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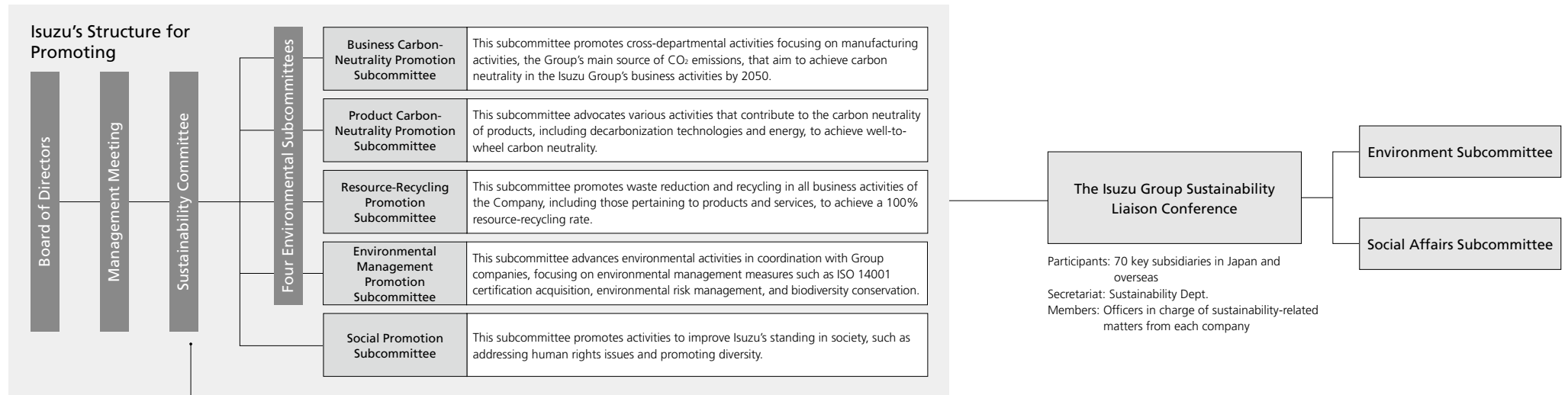


# Business Foundation Supporting Value Creation

# Isuzu's Corporate Governance Structure for Promoting Sustainability

Isuzu has established a corporate governance structure centered on the Sustainability Committee to promote sustainability throughout the Group. The Sustainability Committee collaborates with each of its subcommittees to promote Companywide sustainability-related activities while reporting the contents of said activities to the Management Meeting and Board of Directors. In addition, the Isuzu Group Sustainability Liaison Conference holds meetings with key subsidiaries to share information and provide instruction on sustainability-related activities.

## ▶ Isuzu's Corporate Governance Structure for Promoting Sustainability



**Purpose of the Sustainability Committee**  
 The Sustainability Committee makes decisions on management issues, business policy, and business strategies related to sustainability, as well as promoting Companywide sustainability activities on an ongoing basis. Through these activities, the committee aims to reflect changing social trends and expectations of companies in Isuzu's medium- to long-term business activities and to enhance the sustainable growth of society and the Company.

**Roles of the Sustainability Committee**

- Groupwide promotion of sustainability
- Continuous monitoring of progress of sustainability activities
- Gathering and sharing of information related to social expectations and of internal information

**Link between the Sustainability Committee and Management**  
 The Sustainability Committee meets regularly throughout the year (more than four times annually). Depending on the level of importance of matters discussed, the contents of the deliberations are reported to the Management Meeting and the Board of Directors as necessary.

**Composition of the Sustainability Committee**  
 The Sustainability Committee is chaired by the Company's senior executive vice president and comprises officers responsible for each of Isuzu's business domains as well as other senior management personnel serving as standing members.

**The Sustainability Committee's Main Agenda Items for Fiscal 2023**

- The formulation of an energy procurement promotion structure aimed at realizing carbon neutrality in the Company's business activities
- Human rights initiatives and plans related to diversity, equity, and inclusion
- Participation in the GX\* League
- Activities of each subcommittee and others

\* Green transformation

## Message

With a view to realizing its purpose, "Moving the World—for You," Isuzu will invest ¥1 trillion in innovation by 2030 and promote solutions for social issues such as carbon neutrality and logistics-focused DX. With particular regard to realizing carbon neutrality in Isuzu's business activities, the Sustainability Committee and its subcommittees will continue to discuss and give shape to the Company's carbon neutrality initiatives.

In fiscal 2023, the Company conducted human rights due diligence throughout the supply chain under the Isuzu Group Human Rights Policy and held Isuzu Group Sustainability Liaison Conference meetings to promote Groupwide coordination of sustainability activities.

Going forward, we will continue our efforts toward sustainability-related issues.



**Shinichi Takahashi**  
 Sustainability Committee Chairperson, Senior Executive Vice President, and Director

# The Isuzu Group's Material Issues

Isuzu has established eight material issues comprising two themes. The first theme is "value provided to society," in which the Company aims to provide value by resolving material issues such as the realization of a society in which people and goods can be transported safely, securely, and efficiently and the achievement of a balance between global environmental sustainability and global economic growth. The second theme is "cornerstones supporting value creation," in which respect for and among employees and the promotion of diversity and appropriate governance are among the material issues set forth.

By establishing specific plans to resolve these material issues, reflecting them in our business activities, and taking action accordingly, we will strive for the sustainable development of both the Company and society.

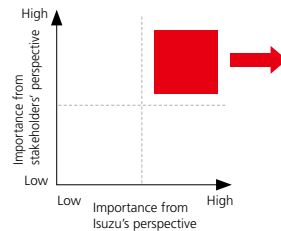
## Identification of and Selection Process for Material Issues

### Step 1 Identify and organize potential material issues

The Isuzu Group identified potential material issues for consideration based on the Group's business characteristics, business challenges, and daily communication with stakeholders. International guidelines such as the GRI Standards, ISO 26000, the Sustainable Development Goals, and the SASB Standards were also considered in the identification process.

### Step 2 Form and analyze hypotheses from social and Company perspectives

First, we formulated and verified hypotheses for potential material issues on an evaluation axis that includes the stakeholders' perspective and the Company's perspective. The hypotheses are based on social and industry trends, and importance was analyzed from both perspectives with regard to the external environment, characteristics, strategies, and CSR activities of Isuzu's business.



### Step 3 Link potential material issues to the medium-term management plan

In 2018, the Company reviewed its perspective and potential material issues were revised in conjunction with the medium-term management plan, which was under review at the same time.

### Step 4 Verify and finalize material issues from a social perspective through dialogue

In order to verify the validity of the potential material issues from a social perspective and gain insight into society's expectations for Isuzu, we held a dialogue with two experts. The dialogue was attended by the person in charge of managing sustainability promotion at Isuzu, who exchanged ideas with the experts to refine the potential material issues.

Finally, we confirmed the validity of the potential material issues during the dialogue and then established them as material issues at the Management Meeting in 2018.

	Material Issues	Approach to Resolving Issues
Value provided to society	Realization of a society in which people and goods can be transported safely, securely, and efficiently	Isuzu creates innovation in the fields of automated driving and connected technologies while leveraging business collaborations with its trusted partners. Moreover, the Company will continue to make efforts to enhance its after-sales service network in addition to supplying products equipped with state-of-the-art safety features.
	Balance between global environmental sustainability and global economic growth	In addition to reducing the environmental impact of manufacturing processes and promoting recycling-oriented business, we will provide economically friendly products and services that have low environmental impact through the creation of innovation geared toward decarbonization, such as the development of products with advanced environmental performance that contribute to efficient transportation.
	Enrichment of livelihoods and stimulation of economies in emerging countries	Isuzu will expand its sales channels and customer base for commercial and light commercial vehicles, thereby contributing to the popularization of commercial vehicles. By further strengthening regional ties with our connected business entities, we will provide products and services that contribute to the enrichment of livelihoods and the development of economic infrastructure in a manner suited to the needs of each country and region.
	Maintenance of suitable living environments during times of disaster and emergency	Isuzu provides products and services that are reliable not only in normal times but also in times of disaster and emergency, including emergency vehicles and products that are compatible with a variety of energy sources as well as an after-sales service network to assist in the restoration of damaged vehicles.
Cornerstones supporting value creation	Improvement of technologies and provision of reliable products and services	We make quality our top priority and pursue safety and environmental technologies tailored to the needs of the times. To ensure the quality of our products and services, we have established a system to ensure quality throughout our value chains.
	Respect for and among employees and promotion of diversity	We will respect the human rights and diversity of our employees, strive to maximize their abilities, and create an environment in which they can work safely and with peace of mind. Furthermore, in order to realize management from an environmental, social, and governance (ESG) perspective, we will promote the reform of our human resource systems and work to strengthen our human resource base.
	Coexistence and co-prosperity with local communities and stakeholders	We will conduct open and fair business transactions, engage in two-way communication with the various business partners involved in our supply chains, and build relationships of trust. Furthermore, by respecting national and regional cultures and working to engage and harmonize with local communities and society through our business activities, we will gain an accurate awareness of the needs of local communities and our stakeholders and respond accordingly.
	Appropriate governance	We will strengthen oversight functions, enhance the rationality and speed of decision-making, and fulfill our responsibilities to all stakeholders.

# Disclosures Based on the Task Force on Climate-related Financial Disclosures (TCFD) Framework

## ■ Corporate Governance and Risk Management

### The Isuzu Group's Environmental Management System

To promote sustainability throughout the entire Group, Isuzu has established the Sustainability Committee, which is chaired by the senior executive vice president and comprises officers responsible for each of our business domains as well as other senior management personnel serving as standing members.

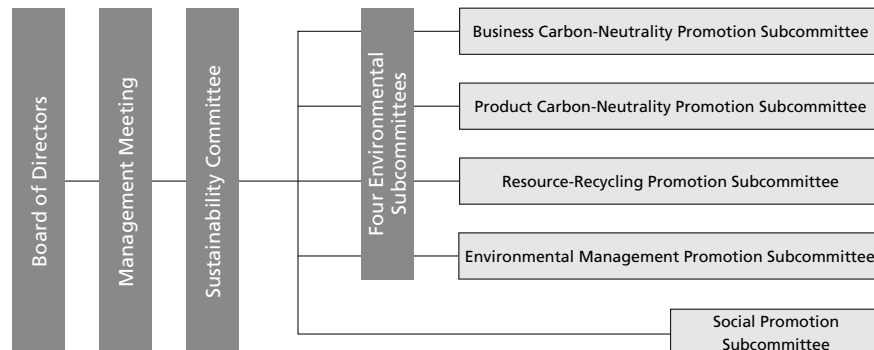
The Sustainability Committee meets regularly (at least four times a year) to deliberate and make decisions on a wide variety of matters pertaining to sustainability, such as risks associated with climate change and the Company's response to human rights and diversity issues. Depending on the level of importance of matters discussed, the contents of the deliberations are reported to the Management Meeting and the Board of Directors as necessary.

Specialized environmental and social subcommittees, each chaired by a relevant standing committee member, have also been established under the umbrella of the Sustainability Committee, wherein detailed discussions are held on individual issues.

As a framework for steadily promoting initiatives for achieving carbon neutrality, the Sustainability Committee leads the Company in deliberating and making decisions on climate-change related matters. The Business Carbon-Neutrality Promotion Subcommittee promotes activities to achieve carbon neutrality in business activities with a focus on production, and the Product Carbon-Neutrality Promotion Subcommittee promotes various activities that contribute to the carbon neutrality of products, such as the development of decarbonization technologies, and the utilization of energies that have low environmental impact. Through this system, the Company reviews and implements specific response policies and activities.

Overall risks related to climate change are managed under a Groupwide risk management system led by the Group chief risk management officer (CRMO). The Sustainability Committee identifies and assesses specific climate change risks and manages the progress of countermeasures based on each risk's potential impact on the Company's businesses.

### Composition of the Sustainability Committee

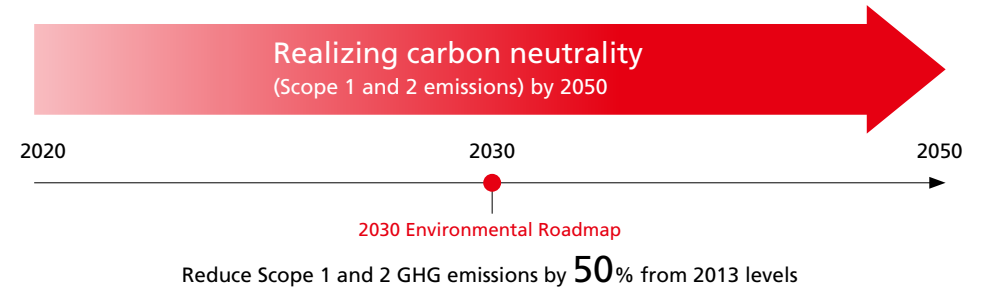


For further details on the role of the four environmental subcommittees, please see [page 52](#).

## ■ Indicators and Targets

The Company has established Isuzu Long-Term Environmental Vision 2050 with the aim of realizing zero greenhouse gas (GHG) emissions throughout the life cycles of its products by 2050. To this end, we have set a target—as outlined in the 2030 Environmental Roadmap—to reduce the Group's Scope 1 and 2 GHG emissions by 50% from 2013 levels by 2030.

We also endorse the Paris Agreement's aim to limit the global temperature increase to 1.5°C, and we are working to set science-based targets to achieve this goal. As part of this pursuit, we have submitted a letter of commitment to the Science Based Targets initiative and will continue our efforts to realize a decarbonized society.



## ■ Strategy

### Climate Change-Related Strategy

Isuzu conducted an analysis based on long-term environmental scenarios for the year 2050 with reference to the climate-related scenarios developed by the Intergovernmental Panel on Climate Change (IPCC) and the socioeconomic scenarios developed by the IPCC and the International Energy Agency. Transition risks and opportunities associated with the transition to a decarbonized society and material risks and opportunities associated with the material impacts of increased natural disasters and other events are listed on page 55.

Under our new corporate philosophy, the ISUZU ID, we will accelerate the implementation of risk countermeasures in tandem with the creation and expansion of opportunities as part of our response to calls for carbon neutrality—an issue at the very core of our efforts to drive innovation.

## Disclosures Based on the Task Force on Climate-related Financial Disclosures (TCFD) Framework

### Long-Term Environmental Scenarios

#### The 4°C Scenario

In this scenario, continued reliance on fossil fuels leads to intensified climate change and more frequent natural disasters. Fights break out over fossil fuels—a finite resource—and increasing inequality leads to anti-globalization and dysfunctional international governance. The worsening of climate change gives rise to an undesirable society that is vulnerable to disasters and economically stagnant.

#### The 1.5°C Scenario

In this scenario, a carbon-neutral society is achieved by tightening regulations on GHG emissions and limiting global temperature increase to 1.5°C through technological innovation and other means. Stricter regulations and advancements in technology lead to dramatic changes in social and industrial structures. Isuzu conducted a scenario analysis with reference to the 2°C Scenario, the Beyond 2°C Scenario, the Sustainable Development Scenario, and other scenarios developed by the IEA. Under the 1.5°C scenario, Isuzu's products and services are expected to undergo major changes in the way that they are used, leading to significant changes in the Company's business activities, examples of which are outlined below.

#### Products

##### ➔ By vehicle type

- The development and provision of next-generation powertrains continues for light commercial vehicles that support short distance, low-volume transportation, such as electric vehicles
- New trends such as electrification emerge for medium- and heavy-duty commercial vehicles
- Internal combustion engines continue to play a major role in vehicles that support long-distance, high-volume transportation, such as medium- and heavy-duty commercial vehicles

##### ➔ The use of sustainable, decarbonized clean energies

- A need arises to develop and market energy loss-free powertrains with unprecedented fuel-efficiency, as well as products equipped with such powertrains

#### Services

- ➔ Automated driving, platooning, and full trailer trucks currently undergoing demonstration tests become commonplace
- ➔ More efficient transportation methods are routinely used

#### Business Activities

- ➔ The Company switches to decarbonized clean energy in production and other business activities
- ➔ The Company minimizes resource input volumes and strictly enforces the efficient use of waste with a view to achieving carbon neutrality

### Risks and Opportunities

The risks associated with climate change can be separated into transition risks, which arise from the process of transitioning to a decarbonized society, and material risks, which arise from the tangible impacts of increased natural disasters and other such events. Isuzu's risks and opportunities are as follows.

Category	Risks	Opportunities	Countermeasures	Level of Impact on Operations
Risks and opportunities that arise from the process of transitioning to a decarbonized society	<ul style="list-style-type: none"> <li>• Decrease in market share due to delayed response to increasingly strict environmental regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in demand for zero-emission vehicles</li> </ul>	<ul style="list-style-type: none"> <li>• Promote initiatives to establish a full lineup of products compatible with carbon neutralization</li> </ul>	High
	<ul style="list-style-type: none"> <li>• Increase in development and production costs to enable the compatibility of a wide range of powertrains in electric, fuel-cell, and other vehicles</li> </ul>	<ul style="list-style-type: none"> <li>• Expansion of open innovation</li> <li>• Widespread adoption of affordable clean energy</li> </ul>	<ul style="list-style-type: none"> <li>• Implement efficient joint development projects that leverage alliances</li> <li>• Reduce carbon emissions from operations and curb costs by switching to affordable clean energy</li> </ul>	High
	<ul style="list-style-type: none"> <li>• Shrinking of the market for internal combustion engine vehicles that use fossil fuels</li> </ul>	—	<ul style="list-style-type: none"> <li>• Leverage existing internal combustion engine technologies and infrastructure in the use of next-generation, carbon-neutral fuels</li> </ul>	High
	<ul style="list-style-type: none"> <li>• Decrease in brand power due to inability to respond to various needs in the logistics infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in need for automated driving and platooning systems as well as full trailer trucks</li> </ul>	<ul style="list-style-type: none"> <li>• Generate innovative logistics processes that contribute to carbon neutralization through co-creation activities with customers</li> </ul>	High
Material risks and opportunities that arise from increased natural disasters, depleted water supplies, and other such events	<ul style="list-style-type: none"> <li>• Increase in energy costs and reputational risk due to delays in the introduction of renewable energy as a countermeasure to reduce GHG emissions in all of our business activities</li> </ul>	<ul style="list-style-type: none"> <li>• Cost reduction and enhancement of corporate image due to early introduction of renewable energy</li> </ul>	<ul style="list-style-type: none"> <li>• Introduce and expand renewable energy</li> <li>• Reduce energy costs through further promotion of energy-saving activities</li> </ul>	Moderate
	<ul style="list-style-type: none"> <li>• Impact on operations from increased flooding, typhoons, and other extreme weather events</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in demand for disaster response vehicles</li> <li>• Increase in need for robust infrastructure services at times of disaster</li> </ul>	<ul style="list-style-type: none"> <li>• Provide disaster response vehicles</li> <li>• Provide restoration services for water-damaged vehicles</li> <li>• Reinforce corporate structure through expansion of business continuity plan</li> </ul>	High

# Improvement of Technologies and Provision of Reliable Products and Services

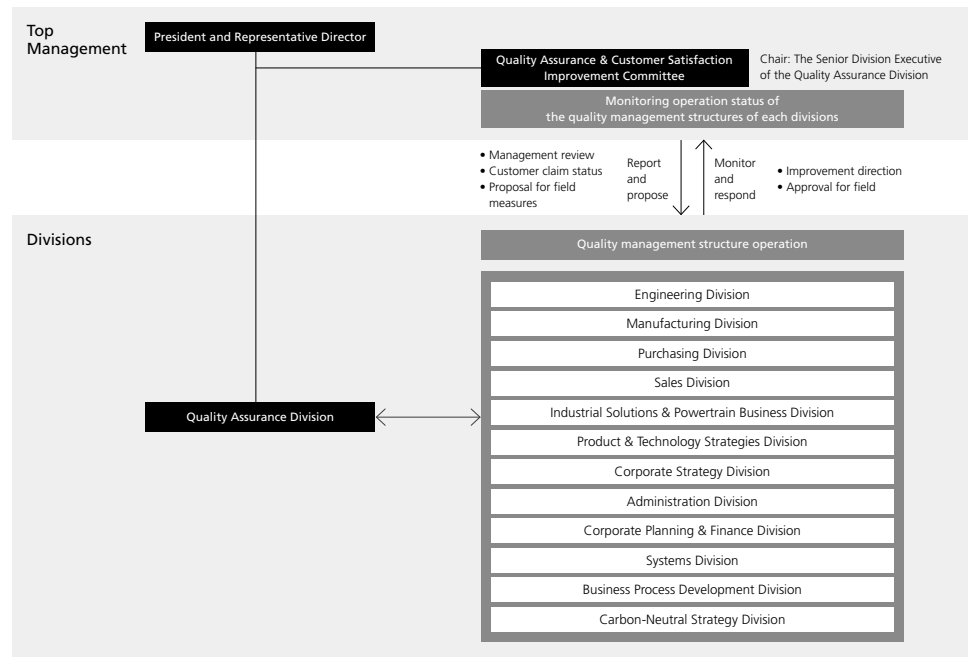
We will live up to the trust placed in us by our stakeholders by making quality our top priority and by pursuing safety and environmental technologies tailored to the needs of the times.

## Basic Approach

By making quality its foremost priority, Isuzu aims to create products and services that truly satisfy its customers, to contribute to society, and to develop as a company with a deep sense of humanity. We believe that activities at the various stages of the value chains are important to ensure the quality of our products and services. To this end, we have established a system to ensure quality at each stage, from development to procurement, production, and bringing to market, so as to be able to ensure quality.

## Companywide Quality Assurance System

In order to fulfill its social and quality responsibilities as a manufacturer, Isuzu has established the quality assurance system shown in the schematic below, and the Company is unified in its efforts, led by the Quality Assurance Division, to improve quality. Specifically, the Quality Assurance & Customer Satisfaction Improvement Committee, which is chaired by members of the Quality Assurance Division, holds monthly meetings to share the status of quality assurance efforts from the senior management teams of all divisions, holds discussions on improving customer satisfaction, and monitors the operation of the quality management system in each division. The results are applied to quality assurance activities in each business unit.



## Initiatives to Improve Product Quality

Guided by its new purpose, “Moving the World – for You,” Isuzu aims to go beyond its previous corporate philosophy, “Isuzu will always mean the best: a leader in transportation, commercial vehicles, and diesel engines, supporting its customers and respecting the environment,” by proactively working with its customers and business partners to provide transport solutions for all goods and people and to create value that enriches society while addressing pressing issues such as carbon neutrality and a changing logistics industry. To achieve this mission, we have implemented various initiatives to improve quality at every stage of the value chain, from product development and production to bringing new products to market.



Pre-crash brake control that can detect pedestrians and bicycles

At the development stage, we strive to improve quality by focusing on the three key issues of safety, the economy, and the environment. Achieving high performance in safety technology is particularly important for trucks, which are closely linked to people and society. Further, to help reduce accidents and mitigate damage, we are promoting the development of safety features to suit each vehicle model, such as pre-crash brakes that can detect pedestrians and bicycles and a blind spot monitor that assists the driver by using radar sensors that emit from the cab of the truck in all directions. In addition, we collect operational and usage data from customers after sales, which we use to improve the quality of our products.

At the procurement stage, we are thoroughly implementing quality improvement activities related to purchased products in cooperation with our business partners. We have a total of 680 business partners in Japan and overseas, and we perform regular checks regarding the quality of delivered products and market quality. We calculate a monthly evaluation score based on factors such as the number of defects that occurred and their severity. Business partners whose delivery quality evaluations do not achieve a certain score are asked to make improvements.

At the production stage, we have created the Isuzu Monozukuri system, incorporating our methods and production expertise based on the manufacturing concept of prioritizing quality. We create products with a uniform high standard of quality based on the concept that all products bearing the Isuzu name should be produced under the same manufacturing approach and quality control at any Company plant around the world. Moreover, all employees involved in production are given regular lecture-based and practical training to develop the Isuzu Monozukuri mindset, methods, and production expertise. In fiscal 2023, a total of 995 employees attended training sessions, with each employee averaging 21 hours of training (two to five days per person).

## Improvement of Technologies and Provision of Reliable Products and Services

### Initiatives for Improving Service Quality

Not only are commercial vehicles used in harsh environments but they also have long service lives, so it is extremely important that they do not break down. However, should a breakdown occur, it is crucial that they have a well-developed service system that can respond quickly to such events. To this end, Isuzu aims to establish high-level service systems that transcend the boundaries of our operations in Japan and overseas. As of March 31, 2023, we have 251 service centers in Japan and 3,740 sites overseas.



In addition, we are working to improve our maintenance technologies for supporting after-sales services. We hold various contests designed to improve service quality in countries and regions around the world. These include the Isuzu World Service Skills Competition, in which teams of servicing staff and engineers from countries and regions around the world gather and compete on technical skills and knowledge, as well as other contests such as parts skills competition in Japan.

Isuzu conducts training at its dealerships to improve service engineers and advisors' ability to handle service operations, their maintenance engineering skills, and their ability to perform more advanced repairs. Service engineers who carry out repairs are provided with training on basic and specialized knowledge about the structure of vehicles, engines, and other equipment, while service advisors who deal directly with customers are given training in diagnosis and explanation skills.

### Initiatives to Improve the Quality of Operations

The Isuzu Group believes that improving the quality of operations carried out by all employees, not just by those in divisions directly involved in product quality, will lead to the realization of quality that meets customers' needs. To this end, we conduct training to develop both the quality awareness and knowledge of our employees.

To improve Groupwide quality awareness, we hold the annual Quality Month each November, during which we create opportunities for our employees to reflect on what is considered good work from the customer's perspective. Discussions are held within each division to raise awareness of the importance of quality operations. In fiscal 2023, 96% of employees from Isuzu joined the program. In addition, as an educational program for employees to systematically acquire knowledge about quality, we also provide legal training. In legal training, employees learn about the Road Transport Vehicle Act and the product recall system as they relate to Isuzu product quality, and we also offer expert training courses in quality control, whereby employees are taught the statistical analysis skills necessary to solve problems. We also aim to improve employees' basic problem-solving and practical skills so that they can effectively implement quality improvement in their places of work. In fiscal 2023, we held remote and group training for 190 participants.

For details on specific initiatives, please refer to the "Quality" section of the Sustainability Report.

## Respect for and among Employees and Promotion of Diversity

We will respect employees' human rights and diversity and create rewarding working environments.

### Basic Approach

Isuzu respects all of its employees and strives to maximize their abilities while creating an environment in which they can work safely and with peace of mind. In doing so, employees and the Company will grow together.

### Summary of Initiatives

In order to promote respect for and among its employees, Isuzu implements various human resource measures related to each of the following issues: human resource development, improvement of employee satisfaction, promotion of diverse workstyles, utilization of diverse human resources, occupational health and safety, and labor-management relations.

Moving forward, Isuzu will promote the reform of its human resource system to allocate the right personnel to the right positions, achieve professional diversity, and realize independence and autonomy in individuals to enable management from an ESG perspective.

### Human Resource Development

Isuzu's training system comprises three components: career development, skills development, and management capability development. Career development, which is aimed at new hires and junior employees, fosters human resources who can develop their own expertise and build their own careers. Skills development focuses on the abilities required for each employee rank and position and supports employees in developing their skills so that they can acquire the knowledge and insight necessary to be active on the global stage. Regarding management capability development, training is conducted to enhance management capabilities and strengthen interpersonal skills in order to nurture future management personnel.



### Improving Employee Engagement

As set forth in its mission in the ISUZU ID, Isuzu aims to be No. 1 in the area of employee engagement throughout the Group and will focus on this as a management issue. The Company will monitor employees' motivation by conducting ongoing engagement surveys and observing trends in the collected data.

## Respect for and among Employees and Promotion of Diversity

### Efforts to Promote Diverse Workstyles

Under our basic policy of increasing productivity through the pursuit of the right workstyle for the job, we have established a human resource management system that enables each employee to work with a sense of satisfaction and have introduced different types of employment to promote flexible workstyles as an organization. Discussions on measures and Companywide implementation are led by the Workstyle Reform Promotion Council, which comprises the vice president and general managers of each division.

### Utilization of Diverse Human Resources

Isuzu strives to employ a diverse workforce that includes people with disabilities and non-Japanese people as well as to create an environment that facilitates reduced working hours, childcare and nursing leave, and other measures. In terms of supporting the success of female employees, we aim to increase the number of female managers (senior level) to at least twice the fiscal 2015 level by the end of March 2024.

In addition, Isuzu has been awarded three stars under the Ministry of Health, Labour and Welfare's Eruboshi certification for recognizing companies that have achieved excellent results in promoting women in their workplaces based on the Act on Promotion of Women's Participation and Advancement in the Workplace.

### Occupational Health and Safety

As set forth in its Health and Safety Philosophy, Isuzu promotes business activities based on employee health and safety. Further, we prevent occupational accidents by ensuring thorough safety checks and conducting periodic drills for fire and disaster prevention.

An Occupational Health and Safety Committee meeting is held once a month at all of Isuzu's business sites, where labor and management discuss issues such as industrial safety, traffic safety, health management, and workplace environment improvements. Committee meetings are also held on a departmental basis to ensure the smooth sharing of information from discussions held at the main Health and Safety Committee meetings. For our contractors in Japan, we have established the Isuzu Safety and Health Cooperative Association, consisting of our affiliates, and strengthen our cooperation by providing guidance on safety, health, fire prevention, and disaster management through monthly corporate diagnoses. In line with the globalization of our operations, we also share information with overseas affiliates about domestic occupational disasters and set up meeting bodies on a regular basis to share information and provide guidance.

### Promotion of Mental Health Measures

Self-care support includes stress checks and follow-up interviews, self-care training for new employees, and other related measures. For line care, an initiative in which supervisors and managers regularly monitor subordinates' mental well-being, a workplace consultation service has been established, and line care training and counseling is provided to supervisors who are in a position to utilize the results of stress checks. The care provided by occupational health personnel includes responding daily to consultations from the workplace. Occupational health personnel also refer employees to outside organizations, coordinate employment with workplaces, and provide ongoing follow-up interviews as necessary. We also utilize support from external specialists via the Employee Assistance Program to provide counseling and training.

For details on specific initiatives, please refer to the "Respect for Employees" section of Sustainability Report 2023

### Diversity, Equity, and Inclusion Initiatives

#### VOIS (a Partnership Between Volvo and Isuzu)

The Isuzu Group has collaborated with the Volvo Group to form a project called "VOIS"—which is spelled so using the first two letters of "Volvo" and "Isuzu"—a network aimed at promoting diversity, equity, and inclusion (DE&I). Through the sharing of best DE&I practices, the two groups aim to bring about positive changes among their employees.

In October 2022, an event on the theme of unconscious bias was held at the Volvo Group's headquarters in Gothenburg, Sweden. The presidents and senior management of both the groups took part in a discussion on how unconscious bias affects relationships with customers, suppliers, and business partners; the importance of inclusion in cross-functional working environments; and the role of DE&I in strategic business collaboration. Through this event, which was also live-streamed, approximately 2,500 officers and employees from each group were able to deepen their understanding of unconscious bias.



The Volvo Group's headquarters, where the event was held



Isuzu's President and COO Shinsuke Minami recalls his experiences in the United States

### Topics

#### Isuzu's Yokohama Headquarters Receives Platinum Certification in the WELL Building Standard™ Program

In Medium-Term Business Plan 2024, Isuzu set forth its aim to promote a shift to management from an ESG perspective and to transform into a company that spurs innovation from a human resource and organizational standpoint. As part of these efforts, Isuzu's headquarters (relocated to Yokohama in May 2022) has been awarded Platinum certification, the highest certification level of the WELL Building Standard™, a U.S.-based program that assesses whether buildings and organizations deliver thoughtful and intentional spaces that enhance human health and well-being. Isuzu is the first automobile manufacturer in Japan to receive certification in the WELL Building Standard™ program.

Isuzu's new headquarters has adopted an activity-based working\* design, with meeting rooms that support online meetings, individual work booths, and other features that are tailored to the various duties and purposes of employees.

\* Activity-based working: Working environments are chosen to suit the nature and purpose of the work, with a focus on comfort and efficiency.



Soundproof booths designed for web conferences



A cafeteria that can also be used for meetings and individual tasks



# Respecting Human Rights

## The Isuzu Group Human Rights Policy

On February 25, 2022, we established the Isuzu Group Human Rights Policy by a Board of Directors' resolution. This policy conforms to the United Nations Guiding Principles on Business and Human Rights (UNGPs) and reiterates Isuzu's commitment to its corporate social responsibility to contribute to the realization of a sustainable society by promoting business activities that respect human rights.

In accordance with this policy, Isuzu will comply with international codes, laws and regulations, Group codes, and other requirements. Moreover, the Company will develop a Groupwide human rights promotion system, engage in human rights due diligence, and provide appropriate training to officers and employees. In addition, we will engage in dialogue with our stakeholders and strive to promote understanding among our business partners.

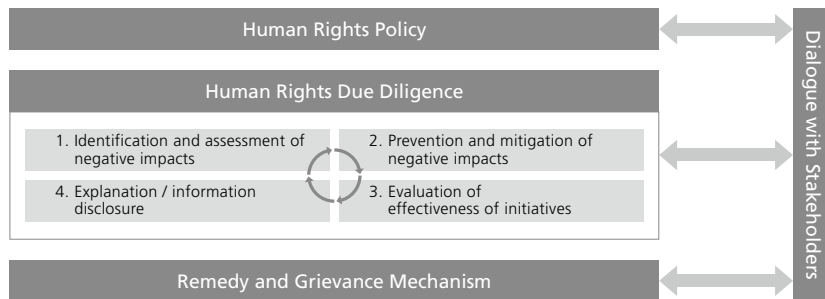
Further information on the Isuzu Group Human Rights Policy.

## Management Structure

Human rights issues are deliberated on by the Sustainability Committee, which is chaired by the senior executive vice president and consists of executive department heads and other members of management, and reports on important matters to the Management Meeting and the Board of Directors. Execution is mainly conducted by the Sustainability Department, which is a dedicated department, together with related departments. At meetings of the Social Promotion Subcommittee, a working group under the Sustainability Committee that deals with social issues, representatives from all departments discuss human rights issues.

## Human Rights Due Diligence

In accordance with the UNGPs, the Isuzu Group is promoting human rights due diligence and establishing a remedy and grievance mechanism under the Isuzu Group Human Rights Policy.



## Identification of Priority Human Rights Themes

In 2023, with the cooperation of Caux Round Table Japan (CRT Japan), an external expert body, we identified potential risks that the Group's business activities pose to human rights. In terms of specific procedures, all departments participated in the Social Promotion Subcommittee to discuss human rights risks that are of

concern for each process in the value chain. In addition, we conducted interview surveys with relevant departments and then analyzed and organized the contents of discussions and interviews from the perspective of society and identified human rights themes to be prioritized. We then made a decision following discussions at a Sustainability Committee meeting.

### Identified Priority Human Rights Themes

1. Problems regarding treatment of foreign workers in the Isuzu Group, including sales companies, and in the broader supply chain
2. Management of human rights issues and initiatives in the value chain, including logistics and downstream value chains

## Conducting Third-Party Interviews with Foreign Technical Intern Trainees

From January to February 2023, we conducted interviews with foreign technical intern trainees at one Group company and two business partner companies. Interviews were conducted face-to-face with the cooperation of CRT Japan, a third-party organization, so as to ensure objectivity and neutrality. As a result, Hiroshi Ishida, executive director of CRT Japan, commented that the relationship between foreign workers and the Company is generally sound, and although there is room for improvement in some areas, there are no human rights issues of particular concern at this time. Going forward, with the cooperation of our business partners, we will maintain and expand these activities and conscientiously respond to improvement proposals.

## Remedy and Grievance Mechanism

### Participation in the JP-MIRAI Consultation and Remedy Desk Project

In October 2022, Isuzu participated in the consultation and remedy desk project of the Japan Platform for Migrant Workers towards Responsible and Inclusive Society (JP-MIRAI) as a way to build a relief mechanism for foreign workers. This project uses the JP-MIRAI web portal to disseminate necessary information to foreign workers, provide anonymous and multilingual external consultation services, and provide feedback to participating companies. Foreign workers at Isuzu and two Group companies are currently participating in the project.

## Dialogue with Stakeholders

### Stakeholder Engagement Program Participation

Isuzu believes it is important to understand the negative impact of business activities on human rights from the stakeholder perspective, and the Company began participating in the stakeholder engagement program sponsored by CRT Japan in fiscal 2024. By engaging in dialogue on a wide range of human rights issues, participating companies, academic experts, NGOs and NPOs, and others gain a better understanding of the perspectives of rights holders and acquire knowledge necessary for the implementation of human rights due diligence required by the UNGPs.

For details on specific initiatives, please refer to the "Human Rights" section of the Sustainability Report

# Supply Chain Management

## Basic Approach

We will conduct open and fair trade, engage in two-way communication with various business partners, and build trusting relationships. We have also formulated our Basic Purchasing Vision and Basic Purchasing Policy and are thoroughly educating our employees on said vision and policy. In addition, for our business partners we formulated the Isuzu Supplier Sustainability Guidelines and the Isuzu Green Procurement Guidelines, with the aim of ensuring an understanding of Isuzu's approach and initiatives among our business partners.

## Management Structure

Isuzu's Purchasing Division holds monthly quality meetings to report on and discuss the quality status of purchased parts in the previous month, the audit results on new suppliers, and ISO/IATF-related internal and external audit results. Furthermore, the Purchasing Division's quality, compliance promotion, and environmental meetings are held once a month, and information from each committee is disseminated to each department within the Purchasing Division. The Purchasing Division's activity policies related to compliance and the environment are determined by these meeting bodies.

## Isuzu Supplier Sustainability Guidelines

Isuzu reworked its Supplier CSR Guidelines into the new Isuzu Supplier Sustainability Guidelines in December 2022.

These revisions are aimed at enhancing the content and using these guidelines to encourage the efforts of our business partners to share values related to sustainability, such as the environment and human rights, throughout Isuzu's supply chain, as well as requesting that our business partners make efforts to familiarize themselves with and understand the actual status of their supply chains.

We ask our business partners to sign a consent form to confirm that they comply with the requirements of these guidelines. As of July 2023, we have received signatures from business partners who account for approximately 90% of our annual purchasing. We have also prepared a self-assessment questionnaire (SAQ) to evaluate whether initiatives are being implemented in line with the revised guidelines and will begin implementing the survey in fiscal 2024.

## Monitoring of Business Partners' Initiatives

### Human rights

Since fiscal 2022, we have been asking our business partners to respond to the CSR/Sustainable Procurement Self-assessment Questionnaire issued by the United Nations Global Compact Network Japan to confirm the status of sustainability initiatives, such as the use of conflict minerals and the status of human rights initiatives at our business partners. In fiscal 2023, we received responses from business partners representing approximately 90% of our annual purchasing.

From fiscal 2024, we plan to identify and assess risks and take improvement measures using the new SAQ in line with the Isuzu Supplier Sustainability Guidelines.

## Quality

We calculate evaluation scores on a monthly basis to monitor the quality of delivered products and the market quality of our business partners and suppliers. As a result, at business partners whose evaluations do not achieve a certain score, efforts are made to improve delivery quality through such initiatives as holding monthly quality meetings. As a result of these efforts, approximately 90% of our business partners met the standards for delivery quality evaluation scores in fiscal 2023.

## Business Continuity Plan

In terms of business continuity, there are many potential issues in future production activities that need to be addressed from both short-term and longer-term perspectives, such as parts supply shortages and changes in production plans and output adjustments due to infectious diseases and natural disasters. We also need to remain aware of geopolitical risks. Additionally, we are putting together a BCP/BCM system, and we will work on supply chain visualization as a new challenge. In the event of a natural disaster, we utilize the system to immediately obtain reports on the degree of impact on deliveries from suppliers who account for approximately 85% of our annual purchasing. We are also making efforts to minimize the time required for the resumption of operations, and we are building a system for responding to disasters by speeding up the initial response and collaborating with our business partners to restore operations as quickly as possible as well as minimize the impact on the sales of Isuzu products.

## Environment

We ask our business partners to report on their environmental management system promotion activities using a self-assessment report on environmental management. In fiscal 2023, we asked 365 business partners to self-evaluate, and the response rate reached a record high for a second consecutive year, with the average score also reaching a record high.

In fiscal 2023, we adopted the CDP Supply Chain program to monitor our suppliers' climate change-related initiatives and GHG emissions.

## Business Partner Consultation Service

We have established a business partner consultation service within our Risk Management Department's Compliance Promotion Group's office as an impartial consultation service for our business partners, and we welcome compliance-related inquiries from our business partners.

 For details on specific initiatives, please refer to the "Supply Chain Management" section of the Sustainability Report.

# Coexistence and Co-Prosperity with Local Communities and Stakeholders

## Basic Approach

To realize its purpose, "Moving the World – for You," Isuzu is making efforts to realize carbon neutrality and contribute to the evolution of logistics. Furthermore, Isuzu respects national and regional cultures and is implementing the following initiatives to help resolve social issues by engaging with local communities and society through its business activities.

## Social Contribution Themes

### 1 Balancing the Global Environment and Economic Development

In addition to reducing the environmental impact of manufacturing processes and promoting recycling-oriented business, we will provide economically friendly products and services that have low environmental impact through the creation of innovation geared toward decarbonization, such as the development of products with advanced environmental performance and contributions to efficient transportation.

### 2 Realizing a Society in Which People and Goods Can Be Transported Safely, Securely, and Efficiently

Isuzu creates innovation in the fields of automated driving and connected technologies while leveraging business collaborations with its trusted partners. Additionally, the Company will continue to make efforts to enhance its after-sales service network, in addition to supplying products equipped with state-of-the-art safety features so as to provide products and services that underpin the transportation industry.

### 3 Harmonizing with Local Communities

By respecting national and regional cultures and working to engage and harmonize with local communities and society, we will not only become a trusted member of such communities but also contribute to their development through our activities.

## Harmonizing with Local Communities

### Opening of Isuzu Plaza

In April 2017, as part of Isuzu's 80th anniversary commemorative project, Isuzu Plaza was opened on a site adjacent to its Fujisawa Plant. Isuzu Plaza consists of three exhibit areas, "Isuzu, a Leader in Transportation," "Isuzu's Vehicle Manufacturing," and "History of Isuzu," and aims to be a facility where visitors can learn more about Isuzu and become more familiar with the Company.

Additionally, the facility will serve to connect Isuzu with the local community by hosting various events and manufacturing (*monozukuri*) workshops.



Isuzu Plaza



Utilizing Isuzu's proprietary techniques, hands-on manufacturing (*monozukuri*) workshops focused on metal casting are held at Isuzu Plaza

## Providing Educational Support to Auto Mechanic Training Schools

Since November 2008, as part of a unique social contribution project launched to celebrate Isuzu's 70th anniversary, the Company has been providing educational support to an auto mechanic training school for economically disadvantaged young people at the Technical Education and Skills Development Authority of the Department of Labor and Employment in Tacloban city on the island of Leyte in the Philippines.

This activity goes beyond mere financial assistance to provide support based on our own expertise. Specifically, we dispatch Japanese instructors to the area to provide technical education workshops called Isuzu Juku. As a result, graduates of the school are highly evaluated by their employers as they acquire not only high-level maintenance skills related to electricity, transmissions, engines, and brakes but also the 5Ss of *seiri* (sorting), *seiton* (set in order), *seiso* (shine), *seiketsu* (standardize), and *shitsuke* (sustain).

As of March 2023, there are 351 graduates from the school, many of whom are working for dealerships in the Philippines and overseas. An increasing number of graduates are finding employment in Japan. From 2019 to March 2023, nine graduates have been employed at either Isuzu Motors or its dealerships in Japan.



Hands-on vehicle disassembly training



Extracurricular Japanese language classes

## Social Contribution Efforts of One of Isuzu's Group Companies

Isuzu East Africa Limited (IEA) is promoting social contribution activities focused on the three pillars of traffic safety, education, and the environment. Through these activities, Isuzu has developed connections with local governments and communities, which is also a factor in the acceptance of the Isuzu brand.

### Educational Activities

In Kenya, only about 50% of students move on from primary to secondary school. This is mainly due to a lack of funding and means that many young people miss out on learning opportunities. Therefore, IEA assists talented students from underprivileged backgrounds in gaining access to secondary education.



Every year, IEA provides scholarships to underprivileged students suffering from poverty and other hardships. Since 2005, approximately 70 students have attended local universities through the scholarship program.

# Corporate Governance

Isuzu will enhance its supervisory function, increase the rationality and speed of decision-making, and fulfill its duty of accountability to all stakeholders.

## Basic Approach

In order for Isuzu to continuously increase revenues and enhance corporate value through its corporate activities, the Company believes that it is essential to establish a corporate governance system that provides a framework for regulating such activities.

Furthermore, we believe that the fundamental purpose of corporate governance is to respect the perspectives of and build constructive relationships with all of our stakeholders. To that end, we endeavor to ensure fairness and transparency in our corporate affairs through timely and appropriate disclosure of important information. In particular, we believe that a key element of corporate governance is to develop an internal structure and environment that protects the rights and interests of all stakeholders and ensures equality among stakeholders.

## Corporate Governance Structure

As a corporate governance system considered appropriate for a company and its management to secure the confidence of all stakeholders, Isuzu adopted the Company with Audit and Supervisory Committee organizational system, which enables the Board of Directors to delegate a significant portion of important business execution decisions to executive officers, with the objective of achieving greater rationality and speed of business-related decision-making, more robust deliberations at Board of Directors' meetings, and a strengthened supervisory function.

This corporate governance structure has an Audit & Supervisory Committee comprising five directors, three of whom are outside directors. By giving directors on the Audit & Supervisory Committee voting rights at Board of Directors' meetings, the Company aims to further increase the soundness and transparency of management. Furthermore, as a voluntary body related to governance, the Nomination and Remuneration Committee, with a majority of members being outside directors, has been established to strengthen independence, transparency, and objectivity in the functioning of the Board of Directors in such matters as the nomination of officer candidates, the appointment of management executives, and the determination of officer remuneration.

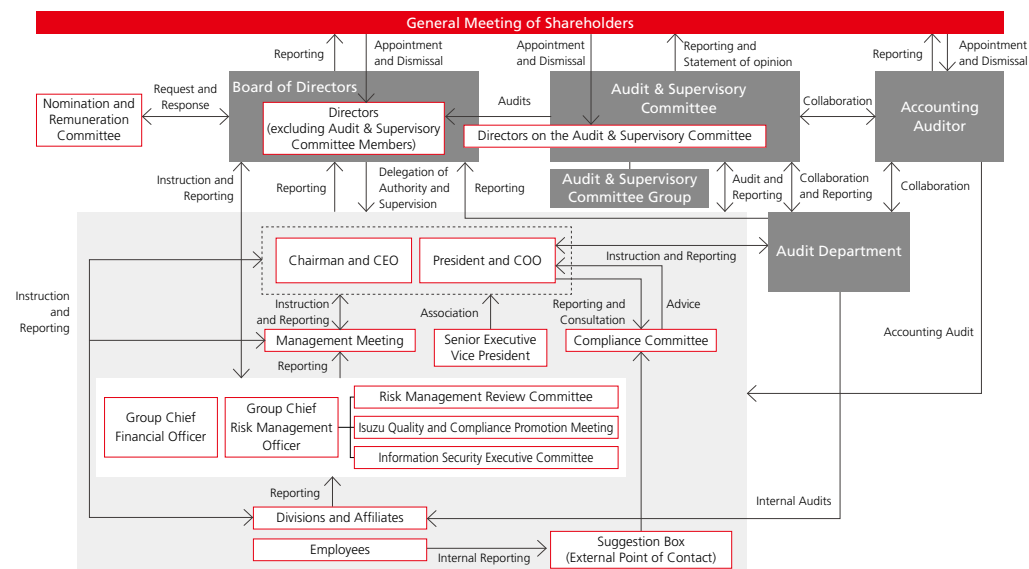
## Board of Directors

The Board of Directors carries out important business-related decision-making and supervision in order to respond to the mandate from and trust of shareholders and to continuously enhance corporate value. In principle, the Board of Directors holds regular monthly meetings, as well as conducting extraordinary Board of Directors' meetings as necessary, to deliberate and make decisions regarding necessary matters.

At present, the Board of Directors consists of 13 directors. Its chair is Chairman, Representative Director, and CEO Masanori Katayama, and five of the 13 directors are highly independent outside directors.

In fiscal 2023, the Board of Directors met 15 times and active discussions were held on the reformulation of the Isuzu Group's corporate philosophy and other matters.

## Corporate Governance Structure (As of June 28, 2023)



## Audit & Supervisory Committee

In accordance with its established auditing plan, the Audit & Supervisory Committee audits and supervises decision-making by the Board of Directors and execution of business by directors.

The current Audit & Supervisory Committee is composed of five directors. The Company has appointed three members—Makoto Anayama, Kenji Miyazaki, and Masao Watanabe—as Standing Audit & Supervisory Committee members in order to strengthen the audit and supervisory functions of the committee members and to enable them to share information by collecting information on a daily basis and attending important internal meetings, as well as to sufficiently cooperate with the accounting auditor and the Internal Audit Division. The chair is Outside Director Makoto Anayama, and three of the five members are highly independent outside directors. All five directors who are Audit & Supervisory Committee members are elected members.

Further, to support the Audit & Supervisory Committee, the three-person Audit & Supervisory Committee Group, which reports directly to the Audit & Supervisory Committee, has been established as an organization dedicated to assisting the Audit & Supervisory Committee's execution of duties. Further, the Audit & Supervisory Committee Support Staff Regulations have been established to ensure the independence of the committee group and the effectiveness of instructions to its staff.

In fiscal 2023, the Company held 15 Audit & Supervisory Committee meetings.

## Corporate Governance

### Nomination and Remuneration Committee

The Nomination and Remuneration Committee serves as a voluntary body related to corporate governance, with the aim of strengthening the independence, transparency, and objectivity of the Board of Directors' functions related to such matters as the nomination of officer candidates, appointment of senior management, and determination of officer remuneration.

The present Nomination and Remuneration Committee comprises five members: two inside directors, Masanori Katayama and Shinsuke Minami, and three outside directors, Mitsuyoshi Shibata, Kozue Nakayama, and Makoto Anayama. The committee is chaired by Chairman, Representative Director, and CEO Masanori Katayama and deliberates and responds to inquiries received from the Board of Directors. In fiscal 2023, the committee met eight times to consider general nomination and remuneration matters, including those related to the succession plan for the president and matters related to their development.

### Executive Officer System and Management Meeting

By separating the Board's supervisory and business execution functions, Isuzu is working to enhance deliberations by the Board of Directors, which is the supervisory body, and to create a prompt decision-making and execution system through the appropriate delegation of authority from the Board of Directors. Executive officers have been put in place to provide a prompt decision-making and execution system and to be responsible for the execution of operations in their respective areas. The Management Meeting consists of Chairman and CEO Masanori Katayama, President and COO Shinsuke Minami, executive vice presidents (EVPs), Group chief-level officers, and executive officers, with Shinsuke Minami as the chair, and makes decisions and deliberates on matters related to management and business execution within the scope of authority delegated by the Board of Directors.

### Implementation of Changes to Strengthen Corporate Governance

Isuzu has been making efforts to reform its corporate governance against the backdrop of the recent trend of strengthening corporate governance in Japan. Moreover, starting in June 2021, we adopted the Company with Audit and Supervisory Committee organizational system and have implemented other initiatives to further strengthen our corporate governance and enhance our corporate value.

### Corporate Governance Initiatives

	115th Term Fiscal 2017	116th Term Fiscal 2018	117th Term Fiscal 2019	118th Term Fiscal 2020	119th Term Fiscal 2021	120th Term Fiscal 2022	121st Term Fiscal 2023	122nd Term Fiscal 2024
Independent outside directors (of whom are female directors)	2 (0)	2 (0)	2 (0)	2 (0)	2 (1)	5 (2)	5 (2)	5 (2)
Officer remuneration	Introduction of performance-linked, share-based remuneration plan		Setting of annual upper limit for directors' bonuses					

	115th Term Fiscal 2017	116th Term Fiscal 2018	117th Term Fiscal 2019	118th Term Fiscal 2020	119th Term Fiscal 2021	120th Term Fiscal 2022	121st Term Fiscal 2023	122nd Term Fiscal 2024
Advisory committees				Establishment of Nomination and Remuneration Committee				
Separation of execution and supervisory functions					Revision of decision-making rules	Transition to the Company with Audit and Supervisory Committee organizational system		
						Establishment of chief-level officers	Delegation of important business decision-making to directors	Establishment of position of chief coordination officer
								Establishment of CEO and COO positions
Improvement of the Board of Directors' functions				Commencement of Board of Directors' effectiveness evaluations			Ratio of independent outside directors of at least one-third	
							Setting of agenda for management strategy	
							Creation of skills matrix	
							Commencement of institutional shareholder engagement	

### Attendance of Directors and Audit & Supervisory Committee Members (Attendance Rate)

(April 1, 2022 to March 31, 2023)

Current Position	Name	Meetings Attended
Chairman and Representative Director, CEO	Masanori Katayama	Board of Directors meetings 15/15 (100%)
President and Representative Director, COO	Shinsuke Minami	Board of Directors meetings 15/15 (100%)
Senior Executive Vice President and Director	Shinichi Takahashi	Board of Directors meetings 15/15 (100%)
Director of the Board and Managing Executive Officer	Shun Fujimori	Board of Directors meetings 15/15 (100%)
Director of the Board and Managing Executive Officer	Tetsuya Ikemoto	Board of Directors meetings 15/15 (100%)
Director of the Board and Senior Executive Officer	Naohiro Yamaguchi*1	Board of Directors meetings 11/11 (100%)
Director of the Board	Mitsuyoshi Shibata	Board of Directors meetings 15/15 (100%)
Director of the Board	Kozue Nakayama	Board of Directors meetings 15/15 (100%)
Director of the Board	Kouichi Seto*2	Board of Directors meetings 4/4 (100%)
Director of the Board		Board of Directors meetings 15/15 (100%)
Standing Audit & Supervisory Committee Member	Kenji Miyazaki	Audit & Supervisory Committee meetings 15/15 (100%)
Director of the Board		Board of Directors meetings 15/15 (100%)
Audit & Supervisory Committee Member	Kanji Kawamura	Audit & Supervisory Committee meetings 15/15 (100%)
Director of the Board		Board of Directors meetings 15/15 (100%)
Standing Audit & Supervisory Committee Member	Kimie Sakuragi	Audit & Supervisory Committee meetings 15/15 (100%)
Director of the Board		Board of Directors meetings 15/15 (100%)
Standing Audit & Supervisory Committee Member	Tetsuhiko Shindo*3	Audit & Supervisory Committee meetings 15/15 (100%)
Director of the Board		Board of Directors meetings 15/15 (100%)
Standing Audit & Supervisory Committee Member	Masayuki Fujimori*3	Audit & Supervisory Committee meetings 15/15 (100%)

\*1 Since appointment on June 28, 2022 \*2 Until retirement on June 28, 2022 \*3 Until retirement on June 28, 2023

## Corporate Governance

### Board Members (as of June 28, 2023)



**Masanori Katayama**  
Chairman and Representative Director, CEO  
Chair of the Nomination and Remuneration Committee

**N**

Apr. 1978 Joined ISUZU MOTORS LIMITED  
Jun. 2007 Director of the Board, ISUZU MOTORS LIMITED  
Apr. 2014 Executive Vice President and Director, ISUZU MOTORS LIMITED  
Apr. 2015 Executive Vice President and Director, Supervisory Management Officer and Senior Division Executive of Operations Headquarters, ISUZU MOTORS LIMITED  
Jun. 2015 President and Representative Director, ISUZU MOTORS LIMITED  
Apr. 2023 Chairman and Representative Director, CEO, ISUZU MOTORS LIMITED (to present)



**Shinsuke Minami**  
President and Representative Director, COO

**N**

Apr. 1983 Joined ISUZU MOTORS LIMITED  
Apr. 2017 Senior Executive Officer and Division Executive of Sales Division, Sales Headquarters, ISUZU MOTORS LIMITED  
Jun. 2018 Director of the Board and Division Executive of Sales Division, Sales Headquarters, ISUZU MOTORS LIMITED  
Apr. 2019 Director of the Board, Senior Division Executive of Quality Assurance Division, and Division Executive of Corporate Planning & Finance Division, ISUZU MOTORS LIMITED  
Apr. 2020 Director of the Board and Division Executive of Corporate Strategy Division and Corporate Planning & Finance Division, ISUZU MOTORS LIMITED  
Apr. 2022 Director of the Board, Group Chief Coordination Officer, Division Executive of Corporate Strategy Division and Corporate Planning & Finance Division, and Commercial Vehicles Business Collaboration Promotion Manager, Isuzu Motors Limited  
Apr. 2023 President and Representative Director, COO, Isuzu Motors Limited (to present)



**Shinichi Takahashi**  
Senior Executive Vice President and Director

Apr. 1980 Joined ISUZU MOTORS LIMITED  
Jun. 2017 Director of the Board and Division Executive of Engineering Division, Operations Headquarters, ISUZU MOTORS LIMITED  
Apr. 2020 Director of the Board, Senior Division Executive of Quality Assurance Division, and Division Executive of Engineering Division, Operations Headquarters, ISUZU MOTORS LIMITED  
Apr. 2021 Executive Vice President and Director, Senior Division Executive of Operations Headquarters, and Senior Division Executive of Quality Assurance Division and Product & Technology Strategies Division, ISUZU MOTORS LIMITED  
Apr. 2023 Senior Executive Vice President and Director (to present)



**Shun Fujimori**  
Director of the Board and Managing Executive Officer

EVP of Product & Technology Strategies Division  
EVP of CV Alliance Planning Dept.

Apr. 1984 Joined ISUZU MOTORS LIMITED  
Oct. 2018 Executive Officer, Associate Division Executive of Corporate Planning & Finance Division, and General Manager of Program Management Dept., ISUZU MOTORS LIMITED  
Apr. 2019 Executive Officer and Associate Division Executive of Corporate Planning & Finance Division, ISUZU MOTORS LIMITED  
Apr. 2020 Senior Executive Officer, Division Executive of Product Strategy Division, and Deputy Division Executive of Engineering Division, Operations Headquarters, ISUZU MOTORS LIMITED  
Apr. 2021 Senior Executive Officer, Division Executive of Product & Technology Strategies Division, and Deputy Division Executive of Engineering Division, Operations Headquarters, ISUZU MOTORS LIMITED  
Jun. 2021 Director of the Board, Division Executive of Product & Technology Strategies Division, and Deputy Division Executive of Engineering Division, Operations Headquarters, ISUZU MOTORS LIMITED  
Apr. 2023 Director of the Board, EVP of Product & Technology Strategies Division, and EVP of CV Alliance Planning Dept., ISUZU MOTORS LIMITED (to present)

**N** Nomination and Remuneration Committee member

**A** Audit & Supervisory Committee member

**I** Independent officer



**Tetsuya Ikemoto**  
Director of the Board and Managing Executive Officer

EVP of Sales Division

Apr. 1983 Joined ISUZU MOTORS LIMITED  
Apr. 2017 Senior Executive Officer, ISUZU MOTORS LIMITED, and Executive Vice President and Director, ISUZU MOTORS SALES LTD.  
Apr. 2018 Senior Executive Officer, ISUZU MOTORS LIMITED, and President and Representative Director, ISUZU MOTORS SALES LTD.  
Jun. 2019 Director of the Board, ISUZU MOTORS LIMITED, and President and Representative Director, ISUZU MOTORS SALES LTD.  
Apr. 2021 Director of the Board and Division Executive of Sales Division, Sales Headquarters, ISUZU MOTORS LIMITED, and Chairman and Representative Director, ISUZU MOTORS SALES LTD.  
Oct. 2021 Director of the Board and Division Executive of Sales Division, Sales Headquarters  
Apr. 2023 Director of the Board and EVP of Sales Division, ISUZU MOTORS LIMITED (to present)



**Naohiro Yamaguchi**  
Director of the Board  
Senior Executive Officer

Group CFO,  
EVP of Corporate Strategy Division,  
EVP of Corporate Planning & Finance Division,  
and Executive of administrative and liaison affairs

Apr. 1986 Joined ISUZU MOTORS LIMITED  
May 2015 President of Isuzu Motors India Private Limited  
Apr. 2019 Executive Officer, ISUZU MOTORS LIMITED  
Apr. 2021 Senior Executive Officer, General Manager of Light Commercial Vehicle Business, and Executive of Light Commercial Vehicle Operations Dept. and Sales Division, Sales Headquarters, ISUZU MOTORS LIMITED  
Jun. 2022 Director of the Board, Executive of Sales Planning Dept., Trade Control Dept., Overseas Product Policy Dept., Rear Body & Special Equipment Planning Dept., and Sales Management Dept.; General Manager of Engineering Division, Operations Headquarters, and Chief Executive of Light Commercial Vehicle Business Management  
Apr. 2023 Director of the Board, Group CFO, EVP of Corporate Strategy Division, EVP of Corporate Planning & Finance Division, Executive of administrative and liaison affairs, ISUZU MOTORS LIMITED (to present)



**Mitsuyoshi Shibata**  
Outside Director of the Board

**N I**

Apr. 1977 Joined Furukawa Electric Co., Ltd.  
Jun. 2010 Director and Corporate Senior Vice President and President of Metals Company, Furukawa Electric Co., Ltd.  
Apr. 2012 President and Representative Director, Furukawa Electric Co., Ltd.  
Apr. 2017 Chairman of the Board, Furukawa Electric Co., Ltd.  
Jun. 2018 Outside Director, Tobu Railway Co., Ltd., and Outside Director of the Board, ISUZU MOTORS LIMITED (to present)  
Jul. 2018 Outside Statutory Auditor, Asahi Mutual Life Insurance Company (to present)  
Apr. 2023 Director of the Board, Furukawa Electric Co., Ltd.  
Jun. 2023 Special Advisor, Furukawa Electric Co., Ltd. (to present)



**Kozue Nakayama**  
Outside Director of the Board

**N I**

Apr. 1982 Joined Nissan Motor Co., Ltd.  
Apr. 2008 General Manager of Brand Management Office, Nissan Motor Co., Ltd.  
Sep. 2010 Vice General Manager of Brand Coordination Division, Nissan Motor Co., Ltd.  
Apr. 2011 Director General for Urban Management Bureau, City of Yokohama  
May 2011 Executive Director of City Brand Promotion Office, Culture and Tourism Bureau, City of Yokohama  
Apr. 2012 Director General of Culture and Tourism Bureau, City of Yokohama  
Jun. 2012 Outside Director, Pacific Convention Plaza Yokohama (abbreviated name: PACIFICO Yokohama)  
Apr. 2018 Director, Pacific Convention Plaza Yokohama (PACIFICO Yokohama)  
Jun. 2018 President & CEO, Pacific Convention Plaza Yokohama (resigned in June 2020)  
Jun. 2019 Outside Auditor, Imperial Hotel, Ltd. (to present)  
Jun. 2020 Outside Director, TDK Corporation, and Outside Director of the Board, ISUZU MOTORS LIMITED (to present)  
Jun. 2022 Outside Director, The Nanto Bank, Ltd. (to present)

## Corporate Governance

### Board Members (as of June 28, 2023)



**Makoto Anayama**  
Outside Director of the Board and Audit & Supervisory Committee Member

N A I

Apr. 1986 Joined Japan Development Bank (Predecessor of Development Bank of Japan Inc.)  
Sep. 2013 Executive Officer, General Manager of Business Planning Dept., Development Bank of Japan Inc.  
Jun. 2015 Senior Executive Officer, Development Bank of Japan Inc.  
Jun. 2018 Director of the Board and Senior Executive Officer, Development Bank of Japan Inc. (retired in June 2022)  
Mar. 2019 Director of the Board, Senior Executive Officer, and Director of the Research Institute of Capital Formation, Development Bank of Japan Inc.  
Jun. 2022 Director of the Research Institute of Capital Formation, Development Bank of Japan Inc. (retired in June 2023)  
Jun. 2023 Director of the Board and Standing Audit & Supervisory Committee Member, ISUZU MOTORS LIMITED (to present)



**Kenji Miyazaki**  
Director of the Board and Standing Audit & Supervisory Committee Member

A

Apr. 1981 Joined ISUZU MOTORS LIMITED  
Apr. 2013 Executive Officer and Associate Division Executive of Corporate Planning & Finance Division, ISUZU MOTORS LIMITED  
Apr. 2015 President and Representative Director, Isuzu Motors Asia (Thailand) Ltd., and Senior Vice President and Director, Isuzu Motors Co., (Thailand) Ltd.  
Jun. 2018 Managing Director, NIPPON FRUEHAUF CO., LTD.  
Jun. 2021 Standing Audit & Supervisory Board Member, ISUZU MOTORS LIMITED  
Jun. 2021 Director of the Board and Standing Audit & Supervisory Committee Member, ISUZU MOTORS LIMITED (to present)



**Masao Watanabe**  
Director of the Board and Standing Audit & Supervisory Committee Member

A

Apr. 1983 Joined ISUZU MOTORS LIMITED  
Apr. 2008 General Manager of General Affairs and Personnel Dept., ISUZU MOTORS LIMITED  
Apr. 2013 Vice President and Director, Isuzu Motors Co., (Thailand) Ltd.  
Apr. 2019 Executive Officer of Audit Dept., ISUZU MOTORS LIMITED  
Apr. 2023 Senior Expert of Administration Division, ISUZU MOTORS LIMITED (to present)  
Jun. 2023 Director of the Board, Standing Audit and Supervisory Committee Member, ISUZU MOTORS LIMITED (to present)



**Kanji Kawamura**  
Outside Director of the Board and Audit & Supervisory Committee Member

A I

Apr. 1971 Joined Itochu Corporation  
Apr. 1998 Professor, Faculty of Law, Meiji Gakuin University  
Jun. 2011 Outside Audit & Supervisory Board Member, Jamco Corporation (resigned in June 2019)  
Apr. 2013 Legal Advisor to the President, Meiji Gakuin University (resigned in March 2017)  
Jun. 2017 Outside Auditor, ISUZU MOTORS LIMITED  
Jun. 2021 Outside Director of the Board and Audit & Supervisory Committee Member, ISUZU MOTORS LIMITED (to present)

N Nomination and Remuneration Committee member A Audit & Supervisory Committee member I Independent officer



**Kimie Sakuragi**  
Outside Director of the Board and Audit & Supervisory Committee Member

A I

Mar. 1981 Joined Fukutake Publishing Co., Ltd. (predecessor of Benesse Holdings, Inc.)  
Apr. 1995 General Manager of Book Businesses in Publishing Division, Benesse Holdings, Inc.  
Nov. 1998 General Manager of Business Ethics and Compliance Division, Benesse Holdings, Inc.  
Jun. 2003 Standing Audit & Supervisory Board Member, Benesse Holdings, Inc. (resigned in June 2019)  
Apr. 2007 Adjunct Professor (part-time) of the University of Aizu Graduate School (to present)  
Jun. 2019 Outside Director, Toyobo Co., Ltd. (to present)  
Jun. 2021 Outside Director, Kumagai Gumi Co., Ltd. (to present)  
Outside Director of the Board and Audit & Supervisory Committee Member, ISUZU MOTORS LIMITED (to present)

### Composition of Officers (as of June 28, 2023)

Percentage of Female Directors  
**15.38%**



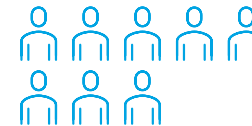
Percentage of Outside Directors  
**38.46%**



#### Directors

Men Women

Inside: **8**



Outside: **5**



#### Audit & Supervisory Committee Members

Inside: **2**



Outside: **3**



## Corporate Governance

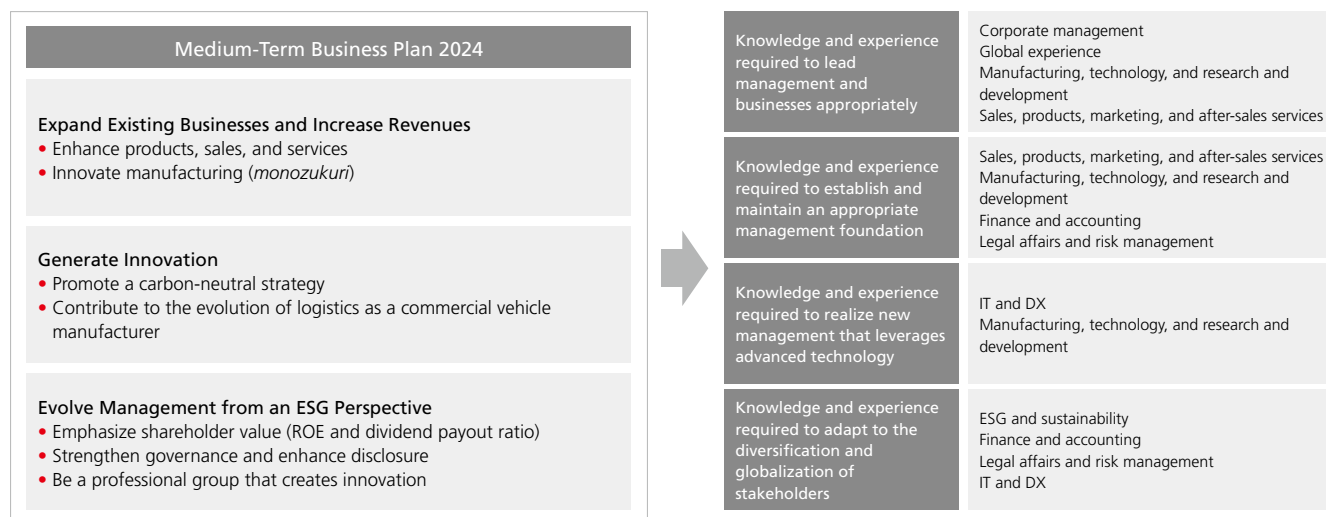
### The Isuzu Board of Directors' Skills Matrix

Name	Audit & Supervisory Committee Member	Independent Outside Director	Corporate Management	Finance and Accounting	Global Experience	Legal Affairs and Risk Management	Environmental, Social, and Governance (ESG) and Sustainability	Sales, Products, Marketing, and After-Sales Services	Manufacturing, Technology, and Research and Development	IT and Digital Transformation (DX)
Masanori Katayama			●	●	●		●		●	
Shinsuke Minami			●	●	●			●		
Shinichi Takahashi					●		●	●	●	
Shun Fujimori								●	●	●
Tetsuya Ikemoto			●	●				●		
Naohiro Yamaguchi			●		●			●		
Mitsuyoshi Shibata		●	●		●		●		●	●
Kozue Nakayama		●	●		●		●	●		
Makoto Anayama	●	●		●		●	●			
Kenji Miyazaki	●		●	●	●			●		
Masao Watanabe	●				●	●				
Kanji Kawamura	●	●			●	●				
Kimie Sakuragi	●	●				●	●	●		

The above skills matrix does not represent all the knowledge and experience possessed by each individual director.

### Reason for Selection of Skills Categories

Our skills matrix comprises the knowledge and experience our directors should possess in order to resolve each of the issues set forth in Medium-Term Business Plan 2024. The relevance of each skills category to each issue is shown in the chart to the right.





## Corporate Governance

### Officer Remuneration

#### Basic Policy

The Company's basic policy regarding remuneration for directors and executive officers is as follows.

1. Remuneration not only contributes to the Company's sustainable growth and enhancement of corporate value but also promotes the sharing of value with shareholders.
2. Remuneration is at a level that is appropriate and necessary for securing and maintaining talented human resources, taking into consideration the economic environment, market trends, and remuneration levels of other companies.
3. Remuneration amounts reflect the performance of the Company and the relevant individuals and are commensurate with their responsibilities and position.
4. The remuneration determination process is highly objective, impartial, and transparent.
5. The officer remuneration system and the level of remuneration are subject to review on a regular basis in conjunction with the renewal of medium-term business plans, in light of such factors as the economic environment, remuneration levels and systems at other companies, and the status of operation of the system at Isuzu.

Details of Remuneration and Nonmonetary Compensation	Basic Remuneration	Determined according to the predetermined base remuneration amount for each position and individual performance evaluation
	Bonuses	<ul style="list-style-type: none"> <li>• Linked to the degree of achievement of performance targets for a single fiscal year</li> <li>• A performance-linked coefficient in the range of 0% to 200% will be determined that represents the degree of achievement of consolidated operating income compared with the target in a single fiscal year, and bonuses will be determined by multiplying this coefficient by basic remuneration, which is the standard amount for the relevant position, and by the percentage of base pay (40%; 50% for the president and representative director).</li> </ul>
	Performance-Linked Remuneration Share-Based Remuneration	<ul style="list-style-type: none"> <li>• Linked to the degree of attainment of targets during the period of the medium-term business plan</li> <li>• A weighted average will be taken of the degree of attainment of targets for consolidated net sales, consolidated operating income, and consolidated return on equity (ROE), using a ratio of 35%:35%:30%, and this figure will be multiplied by a coefficient for the growth of shareholder value*1 to calculate a performance-linked remuneration coefficient in the range of 0% to 225.6%; this coefficient, the standard amount for the relevant position, which is the basis for basic remuneration, and the percentage of base pay (30%; 50% for the president and representative director), as well as the reference share price,*2 will be used to determine the points to be granted.</li> </ul> <p>*1 Evaluated based on a comparison between total shareholder return (TSR) for the relevant period and the TOPIX (total return) growth rate</p> <p>*2 Average value (rounded down to the nearest whole number) of the closing price of ordinary trades of Company shares on the Tokyo Stock Exchange on each day (excluding days on which no trades were made) of the month preceding the month in which the first day of the relevant period falls</p>
Policy for Determining Remuneration Ratio	Basic remuneration: bonuses: share-based remuneration = 1.00:0.40:0.30 (1.00:0.50:0.50 for president and representative director) (when performance target 100% achieved)	
Policy Regarding Payment Timing	Basic Remuneration	Monthly remuneration (paid monthly as 1/12 of annual basic remuneration)
	Bonuses	Paid in July after determination of the degree of performance target attainment for a single fiscal year (individual / Company)
	Share-Based Remuneration	Paid in July after the degree of attainment of performance targets set forth in the medium-term business plan and TOPIX-compared TSR coefficient are determined
Method to Determine Reappointment	Basic Remuneration	By a Board of Directors' resolution, evaluation of individual officer performance has been delegated to the president and representative director
	Bonuses and Share-Based Remuneration	There is no scope of discretion, as the amount is automatically calculated based on the degree of attainment of targets, standard amounts and coefficients, and the amount depends solely on the Company's performance.

#### Remuneration for Directors (excluding Directors on the Audit & Supervisory Committee and Outside Directors)

Remuneration for directors (excluding directors on the Audit & Supervisory Committee and outside directors) is composed of basic remuneration, bonuses linked to the degree of target attainment for consolidated performance in a single fiscal year, and remuneration based on the performance-linked, share-based remuneration plan, which is linked to the degree of attainment of business indicators established with the goal of sustainable enhancement of corporate value during the period of the medium-term business plan.

Further, regarding the evaluation of the individual performances of each officer and the methods for determining bonuses and remuneration under the performance-linked, share-based remuneration plan, there are procedures for inquiry and response with the Nomination and Remuneration Committee, a voluntary committee of which the majority of members are independent outside directors, and the president and representative director is accountable to this committee to ensure objective and impartial officer remuneration.

#### Outside Director Remuneration

Remuneration for outside directors, given their roles and independence, consists only of basic remuneration, with each being paid only a fixed amount. There are no changes based on performance evaluations, etc.

#### Remuneration for Directors on the Audit & Supervisory Committee

Remuneration for directors on the Audit & Supervisory Committee, given their roles and independence, consists only of basic remuneration. Taking into account such factors as the number of said directors, the economic environment, market trends, and remuneration levels of other companies, this will be decided through deliberations by the directors on the Audit & Supervisory Committee, within the range approved at the General Meeting of Shareholders.

#### Total Amount of Remuneration, etc., for Directors and Audit & Supervisory Committee Members

Officer Classification	Total Amount of Remuneration, etc. (millions of yen)	Amount of Remuneration, etc., by Type (millions of yen)				Number of Eligible Officers
		Basic Remuneration	Bonuses	Performance-linked, share-based remuneration, etc.	Of which, nonmonetary compensation, etc.	
Directors (excluding Audit & Supervisory Committee Members and Outside Directors)	663	336	183	142	142	7
Audit & Supervisory Committee Members (excluding Outside Directors)	68	68	—	—	—	2
Outside Officers	94	94	—	—	—	5

Note: Includes one director who stepped down at the conclusion of the 120th General Meeting of Shareholders held on June 28, 2022.

## Corporate Governance

### Evaluation of the Board of Directors' Effectiveness

To improve the supervisory function of its Board of Directors, Isuzu analyzes and evaluates the effectiveness of the Board of Directors each year. An overview of the analysis and evaluation for fiscal 2023 (the year ended March 31, 2023) is as follows.

#### 1 Fiscal 2023 Analysis and Evaluation Process

Isuzu conducted the evaluation with a focus on the separation of execution and supervision functions in accordance with the change in organizational structure that was implemented two years ago, as well as the performance of the monitoring function expected of the Board of Directors.

All directors were surveyed and interviewed by a third-party organization and the results were analyzed. In addition, measures to address issues identified in the analysis were compiled and reported to the Board of Directors in May 2023, and the Board then evaluated the results and confirmed future initiatives.

#### 2 Summary of Evaluation Results (Strengths)

Isuzu's Board of Directors evaluated and confirmed the following three points as strengths.

- 1) The Board of Directors is steadily and expeditiously building and improving its corporate governance structure and is making steady progress in delegating authority to the Management Meeting and strengthening the supervisory function of the Board of Directors.
- 2) There are sufficient advance briefings for outside directors and materials are distributed prior to meetings, promoting a better understanding of agenda items.
- 3) The Board of Directors has a well-balanced composition of members with diverse backgrounds, qualities, and skills.

#### 3 Summary of Evaluation Results (Issues)

The Board of Directors confirmed the following four points as issues to be addressed in order to strengthen its monitoring function.

- 1) Appropriate setting of agenda and enhancement of discussions
- 2) Enhancement of reporting on the status of internal control, including the risk management system
- 3) Sharing of opinions of various stakeholders with the Board of Directors
- 4) Enhancement of discussions on capital costs and our business portfolio

#### 4 Key Issues in Fiscal 2022 Evaluation and Fiscal 2023 Initiatives

Key Issues Identified in the Fiscal 2022 Evaluation	Fiscal 2023 Initiatives
1) Enhancement of discussions that consider the diverse views of shareholders and other stakeholders	<ul style="list-style-type: none"> <li>• The views and opinions of various stakeholders, including employees, business partners, shareholders, and investors, were shared with the Board of Directors as appropriate.</li> <li>• In particular, the sharing of the contents of financial reports and the provision of information such as result reports have been enhanced.</li> <li>• We will systematically capture, share, and discuss the views of various stakeholders based on investor relations/shareholder relations activities and ESG interviews.</li> </ul>
2) Enhancement of discussions regarding capital costs and our business portfolio	<ul style="list-style-type: none"> <li>• The content of the CFO's performance briefings has been enhanced.</li> <li>• In particular, the content of the CFO message in the integrated report had been discussed and is moving in the desired direction.</li> <li>• We will further enhance discussions on capital costs and our business portfolio.</li> </ul>
3) Enhancement of reporting to the Board of Directors (regarding risk management, compliance, and nomination and remuneration)	<ul style="list-style-type: none"> <li>• Throughout the year, we held discussions on risk management and compliance, thereby improving our monitoring of the status of execution of related initiatives.</li> <li>• In light of the drastically changing environment, we will strive to enhance reporting and clarify the purpose of our discussions.</li> </ul>

### Policy on Cross-Shareholdings

Isuzu considers the holding of shares of its business partners on the premise of long-term transactions to be an effective means of building stable relationships and enhancing corporate value over the medium to long term. Once a year, in order to confirm the reasonableness of holding shares of client companies, the Board of Directors verifies both quantitative evaluations, such as whether the benefits associated with holding each individual stock are commensurate with capital costs, and qualitative evaluations, such as the significance of holding the stock. Based on the results of such evaluations, we will promptly reduce the number of stocks for which we have determined that the purpose of holding has been lost.

Regarding the exercise of voting rights as a shareholder, we respect the purpose and intent of proposals made by investee companies as shareholders with whom we have a personal business relationship. However, in cases where we determine during the process of dialogue with the investee company and examination of the proposal that there is a risk of damaging the corporate value of the company in question, we will take action on a proposal-by-proposal basis, including requesting the withdrawal or review of the proposal, as well as abstaining from exercising our voting rights.

## Corporate Governance

### ■ Criteria for Appointment and Dismissal of Directors

Director candidates will be extremely knowledgeable and experienced in management, be sufficiently familiar with Isuzu's business and the automotive industry, be able to make appropriate judgments based on such knowledge and experience, be able to express themselves appropriately, and have a high level of insight and abilities. Such persons will be nominated from among internal staff and deliberations will be held by the Board of Directors. At the same time, by appointing as directors a number of persons from outside the Company who have extensive experience in and wide-ranging knowledge of corporate management, meet the independence standards stipulated by the Company, and can proactively offer advice from an outside perspective, the Company aims to increase diversity in the deliberations and decision-making of the Board of Directors as well as strengthen its supervisory function.

Director candidates serving as Audit & Supervisory Committee members must be knowledgeable and experienced in specialized fields, such as finance, accounting, or law, as well as in corporate management, and must be able to actively provide advice from an outside perspective. Furthermore, to ensure that their fields of expertise are balanced and to maintain a certain level of diversity in the composition of the committee, such candidates will be deliberated by the Board of Directors after receiving the agreement of the Audit & Supervisory Committee.

In the appointment and dismissal of directors and executive officers and the nomination of director candidates, reports will be obtained from the Nomination and Remuneration Committee to further enhance the objectivity and transparency of procedures.

If, with respect to the duties of the president and representative director, there is found to be any illegal business conduct, any material damage from willful misconduct or negligence, or any other cause rendering continuation of business infeasible, the issue of dismissal will be submitted as an agenda item for a Board of Directors' meeting based on the recommendation of the Nomination and Remuneration Committee.

### ■ Criteria for Determining the Independence of Outside Directors

The appointment of outside directors will be subject to the condition that the Company's independence criteria are met. The Company's criteria for determining the independence of outside directors conform to the independence criteria of the Tokyo Stock Exchange. Executives of major business partners of the Company, persons whose major business partner is the Company or their executives, and consultants, accountants, attorneys, etc., who earn large sums from the Company other than officer remuneration are, in principle, deemed not to be independent.

Here, "major business partner" refers to a business partner where the volume of transactions between Isuzu and said partner accounted for 2% or more of the consolidated net sales of either party in any previous consolidated fiscal year, and the standard for large sums is ¥10 million or more annually.

### ■ Support System for Outside Directors

In order for outside directors to actively express their opinions and enhance deliberations at Board of Directors' meetings, the Company provides advance briefings regarding Board of Directors' meeting agendas and continuously works to enhance its materials to provide information necessary for management supervision.

### ■ Internal Control System

Isuzu has established a groupwide system to ensure the appropriateness of business operations from the perspective of compliance with laws and regulations and the Articles of Incorporation, thorough risk management, ensuring business efficiency, and ensuring the reliability of financial reporting.

At the 119th Annual General Meeting of Shareholders convened on June 25, 2021, Isuzu adopted the Company with Audit and Supervisory Committee organizational system as of the same date. In conjunction with this transition, the Internal Control System Basic Policy was revised and a system to ensure appropriate management was designed, implemented, and maintained based on the revised policy.

🌐 Please refer to the Corporate Governance Report (Japanese only) for details on the Company's basic approach to the internal control system and the status of its development.

# Compliance

## Basic Approach

We understand that it is essential for each one of our executives and officers to follow Isuzu's compliance standards—that is, to comply with laws and regulations and also maintain high ethical standards that live up to the trust society places in us. In particular, Isuzu has positioned thorough compliance with laws and regulations as the highest priority in its business management. In 2005, Isuzu formulated and began implementing the Basic Policy for Compliance, and the Company has since been making efforts to disseminate and establish the policy among all officers and employees. The policy consists of seven categories and states that, if an incident occurs and causes the policy to be violated, senior management personnel must execute measures for problem resolution and investigation of the cause in an effort to prevent recurrences and must disclose information quickly and accurately to society and fulfill their accountability.

## The Compliance Committee

Isuzu has established the Compliance Committee as an advisory body to the president to ensure the necessary fairness and transparency for promoting compliance. The committee provides a forum for receiving objective advice and guidance on the policies and systems for compliance activities, as well as confirmation of the operational status of compliance contact points, with the aim of strengthening Isuzu's compliance.

The committee, which meets every three months, consists of seven members, including three officers, and outside experts (such as university professors and lawyers) as invited members.

The committee is also informed about the content of whistleblowing reports and consultations received through the various dedicated contact points and oversees the implementation and progress of specific countermeasures.

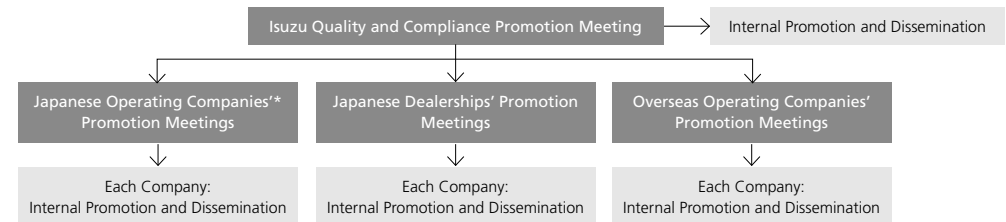
## The Isuzu Group's Compliance Promotion System

The Isuzu Quality and Compliance Promotion Meeting is held monthly, attended by Compliance Promotion Committee members from each division. At this meeting, the Company works to prevent compliance risks by sharing information among each division and reporting on the status of activities.

Isuzu has also established a Groupwide system to prevent compliance risks. In Japan, we hold regular compliance promotion meetings attended by companies of the Isuzu Group to share information and promote activities. In our overseas locations, we share information with contacts of Isuzu Group companies periodically and make efforts to prevent compliance risks. In particular, in Thailand, which is home to one of Isuzu's main overseas bases, we regularly hold joint compliance promotion meetings with the Isuzu Group companies based in Thailand to facilitate the sharing of information and to promote compliance-related activities.

In the event that a serious incident occurs, we will promptly receive reports from the company concerned and work with said company to resolve the issue in accordance with Groupwide management rules.

## Outline of the Compliance Promotion System of the Isuzu Group



\* Affiliates in Japan excluding Japanese dealerships

## Employee Consultation Service

Isuzu has established three internal points of contact to receive whistleblowing reports and provide consultations regarding compliance issues, including discrimination, harassment, and comprehensive corruptive acts, such as gift-giving, entertainment, and insider trading. These points of contact are available at the office level (supervisor), division level (division manager), and Companywide level (the Risk Management Department's Compliance Promotion Group). The points of contact receive information from a fair and neutral standpoint. They provide consultations not only on clear violations of laws, regulations, or the Company code of conduct but also on matters that appear suspicious, in addition to receiving inquiries regarding internal rules and regulations related to business operations.

In addition, an external point of contact has been set up at an outside legal office.

Both internal and external points of contact handle consultations and inquiries by email, phone, or mail. In accordance with the Whistleblower Protection Act, the identity of the information provider and the information itself are treated as confidential and protected to prevent any disadvantageous treatment within the Company as a result of whistleblowing or consultation.

To make these consultation services known throughout the Company, Isuzu distributes to all employees a compliance guidebook and compliance card in which the contact information of the contact points is written. Further, posters and other materials assist in our regular activities to make the consultation resources known among employees.

The Risk Management Department's Compliance Promotion Group functions as the secretariat to verify and address the whistleblowing reports and consultations received by the consultation resources. In fiscal 2023, the external consultation resource received 46 reports (nine cases concerning Isuzu and 37 concerning companies of the Isuzu Group). All reports brought to the internal and external consultation resources are handled appropriately to verify the absence of any major legal violation.

The Board of Directors is notified of the progress of compliance initiatives, the number of reports received, and major violation cases.

For details on specific initiatives, please refer to the "Compliance" section of the Sustainability Report.

# Risk Management

## Basic Approach

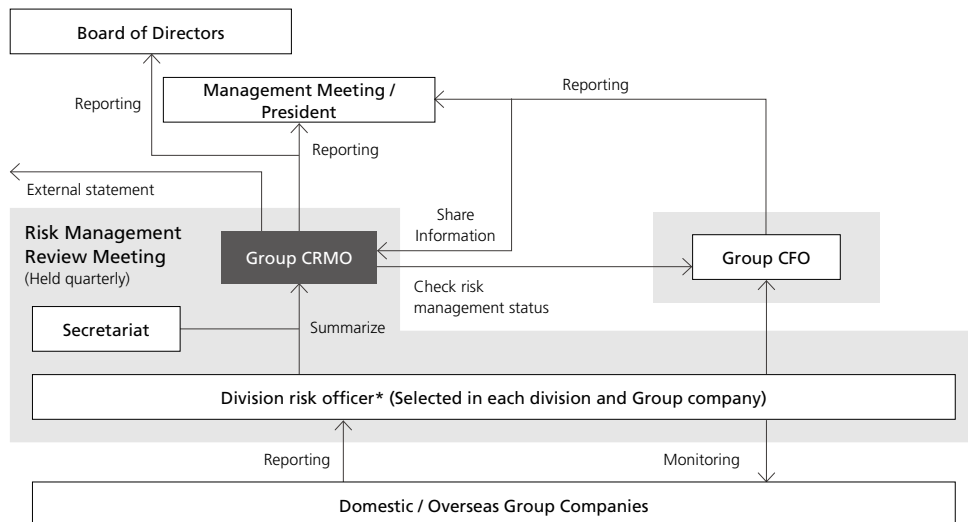
Amid a dramatically changing and increasingly uncertain business and management environment, the position of chief risk management officer (CRMO) was created to serve as the locus of responsibility for risk management throughout the Group and to play the lead role in the Companywide risk management process. The CRMO regularly identifies and assesses risks in the Group's management and business operations and strives to manage them in an appropriate manner, making particular efforts to reduce them.

## Risk Management Structure

The Isuzu Group CRMO holds the Risk Management Review Meeting quarterly to ascertain the progress of risk countermeasures, as well as emergent risk events, in divisions in charge of business execution and Group companies; give directions for strengthening risk countermeasures; and continuously confirm awareness of priority risks that affect management.

Furthermore, if a risk emerges and triggers a major crisis, the CRMO is responsible for forming a response team, in which personnel chosen by the CRMO determine and execute various responses to minimize the impact of the risk in question. The results of these activities are constantly reported to management to ensure thorough crisis management at all times.

### Risk Management Structure

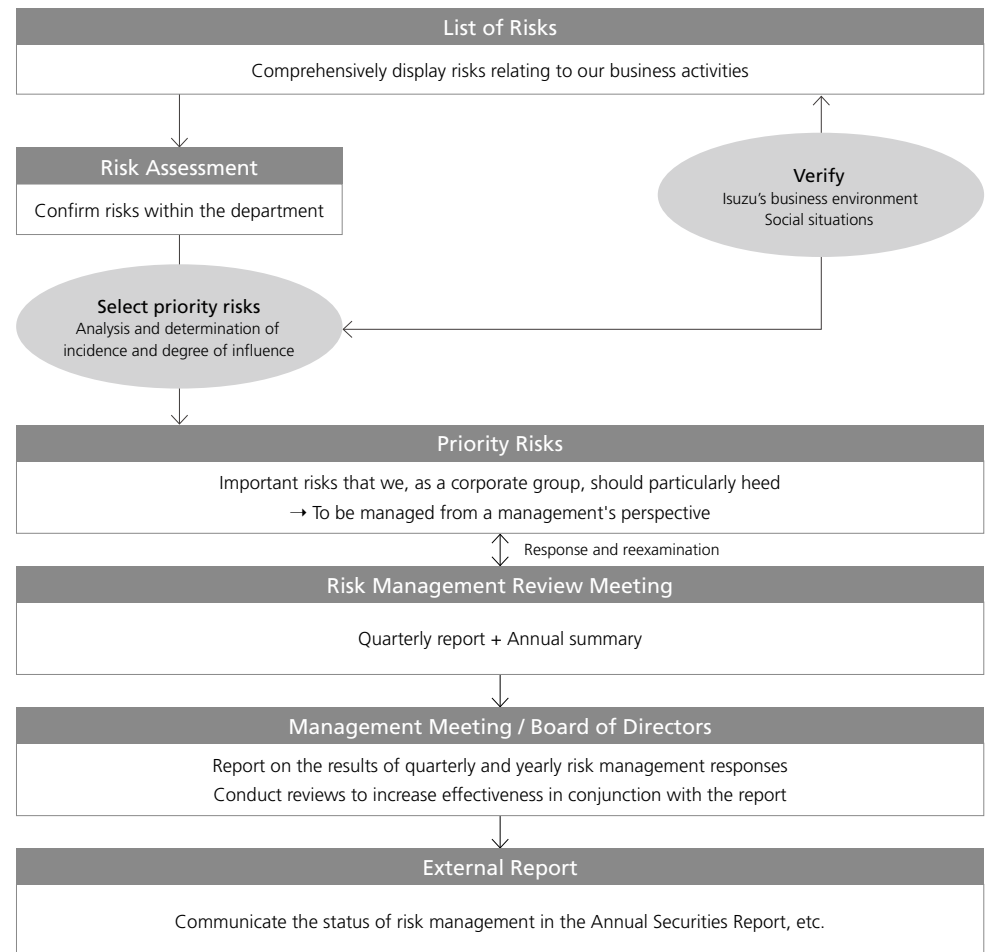


Note: In addition to the Risk Management Meetings separate meetings are held to liaise between the secretariat and members.

## Risk Management Process

The Isuzu Group comprehensively identifies and assesses risks related to its business activities, selects priority risks that require particular attention as a company, and formulates and executes responses and other measures. In addition, the Company strives to appropriately manage and reduce risks by reexamining priority risks and their countermeasures through monitoring and periodic reviews, as well as by reporting on the status of management and sharing information with external stakeholders.

### Response and Reexamination



## Risk Management

### Business and Other Risks

The following are risk factors in the development of the Isuzu Group's business that could have a significant impact on the judgment of investors, including matters such as those related to the business and accounting conditions described in the Annual Securities Report.

The following information includes forward-looking statements that reflect the judgments of the Group as of March 31, 2023.

<b>1. Risks arising from Global Economic Conditions, Financial Markets, and the Automotive Market</b>	
(1)	Fluctuations in economic conditions and overall demand in Isuzu's major markets
(2)	Competition in the automotive market
(3)	Foreign exchange and interest rate fluctuations
<b>2. Business Risks</b>	
<b>2-1. Business risks arising primarily from the Group's response to the external environment</b>	
(4)	Response to new technological innovations, business model changes, etc.
(5)	Research and development
(6)	Joint ventures and other alliances
(7)	Dependence on specific channels for sales and supply
(8)	Delays or shortfalls in the procurement of materials, parts, and other supplies; rising procurement prices
<b>2-2. Business risks arising primarily from the Group's internal operations</b>	
(9)	Compliance and reputation
(10)	Product defects
(11)	Risks related to information security in a computerized society
(12)	Risks related to intellectual property protection
(13)	Recruitment and retention of talented human resources who produce results
<b>2-3. Business risks derived primarily from factors external to the Group</b>	
(14)	Legal requirements
(15)	Potential risks associated with international activities and overseas expansion
(16)	Disasters
(17)	Climate change

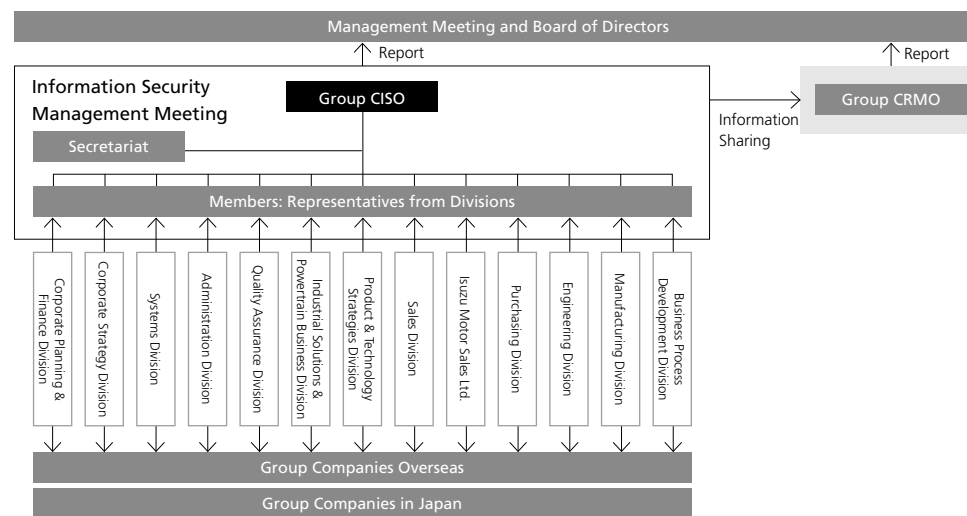
Note: Please refer to the Company's Annual Securities Report for more information on each of the above risks.

### Information Security

Isuzu has established the Group Information Security Policy under the guidance of the Group chief information & security officer (CISO) (from April 2020 to March 2023) and is promoting Groupwide information security management at Isuzu and its consolidated subsidiaries.

#### Information Security Management System

As of March 2023



The Isuzu Group has established information security management systems and standards and provides training on these systems and standards.

We have established and are gradually applying information security standards not only for IT systems that manage internal confidential information but also standards related to cybersecurity for our products, plants, and IT systems.

Furthermore, Isuzu participates in the J-Auto-ISAC,\* which collects and analyzes information related to automobile cybersecurity, and the Company has established a system to develop and manufacture automobiles with cybersecurity in mind.

The above activities are conducted with reference to the Ministry of Economy, Trade and Industry's Cybersecurity Management Guidelines; the international regulation UN-R155 adopted by the World Forum for Harmonization of Vehicle Regulations (WP.29), a working party of the United Nations Economic Commission for Europe; and international standards such as ISO 21434, ISO 27001, and NIST SP800-171. Our automotive cybersecurity systems and systems affecting automotive cybersecurity comply with ISO 21434, the international standard for automotive cybersecurity, which came into effect in July 2022.

We will conduct annual checks on the status of implementation of information security measures based on the abovementioned standards and promote the ongoing management and improvement of information security.

\* J-Auto-ISAC: Japan Automotive ISAC, a Japanese automotive cybersecurity organization

# A Dialogue

## between Two Outside Directors

### Isuzu's Corporate Governance from the Perspective of the Formulation of the ISUZU ID and Changes in the Management Structure

With the development of the ISUZU ID and changes to its management structure, Isuzu has taken a new step toward achieving a higher stage of growth. Mitsuyoshi Shibata and Kanji Kawamura, two outside directors of the Company, discussed their assessment of this series of changes and the corporate governance issues that need to be addressed.



**Kanji Kawamura**

Outside Director  
Audit & Supervisory  
Committee Member

**Mitsuyoshi Shibata**

Outside Director

#### Q: To begin with, could you tell us your impressions of the ISUZU ID?

▶ **Shibata** Honestly speaking, I feel that Isuzu has created a corporate philosophy that both I and employees can strongly relate to. Not only does the new purpose, “Moving the World – for You,” clearly convey the ideal image of Isuzu, but the elements of the philosophy that support the purpose—its vision, mission, and core value—are also simple, systematic, and easy to understand. This is a philosophy that will resonate with both internal and external stakeholders.

▶ **Kawamura** I agree. I also appreciate that the interpretation of the ISUZU ID is left open to each employee. By not setting a unified definition and leaving room for employees to think about how they can personally “move the world” according to their own duties and roles, the ISUZU ID provides a starting point for individuals to consider their responsibilities and be encouraged to take the initiative in achieving Isuzu's purpose.

Isuzu's vision to “Advance the world as an innovation leader with ‘Reliability x Creativity’” also accurately expresses the Company's desired direction. Based on the trust—or reliability, if you will—that customers and employees have found in Isuzu, there is a need to

provide even higher added value to respond to the drastically changing external environment and resolve social issues. In that respect, I highly endorse “Reliability x Creativity” as the most suitable expression for Isuzu's vision.

#### Q: Could you tell us how you view Isuzu's process for formulating the ISUZU ID? Also, what initiatives are necessary to promote the ISUZU ID within the Company?

▶ **Shibata** A corporate philosophy is the foundation of a company's

## A Dialogue between Two Outside Directors

business activities. It expresses the *raison d'être* of a corporate group and its role in society to both internal and external stakeholders. Therefore, when renewing its corporate philosophy, it is crucial that a company's management team takes responsibility and has the resolve to ensure that it resonates with internal and external stakeholders through extensive discussion. These were my words when we were briefed on the changing of Isuzu's corporate philosophy at the Board of Directors' meeting one year ago. In the actual formulation of the plan, Isuzu's ideal image and philosophy were discussed at workshop camps for Board members and general managers, and a survey involving all employees was used to gather broad-ranging opinions from within the Company. I believe that honest discussions were held at all levels of the Company.

➤ **Kawamura** We, as outside directors, also feel that Isuzu involved the entire Company in the discussions. Normally, the process of such discussions would not be reported to the Board of Directors, but in the formulation of the ISUZU ID, there were reports and hearings with the Board of Directors from the conception and discussion stages. I feel that the ISUZU ID was formulated with consideration for how strongly it would resonate with those on all levels, including among us outside directors.

At the same time, I was amazed at the speed in which the ISUZU ID was formulated. Its conception began three years ago, but actual, focused discussions were mostly held over the course of one year. I highly commend the Company for conducting in-depth discussions and for the speed in which it laid out the formulation process.

➤ **Shibata** I was impressed, too. As a company that specializes in manufacturing (*monozukuri*), I believe this can be attributed to Isuzu's corporate culture of speedy execution once a decision has been made.

➤ **Kawamura** I believe that speedy execution is indeed a well-established part of Isuzu's corporate culture. In just one year, Isuzu made the extremely important management decision to transition from a Company with Audit and Supervisory Board organizational system to a Company with Audit and Supervisory Committee organizational system. When the Board of Directors proposed this change in organizational design, I said that the transition would take

at least a year and a half to complete. The fact that Isuzu surpassed my expectations and completed the transition in one year is, I feel, a testament to Isuzu's culture of speedy execution.

➤ **Shibata** Isuzu chose the perfect time to renew its corporate philosophy. As the automotive industry enters a once-in-a-century period of change, Isuzu is promoting initiatives such as working to achieve carbon neutrality and developing next-generation products for logistics-focused digital transformation. Against this backdrop of change, I sense a growing confidence within the Company in Isuzu's potential for growth, as well as a rising sentiment that it is necessary for the Company itself to undergo a transformation. I often compare Isuzu's Companywide activities to a tornado. As I see it, the starting point of innovation exists somewhere within the Company. When everyone from management to employees unites around this central point of innovation, a "tornado" begins to sweep throughout the Company, which then expands by engulfing all of its stakeholders. I believe that the formulation of the ISUZU ID has successfully connected management's and employees' awareness of change, creating a powerful "tornado."

➤ **Kawamura** On the other hand, as we look to the future, Companywide promotion of the ISUZU ID is essential. Ideally, the pursuit of the corporate purpose and the pursuit of individual purposes should be able to coexist. It is important for employees to discover how they can embody their roles and duties and find meaning and joy in working for Isuzu. I would like to see the development of a personnel system that evaluates contributions to the ISUZU ID and measures the extent to which its values have been instilled through engagement surveys.

➤ **Shibata** Above all, it is important that employees truly believe that their own work is connected to the ISUZU ID. For example, plant employees talk directly with logistics providers to hear actual feedback on how the vehicles they are manufacturing are contributing to the concept of "moving the world." I would very much welcome the opportunity to promote understanding of the ISUZU ID.



**Q: In line with the formulation of the ISUZU ID, Isuzu changed to a two-leader structure with both a CEO and COO. What are your thoughts on the new structure?**

➤ **Shibata** Isuzu has now reached a higher stage in its growth from being a domestic commercial vehicle manufacturer to a global leader in commercial vehicle manufacturing through sales and the scaling up of its operations. Not only are its competitors also expanding on a global level, but Isuzu is also becoming increasingly responsible for addressing challenges faced by logistics, such as carbon neutrality. If the Company is to achieve sustainable growth under these circumstances, it is essential to implement a long-term strategy while maintaining the current business foundation. Therefore, the Company concluded that a two-leader system would be the best way forward. I believe that the Company has selected the optimal combination in Mr. Katayama, whose forte is long-term strategies, and Mr. Minami, who has a proven track record in management execution.

➤ **Kawamura** I, too, am aware of the limitations of a single-leader system. At the Company's current scale, it is difficult for one person to balance both the long-term strategy and the maintenance of the current business foundation. Under a two-leader system, the CEO and COO can share duties and combine forces to drive Isuzu forward. As Mr. Shibata said, this is the optimal system for Isuzu under the current circumstances, and one that I believe will help to ensure sustainable growth.



## A Dialogue between Two Outside Directors

**Q: Isuzu's management structure has been strengthened through the renewal of its corporate philosophy and changes to its officer structure. Could you tell us some of the issues that need to be addressed to improve the effectiveness of Isuzu's corporate governance, which underpins the Company's management structure?**

➤ **Kawamura** Looking at Isuzu's corporate governance system as a whole, improvements have been made every few years, including the transition to a Company with Audit and Supervisory Committee organizational system as I mentioned earlier. In particular, the change in organizational design gave rise to a shift in the Board of Directors' function, from execution to supervision, thereby strengthening its monitoring function. For example, the Company has strengthened its risk management by establishing a dedicated system led by its chief risk management officer.

Although such efforts have been made to strengthen and enhance the Company's corporate governance system, I believe there is still room for improvement in terms of the content of discussions at Board of Directors' meetings. Given Isuzu's scale, expanding network of alliances, and increasingly diverse stakeholders, it is imperative that discussions on strategies and measures reflect the views of all

stakeholders. At present, there are plenty of market-oriented discussions centered on institutional investors and suchlike, but the views of other stakeholders are not fully reflected.

➤ **Shibata** That's right. However, the Company has established an organizational structure along with dedicated departments to deal with shareholder, investor, and public relations, enabling discussions based on interviews with various stakeholders and reports made to the Board of Directors. As Mr. Kawamura said, the Company's challenge going forward is to analyze the views of all stakeholders, including employees and suppliers, from a bird's-eye perspective and incorporate them into its strategies. The Company should then link these activities to discussions on the role Isuzu should play for each stakeholder.

Similarly, the formulation of strategies based on capital costs is also an issue that needs to be addressed. Isuzu's approach to strategy formulation has evolved from the departmental level to the Group level, but it is vital for the Company to instill an approach based on capital costs going forward. As well as generating profits that exceed capital costs, the Company must determine policies that dictate how to structure its business portfolio and how to allocate capital.

It is essential that the Board of Directors thoroughly discusses the issues I have mentioned here today. As I mentioned in last year's outside director dialogue, it is crucial that matters related to the Company's business portfolio, strategy formulation, and other fundamental policies be included in the annual plan in advance as agenda items for discussion. I feel that, over the past year, annual planning has progressed enabling the Board of Directors to approach discussions from a more long-term perspective.

➤ **Kawamura** As Mr. Shibata said, annual planning related to agenda items has been enhanced. The difference is plain to see when compared with before the organizational redesign. As a further challenge,

I would like to see more visualization incorporated into the process of formulating annual plans. I believe that by visualizing the planning process in terms of which departments were involved and what kind of discussions were conducted in setting each agenda item, it will be easier for all board members to understand the appropriateness and importance of the agenda items that have been set.

**Q: Lastly, what are your expectations for Isuzu going forward?**

➤ **Kawamura** In Isuzu's current position, it is essential to create not only economic value and take responsibility to underpin transportation but also to create social value in the form of new logistics solutions. I would like the Company to intensify its advancement toward conducting management from an ESG perspective, as set forth in Medium-Term Business Plan 2024, and enhance its execution in regard to meeting the expectations of society. Personally, I have supported the Company's risk management system and the strengthening of its functions. Amid this drastically changing business environment, I will continue to contribute to strengthening risk management.

➤ **Shibata** I would like the Company to have confidence in the ISUZU ID and unite in pushing forward toward the realization of its purpose. The decisions to formulate the ISUZU ID and make changes to the management structure were made at the right time in response to changes in the external environment. I would like every employee to take on a sense of ownership in pursuing the creation of new value.

It is important that we, outside directors, balance both external and employee perspectives and contribute to the formulation of strategies from our own unique perspective. Through dialogue and study not only within Isuzu, but also with stakeholders outside the Company, the outside directors themselves will help Isuzu achieve its next level of growth.

