

Corporate Governance

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.

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 all 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 and all stakeholders, 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 and all stakeholders.

Overview of Isuzu's corporate governance structures

Pursuant to its adoption of a statutory auditor system, the Company has established an 10-person Board of Directors and a 5-person Audit Committee. Three of the five Audit Committee members are outside auditors, and one of the three standing Audit Committee members is an outside auditor. In addition, the Company has two outside directors.

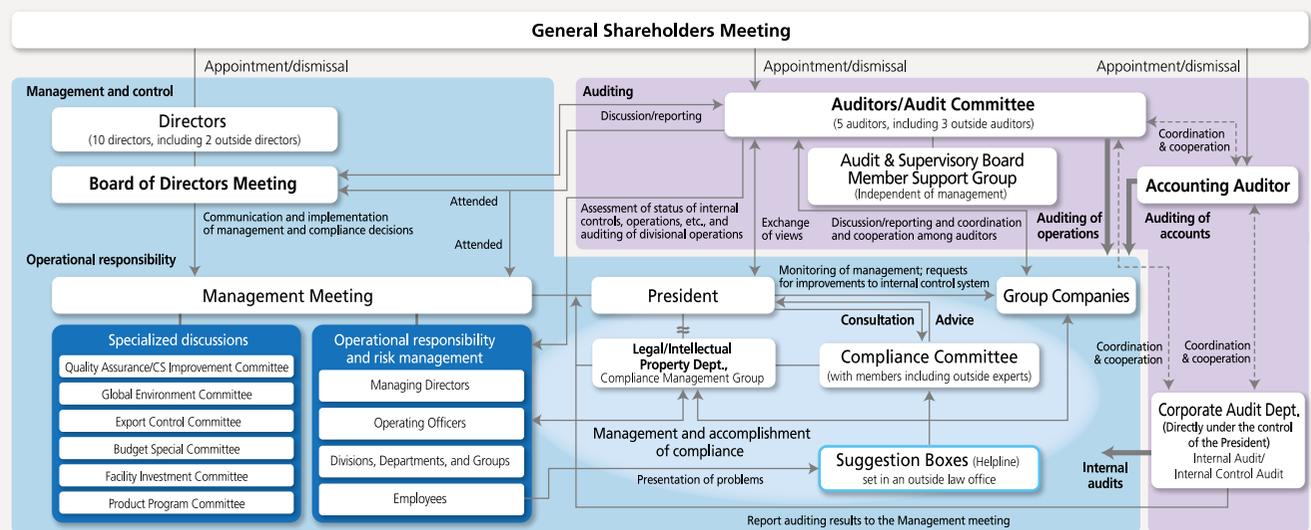
To speed up managerial decision-making and business operations, Isuzu has set up a Management Meeting that meets every other week as a rule to examine and make decisions on critical management concerns, in accordance with resolutions of the Board of Directors.

In addition, we have introduced an executive officer system for properly supporting directors' work.

The Board of Directors receives reports on the status of the Company's operations at its regular meetings, which are generally scheduled on a monthly basis.

In addition to attending Board of Directors meetings and other important meetings, auditors solicit reports from directors and other leaders concerning the execution of their responsibilities, review important decision-making documents and other materials, investigate operational and financial conditions at the head office and major worksites, request reports from subsidiaries as needed, and audit Company operations.

Overview of Internal Structures Related to Isuzu's Internal Control System



Executive compensation

The Company's directors receive compensation packages the total values of which are finalized by the Board of Directors within the range of figures approved by the General Shareholders Meeting while taking into account such factors as levels of compensation at other companies and the Company's business performance. The amount of compensation received by each director reflects his or her position, as well as the performance of the Company and the individual in question, with the last factor being determined based on each director's performance evaluation for the previous fiscal year. This base compensation is determined every June based on the director's position and performance evaluation, divided into 12 equal portions, and paid as monthly compensation. In addition, performance-based compensation consists of two components: a bonus linked to achievement of single-year consolidated performance targets, and stock compensation linked to achievement of management targets related to the sustained enhancement of corporate value over the term of the Midterm Business Plan. However, outside directors receive only basic compensation, reflecting their role and independence.