Corporate Governance and Compliance

Striving to ensure integrity, compliance and transparency in management

Isuzu is striving to strengthen corporate governance structures to ensure its ability to earn the trust of all stakeholders. At the same time, recognizing that a commitment to compliance is one of the most critical roles of management, the company is working to spread awareness of the importance of compliance and related matters.

Basic approach to corporate governance

The Company believes that the establishment of corporate governance structures that provide a framework for discipline is indispensable to its ability to generate consistent profits and enhance corporate value through its business activities.

Recognizing that the primary purpose of corporate governance is to respect the positions of stakeholders and build smooth relationships, the Company endeavors to ensure fairness and transparency in its corporate affairs through the timely and appropriate disclosure of important information. In particular, the Company understands that implementing internal controls and maintaining an environment that protects the rights and interests of shareholders, while assuring equality among them, is an important element of corporate governance.

Furthermore, to this end the Company considers it essential that the Board of Directors and Audit Committee, which are tasked with supervision of the Company’s management, function adequately and fulfill their duty of accountability toward shareholders.

Corporate governance structures

Having adopted the auditor system, the Company has established a Board of Directors and an Audit Committee as internal bodies to oversee and audit important management decisions. The Company’s Board of Directors is composed of 11 Directors. Currently there are no external directors.

The Company believes that the ability of the Board of Directors to properly fulfill its responsibilities in terms of operational decision-making and oversight is influenced by whether individual Directors possess extensive management expertise and experience, adequate knowledge about Isuzu’s businesses and the automobile industry in general, and an ability to make and effectively communicate appropriate judgments based on that knowledge and experience. In addition to members promoted from within the Company, it has been the Company’s practice to bring in highly knowledgeable and capable individuals from outside the organization to serve on the Board of Directors. At the same time, the Company believes that audits performed by its three external Auditors provide adequate independent review of management from the standpoint of external checking and monitoring.

Isuzu looks forward to a careful consideration of how governance could be enhanced through the addition of external Directors to the Board in light of issues such as the speed of decision-making and the challenge of recruiting suitable individuals. However, at this time the Company considers the framework and system described above for ensuring management accountability from a standpoint that is independent of management decisions and execution to provide an acceptable balance between management speed and oversight/governance.

Establishment of CSR division

As part of an organizational restructuring on April 1, 2010, the Auditing Division charged with promoting CSR (corporate social responsibility) activities aimed at improving the business’ transparency and social value was renamed the CSR division. Within this division, the Compliance Management Group was incorporated into the newly established CSR Promotion Department.