

Corporate Governance



Corporate governance is a major priority at Isuzu. In the current climate of growing pressure to be accountable for management decisions and actions, providing effective and appropriate checks and balances, and earning the confidence of investors and the public by communication and disclosure, we are taking steps to address these needs and developments.

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

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

We are committed to disclosing information in adherence to fair business practices and corporate transparency. We distribute information through various channels, including a comprehensive company website. We are pleased to provide English-language information for our shareholders and other stakeholders around the globe.

Isuzu's Audit Committee has five members, including two outside auditors. We have established a Management Committee that is empowered to deliberate and make decisions on critical business matters. We have also introduced an executive officer system, which transfers the authority for executing business strategies to the operating level. In addition, we have implemented a Vehicle Line Executive (VLE) scheme. The Vehicle Line Executives, who are responsible for each of our product areas—commercial vehicles, light commercial vehicles and powertrains—report directly to the Management Committee.

The board of directors and the audit committee each meet at least once per month, and the Management Committee convenes weekly.

- In April 2005 we set up a Compliance Committee to provide impartial advice, oversight, and assessment of progress and organizational structure for compliance. To ensure fairness and transparency, we appointed professionals including lawyers from outside the company as members of the Compliance Committee.

- A Compliance Management Department was also established within the company to administer and promote compliance-related business activities. Reporting directly to the president, the department consists of two groups—the Compliance Group responsible for compliance planning, implementation, and review, and the Internal Audit Group.

- In fiscal 2005, as well as establishing the Compliance Committee and Compliance Management Department, we set up a helpline at a law firm that employees could use to report compliance issues in confidence. The purpose of the helpline is to obtain information about compliance issues in the company.