until it is scrapped. During this time the truck would undergo inspections and parts replacements; it may even break down at times.

Various services are provided so that our customers are not inconvenienced during these procedures.

ELF is Our Customers’ Business Partner
Round-the-clock Support for Unexpected Breakdowns

ELF trucks that leave the factory and arrive in the hands of our customers toil away diligently for 10 to 20 years. If they are used as delivery trucks for convenience stores, they may stay on the road nonstop 24 hours a day all year round, changing drivers as necessary. When parts wear out, they need to be replaced. The vehicle must also be inspected to maintain safety levels. The service section is involved in the longest phase of an ELF truck’s life from inception to retirement.

"Unlike passenger cars, ELF models which are used as business partners are expected to run trouble-free as a matter of course. They come under strict review as breakdowns may cause losses to the business. Our duty in the service section entails 3 aspects: (1) developing vehicles that do not break down easily, (2) foreseeing trouble and performing repairs, and (3) carrying out repairs promptly when breakdowns occur." With regards the first aspect, service engineers at the dealers regularly contact Isuzu’s engineering department to report on repair status and offer suggestions for improvement. The second aspect is taken care of by utilizing the Mimamori-kun Online Service, an online system for managing truck operations. Statistical data on truck usage is currently being compiled using the system to offer customers tips on safety and how to improve their driving habits. We hope to analyze this data further so as to foresee problems to some extent and establish a preventive maintenance framework to deal with problems before they emerge, much in the same way as a "medical checkup". The third aspect is catered to by the Isuzu Ohayaku Service for promptly dealing with breakdowns on the road even during the night. This was launched over 30 years ago before any other firms in the industry. With the recently released E Support service, nighttime breakdown support is now also offered to customers using Isuzu vehicles for private use and care is taken to convey detailed service information in an easy-to-understand manner.

As a model that boasts the No. 1 market share in its class, Isuzu ELF has gone through innovative transformations to continually lead the way forward. This was only possible because of its top share and the changes were also necessary to keep that position.

The world is in the middle of an unprecedented economic crisis. We reflected on what we should do in these uncertain times and came to the conclusion that we must refine our skills to respond quickly to our customers’ needs, develop a discerning eye to adjust to the times and prepare for the coming era.

ELF will continue to evolve with the times along with our customers, sticking closely to the basics of product making and at the same time, being farsighted.

So that ELF Continues to Be Our Customers’ Choice Regardless of the Times
Corporate Governance

Isuzu Motors understands the importance of corporate governance, and as such, we have created the necessary organization to ensure business soundness, compliance and transparency.

Basic Stance

Isuzu’s basic stance on corporate governance is that earning a sustained profit on our business and enhancing our corporate value depend on establishing a corporate governance framework to monitor our business activities. The principal aim of our corporate governance is to respect the viewpoints of all stakeholders and build good relationships with them. For that purpose, we are striving to ensure business fairness and transparency by providing timely and appropriate disclosure of critical information. Preparing the internal organization and environment is also an important part of corporate governance, especially for protecting shareholder rights and interests and securing equality among shareholders. This also requires a functioning Board of Directors and Audit Committee, who together oversee business operations, as well as the practice of accountability to shareholders.

State of Corporate Governance Organization

To speed up managerial decision-making and business operations, Isuzu has set up a Management Committee that meets every other week as a rule to examine and make decisions on critical management concerns, in accordance with resolutions of the Board of Directors. In addition, we have introduced an executive officer system for properly supporting our directors’ business operations.

Risk Management

Isuzu strives for smooth corporate management, integrity and stability based on Risk Management Rules that provide a foundation for a comprehensive management system. This system understands risks to be any factor that inhibits the performance of corporate operations, as well as the danger of losses related to those operations. It then precisely identifies the status of those risks and implements any necessary actions against them.

Corporate Governance Organization

The Board of Directors receives a report on the state of business operations at its monthly meetings, and also holds extraordinary meetings as needed to examine and make decisions on important business affairs. We have adopted an auditing system to monitor business management (five auditors, of which three are external). Auditors follow an auditing plan established by the Audit Committee and attend Board of Directors meetings and other important meetings. They additionally track business reports from the directors and others, review important decision documents, investigate the business and assets status of the head office and other key business sites, and request business reports from affiliate companies when necessary, as well as conduct audits.

Other internal auditing functions include augmenting the staff of the Internal Audit Department, and enhancing compliance with the law, reliability of financial reporting and effectiveness and efficiency of operations by conducting and supporting internal audits.
Compliance Initiatives

At Isuzu, compliance is of utmost importance for enhancing corporate value in keeping with our corporate vision. Thus, we have developed and continue to implement our Basic Compliance Initiative.

The Basic Compliance Initiative

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.

To ensure corporate value and continue fulfilling this vision, it is crucial to practice compliance but also to ensure that our executives and employees conduct themselves in accordance with the highest ethical standards, so that they may inspire trust from society. Taking this as our highest management priority and seeking to spread it within and beyond our offices, we have stated our ideals in the form of a Basic Compliance Initiative.

Isuzu's top management assumes responsibility for leadership of this initiative. Should any violations occur, management is committed to resolving these issues and investigating their causes, in order to ensure that they do not recur. Management is also responsible for providing prompt and appropriate public disclosure and accountability.

Compliance Activities

In 2008, the Isuzu group carried out the following promotion activities.

In addition to monitoring how far the activities have penetrated through compliance questionnaires and conducting problem-solving activities, case study training was provided to management and regular staff via e-learning to raise overall awareness. Awareness of compliance is being reinforced throughout the corporate group by means of these tools and education programs.

Isuzu's Compliance Structure
The Isuzu Group: Working Together to Protect the Environment

Environmental protection is another way in which Isuzu can be a global leader by helping to halt global warming.

P16: Consolidated Environmental Management

P23: Environmental Policies in Business Activities

P24: Climate Change Efforts

P28: Reduction of Environmentally Hazardous Substances

P30: Recycling Programs

P33: Site Data

The Isuzu Charter on the Global Environment (established in May 1992)

Policies on Environmental Initiatives

1. We will work to protect the environment throughout the life cycle of every vehicle, from production to usage and disposal.
2. We will actively engage in community and regional environment protection initiatives, not only through our business activities but in our role as earth's resident, so that our children can inherit a world that is beautiful and unspoiled.

Action Directives

1. When manufacturing vehicles, we will work to protect the environment by reducing energy consumption and vehicle emissions.
2. We will seek to reduce exhaust emissions, noise and other negative byproducts of vehicle usage throughout the vehicle development and production process. Furthermore, we will strive to preserve the environment by developing rational logistics systems.
3. Based on the understanding that resources are finite, we will design vehicles that would encourage customers to use over many years and that facilitate recycling.
Recognizing the environment as one of our most important management concerns, the Isuzu Global Environment Committee, established in August 1990, is leading our environmental protection efforts in keeping with the Isuzu Charter on the Global Environment. Moreover, the environmental management system we have implemented is working continuously to reduce the environmental impact of our business activities and to strengthen Isuzu’s environmental management. The Isuzu Group as a whole has shared the Isuzu Charter on the Global Environment since 2004, and works together to conduct Consolidated Environmental Management initiatives for reducing our environmental impact.

With regards environmental activities by the Isuzu Group’s manufacturing division, in fiscal 2008, a consolidated system was established comprising 10 production companies in Japan and 13 companies overseas. These companies hold regular plant environment conferences, during which they discuss progress on reaching Group targets (relating to global warming prevention, waste reduction and so on) and work to improve their environmental protection efforts. Furthermore, special training sessions are being provided on environment-related laws which are rapidly being strengthened in recent years as a means of raising awareness and interest towards environmental activities. Our domestic sales companies, meanwhile, began their own initiatives in April 2005 following Isuzu’s original Environmental Measures Guidelines. By fiscal 2008, most of our domestic dealers had become certified as Step 1 and Step 2 Isuzu Eco Dealers. Since fiscal 2008, we have commenced a special environment training program to further step up our efforts.

Environment activities at company offices also commenced in fiscal 2008 and energy saving activities are underway at Isuzu’s head office as well as at 6 other group companies. Isuzu’s approach to the environment is a coordinated effort that includes manufacturing plants, product development, material and parts procurement functions, dealers and offices. Hereafter, we will be enhancing our group-wide activities and consolidating our overseas environment activities further.

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Global Environment Committee

Global Environment Committee leads Isuzu’s efforts for the environment.

Susumu Hosoi, President and Representative Director

Team Minus 6% Activities

Isuzu has engaged in Team Minus 6% activities since June 2005. Besides following Cool Biz (summer dress code) and Warm Biz (winter dress code) to save energy, employees also practice energy-saving skills in the home.

Everyone Stop Global Warming

Isuzu Group Team Minus 6%
Isuzu Motors Initiatives

Environmental Audits
Each year, Isuzu performs regular environmental audits to make sure that our environmental management system is operating properly and continually improving. During fiscal 2008, a third-party certifier conducted surveillance at both domestic plants (Fujisawa and Tochigi) and our product development division. There were three cases of minor nonconformity, which were immediately and properly corrected. We additionally undertook a periodic comprehensive review of our environmental assessments at the production sites, and conducted an environmental impact assessment on new vehicles that are under development. Furthermore, we are endeavoring to further the skills of our ISO staff and internal auditors through periodic training sessions.

Environmental Compliance and Product Recalls
In fiscal 2008, improvements were made to how information about legal changes is gathered at respective branches so that we can keep up with environment-related laws and regulations which have become increasingly stringent. Instead of merely complying with national and local law, moreover, we have established even stricter voluntary standards and have evaluated our compliance with them, thus assuring that we surpass the legal requirements. There was one case of environment-related product recall in fiscal 2008. The vehicle was recalled and is being dealt with appropriately.

Recall details: Noise-related problem in FORWARD/exhaust

Environmental Accounting

Fiscal 2008 Environmental Accounting
To ensure that we are efficiently and continually protecting the environment, Isuzu adds up its environmental protection costs and effects. The objective of this type of accounting is to provide a tool for making decisions on how to invest efficiently in environmental protection, and this information is additionally disclosed as a measure of our business.

Environmental Protection Costs

<table>
<thead>
<tr>
<th>Classification of environmental protection costs</th>
<th>Amount of investment</th>
<th>Costs</th>
<th>Details of major activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business-area cost</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Costs for pollution prevention</td>
<td>199</td>
<td>180</td>
<td>Remodeling of factory incinerators</td>
</tr>
<tr>
<td>Costs for environmental protection</td>
<td>202</td>
<td>16</td>
<td>Use of low-carbon fuels to power factories, high-voltage secondary power facility efficiency improvements</td>
</tr>
<tr>
<td>Costs for resource circulation</td>
<td>0</td>
<td>417</td>
<td>Waste processing costs</td>
</tr>
<tr>
<td>Upstream and downstream costs</td>
<td>0</td>
<td>866</td>
<td>Engine and transmission rebuilding costs, boiler and wastewater treatment facility operating and control costs</td>
</tr>
<tr>
<td>Management activity costs</td>
<td>138</td>
<td>245</td>
<td>Costs for internally addressing the Recycling Law, costs related to ISO 14000 compliance, soil survey</td>
</tr>
<tr>
<td>Research and development costs</td>
<td>6,388</td>
<td>38,220</td>
<td>Introduction of product development and production facilities to comply with domestic emissions regulations, development of low environmental burden products</td>
</tr>
<tr>
<td>Social activity costs</td>
<td>0</td>
<td>86</td>
<td>Recycling activity costs, costs of supporting environmental protection activities and sending a delegation to the South Pole</td>
</tr>
<tr>
<td>Environmental damage recovery costs</td>
<td>0</td>
<td>10</td>
<td>Surcharge on pollution impact</td>
</tr>
<tr>
<td>Total</td>
<td>6,928</td>
<td>40,039</td>
<td></td>
</tr>
</tbody>
</table>

* Our accounting methods are based on Environment Ministry guidelines.

Effects of Environmental Protection

<table>
<thead>
<tr>
<th>Effects of Cost Reductions</th>
<th>(Unit: ¥1 million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost reductions through energy conservation</td>
<td>6</td>
</tr>
<tr>
<td>Reduction in waste disposal costs</td>
<td>25</td>
</tr>
<tr>
<td>Reduction in costs for tap water and water for industrial use</td>
<td>32</td>
</tr>
<tr>
<td>Total</td>
<td>63</td>
</tr>
</tbody>
</table>

Substance Reduction Effect

<table>
<thead>
<tr>
<th>Substance</th>
<th>Effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO₂ emissions</td>
<td>28,000 tons</td>
</tr>
<tr>
<td>Amount of landfill waste</td>
<td>0 ton</td>
</tr>
<tr>
<td>Water usage</td>
<td>-170,000 m³ (increase)</td>
</tr>
</tbody>
</table>
Japanese Sales Company Efforts

◆ Environmental Management Activities at Sales Companies in Japan

Isuzu’s customer interface is its sales companies, who sell and equip vehicles and provide after-sale services. Their business activities give them close connections, not just to customers but also to the local communities they serve. Isuzu maintains a nationwide network of dealers and field offices and in April 2005, introduced its Environmental Measures Guidelines*1 to focus on the environmental activities of dealers with their close relationships to the community. Activities are conducted at the field office level.

As of the end of fiscal 2008, 291 field offices (99.3% of the total and 3.1% more than at end of fiscal 2007) had earned certification as an Isuzu Silver Eco-Dealer*2. Also during the year, 269 field offices (91.8% of the total and 42.0% more than at end of fiscal 2007) won certification as Gold Eco-Dealers. Although we did not quite manage to have all field offices obtain the Gold Eco-Dealer designation during fiscal 2008, environmental efforts will be continued in fiscal 2009 with the same goal. At field offices that have already acquired Gold Eco-Dealer certification, we will drive forward with and continue our activities aimed at maintaining and improving existing environment commitments and to firmly establish these efforts by enforcing the PDCA cycle.

*1 Isuzu Environmental Measures Guidelines: Isuzu’s original guidelines setting environmental targets for dealers. The standards are divided into two stages; dealers proceed with activities starting with Step 1 and working up to Step 2.

*2 Isuzu Eco-Dealer Certification System: A system to certify field offices meeting minimum standards according to Isuzu Environmental Measures Guidelines. Dealers who achieve the Step 1 standard are certified as Silver Eco-Dealers and those who achieve Step 2 as Gold Eco-Dealers.

◆ Training of Environmental Staff

We held ISO 14001 internal auditor training sessions to develop environmental staff at sales companies. A total of 17 trainees qualified as new internal environmental auditors bringing the total of qualified auditors to 129. Training sessions are also planned in fiscal 2009 to continue developing environmental staff.

Activities in the Offices

The following activities are in progress at the offices of Isuzu’s headquarters, the Isuzu Hospital and its 6 non-manufacturing group companies in Japan*.

◆ Energy-saving Activities

In addition to switching the lights off during lunch breaks and encouraging Cool Biz and Warm Biz dress codes, efforts have been made to curb electricity use in the offices in order to reduce CO₂ emissions*.

From fiscal 2009 onward, we are planning to step up our targets and activities to comply with the revised Rationalization in Energy Use Law, the Law Concerning the Promotion of the Measures to Cope with Global Warming and the Tokyo Metropolitan Ordinance (total emission reduction obligation and emission trading scheme).

* ICL Co. Ltd. head office achieved a 23% reduction in electricity consumption for air conditioning purposes by installing an energy-saving air conditioning system.

◆ Team Minus 6% Activities

In addition to implementing Coolbiz and Warmbiz dress codes, since 2008, we also participate in the Tanabata Light-Down event held as part of the “CO₂ Reduction/Light-Down Campaign”. In 2008, Isuzu and group company employees and their families were requested to switch off any unnecessary lights between 8 and 10pm on July 7. At the same time, lights in the executive office and those illuminating the ISUZU symbol at head office were also turned off.

◆ Green Purchasing of Stationery

Since June 2007, Isuzu head office and the manufacturing and engineering divisions preferentially select products that comply with green purchasing guidelines and thus have less impact on the environment when purchasing office stationery and copier/printer paper.

◆ Seminar on Environmental Laws and Regulations

Instructors were invited to give seminars on the themes of “Environmental Compliance Risks” and “Environmental Laws and Regulations - Key Points and Practical Business Applications” with the objective of establishing and raising awareness for environmental compliance among environmental staff in the offices. Similar seminars aimed at enhancing staff levels are planned for fiscal 2009 and beyond.
Initiatives of Japanese Production Group

Initiatives at Japanese Production Group Companies*

Isuzu and its domestic production group companies are working to reduce the environmental burden by making steady progress toward our goals for fiscal 2010. One example is our “Iitokodori” initiative, in which Group companies take turns in sponsoring plant environmental meetings to introduce each company’s environmental burden reduction efforts. In future, we will continue to challenge each other to new levels of performance.

Data for Japanese Production Group Companies

Isuzu works closely with its 10 Japanese production group companies to advance environmental protection. These efforts address three major issues: preventing global warming, reducing waste and reducing environmentally harmful substances. Together, we have already met our fiscal 2010 targets for CO₂ emissions and waste sent to landfills.

1. Trends in CO₂ Emissions

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>'04</th>
<th>'05</th>
<th>'06</th>
<th>'07</th>
<th>2008 figures</th>
<th>Target for 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Isuzu non-consolidated</td>
<td>207</td>
<td>190</td>
<td>186</td>
<td>184</td>
<td>156</td>
<td>220</td>
</tr>
<tr>
<td>Consolidated (11 companies)</td>
<td>409</td>
<td>401</td>
<td>403</td>
<td>413</td>
<td>328</td>
<td>(--)</td>
</tr>
</tbody>
</table>

* Target: 1% p.a. reduction in emission units (with 6% reduction on fiscal 2004 levels by 2010).

2. Trends in landfill disposal

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>'04</th>
<th>'05</th>
<th>'06</th>
<th>'07</th>
<th>2008 figures</th>
<th>Target for 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Isuzu non-consolidated</td>
<td>157</td>
<td>65</td>
<td>13</td>
<td>9</td>
<td>8.1</td>
<td>24</td>
</tr>
<tr>
<td>Consolidated (10 companies)</td>
<td>9,231</td>
<td>5,706</td>
<td>4,303</td>
<td>2,271</td>
<td>1,459</td>
<td>4,743</td>
</tr>
<tr>
<td>Consolidated (11 companies)</td>
<td>9,388</td>
<td>5,771</td>
<td>4,316</td>
<td>2,280</td>
<td>1,667</td>
<td>4,767</td>
</tr>
</tbody>
</table>

* Target: Reduce by at least 50% on fiscal 2004 figures.

3. Trends in emissions of PRTR substances

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>'04</th>
<th>'05</th>
<th>'06</th>
<th>'07</th>
<th>2008 figures</th>
<th>Target for 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Isuzu non-consolidated</td>
<td>113</td>
<td>142</td>
<td>139</td>
<td>137</td>
<td>106</td>
<td>100</td>
</tr>
<tr>
<td>Consolidated (10 companies)</td>
<td>275</td>
<td>302</td>
<td>272</td>
<td>281</td>
<td>239</td>
<td>265</td>
</tr>
<tr>
<td>Consolidated (11 companies)</td>
<td>388</td>
<td>444</td>
<td>411</td>
<td>418</td>
<td>345</td>
<td>365</td>
</tr>
</tbody>
</table>

* Target: Reduce by at least 30% on fiscal 2003 figures.

Overseas Production Group Efforts

Overseas Group Company* Activities

Like the Japanese production group, overseas production group companies are actively engaging critical environmental issues, including global warming prevention, waste reduction and reduction of environmentally hazardous substances. Preventing global warming and reducing CO₂ are priority issues for the entire Group around the world. In fiscal 2008, the following 2 companies newly acquired the ISO 14001 certification.

- P.T. Mesin Isuzu Indonesia (Indonesia)
- Isuzu Autoparts Manufacturing Corporation (Philippines)
Initiatives of Japanese Production Group Companies/TDF Corporation

TDF Corporation, founded in 1919, is Japan’s oldest private-sector forging company and is presently operating 2 factories in Miyagi Prefecture and a subsidiary company in Gifu Prefecture. The factory at the company’s headquarters has 15 large and small forging lines as well as facilities for thermal processing, finishing and testing, and mold making to produce car parts materials. Parts are produced at the processing plant by means of machine processing.

The main product, front axles, has around 60 to 70% share of the domestic market and these are supplied to Isuzu Motors and other automakers.

As you can see in the photograph, the company is located in an area that is surrounded by mountains and paddy fields. Efforts are therefore made to ensure that our factories are kind to the local environment based on ISO 14001 certification (acquired in 2003). For example, the forging process consumes vast amounts of heat and electricity so we switched to using mostly electricity and natural gas powered furnaces. We have also cut back on electricity consumption by limiting the number of compressors used and improving operating rates. In order to reduce waste, we have recently installed a device to separate saw dust used as mold release agent in hammer forging machines from iron filings (scale), jointly developed with Tohoku University and other organizations in a government-industry-academia collaboration. This device is expected to facilitate recycling of iron as well as a substantial reduction in landfill disposal volumes. We will continue with our commitment to community-based environment-friendly plant development.

Initiatives of Production Group Companies outside Japan/P. T. Asian Isuzu Casting Center (AICC)

P. T. Asian Isuzu Casting Center (hereinafter, AICC) was established in 1997 as Isuzu Group’s first overseas metal-casting plant. The company produces cylinder blocks and underbody parts for LCVs in Thailand as well as cylinder heads and blocks for the market within Indonesia. AICC is currently preparing to acquire ISO 14001 certification and is driving forward with efforts to save energy and reduce waste in its plant operations.

In an effort to reduce waste, various recycling schemes are underway based on waste disposal methods employed in Japan. The company recycles and reuses sand that forms the hollow section of the cast. Moreover, it also reuses waste sand and dust as cement material and sells scrap iron as raw materials. Particular attention is focusing on making effective use of dissolved dust containing valuable metal and efforts are being made to further headway in this regard by contacting metal makers in and out of Indonesia. AICC intends to continue with its efforts to reduce its environmental impact by implemented energy-saving and waste-reducing (sorting, recycling) measures in its plant operations.
Environmental targets and achievements

Below we report on Isuzu’s environmental protection initiative targets and achievements for FY2008.

- **Manufacturing Environmentally Friendly Products**
  - **FY2008 Environmental Targets**
    - **Improvement in fuel efficiency to prevent global warming**
      - Continuous development of products with improved fuel efficiency
    - **Cleaner emissions**
      - Early launch of low-emission vehicles
    - **Reduction in external vehicle noise**
      - Development of technology for external vehicle noise reduction and deployment in vehicles
    - **Development and promotion of clean-energy vehicles**
      - Research and development of alternative-fuel vehicles and electric vehicles that excel in environmental design
    - **Promoting recycling**
      - To achieve compliance with the standards required by Automobile Recycling Law
      - To enhance free-of-charge end-of-life vehicle recovery system in the EU
      - To expand the use of recycled materials
      - Development of new parts
    - **Reduction in environmentally hazardous substances**
      - Adherence to prohibition on use of heavy metals (lead, mercury, cadmium, hexavalent chromium) in new vehicles except in certain applications.
      - Expand scope of control over environmentally hazardous substances
    - **Reduction in air conditioner refrigerant**
      - Maintain low level of refrigerants for current cooling systems
    - **Reduction of VOCs in vehicle cabins**
      - Development of low-VOC vehicles
  - **FY2008 Achievements**
    - Achieved the 2015 fuel efficiency standard for heavy-duty vehicles
    - Met new regulations on long-term automobile exhaust gas emissions
    - Implemented model change on microbus, JOURNEY, introduced diesel engines to the series in addition to gasoline engines, acquired low exhaust gas emissions certification and achieved 2005 standard of 10% PM reduction (released in June 2008).
    - Proactively implemented measures to reduce noise and improve noise comfort during idling and driving through city areas. Ongoing studies into engine and drive-train noise measures and optimum noise suppression designs as well as development of high performance noise absorption and suppression materials are in progress.
    - Development of prototypes for large and medium-size buses with clean diesel and series hybrid systems (September 2008). Will aim for mass production.
    - The Eco Mark-certified resin center console box made with recycled materials deployed in ELF, FORWARD and GIGA models.
    - Japan: Automobile Recycling Law
      - Achieved a 75.7% ASR recycling rate (the standard requires 30% or more) and a 94.9% air bag recycling rate (the standard requires 85% or more)
    - EU: Directive on Recycling of End-of-Life Vehicles
      - Underwent and passed preliminary review for recycling certification.
    - Mercury and cadmium have been totally eliminated except in exempt cases.
    - Have almost attained target for hexavalent chromium. We are confident that we can soon eliminate the substance from parts used in vehicles that are still in production.
    - Since hydrochlorofluorocarbon HFC134a is a greenhouse gas, we aimed to reduce its use by 20% from 1995 levels and managed to cut average refrigerant use by 44%. Measures are also underway to deal with refrigerants with low global warming potential.
    - Continuing.

- **Building Environmentally Friendly Plants**
  - **FY2008 Environmental Targets**
    - **Prevention of global warming by reduction in CO₂ emissions**
      - CO₂ emissions: 181,800 tons or less
      - Reduction in energy consumption by 1% or more units per year
    - **Reduction in waste**
      - Landfill waste (non-consolidated): 12 tons or less/year (6 tons or less per plant per year)
    - **Control and reduction of environmentally hazardous substances**
      - Reduction in VOC emissions in the painting process to 20.7 g/m² or less
    - **Logistics**
      - 1% or more reduction in energy usage (on FY2007 figures)
  - **FY2008 Achievements**
    - CO₂ emissions: 156,439 tons
    - Basic unit for energy: 23.6 tons/100 million yen
    - Landfill waste (non-consolidated): 8.1 tons/year
    - VOC emissions in the painting process: 19.6 g/m² or less
    - Energy usage reduced by 1.3% (on FY2007 figures)

- **Environmental Management**
  - **FY2008 Environmental Targets**
    - **Environmental Management**
      - To expand scope of companies subject to environmental initiatives (add seven Group manufacturers outside Japan)
      - Promotion and improvement of environmental efforts by dealers
    - **Promoting green procurement**
      - To promote IMDS use and reduction of regulated substances
      - To promote introduction of environmental management system in more suppliers (ISO 14001 certification rate: 88.3% or higher)
  - **FY2008 Achievements**
    - Expansion of scope of companies subject to environmental initiatives (added seven Group manufacturers outside Japan)
    - 291 of the sites achieved Step 2 of the guidelines (99.3% certification rate); 269 of the sites achieved Step 2 of the guidelines (91.8% certification rate) as of March 2008
    - Continued sponsoring of explanatory meetings on procurement guidelines (encouraging introduction of an environmental management system, encouraging adoption of green procurement, request to ensure firm establishment of IMDS)
    - Promoted introduction of environmental management system by suppliers (ISO 14001 certification rate: 90.9%)

- **Social Report**
  - **FY2008 Environmental Targets**
    - **Promotion of social contribution activities and environmental communication**
      - Publication of environmental and social reports
      - Participation in events and exhibitions
      - Active promotion of social contribution activities
      - Other (promotion of eco-driving and safe driving)
  - **FY2008 Achievements**
      - Participated in events such as Eco-Products 2008, Yokohama Eco Car World, Hokkaido Environment Exhibition and the Fujisawa Environmental Fair.
      - Provided educational support in Vietnam, Philippines and Indonesia (school building, training programs, teacher development, etc.)
      - Staff planted 1,000 trees as part of an afforestation effort on Mount Fuji. (June 2008)
      - Held fuel-efficiency and safe driving seminars in collaboration with Japanese and overseas sales companies.
### FY2009 Environmental Targets

<table>
<thead>
<tr>
<th>Self-evaluation</th>
<th>FY2009 Environmental Targets</th>
<th>Mid- and Long-term Targets</th>
<th>Related pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>○</td>
<td>• Continuous development of fuel efficiency technology</td>
<td>• Meeting fuel efficiency/CO₂ regulations in different countries and regions</td>
<td>P23, P25</td>
</tr>
<tr>
<td>○</td>
<td>• Early market launch of low-emission vehicles</td>
<td>• Development of next-generation after-treatment devices</td>
<td>P23, P25</td>
</tr>
<tr>
<td>○</td>
<td>• Development of low-noise technology and deployment in products</td>
<td>• Development of low-noise diesel-powered vehicles</td>
<td>P28</td>
</tr>
<tr>
<td>○</td>
<td>• Research and development of alternative-fuel and electric vehicles with superior environmental performance</td>
<td>• Research and development of alternative-fuel and electric vehicles with superior environmental performance</td>
<td>P25</td>
</tr>
<tr>
<td>○</td>
<td>• Respond to domestic automobile recycling law</td>
<td>• Achievement of an effective 95% or more recycling rate of used vehicles by 2015</td>
<td>P30–31</td>
</tr>
<tr>
<td>○</td>
<td>• Smooth operation of free-of-charge end-of-life vehicle collection system in the EU</td>
<td>• Further control and reduction of environmentally hazardous substances</td>
<td>P26–29</td>
</tr>
<tr>
<td>○</td>
<td>• Develop new components (that are recyclable)</td>
<td>• Switchover to fluorocarbon-free air conditioners</td>
<td>P28</td>
</tr>
<tr>
<td>○</td>
<td>• Prohibit use of heavy metals (lead, mercury, cadmium, hexavalent chromium) in new vehicles (except certain applications)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>○</td>
<td>• Expand scope of control over environmentally hazardous substances</td>
<td></td>
<td></td>
</tr>
<tr>
<td>○</td>
<td>• Maintain low level of refrigerants for current cooling systems</td>
<td></td>
<td></td>
</tr>
<tr>
<td>○</td>
<td>• Develop low-VOC vehicles</td>
<td>• Increase in the number of low-VOC vehicles</td>
<td>P26–29</td>
</tr>
</tbody>
</table>

### Mid- and Long-term Targets

<table>
<thead>
<tr>
<th>Self-evaluation</th>
<th>FY2009 Environmental Targets</th>
<th>Mid- and Long-term Targets</th>
<th>Related pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>○</td>
<td>• CO₂ emissions: 157,026 tons or less</td>
<td>• CO₂ emissions reduction targets Isuzu Motors Ltd. (non-consolidated): Decrease by 50% or more from the FY1990 level by FY2010 Isuzu domestic group companies: Decrease of units by 6% from the FY2004 level by FY2010</td>
<td>P19, P26</td>
</tr>
<tr>
<td>○</td>
<td>• Basic unit for energy: Reduce by 1½ or more per year</td>
<td>• Formulation of a medium-/long-term plan for global CO₂ reduction</td>
<td></td>
</tr>
<tr>
<td>○</td>
<td>• Landfill waste (non-consolidated): 12 tons or less/year (6 tons or less per plant per year)</td>
<td>• Landfill waste (non-consolidated): To maintain one ton or less per plant per month and 24 tons or less per year by FY2010</td>
<td>P19, P32</td>
</tr>
<tr>
<td>○</td>
<td>• VOC emissions in the painting process: 20.7 g/m² or less</td>
<td>• Landfill waste (domestic group companies): Decrease by 50% from the FY2004 level by FY2010</td>
<td>P19, P29</td>
</tr>
<tr>
<td>○</td>
<td>• 1% or greater reduction in energy usage (on FY2008 figures)</td>
<td>• VOC emissions in the painting process: 19.2 g/m² or less by FY2010</td>
<td>P27</td>
</tr>
<tr>
<td>○</td>
<td></td>
<td>• Reduction in PRTR substances emissions Domestic group companies: Decrease by 30% from the FY2003 level by FY2010</td>
<td></td>
</tr>
</tbody>
</table>

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### Environment

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<th>FY2009 Environmental Targets</th>
<th>Mid- and Long-term Targets</th>
<th>Related pages</th>
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</thead>
<tbody>
<tr>
<td>○</td>
<td>• Expansion of environmental information system (establish data collection system)</td>
<td>• To promote Isuzu Group’s consolidated environmental management</td>
<td></td>
</tr>
<tr>
<td>○</td>
<td>• Maintain and improve guideline standard levels</td>
<td>• To achieve the Group’s long-term goals</td>
<td>P39</td>
</tr>
<tr>
<td>○</td>
<td>• Use of IMDS and promoting reduction of regulated substances</td>
<td>• To promote a reduction in the use of environmentally hazardous substances</td>
<td></td>
</tr>
<tr>
<td>○</td>
<td>• To promote introduction of environmental management system in more suppliers (ISO 14001 certification rate: 84.6% or higher)</td>
<td>• To promote introduction of environmental management system in more suppliers</td>
<td></td>
</tr>
</tbody>
</table>

### Mid- and Long-term Targets

<table>
<thead>
<tr>
<th>Self-evaluation</th>
<th>FY2009 Environmental Targets</th>
<th>Mid- and Long-term Targets</th>
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<tr>
<td>○</td>
<td>• Publication of environmental and social reports</td>
<td>• Active promotion of social contribution activities and environmental communication</td>
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</tr>
<tr>
<td>○</td>
<td>• Active promotion of social contribution activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>○</td>
<td>• Promotion of eco-driving and safe driving</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(NB) The “○” mark represents achievement of the target based on self-evaluation. The “△” mark represents the need for continued efforts in FY2009.
Environmental Policies in Business Activities

Isuzu has established clear environmental policies in the Isuzu Charter on the Global Environment and promotes these policies on a group-wide basis.

Manufacturing Environmentally Friendly Products

Fundamental Development Concept: SEE Technologies
Pursuit of people’s trust underlies product development at Isuzu. As a matter of principle, the vehicles we manufacture must be worthy of the trust of all customers and stakeholders. This philosophy guides us in perfecting technology applied for Safety, Economy, and the Environment, which form the acronym SEE and represent our fundamental development concepts. In this way, our development philosophy and basic approach inspire us to develop technologies and create new value for society that combines lower environmental impact with greater safety and economy.

Eight Major Tasks
We have identified the following eight priority tasks in engineering environmentally friendly vehicles to develop technologies that minimize environmental impact throughout vehicle life cycles.

1. Preventing global warming
2. Using limited resources efficiently
3. Preventing air pollution
4. Quieter environments where vehicles are used
5. Safer environments where vehicles are used
6. Comfortable vehicle cabins
7. Improve fuel efficiency and reduce CO₂ emissions
8. Strive for cleaner vehicle exhaust
9. Develop clean-energy vehicles
10. Reduce vehicle noise
11. Reduce environmentally hazardous substances
12. Improve recyclability
13. Use low-GWP refrigerants*
14. Reduce VOCs in vehicle cabins

Building Environmentally Friendly Plants
The manufacturing process has a broad environmental impact, affecting both local communities and the global environment. Under a policy of thinking globally and acting locally, therefore, the Plant Environmental Committee leads four key efforts to establish ideal production sites. Working with group companies at home and abroad, we also ensure that plants are receptive to our local communities.

For Environmentally Friendly Plants, Receptive to Our Communities

- Preventing global warming, lowering CO₂ emissions
- Promoting recycling-oriented society, reducing waste
- Society with no pollution, reducing environmentally hazardous substances
- Taking initiative in environmental management, complying with environmental regulations

* Use of low-GWP refrigerants: Although HFC134a refrigerant is used as a substitute for ozone-depleting CFCs, it has significant global warming potential (GWP). Isuzu therefore seeks to reduce usage by 20% relative to 1995 levels. Having already reduced usage by an average of 44% per vehicle, we have also introduced systems with less leakage. We are currently promoting development of air conditioners using low-GWP refrigerants.
Climate Change Efforts

Taking on climate change, Isuzu conducts vehicle life-cycle assessment, applying measured and simulated data to understand the environmental impact of vehicles, from materials procurement to disposal and recycling.

Overview of Isuzu Climate Change Efforts

To reduce the environmental impact of vehicles, Isuzu is fully committed to lowering emissions of CO₂ and other environmentally hazardous substances over the course of vehicle life cycles. We have identified key issues by studying life-cycle assessment (LCA) methods. The environmental impact throughout a vehicle life cycle mainly occurs in use when more than 90% of the life cycle has expired. Environmentally hazardous substances primarily consist of exhaust gases, much of which is CO₂. The rest is made up of relatively small quantities of CO, PM, NOx, HC and other substances. For this reason, Isuzu works diligently to apply measured data and simulations to improve fuel efficiency (which has the effect of lowering CO₂ emissions) and reduce emissions of exhaust such as CO, PM, NOx and HC. Meanwhile, we facilitate recycling by applying DFE* principles to design vehicles that are easier to disassemble and sort into reusable materials after use.

* DFE: Design For Environment

Isuzu Product Life Cycle and CO₂ Emissions

CO₂ Emission Breakdown
- Light-duty trucks
- Medium-duty trucks
- Heavy-duty trucks
- Buses

Production
- Production and procurement of raw materials and parts
- Production at Isuzu plants

Use
- Transport of industrial and consumer goods
- Public transportation (bus riding)

Disposal and Recycling
- Scrapping and disassembly
- Reuse and recycling
- Treatment of shredder dust

Main factors for environmental impact
- Consumption of resources and energy
- Discharge of industrial waste
- Discharge of NOx, dust and soot, and other substances into air and water
- Use of environmentally hazardous substances
- CO₂ emissions
- Exhaust (PM, NOx)
- Noise pollution
- Waste packing materials
- Disposal of shredder dust
- Discharge of industrial waste
- Discharge of environmentally hazardous substances
Climate Change Efforts on the Product Level

Isuzu works to support the following measures in the “List of Measures and Policies Concerning Energy-originated Carbon Dioxide” in the Kyoto Protocol Target Achievement Plan.

- Promote use of public transportation: Isuzu provides buses that support barrier-free use, expanded services, and higher levels of quality
- Promote use of environmentally friendly vehicles: Aggressive expansion of “idling stop” vehicles and Mimamori-kun Online Service
- More efficient transport by truck: Isuzu provides larger vehicles and vehicles compatible with trailers
- Improve automobile fuel efficiency through the Top Runner Standard: Expanded line of vehicles meeting fuel efficiency standards for heavy-duty vehicles
- Promote popularization of clean-energy vehicles: Isuzu provides CNG and hybrid vehicles

Meeting FY2015 Fuel Efficiency Standards

Curbing global warming through lower CO₂ emissions (by conserving fuel) is mandated by the Japanese government. Accordingly, fuel efficiency standard for heavy-duty vehicles (vehicles with gross vehicle weight of over 3.5 tons) came into effect on April 1, 2006 with the amendment to the Act on the Rational Use of Energy and automakers are since required to disclose details regarding compliance to this standard in their catalogues. Furthermore, since fiscal 2015, automakers are required to ensure that the average fuel consumption (simulated for respective categories) of diesel heavy-duty vehicles shipped to the Japanese market every fiscal year meets target standard values (FY2015 fuel efficiency standards).

Incidentally, this standard is the world’s first fuel efficiency standard for diesel heavy-duty vehicles and has not yet come into force in Europe or the US where it is still in the exploratory stage.

Isuzu has met these standards while also meeting new long-term emissions regulations by equipping trucks with D-CORE engines and “smoother” transmissions, and through other advances. ELF light-duty trucks,¹ FORWARD medium-duty trucks,² GIGA heavy-duty trucks,³ and ERGA heavy-duty route buses⁴ already meet FY2015 fuel efficiency standards.

¹: 1.5-ton, 2-ton, 3-ton (narrow) and 4-ton and above (wide) loads (excluding some models)
²: Vehicles with a GVW of 8 tons, equipped with a 4HK1-TC engine (excluding low-floor 4-wheeldrive models), and those with a GVW of 11 tons (excluding low-floor 4-wheeldrive models)
³: Vehicles with a GVW of 20 tons, equipped with +6UZ1-TCS+MT, and those with a GVW of more than 20 tons equipped with +6UZ1-TCS and Smoother G
⁴: MT vehicles with a GVW of more than 14 tons
Climate Change Efforts at Plants

As a target to meet by fiscal 2010, the manufacturing division at Isuzu will halve CO₂ emissions relative to FY1990 levels. In fiscal 2008, CO₂ emissions totaled 156,000 tons, or 23.6 tons/100 million yen units.

One significant initiative was reducing CO₂ emissions through fuel-switching and adoption of natural gas (at the Tochigi plant), and replacing oil-burning unit heaters with far-infrared heaters powered by natural gas. Additionally, we have introduced cogeneration and highly efficient multi-can boilers, besides equipping accumulators (pressure reservoirs) with general-purpose hydraulic units. Patrols by our Energy Conservation Committee help save energy, as do the eco-stop and idling-stop practices we promote. Painting booth relocation and consolidation has also proven effective. We will continue to study fuel switching and adoption of natural gas, process-specific approaches, and energy that supports natural recycling mechanisms as we plan renewed efforts by the Energy Conservation Committee and other initiatives.

Promotion of Energy Conservation Committee Activities

The Energy Conservation Committee in our plant division, comprising members of Isuzu’s manufacturing, technical and engineering departments as well as its affiliate companies, implement meticulous energy-saving activities.

Energy-Switching Plan and Conversion to Natural Gas

To reduce CO₂ emissions, the Tochigi plant is gearing up to switch to natural gas for power.* We are phasing out fossil fuels (Class A heavy oil, kerosene, and liquefied petroleum gas (LPG)) in favor of natural gas (specifically, LNG) with lower CO₂ emissions. Switching to high-efficiency boilers in steam equipment is another initiative of ours. Combined, these changes will reduce annual CO₂ emissions by approximately 4,000 tons.

* Construction began in fiscal 2008 and is scheduled to end in fiscal 2009. A specialized energy services company (ESCO) has been enlisted for the series of projects.
Climate Change Efforts in Distribution

Environmentally Sound Approaches in Distribution
Isuzu reviews freight shipping methods to improve transport efficiency and reduce energy consumption. Additionally, we promote widespread adoption of Mimamori-kun online services and CNG vehicles as part of our commitment to environmental conservation.

Meeting Our Reduction Targets
In fiscal 2008, we made good progress in our plans. We reduced energy consumption by 1.3% over the previous year.

Main Activities
Isuzu sought to achieve greater transport efficiency and promote eco-driving in order to promote energy-saving activities in its domestic distribution.

1. Efforts for greater transport efficiency
   1) Use of larger delivery vehicles: Expansion of inland vanning
   2) Improvement of delivery efficiency: Reduction in number of truck services through improvement in delivery efficiency by switching to a system of allocating vehicles according to cargo volume

2. Establishment of Cooperative Framework with Partner Delivery Companies
   1) Fuel-efficient driving seminars: Hosted by Isuzu LINEX for partner delivery companies
   2) Recommending partner delivery companies to use Mimamori-kun online services to promote eco-driving.

Scope of Isuzu Responsibility in Distribution

Quantified Results Under Amended Energy Saving Law (Transport Volume/Energy)

Improvement in Distribution of Finished Vehicles

Reduction Targets in Energy Consumption
(1) By FY2010: Reduce energy consumption by 6% or more over FY2006
(2) FY2008–2009 target for energy-saving activities: Reduce consumption by 1% or more over the previous year
Reduction of Environmentally Hazardous Substances

To promote the reduction of environmentally hazardous substances, Isuzu complies with emissions laws and other relevant regulations while developing and popularizing products with lower amounts of these substances.

Overview of Reduction of Environmentally Hazardous Substances

Reducing environmentally hazardous substances in production processes is just the start at Isuzu. We also take the initiative in reducing potentially hazardous substances in products. In fiscal 2009, we will continue to establish systems and make improvements to comply with laws such as the EU directive on recycling of end-of-life vehicles (EU-ELV) and REACH regulations in Europe. With respect to the EU-ELV directive, we have already undergone a preliminary review, which is a common requirement for vehicle certification, and have acquired a certificate of conformance as a company. We have also checked with our clients with regards preliminary registration for the REACH regulations. We are gearing up to establish new systems in response to further anticipated additions to the list of Substances of Very High Concern (SVHC).

Reduction of Environmentally Hazardous Substances in Products

Regulatory Compliance

Besides the EU-ELV directive and the REACH regulations, Isuzu also has voluntary targets which it has established in an effort to actively reduce the burden on the environment. Mercury, cadmium and lead have been eliminated from all models except in exemption applications, and we are well on our way to completely eliminating hexavalent chromium. In future, we intend to drive forward with initiatives to reduce and eliminate environmentally hazardous substances from exemption models too and faithfully comply with rules on regulated substances which are expected to increase in number.

Reducing Environmental Impact With Next-Generation Clean Technology: I-CAS

I-CAS is Isuzu’s next-generation clean technology, incorporating the most advanced technologies to meet a wide range of environmental needs in trucks. Three key next-generation technologies are combined: combustion optimization technology, exhaust after-treatment technology, and electronic control technology. As a result, the overall environmental impact of vehicles is reduced.

Other Ways Isuzu Reduces Environmental Impact

- **Reduction of vehicle noise**
  Isuzu works not only to comply with the world’s strictest noise regulations, but also to reduce noise during idling and city driving. We are also improving the nature of vehicle noise itself. Efforts are focused on reducing engine and drive-train noise, studying optimal sound-damping structures through noise transmission analysis, and R&D on high-performance sound-absorbing and damping materials. This research led to a 2 dB reduction compared with previous models in the idling noise of ELF light-duty trucks released in December 2006.

- **Reduction of refrigerants in air conditioners**
  HFC134a is a non-CFC refrigerant, but because it is a greenhouse gas, we targeted a 20% reduction from 1995 levels. Currently, we have succeeded in reducing refrigerants by an average of 44% per vehicle. We are also phasing in low-GWP refrigerants.

- **Reduction of VOCs in vehicle cabins**
  Isuzu takes measures to cut VOCs*1 in vehicle cabins, in line with JAMA voluntary reduction policies and targeting 13 substances designated as hazardous by the Ministry of Health, Labor and Welfare. Light-duty ELF trucks, medium-duty FORWARD trucks, and heavy-duty ERGA*2 route buses now meet these guidelines.

  *1 VOC: Volatile organic compound, such as formaldehyde or toluene
  *2 ERGA: Measurement assumes use of ventilation fans

Reduction of Environmentally Hazardous Substances at Plants

Reduction of Controlled Substances at Plants

- **Reducing volatile organic compounds**
  Emission of VOCs,* which are a factor in photochemical oxidants and smog, was restricted in the amended Air Pollution Control Law of 2006. Anticipating regulatory restrictions, Isuzu took the initiative at an early stage to reduce organic solvents used in painting. The Isuzu reduction target of 48% (19.2 g/m², fiscal 2010) surpasses the 40% target established by JAMA. We have made gains by cutting back on paint solvents, recovering thinner, utilizing painting robots, and introducing a drying furnace with exhaust combustion equipment. Despite our somewhat higher emissions in fiscal
2008 from a model change, we will continue to work toward lower VOC emissions.

* VOC: Volatile organic compounds (mainly organic solvents)

** Prevention of Air and Water Pollution, Regulatory Compliance**

Isuzu regards the prevention of air and water pollution as a cornerstone of environmental conservation. Our own standards are stricter than official pollution regulations, and we apply these standards to monitor discharge and emissions constantly. Our Plant Environmental Committee is kept informed of the status of management and regulatory compliance, enabling appropriate action and administration within the framework of our environmental management system.

- Preventing dioxin emissions

For safety, the Tochigi Plant has suspended incinerator operations since 2002, and waste disposal has been contracted to an outside firm. At Fujisawa Plant too, incinerator operations was suspended in fiscal 2008 while also instigating efforts to reduce waste and facilitate recycling through more meticulous sorting. We will continue with our commitment to waste reduction so as to cut back on contracted waste disposal volumes.

- Prevention of soil and groundwater contamination

Isuzu has terminated the use of three chlorinated organic solvents* that were formerly used. We have conducted independent studies on the effect of these solvents on soil and groundwater at plants and offices since 1996 to confirm that no contamination spreads outside from affected areas. We have also taken steps to detoxify affected areas, and we report the results to the government.

* Three substances: trichloroethylene, 1,1,1 trichloroethane, and dichloromethane
Recycling Programs

To contribute to a recycling-oriented society, Isuzu recycles resources and reduces environmentally hazardous substances in upholding “4R” practices as much as possible, throughout all stages of vehicle life-cycles from initial R&D to final disposal.

* Four Rs: Refuse to use environmentally hazardous substances, Reduce existing use of these substances, Reuse parts and materials, and Recycle used products

Overview of Recycling Programs

Recycling Overview

With a recycling-oriented society in mind, Isuzu upholds 4R practices throughout product life-cycles, from product planning and research to disposal, as we increase recycling rates, use resources and energy effectively, and reduce our environmental impact.

Seeking a higher rate of recycling for scrap vehicles, we pursue higher recycling targets than the legal standards established in the Automobile Recycling Law.

For ASR (shredder dust), we attained recycling rate of 75.7% in fiscal 2008, which represents an early success in surpassing the legal standard for fiscal 2015 (70%). For airbags as well, our recycling rate of 94.9% surpasses the legal standard of 85%. We will maintain and increase recycling rates surpassing current legal standards through effective recycling programs.

Applying IMDS Knowledge

To reduce our products’ environmental impact and increase recycling rates, Isuzu collects and manages information about the composition of materials in our products, as well as data for chemical substances they contain. The International Material Data System (IMDS) offers information about the material composition and chemical substance content of automobile parts, as collected from parts manufacturers. We apply this knowledge in calculation of shredder dust weight, and the information improves calculation accuracy when determining recycling fees for new ELF and FORWARD models, for example. Careful chemical substance management at Isuzu also supports compliance with the EU-ELV directive and helps us maintain and improve current recycling rates.
Product Recycling: Enhancing Recyclability

Resource depletion and rapid filling of landfills makes the transition from today’s open-loop, consumption-oriented society to a recycling-oriented society an urgent priority. This transition requires improvement of social recycling systems as a whole, and as a practical consideration, the development of recyclable products and applications that use recycled material will be critical. Isuzu obviously upholds laws and regulations such as the Japanese End-of-Life Vehicle Recycling Law and ELV-related EU directives, but additionally, we aim for higher standards (e.g. improved recyclability) by developing products using more recycled material than before.

Specifically, our efforts in fiscal 2008 are as follows.

1. Expand provisions that encourage recycling at all stages of vehicle life-cycles, from planning to disposal of vehicles.
2. Consistently use remouldable thermoplastics in plastic parts.
3. Find ways to incorporate recycled materials in auto parts.

Recycling Achievements under Automobile Recycling Law

In accordance with the Automobile Recycling Law (Law Concerning Recycling Measures of End-of-life Vehicles), Isuzu recycles the 3 designated items (ASR*, airbags and CFCs). Status in fiscal 2008 is as follows: As a result of actively promoting recycling efforts by contracting out the disposal of airbags and CFCs to Japan Auto Recycling Partnership and joining ART* to process ASR, in fiscal 2008, Isuzu achieved a recycling rate of 75.7% for ASR and 94.9% for airbags. Total expenses for the 3 items was 312.55 million yen while total deposits received from the fund management corporation was 262.01 million yen, producing a deficit of 50.54 million yen. We will make greater contributions to the environment and to society by continuing to promote efficient recycling initiatives.

Complying With Recycling Laws, Regulations, and Voluntary Restraints

Isuzu underwent and passed the preliminary review for earning recycling certification as a way of complying with ELV-related EU directives. Isuzu is in the process of preparing to undergo assessment for vehicle model-specific recycling certification.

Plastics Recycling Technology

Isuzu has developed center console boxes for current-model truck cabins that incorporate plastic bumpers recovered from end-of-life vehicles. At least 40% of these products use material recycled by the market and can be recycled again after vehicle disposal. These products have earned Eco Mark certification from the Japan Environment Association. First introduced in FORWARD trucks in May 2006, the console box was later phased in for GIGA trucks and new ELF trucks. We will continue to develop recycling technology to make the most of limited resources.

Remanufacturing

Isuzu dealers are linked to our internal remanufacturing network, enabling us to promote the recycling of ELV components, meet diverse customer needs, and respond promptly to supply requests.

Recycled content: 50% or more

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Recycling Programs

Recycling at Plants

Isuzu originally defined “zero emissions” as a 95% reduction (over FY1995 levels) in the amount of industrial waste for landfill disposal by the end of FY2001, an objective we pursued in part through waste reduction. As a result, Isuzu achieved zero emissions in fiscal 2001, with a reduction of 97.6%.

Our next, more ambitious target required each of our two plants to reduce landfill waste to one ton or less per month (or 24 tons or less per year at both plants combined, including incinerator ash) by the end of 2005. We met this target in October 2005.

Presently, our target for the final amount of landfill waste has been revised from 24 tons to 12 tons. We continued to recycle incinerator ash in fiscal 2008 and reduced the final amount of industrial waste to 8.1 tons. Furthermore, we have turned off the waste incinerator by enforcing careful sorting and recycling for further reduction of the total amount of waste. We are also promoting the reduction of related byproducts. After promoting the expansion of zero emissions programs at group companies in Japan and overseas, in fiscal 2008, seven of our companies have succeeded in reducing the ratio of final amount of landfill waste to total amount of waste to less than 1% (4 more than the previous year). We will continue to expand zero emissions activities in the years ahead.

Examples of Waste Reduction and Efficient Resource Use

- Careful sorting and collection; recycling after disassembly and scrapping
- Reduction of the total amount of waste and reduction of related byproducts
- Reduction of regular waste and waste from incineration; use of less wood for packaging
- Recycling of incinerator ash
- Collaboration with other companies to promote joint environmental declarations with waste operators and zero emissions programs

Material Balance at Production Plants (Input vs. Output Amounts) - FY2008

INPUT

- Energy consumption
  92,000 MWh (Converted to crude oil)
  Electricity: 60% Gas: 36% Oil: 4%
- Material consumption
  Metals: 268,000 t (Iron and steel)
  Chemicals: 2,430 t
- Water consumption: 2.21 million m³

OUTPUT

- Production value: 682.2 billion yen
- Atmosphere
  - CO₂: 156 thousand t
  - NOx: 49 t
  - SO₂: 14 t
- Waste
  - Total generated: 11 thousand t
  - Recycled: 6.6 thousand t
  - Landfill disposal: 8 t (Reduced by incineration: 4.4 thousand t)
- Wastewater
  - 1.42 million m³
  - COD* load: 23 t

*COD: Chemical oxygen demand

Trends in Final Amount of Industrial Waste

Tons per Year (including incinerator ash)

First zero emissions target
5% or less over FY1995 level
October 2005
Second zero emissions target
1 ton per month, per plant. Target met

Recycling Programs

Trends in Generated Waste and Recycling

Legend

Total generated
Recycled

INPU T

OUTPU T

ISUZU
Plants

Light-duty: 95,800
Heavy-duty: 43,600
Site Data
The following information represents the typical emissions status at the Fujisawa and Tochigi plants, as expressed in primary indicators of air and water quality and the presence of PRTR regulated substances.

### Fujisawa Plant
**Address:** 8 Tsuchidana, Fujisawa-shi, Kanagawa, Japan

**FY2008 Emissions Report for PRTR-Regulated Substances, Fujisawa Plant**

<table>
<thead>
<tr>
<th>No.</th>
<th>Chemical</th>
<th>Amount Managed (Unit: kg)</th>
<th>Amount of Emissions</th>
<th>Amount Transferred</th>
<th>Total Transferred (Unit: kg)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Water-soluble compound of zinc</td>
<td>2,700</td>
<td>Atmospheric Emission</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Discharge in Public Water</td>
<td>16</td>
<td>36</td>
</tr>
<tr>
<td>16</td>
<td>Diaminoethanol</td>
<td>1,200</td>
<td>Emission to Soil</td>
<td>13,000</td>
<td>360</td>
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<tr>
<td>30</td>
<td>Bisphenol A epoxy resin</td>
<td>1,200</td>
<td>Landfill Waste</td>
<td>64,000</td>
<td>10</td>
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<tr>
<td>40</td>
<td>Ethylbenzene</td>
<td>16,000</td>
<td>Total Emissions</td>
<td>13,000</td>
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<tr>
<td>43</td>
<td>Ethylene glycol</td>
<td>460,000</td>
<td>Total Transferred</td>
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<tr>
<td>63</td>
<td>Xylene</td>
<td>130,000</td>
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</tr>
<tr>
<td>176</td>
<td>Organotin compounds</td>
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<tr>
<td>224</td>
<td>1,3,5-trimethylbenzene</td>
<td>3,800</td>
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<tr>
<td>227</td>
<td>Toluene</td>
<td>31,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>299</td>
<td>Benzene</td>
<td>1,200</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>179</td>
<td>Dioxin</td>
<td>16*</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Air Quality**

<table>
<thead>
<tr>
<th>Item</th>
<th>Facility</th>
<th>Regulatory Value</th>
<th>Actual Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Maximum</td>
</tr>
<tr>
<td>NOx (ppm)</td>
<td>Boiler</td>
<td>60**</td>
<td>19</td>
</tr>
<tr>
<td></td>
<td>Metal melting furnace</td>
<td>200</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td>Heat-treating furnace</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td></td>
<td>Paint drying furnace</td>
<td>230</td>
<td>27</td>
</tr>
<tr>
<td>Dust and soot (g/Nm³)</td>
<td>Boiler</td>
<td>0.1</td>
<td>0.0039</td>
</tr>
<tr>
<td></td>
<td>Metal melting furnace</td>
<td>0.2</td>
<td>0.014</td>
</tr>
<tr>
<td></td>
<td>Heat-treating furnace</td>
<td>0.2</td>
<td>0.021</td>
</tr>
<tr>
<td></td>
<td>Paint drying furnace</td>
<td>0.1</td>
<td>0.074</td>
</tr>
<tr>
<td>SOx (Nm³/h)</td>
<td>(Regulatory Total)</td>
<td>21.82</td>
<td>0.696</td>
</tr>
</tbody>
</table>

**Water Quality**

<table>
<thead>
<tr>
<th>Item</th>
<th>Regulatory Value</th>
<th>Actual Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Maximum</td>
</tr>
<tr>
<td>pH</td>
<td>5.8-8.6</td>
<td>7.9</td>
</tr>
<tr>
<td>COD</td>
<td>mg/l</td>
<td>60</td>
</tr>
<tr>
<td>BOD</td>
<td>mg/l</td>
<td>60</td>
</tr>
<tr>
<td>SS</td>
<td>mg/l</td>
<td>90</td>
</tr>
<tr>
<td>Oil content</td>
<td>mg/l</td>
<td>5</td>
</tr>
</tbody>
</table>

**Notes**

1) Period: FY2008 measurement data (April 2008 to March 2009)
2) Regulatory values represent the strictest values specified in environmental laws and regulations, ordinances, and pollution prevention agreements.
3) Abbreviations: PRTR: Pollutant Release and Transfer Register Law; COD: chemical oxygen demand; BOD: biochemical oxygen demand; SS: suspended solids in water.

### Tochigi Plant
**Address:** 2691 Oh-Aza Hakuchu, Ohira-machi, Shimotsuga-gun, Tochigi, Japan

**FY2008 Emissions Report for PRTR-Regulated Substances, Tochigi Plant**

<table>
<thead>
<tr>
<th>No.</th>
<th>Chemical</th>
<th>Amount Managed (Unit: kg)</th>
<th>Amount of Emissions</th>
<th>Amount Transferred</th>
<th>Total Transferred (Unit: kg)</th>
</tr>
</thead>
<tbody>
<tr>
<td>40</td>
<td>Ethylbenzene</td>
<td>7,600</td>
<td>Atmospheric Emission</td>
<td>7,100</td>
<td>7,100</td>
</tr>
<tr>
<td>43</td>
<td>Ethylene glycol</td>
<td>13,000</td>
<td>Discharge in Public Water</td>
<td>270</td>
<td>270</td>
</tr>
<tr>
<td>63</td>
<td>Xylene</td>
<td>12,000</td>
<td>Emission to Soil</td>
<td>9,100</td>
<td>9,100</td>
</tr>
<tr>
<td>227</td>
<td>Toluene</td>
<td>6,700</td>
<td>Landfill Waste</td>
<td>3,000</td>
<td>3,000</td>
</tr>
</tbody>
</table>

**Air Quality**

<table>
<thead>
<tr>
<th>Item</th>
<th>Facility</th>
<th>Regulatory Value</th>
<th>Actual Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Maximum</td>
</tr>
<tr>
<td>NOx (ppm)</td>
<td>Boiler</td>
<td>250 or lower</td>
<td>92</td>
</tr>
<tr>
<td></td>
<td>Metal melting furnace</td>
<td>180 or lower</td>
<td>65</td>
</tr>
<tr>
<td>Dust and soot (g/Nm³)</td>
<td>Boiler</td>
<td>0.3 or lower</td>
<td>0.006</td>
</tr>
<tr>
<td></td>
<td>Metal melting furnace</td>
<td>0.25 or lower</td>
<td>0.002</td>
</tr>
<tr>
<td>SOx (Nm³/h)</td>
<td>(Regulatory Total)</td>
<td>17.5</td>
<td>0.89</td>
</tr>
</tbody>
</table>

**Water Quality**

<table>
<thead>
<tr>
<th>Item</th>
<th>Regulatory Value</th>
<th>Actual Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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</tr>
<tr>
<td>pH</td>
<td>5.8-8.6</td>
<td>7.5</td>
</tr>
<tr>
<td>COD</td>
<td>mg/l</td>
<td>20</td>
</tr>
<tr>
<td>BOD</td>
<td>mg/l</td>
<td>20</td>
</tr>
<tr>
<td>SS</td>
<td>mg/l</td>
<td>40</td>
</tr>
<tr>
<td>Oil content</td>
<td>mg/l</td>
<td>5</td>
</tr>
</tbody>
</table>

**Notes**

- No environmental incidents
- No environmental complaints

1) Period: FY2008 measurement data (April 2008 to March 2009)
2) Regulatory values represent the strictest values specified in environmental laws and regulations, ordinances, and pollution prevention agreements.
3) Abbreviations: PRTR: Pollutant Release and Transfer Register Law; COD: chemical oxygen demand; BOD: biochemical oxygen demand; SS: suspended solids in water.
Isuzu is committed to engaging in socially responsible business activities, and aims in this way to become a company in which all stakeholders will place their trust and expectations. This includes customers, shareholders, business partners, employees, local communities, and global society. This social report describes Isuzu’s relationships with its stakeholders.

P35: Communication with Society

P38: Relationship with Customers

P39: Relationship with Business Partners and Shareholders

P40: Relationship with Employees
Communication with Society

Isuzu works for communication with society while engaging actively in social contribution programs at home and abroad.

Social Contribution Programs

◆ Social Action Program

Isuzu Heart & Smile Project was established to commemorate the 70th anniversary of the company’s founding in April 2007, and we took this occasion to engage in a unique social contribution program of our own in order to repay our debt of gratitude to society. The Isuzu Action Directives call for “sustained efforts from a long-term perspective involving effective utilization of management resources and participation by group employees.” With this commitment, Isuzu is engaging in educational assistance for children in developing countries, as well as in environmental protection programs that contribute to the development of sustainable societies.

During fiscal 2008, the second year of this program, we initiated the First Isuzu Mt. Fuji Forestation Project. In Narusawa Village, Yamanashi Prefecture, a project is in progress with the participation of the municipal government, enterprises and NGO organizations to rejuvenate defoliated prefectural forests affected by pests and diseases. Isuzu cooperates with this effort by supplying both funding and volunteers for the tree planting activities. In May, 136 of our employees and their family members took part in a planting activity near the 2nd station on Mt. Fuji, planting 1,000 seedlings over an area of 1 hectare.

In November, an educational aid program was launched at a vocational school for auto mechanics in Tacloban City on the island of Leyte, Philippines. 30 students enrolled for the first class. Besides offering financial support, we will also provide a wide range of advice from an automaker’s perspective to help respond to car mechanic needs in the Philippines and expand job opportunities for underprivileged youths there. Furthermore, the educational assistance program for primary and lower secondary schools in Dien Bien Phu, Vietnam initiated in fiscal 2007 received an award from The People’s Aid Coordinating Committee (PACCOM), a subordinate organ of Vietnam’s Foreign Ministry, and we were presented with the Friendship Medal in recognition of this achievement at the award ceremony in October. The medal is bestowed on organizations and individuals who have contributed to development and the alleviation of poverty in Vietnam and we were the first business entity/personnel to receive this honor.

◆ Cooperation in Tanabata Light-Down Event

As a way of cooperating with the Cool Earth Day efforts established by the government’s Global Warming Prevention Headquarters, Isuzu participated in the Tanabata Light-Down Event held on the eve of July 7, 2008. The event aims to draw people’s attention to energy conservation by calling on illuminated facilities and private homes to simultaneously turn their lights off for 2 hours from 8pm to 10pm. Since we are currently involved in an effort to reduce CO₂ emissions by 1 kg per person per day as part of Team Minus 6% activities, we gave our support for this cause by actively cooperating with the event as a corporate member.

Initiatives in Japan

◆ CNG Bus Services at Toyako Summit

On request from the Japan Government, Isuzu Motors offered its heavy-duty route bus, ERGA CNG-MPI,* for service during the Hokkaido Toyako Summit held on July 7 through 9, 2008. This CNG bus is an alternative-fuel low-pollution vehicle which produces almost no PM emissions and is also low on CO₂ emissions. It attracted much attention during the summit, providing shuttle bus services for government and press personnel to and from the venue and the security checkpoint. Panel exhibits of this bus were displayed at the 2008 Integrated Exhibition of the Environment held in Sapporo in celebration of the summit earlier on in the year for 3 days from June 19, along with the light-duty, ELF CNG-MPI truck. A total of 333 firms and organizations, including 5 automakers from across the country, participated and exhibited in the event which attracted 83,742 visitors.

* Compressed natural gas multi-point injection system
Participation in Eco-Car World 2008 in Yokohama

Eco-Car World 2008 in Yokohama was held at the Red Brick Warehouse Square in Yokohama City in June 2008. This event, hosted by the Ministry of the Environment, the Environmental Restoration and Conservation Agency and the City of Yokohama, introduced eco-cars (low-pollution vehicles) and spearheads promotional and educational activities for eco-driving.

Isuzu exhibited five of its product line including the ELF CNG-MPI truck, the ELF CNG Sagawa Express model and the ELF Hybrid.

Introducing Environmental Technologies at Eco-Products 2008

Eco-Products 2008, one of Japan’s largest environmental exhibitions, took place at Tokyo Big Sight in December 2008 and Isuzu’s exhibits included the CNG-MPI truck, the latest diesel engine and the Mimamorikun on-line service system. The event, which began with the objective of promoting environmentally-friendly products and realizing an environment-conscious society, marked its 10th anniversary, showcasing various environment initiatives, products, activities and technologies by participating firms under the theme, “We Can Do it! Eco-lifestyle with a 50% CO2 Reduction”. Isuzu’s booth featured some fun for young visitors who were invited to play with wooden building blocks made from trees that were culled to strengthen the health of forests.

The ELF Design Corner that was set up gave visitors a chance to design their own truck body graphics using a computerized system, dynamically presenting the company’s commitments to the environment to all age groups.

Opening HaKoBu Community Site

Out of a desire to create more Isuzu admirers and to cherish the invisible bond with our customers, we have recently set up a community site called HaKoBu. HaKoBu is intended to be an open, customer-participation style site accepting customer postings and applications at any time after a simple registration procedure. Contents include the “Nadeshiko Driver” featuring interviews on female truck and bus drivers, the “Tsunagi de Kizuna” introducing children’s reports on visits to dealer shops and factories, as well as the “HaKoBu Museum” presenting seasonal photographs and pictures sent in from our customers. Everything from arranging interviews to writing up reports is done by our staff so that they can personally convey Isuzu’s appeal. We will continue to expand on its contents so that the site will become even more popular with our customers.

Mimamori-kun Wins Minister’s Prize for Energy Conservation

In February 2009, the Mimamori-kun online service system developed by Isuzu was awarded the 2008 Energy Conservation Grand Prize from the Minister of Economy, Trade and Industry. Mimamori-kun is an operations management system for supporting safe, fuel-efficient driving that has been modified repeatedly to cater to actual truck delivery needs since its introduction in 2004. It has proved popular with many of our clients. This is the third time that the system has been honored with an award following the 2005 Eco-Products Minister’s Prize from the Ministry of Land, Infrastructure, Transport and Tourism, and the Grand Prix and the Minister of Internal Affairs and Communications Prize in MCPC Award 2007.
Initiatives in Other Countries

◆ Holding Seminars on Fuel-Efficient Driving
Isuzu holds seminars on fuel-efficient driving for dealers and principal users in other countries as a global initiative addressing issues such as environmental preservation and safety. In fiscal year 2008, we held a seminar for bus users in May and a seminar for delivery firms in August in Taiwan, attended by a total of 69 participants.

They were well-received as they helped produce a fuel-saving effect of around 20%, so we plan to arrange for local sales companies to continue to hold these seminars.
In Kenya, we held operating procedures training workshop for sales company staff for the first time in October to help them understand the significance of our seminars. The seminar convened in November for representatives of affiliate dealers and large users also received favorable comments. A seminar was held in August in North America where we have held 4 seminars in the past with some 150 participants. Since a fuel-saving effect of over 30% was reported by most of our customers as a result, we plan to hold these seminars on an ongoing basis as part of our sales promotion activities.

◆ Forging Closer Ties through Service Clinics
In order to form ties with new customers and build trust with existing ones, Isuzu has been holding service clinics in which customers are given free vehicle inspections as well as consultation on matters related to maintenance and vehicles. In December 2008, vehicle checkups, free oil and filter replacement on 200 cars, and a 40% discount from normal prices on vehicle parts were offered in Oman. The number of participating vehicles at the clinics is on the rise with 299 vehicles coming in for consultation in 2006 and 381 vehicles in 2008. Since they have proved very effective in improving the popularity of dealers that held clinics and in marketing promotion, we hope to attract more vehicles by seeking to improve our clinic services.

◆ Participation in Forest Revitalization Project in the Philippines
Isuzu Philippines Corporation (IPC) has been carrying out various social contribution programs as part of the company foundation anniversary celebrations. Further to our donation of seedlings for planting in Manila, Cebu Island, and Davao in 2007, from 2008 we have decided to participate in the reforestation project in the La Mesa Dam Watershed.
This is an environment project headed by the ABS-CBN Foundation, Inc., and IPC will help grow seedlings to plant over an 11-hectare area for the next 3 years. In August, a commemorative ceremony for the project was held at a park in the La Mesa Dam Watershed and was rounded off with a planting ceremony.

◆ Family Day in Vietnam
As a symbol of our gratitude to our customers, Isuzu Vietnam Co., Ltd. (IVC) hosted a family day at its dealers in Ho Chi Minh City in January, in Can Tho in February, and in Hanoi in March 2009.
In addition to providing a buffet-style dinner, singers and magicians were invited for guests to enjoy the show and have fun dancing. The lively attractions on the day included games with IVC’s official mascot FORWARD MAN, prize draws and drawing competitions for children. Each year, the event attracts between 300 and 400 participants and has proved very popular. Dealer and IVC employees participate actively in the event to help raise customer satisfaction levels.
Relationship with Customers

Isuzu incorporates the results of communication with its customers in developing better products and services. Daily feedback is shared throughout the entire Isuzu Group.

❖ Isuzu Customer Center

Isuzu has established a Customer Center to receive customer inquiries and comments about our products. During fiscal year 2008, we received about 17,000 inquiries and comments through our toll-free telephone service and e-mail. There were a total of about 1,000 inquiries on environmental matters, of which 80% or more were about exhaust emissions regulations.

In particular, there were many inquiries concerning prefectural regulations in Tokyo and Saitama as well as the regulation which came into effect in Osaka Prefecture in January 2009.

In view of the increasing level of social awareness for environment issues, we intend to take each comment from our customers seriously as a guide for our future activities. Many words of encouragement were received as well from loyal users of Isuzu vehicles. Frequently asked questions and comments are shared throughout the entire Isuzu Group, and are used as feedback in product development and operating activities. We will continue responding promptly to the feedback we receive from our customers.

❖ Survey of Customer Satisfaction with Isuzu Dealer Service and Zero Road Trouble Campaign

To create attractive service plants, we regularly conduct surveys on customer satisfaction with Isuzu dealer service. Some 37,000 customers were asked to take part in the surveys in fiscal year 2008, and about 5,800 responses were received.

The results indicated that customers tend to place great importance on efforts to minimize vehicle operation stoppages such as work speed, on-time delivery and emergency response to breakdowns. In response to these customer needs, Isuzu is conducting a Zero Road Trouble Campaign aimed at preventing on-the-road breakdowns which hinder customer vehicle operations. This campaign is focused on three activities: an all-round check of vehicles in which they are inspected mainly for possible breakdown factors when brought into dealership service plants; Ohayaku Center* rapid-response services in which around-the-clock emergency action is taken for breakdowns; and efforts to feed back the causes of road accidents to the development divisions without delay so as to develop more reliable vehicles. Isuzu will continue implementing activities to respond to customer feedback via satisfaction surveys so that more of our customers will be satisfied with the service we provide.

* Ohayaku Center: A support center with operators standing by 24 hours a day, 365 days a year, to answer emergency calls about breakdowns or service plant troubles.

Three Mainstays of Our Zero Road Accident Campaign

Changes in Isuzu Dealer Service Plant Satisfaction Levels in FY2008 Compared to FY2007

<table>
<thead>
<tr>
<th>Year</th>
<th>'04</th>
<th>'05</th>
<th>'06</th>
<th>'07</th>
<th>'08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inquiry Numbers</td>
<td>13,629</td>
<td>15,392</td>
<td>16,075</td>
<td>16,630</td>
<td>16,689</td>
</tr>
</tbody>
</table>

*This chart shows changes (up/down) in satisfaction levels on items that customers consider most important when selecting a dealer for service in fiscal 2008.

*The figures have been tallied from answers provided by customers using service plants during August and September of 2008 and February and March of 2009.
Relationship with Business Partners and Shareholders

Isuzu is working with suppliers and other business partners both inside and outside Japan to address environmental issues, while also strengthening measures to meet shareholder expectations.

❖ Relations with Business Partners

◆ Basic Philosophy
Isuzu conducts procurement according to three basic policies:
1. With quality as a first priority, we seek to create and offer products that satisfy customers.
2. We aim to procure domestic or overseas products, under fair competition, if they are satisfactory in quality, pricing and delivery.
3. With the benefit of our customer as the top priority, we act for the good of the public and society, with the greatest concern for people’s lives and safety, and always with respect for human rights, while working with our business partners to act in accordance with compliance programs.

◆ Specific Measures
- Take thoroughgoing measures to collect material data under the management system for component materials and chemical substances.
- Act in accordance with laws and regulations in Japan and other countries
- Amend and initiate application of Isuzu’s new regulations on chemical substances
- Reflect additions to the list of prohibited materials.
- Extend application of the environmental management system
- Business partners acquire ISO 14001 certification or construct environmental management systems equivalent to ISO certification, such as Eco-stage/ Eco-action 21

◆ Assessment of Present Status and Outstanding Issues
We will continue to upgrade and implement our management and operational system (Isuzu environmental management system) for environmental impact substances.

❖ Relationship with Shareholders

◆ Basic Philosophy
We promote the following activities to gain our shareholders’ trust and meet their expectations:
1. We aim to continuously post profits from appropriate business activities, as well as to achieve long-term growth and raise corporate value.
2. We assure management transparency and fulfill accountability through appropriate and timely disclosure of management information.
3. We determine profit distribution in light of returning profits to shareholders, strengthening the management base, and preparing for future business operations.

◆ Major Activities
Starting from the 2006 regular shareholders meeting, a system to enable shareholders to exercise their voting rights over the Internet was introduced for their greater convenience. We are committed to disclosing corporate information promptly and fairly to our shareholders and investors. For this purpose, we hold regular briefings for analysts and institutional investors, and we post IR information on our website. Isuzu has been awarded the prize for the company with the best IR website for five consecutive years. We are also distributing our annual report through the IR Hotline in order to make a broader range of Isuzu activities more widely known. In future, we intend to continue upgrading the Isuzu IR website and promote transparent, fair and continuous disclosure of corporate information.

*IR (Investor Relations): Activities to provide information necessary for making investment decisions to investors in a fair and timely manner.
*IR Hotline: http://www.irhotline.com/

![Graph showing Changes in ISO 14001 Certification of Business Partners](http://www.isuzu.co.jp/investor/index.html)
Employees are Isuzu’s most precious asset, and we aim to realize a working environment where they can do their jobs in good health and good spirits.

Creating Safe and Sound Workplaces

The Isuzu safety and health concept states that safety is created through the united cooperation of all employees. On this basis, Isuzu is striving to create a safe and lively workplace that is free from accidents. We will continue promoting the creation of a workplace that ensures employee safety by adhering to guidelines, supporting compliance programs, improving facilities, and reinforcing health management. Our ongoing efforts emphasize preventive measures. Our specific themes are the prevention of industrial, traffic, and fire accidents; the improvement of the workplace environment; and the promotion of health. Isuzu has set up a system to address mental health concerns by outsourcing counseling services that employees can use on an individual basis. We plan to deploy a company-wide program for education of managers (supervisors) in mental health issues.

Key Issues and Initiatives

<table>
<thead>
<tr>
<th>Key Issues</th>
<th>Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prevention of industrial accidents</td>
<td>• Increase in safety knowledge and awareness</td>
</tr>
<tr>
<td></td>
<td>• Ensure safety during work (Review procedure manuals, instruction in work</td>
</tr>
<tr>
<td></td>
<td>safety, etc.)</td>
</tr>
<tr>
<td></td>
<td>• Confirm intrinsic safety of production facilities</td>
</tr>
<tr>
<td>Prevention of fire accidents</td>
<td>• Appropriately maintain and control facilities that use hazardous materials</td>
</tr>
<tr>
<td></td>
<td>• Understand and eliminate factors causing fire accidents</td>
</tr>
<tr>
<td>Prevention of traffic accidents</td>
<td>• Prevent traffic accidents of commuters by car and motorcycle</td>
</tr>
<tr>
<td></td>
<td>• Improve traffic safety awareness campaigns</td>
</tr>
<tr>
<td>Health promotion</td>
<td>• Industrial physicians interview employees with excessive overtime</td>
</tr>
<tr>
<td></td>
<td>• Implement training of mental health administrators</td>
</tr>
<tr>
<td>Improvement of work environment</td>
<td>• Continue performing environmental evaluation during safety assessments</td>
</tr>
<tr>
<td></td>
<td>• Promote creation of comfortable work environment</td>
</tr>
</tbody>
</table>

USE21: A Voluntary Employee Activity

USE21 is a voluntary activity engaged in by non-clerical employees from the engineering division. Members are divided into several focus groups that are actively engaging in programs to achieve workplace safety and comfort by preventing workplace accidents, traffic accidents and fires, educating younger employees, and improving product quality and technical skills. Each group engages in education through lectures and practical training, as well as safety programs. The safety and health group holds first-aid workshops for emergency preparedness; the industrial accident, fire and disaster prevention group carries out workplace safety patrols and gives tours of the Atsugi Disaster Prevention Center (hands-on training); and the traffic safety group holds seminars on how to adjust rear-view mirrors and ensure visibility to show the importance of having them on both sides. They have contributed significantly to the prevention of workplace accidents.

The exchange group is carrying out regular recreational activities to promote exchange and good health among USE21 members. During fiscal year 2007, the use of automated external defibrillators (AED) was added to the content of basic first-aid courses. In fiscal year 2008, the groups have initiated and are continuing to provide support for quality control education to incoming employees.

Promoting Total Health

We are promoting mental and physical health among our employees and their families, with a focus on the prevention of lifestyle diseases. Health guidance and ongoing support is provided to those who need to improve their eating and exercise habits. We have also initiated a system that enables employees to receive 24-hour telephone health counseling as well as mental health counseling from outside specialists. In order to aid early detection of illnesses, we encourage medical examinations by providing financial assistance for complete medical checkups and breast cancer examinations etc. In addition, we are conducting campaigns that focus on building health among employees and their families. Many families took part in the Gargling and Washing Hands campaign, as well as the Tooth Brushing campaign. These events not only help to build health, but also promote family communication.

<table>
<thead>
<tr>
<th>Health Promotion Center Activities</th>
<th>FY2008 Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complete medical check-up</td>
<td>4,549 persons</td>
</tr>
<tr>
<td>Mental health counseling</td>
<td>30 persons</td>
</tr>
<tr>
<td>24-hour telephone health counseling</td>
<td>254 persons</td>
</tr>
<tr>
<td>Participants in recreational sports</td>
<td>675 persons</td>
</tr>
<tr>
<td>Home visit to the elderly</td>
<td>50 persons</td>
</tr>
<tr>
<td>Seminar participants</td>
<td>85 persons</td>
</tr>
<tr>
<td>Lifestyle disease prevention, Gargling and Washing Hands campaign, Walking Challenge event etc.</td>
<td>2,129 persons</td>
</tr>
</tbody>
</table>
Promoting Employment with an Emphasis on Diversity

Isuzu has been engaged in revising the personnel system to accord with the amended laws, and we have been working to put operational updates into effect. We are actively promoting people with strong motivation and excellent abilities to work in a global society, and we have assigned management and overseas posts to female employees, as well. With a view to supporting child rearing, we have created a childcare leave system that provides longer leave than legally required so that women can have more opportunities to work productively in society. The legally mandated childcare leave is for one year and six months, but Isuzu allows a maximum of two years and six months of absence for child rearing. Isuzu is also promoting the employment of people with disabilities with the aim of realizing a society where all people with and without disabilities can support each other.

Personnel Development

Isuzu considers it important for the company’s employees to make the most of the abilities they possess, and in doing so to achieve results for the company. Recognizing that increasing the individual’s abilities is linked to raising collective achievements and thus Isuzu’s achievements, we have been pursuing a variety of educational programs for employees. Even though different positions and jobs may require different qualities, we offer support to improve employees’ performance through various training activities. The purpose is to have them acquire the knowledge and insight required to survive in this competitive world. The company motivates employees to build their own careers and provides management personnel with opportunities to communicate with their subordinates regarding career building so that they can practice career-oriented management. Isuzu has a system in place to provide follow-up on these efforts, and it is proving useful in fostering people’s awareness of their particular roles as well as in invigorating communication. Isuzu also has a “job challenge system” (an in-house free-agent system) to help employees tackle challenging jobs on their own responsibility and achieve self-improvement. Under this system, personnel reassignments can take place at the employee’s request. In fiscal year 2009, we will direct our attention on the “Isuzu Mind” and “Communication Skills” parts of the skill map with the key phrase being “Continuity and Depth”.

Changes in Rate of Employment of Disabled Persons

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>Statutory Employment Rate</th>
<th>Isuzu Employment Rate</th>
<th>Average of Private-Sector Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>1.48</td>
<td>1.50</td>
<td>1.49</td>
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<td>1999</td>
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<td>2001</td>
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<td>1.52</td>
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<td>2006</td>
<td>1.55</td>
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<tr>
<td>2007</td>
<td>1.59</td>
<td>1.50</td>
<td>1.50</td>
</tr>
<tr>
<td>2008</td>
<td>1.80</td>
<td>1.80</td>
<td>1.80</td>
</tr>
</tbody>
</table>

Changes in Childcare Leave Utilization

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>Men</th>
<th>Women</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2006</td>
<td>21</td>
<td>23</td>
<td>24</td>
</tr>
<tr>
<td>FY2007</td>
<td>24</td>
<td>22</td>
<td>22</td>
</tr>
<tr>
<td>FY2008</td>
<td>24</td>
<td>19</td>
<td>22</td>
</tr>
</tbody>
</table>

Changes in Regular Hiring Intake

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>Clerical and technical staff</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2006</td>
<td>Men 21</td>
<td>Women 10</td>
</tr>
<tr>
<td></td>
<td>Men 54</td>
<td>Women 56</td>
</tr>
<tr>
<td></td>
<td>Men 107</td>
<td>Women 107</td>
</tr>
<tr>
<td></td>
<td>Men 109</td>
<td>Women 109</td>
</tr>
<tr>
<td></td>
<td>Men 128</td>
<td>Women 128</td>
</tr>
<tr>
<td></td>
<td>Men 140</td>
<td>Women 140</td>
</tr>
<tr>
<td>Professional staff</td>
<td>Men 260</td>
<td>Women 260</td>
</tr>
<tr>
<td></td>
<td>Men 260</td>
<td>Women 260</td>
</tr>
<tr>
<td></td>
<td>Men 270</td>
<td>Women 270</td>
</tr>
<tr>
<td></td>
<td>Men 270</td>
<td>Women 270</td>
</tr>
<tr>
<td></td>
<td>Men 388</td>
<td>Women 388</td>
</tr>
<tr>
<td></td>
<td>Men 22</td>
<td>Women 22</td>
</tr>
<tr>
<td></td>
<td>Men 22</td>
<td>Women 22</td>
</tr>
<tr>
<td></td>
<td>Men 410</td>
<td>Women 410</td>
</tr>
</tbody>
</table>

Changes in Number of Persons Receiving Training

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>Training by job role</th>
<th>Career design</th>
<th>Business skills</th>
<th>Human skills</th>
<th>Special training</th>
<th>Language training</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2006</td>
<td>1,031</td>
<td>66</td>
<td>443</td>
<td>127</td>
<td>210</td>
<td>119</td>
<td>1,996</td>
</tr>
<tr>
<td>FY2007</td>
<td>928</td>
<td>80</td>
<td>759</td>
<td>174</td>
<td>278</td>
<td>46</td>
<td>2,265</td>
</tr>
<tr>
<td>FY2008</td>
<td>1,125</td>
<td>150</td>
<td>490</td>
<td>375</td>
<td>193</td>
<td>96</td>
<td>2,429</td>
</tr>
</tbody>
</table>

Skill Map
**Third party opinion**

For an unbiased perspective on this report, independent, third-party opinion was obtained. These views will be considered in ongoing efforts by Isuzu toward the creation of a sustainable society.

In my third party opinion last year, I encouraged Isuzu to “make significant gains in developing innovative, next-generation vehicles and engines.” Reading through the feature article on the ELF model and the section on Environmental Goals and Achievements, I was able to see that steady progress has been made in the development of hybrid buses and electric cars and other active commitments. I also suggested that the company do even more to contribute to communities overseas. In this regard too, I am glad to learn of increased activities as typified by the educational aid program in the Philippines for the ISUZU HEART & SMILE PROJECT.

There were many more notable achievements such as contributions to environmental efforts in distribution through the Mimamori-kun online service, winner of the Energy Conservation Grand Prize from the Minister of Economy, Trade and Industry, and attainment of environmental targets at corporate plants. These achievements are the product of Mr. Hosoi’s leadership in continuing to make trucks that are kind to the environment and to society so that Isuzu continues to be the customers’ choice, coupled with the ardent efforts of Isuzu’s management and staff who have worked hard to meet these requirements.

In the face of growing political concern over climatic changes both domestically and overseas, deterioration in the economy and employment situation in Japan and on a global level, and other changes in social conditions, I would like to make the following recommendations in the hope of seeing a better society that exists in harmony with the environment and further advancement by the company.

Firstly, from an environmental perspective, we have recently witnessed the birth of a new government which has hammered out enthusiastic mid-term goals on greenhouse gas emissions and is expected to introduce emissions trading and environment tax systems in Japan. We are on the threshold of an era when we can anticipate that businesses will find it difficult to survive and expand without being environmentally conscious. Companies will come under increasing pressure to excel over other firms in the industry in terms of environmental commitments.

My recommendation to Isuzu, therefore, is to consider obtaining further evaluation from specialists and assessment organizations with respect to its achievements as well as short-term and mid to long-term targets for production, plant development and environment management. This will help shed light on Isuzu’s strengths and weaknesses in relation to other companies which can then be used to set targets and implement realization schemes. Setting practical targets by incorporating the views of specialists and assessment bodies will serve to enhance the company’s transparency and social credibility.

My second recommendation concerns social aspects. I encourage Isuzu to expand its scope of overseas social contribution activities even further to boost confidence abroad. Doing so will undoubtedly generate new customers too. In addition, efforts to maintain and promote employment as a corporate social responsibility have recently come under closer public scrutiny in view of the worsening employment situation. I feel that presenting further details on your perseverance and future goals (plans) in these areas will be important in improving Isuzu’s social credibility.

---

**Outline of Isuzu**

Isuzu vehicles and engines are produced and sold to support the livelihoods of people around the world.

**Corporate Profile (as of March 2009)**

- **Company name:** Isuzu Motors Limited
- **Representative:** Susumu Hosoi, President and Representative Director
- **Headquarters:** Omori Bell Port A, 6-26-1 Minami-Oi, Shinagawa-ku, Tokyo, Japan 140-8722
- **Established:** April 9, 1937
- **Capital:** JPY40.644 billion
- **Main business:** Manufacture, sales and service of motor vehicles, transport machinery and tools, engines, and related parts and materials
- **Sales:** Non-consolidated: JPY857.4 billion; Consolidated: JPY1,424.7 billion
- **Ordinary profit:** Non-consolidated: JPY3.2 billion; Consolidated: JPY15.2 billion
- **Vehicle sales:** Non-consolidated: 54,490 sold in Japan, 169,756 exported; Consolidated: 57,748 sold in Japan, 342,919 exported
- **Main products:** Heavy, medium and light-duty trucks, pickup trucks, utility vehicles, buses, and engines and other components
- **Employees:** Non-consolidated: 8,127; Consolidated: 24,257
- **Offices and plants:** Headquarters, Fujisawa Plant, Toshigi Plant

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**Domestic and Overseas Consolidated Sales/Ratio**

- **Fiscal Year 2008:**
  - Domestic: 14,936 (42%)
  - Overseas: 8,679 (58%)
  - Total: 23,615

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  - Domestic: 15,819 (43%)
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  - Total: 24,393

- **Fiscal Year 2010:**
  - Domestic: 16,629 (42%)
  - Overseas: 8,909 (58%)
  - Total: 25,538

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**Products**

- 4JJ1 engine
- 4HK1 engine
- 6HK1 engine
- 6UZ1 engine
- 6WG1 engine
- D-MAX (made in Thailand)
- ELF
- FORWARD
- GIGA
- ERGA

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Executive Director, Japan Center for a Sustainable Environment and Society (JACSES) (NGO)

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