



Moving the World – for You

ISUZU MOTORS LIMITED
Integrated Report

2023



ISUZU

Isuzu is expected to contribute to a decarbonized society

Isuzu is expected to create and make proposals for various logistics needs

Isuzu is Changing

The logistics industry is undergoing a once-in-a-century transformation at a rapid pace, making business operations more and more complex. Isuzu is committed to addressing societal challenges while taking a leading position among commercial vehicle manufacturers. It is vital that each and every Isuzu Group employee shares the same values and works as one team to achieve this. The ISUZU ID, our new corporate philosophy, was created in May 2023 to guide all Isuzu Group employees toward this end.

Isuzu is expected to be a leading commercial mobility company

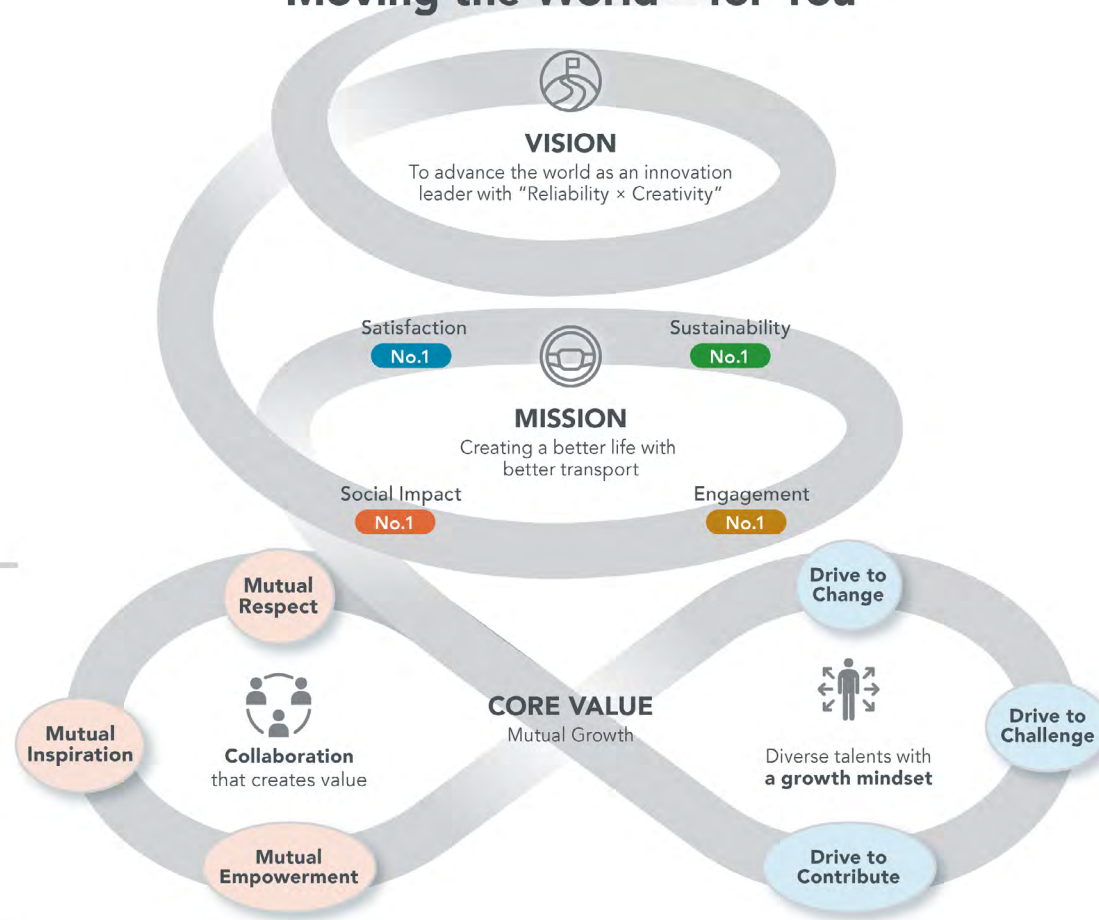
Isuzu is expected to represent and lead the industry while fulfilling its responsibilities



Moving the World – for You



**ISUZU
IKIGAI**



**ISUZU
IDEALS**

Corporate Philosophy



The ISUZU ID logo represents a ribbon tying together the four elements of Isuzu's corporate philosophy: its purpose, vision, mission, and core value. The ribbon—chosen also for its resemblance to the word "reborn"—symbolizes the Group's unified actions and spirit while flexibly changing its shape.

For more details of ISUZU ID, please refer to our website.

PURPOSE

Moving the World – for You

We believe that to move is to prosper, and that better transport leads to a better life. Therefore, our calling is to help move more goods and businesses, people and communities. We address pressing issues humanity is facing, such as carbon neutrality and a changing logistics landscape with innovations that create value and enrich life, and we do it all for you.

VISION



Advance the world as an innovation leader with “Reliability × Creativity”

Our aim is to become a global innovation leader by tackling the challenges the world is facing today and leading the way in bringing positive change with transport solutions. We inspire others by combining our unique heritage of reliability with our shared DNA of creativity.

MISSION



Creating a better life with better transport

Every day, it is our duty to put all our efforts into being No.1 in the areas of customer satisfaction, sustainability, employee engagement and social impact to help shape a better world.

CORE VALUE

Mutual
Growth



Collaboration that creates value



Diverse talents with a growth mindset

In order to advance the world as innovation leader and create a better life with better transport, all ISUZU Group employees must share the same spirit of “Mutual Growth”, which requires a win-win for individuals, our company, our partners, society and the planet as a whole. As individuals we share the drive to challenge, change and contribute. And as a team, we share mutual respect, inspiration and empowerment.



I will convey the thrill of Isuzu to others so that it becomes the most appealing company in the world!



I will embrace diversity and place great importance on giving wide-ranging feedback.



I will enjoy my work without fearing change.



I will turn complaints into ideas and transform failures into opportunities.



I will be strong-willed and strive to realize reliable and creative manufacturing (*monozukuri*)!

The "I Do" Campaign

The "I Do" campaign is an initiative involving all Isuzu employees in which everyone declares their commitment to taking the initiative to achieve results.

We aim to create a culture of innovation by bringing about change through action and embodying the ISUZU ID.

I will ensure that the Isuzu Group is dedicated to putting smiles on its customers' faces.



I will help to realize a society where no one is left behind by observing, listening to, and learning from those on the front lines. I will contribute to bringing light commercial vehicles to the world from Thailand!



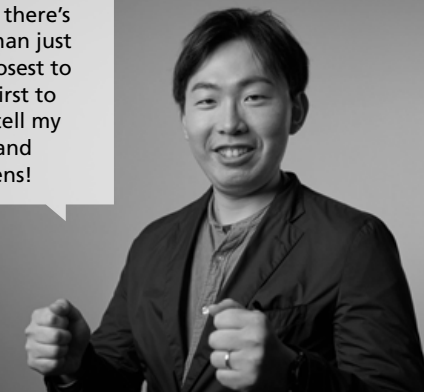
I will make Isuzu's transformation one that inspires other companies and Japan as a whole.



I will maintain the positive mindset that I can do anything and be someone who helps others.



I will tell everyone around me that there's more to Isuzu than just trucks! Those closest to me will be the first to know. Then I'll tell my family, friends, and maybe even aliens!



Isuzu Innovation Day Held to Mark the Launch of a New Isuzu

In April 2023, Isuzu held Isuzu Innovation Day over two days. More than 600 employees participated in the event, including the chairman, president, directors, and other senior managers, as well as change ambassadors responsible for internally promoting the ISUZU ID. A variety of activities were organized to bring together executives and employees of various backgrounds to interact and inspire each other, deepen their understanding of the ISUZU ID, and provide an opportunity to initiate the creation of a new Isuzu.

▶▶ Isuzu's Officers Share Their Opinions on the ISUZU ID

A total of 17 officers took to the stage for the officer panel discussion held on both days of the event to share their frank impressions of the ISUZU ID.

As someone who remembers Isuzu when it was going through a difficult time, I must admit that I was reluctant to put into words what the ISUZU ID stands for. The next generation of employees, however, did not feel the same reluctance, which I was pleased to see. We want to change ourselves while valuing the opinions of those future generations, and I am renewing my determination to do so.

I feel that the word "reliability" represents a characteristic of Isuzu that has been preserved throughout the years. Looking to the future, however, creativity will also be necessary. There is such a wide variety of people at Isuzu, each with their own potential, and I believe that by effectively drawing out their talents, a new identity will emerge for Isuzu.

▶▶ Comments from Isuzu's Change Ambassadors

After the event's proceedings came to a close, change ambassadors of a wide range of ages and positions shared their thoughts on Isuzu Innovation Day.

The event gave me the chance to hear fresh perspectives from younger employees, who were also receptive to what I had to say. Through this exchange of opinions, I was able to discover a sense of unity within the Isuzu team that transcended age and gender, based on a common understanding that Isuzu will be changing in the future. (50-year-old male employee)

Honestly, I am surprised that Isuzu made this event happen. I hope that there will be more Companywide events targeted at all employees in the future. Slow-moving changes can lead to letdowns, so I hope that Isuzu embraces and normalizes rapid change. I will make every effort to do my part. (20-year-old female employee)

Rather than a lecture, the event took the form of a dialogue, which helped to convey concepts to the participants and promote an understanding of the philosophy while helping it to stick in their minds. (30-year-old male employee)

Opening Remarks from Newly Appointed President Shinsuke Minami



The main goal of the event is to familiarize participants with the ISUZU ID, but I encourage everyone attending the event to take part in serious discussion.

From now on, we need to look outward more and more, receive inspiration from various sources, and strengthen our creativity. I hope the Isuzu Innovation Day will serve as a step to achieving this.

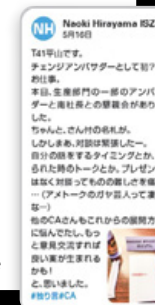
Ongoing Activities to Increase the Sense of Unity at Isuzu

Following Isuzu Innovation Day, each division held a town hall meeting led by the change ambassadors. Since the event, we have also established opportunities for social gatherings and exchanges of opinions with board members and have begun discussions on internal reforms. We have also launched an in-house social networking service as a way for employees to easily express their opinions. As we work toward realizing the ISUZU ID, we are promoting ongoing activities to increase the sense of unity at Isuzu.



Town hall meetings held by each division

In-house social networking service



For the highlights of ISUZU INNOVATION DAY, please refer to our video on Youtube.

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Editorial Policy

ISUZU MOTORS LIMITED Integrated Report 2023 aims to describe to stakeholders the Isuzu Group's medium- to long-term business strategies, the business foundations that support them, and its business activities for solving social issues.

We hope that this report enables all readers to develop a deeper understanding of the Company's management objectives and that it functions as a tool facilitating two-way communication.

• Scope of Report

This report covers financial and non-financial information regarding Isuzu Motors Limited on a non-consolidated basis and regarding its Group companies in Japan and overseas.

• Period Covered

Generally, this report covers the Company's business activities in fiscal 2023, the year ended March 31, 2023. However, information pertaining to Company activities before and after the reporting period is also featured.

• Time of Publication

Published in September 2023 (the next report is slated for issuance in September 2024.)

• Referenced Guidelines

- The International Integrated Reporting Framework and the Sustainability Accounting Standards Board (SASB) Standards advocated by the IFRS Foundation
- Guidance for Collaborative Value Creation, published by the Ministry of Economy, Trade and Industry
- The GRI Standards of the Global Reporting Initiative

• Forward-Looking Statements

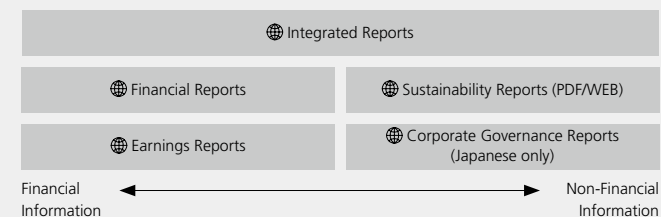
Forward-looking statements, performance forecasts, and the Company's plans contained in this report are based on the latest available information at the time of publication and represent management's best judgments. Please note that actual results may differ materially from the abovementioned statements, forecasts, and plans due to various factors, including but not limited to changes in economic conditions and product demand in major markets, fluctuations in exchange rates, changes in Japanese and international regulatory standards, and revisions to accounting standards and practices.



• Inquiries about the Report

Sustainability Department, Environment & CSR Planning Group
TEL: +81-45-299-9126

• Positioning of Published Documents



Messages from Management

Introducing Isuzu's Initiatives for Enhancing Sustainable Corporate Value

Guided by its purpose, "Moving the World – for You," Isuzu is contributing to the resolution of issues in both the logistics industry and greater society and is transforming into a leader in innovation that will advance the world.

In *ISUZU MOTORS LIMITED Integrated Report 2023*, Chairman and CEO Masanori Katayama will discuss medium- to long-term initiatives to enhance corporate value, such as the new corporate philosophy and key strategies, and Shinsuke Minami, who was appointed as president and COO in April 2023, will discuss organizational reforms and other short- to medium-term initiatives.



Shinsuke Minami
President and
Representative Director, COO




Masanori Katayama
Chairman and
Representative Director, CEO

CEO Message

Guided by the ISUZU ID,
we aim to generate innovation in
the fields of carbon neutrality and
logistics-focused DX

In May 2023, Isuzu unveiled its new corporate philosophy, the ISUZU ID. With this new corporate philosophy, Isuzu expresses its commitment to working with stakeholders to resolve the issues faced by its customers and provide new value in unpredictable times. By switching from its defensive stance of *underpinning transportation* to an offensive stance of *creating transportation* solutions, Isuzu will generate innovation in the fields of carbon neutrality and logistics-focused DX and aim for further growth in this era of dramatic change.



Masanori Katayama
Chairman and
Representative Director, CEO

CEO Message

» The Launch of a Two-Leader Structure

I was appointed chairman and CEO in April 2023. Under Isuzu's new two-leader system comprising both a chairperson and president, I will continue to drive Isuzu forward in tandem with newly appointed President and COO Shinsuke Minami.

The transition to a two-leader system is aimed at strengthening the Company's management structure to drive change. When I became president in fiscal 2016, net sales were around ¥1.9 trillion, and in fiscal 2023 they exceeded ¥3 trillion. As well as ramping up our global expansion, which includes increased sales of pickup trucks in the Middle East and Africa, we have been able to form alliances—the cornerstone of our technological strategy—with leading companies in various fields. In addition, we have focused on laying the foundation for pursuing further growth and taking on greater challenges, such as establishing a corporate governance system on a global level and implementing human resource reforms to promote a shift to management from an environmental, social, and governance (ESG) perspective. As a result of these efforts, the need for senior management to be involved in several fields and engage in multiple aspects of our businesses grew to an unprecedented level. This led me to fear that, if the president were to single-handedly take on each issue one-by-one, it would lead to delays in decision-making—an issue that I believe adopting a two-leader system will solve. My focus as chairman and CEO will be on Isuzu's medium- to long-term strategy while Mr. Minami will play a central role in implementing measures and investment plans to give shape to this strategy.

Given that my career has been centered on technical departments, I have focused on enhancing Isuzu's technologies, products, and overall quality since my appointment as president in 2015. I am particularly proud that Isuzu has shifted its corporate stance from its previous diesel engine-oriented

approach to pursuing various electrified solutions, such as battery-electric vehicles (BEVs) and fuel-cell vehicles (FCVs).

I also take pride in the network of alliances that the Company has built in various fields, which will serve as the foundation for Isuzu's future growth. Mr. Minami has worked boldly and diligently with me on the abovementioned efforts. Of particular note is our successful strategic alliance with the Volvo Group and the acquisition of UD Trucks Corporation. Thanks to Mr. Minami, who was always at the forefront of negotiations, we were able to establish a relationship on equal terms with the Volvo Group, a competitor in certain fields and a genuine world class player. I am a technician at heart who thinks from a medium- to long-term perspective. Mr. Minami always makes judgments with a level head and has a proven track record in sales and planning. I believe our combined attributes make us the perfect combination to drive Isuzu forward.

» Beginning Our Journey as a New Isuzu

Isuzu's Identity and Future Vision amid a Drastically Changing External Environment

Isuzu has supported logistics not only in Japan but also in Europe, the Middle East, and Africa through the manufacture and sale of commercial vehicles. There is no doubt that the Company's roots have always lied in 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." Our focus has been on creating products and services that ensure the continuation of our customers' operations by accurately grasping customer needs, which vary widely by country, region, and application. The fact that we achieved

record net sales in fiscal 2022 and fiscal 2023 is testament to the deep trust we have earned from customers around the world, a trust that I truly believe is Isuzu's overwhelming strength.

If we turn our gaze to the external environment, however, a very different landscape reveals itself. We are living in unpredictable times, confronted with issues such as the global COVID-19 pandemic, worldwide economic turmoil, the wavering of the democracy-based postwar international order, and the diversification of values. In the field of commercial vehicles, logistics issues such as connected, autonomous, shared & service, and electric (CASE) technologies, carbon neutrality, labor shortages, and productivity improvements have long been matters of concern. For Isuzu to continue to grow in such uncertain times while fulfilling its responsibility to its customers and society, I believe that there is a limit to what the Company can achieve by adhering to its previous corporate philosophy, or taking a defensive stance, if you will, that is premised on logistical support. In order to provide new value, it is essential that we not only change our approach and ways of thinking but also be willing to change our focus away from some of the strengths that Isuzu accumulated under its former identity. However, if we remain unclear about our intended direction and the values that we emphasize, we will not gain the understanding and cooperation of our employees and external partners. Clarifying Isuzu's identity and future vision—in other words, its guidelines for moving forward as a company—is essential for future growth. In *ISUZU MOTORS LIMITED Integrated Report 2022*, I used the analogy of the North Star, which was once used as a guidepost for navigation at sea. It is essential that we clarify what we aim to accomplish in the future by defining our own "North Star," or guidepost, that will determine the direction we should take going forward.

CEO Message

The ISUZU ID, which was unveiled in May 2023, will serve as Isuzu's "North Star." In the ISUZU ID, the Company has redefined the future it aims to realize and the values that it emphasizes. Discussions on the formulation of the Isuzu ID began in 2020, and efforts toward its implementation began in earnest in 2022. We set our guiding principles and values through discussions involving the entire Isuzu organization via means such as workshop camps with members of the Management Meeting, workshops for division managers, and surveys involving all employees.

The ISUZU ID's Vision for the Future

Isuzu's new purpose, "Moving the World – for You," is at the forefront of the ISUZU ID. The ISUZU ID, which expresses our *raison d'être*, from our purpose to our vision, mission, and core value, replaces our previous corporate philosophy and corporate mission. Our corporate stance of resolving our customers' transportation-related issues remains unchanged, but the biggest change, as I mentioned at the beginning of this message, is the shift from underpinning transportation to creating transportation solutions.

As issues related to transportation become more complex and diverse, the expectations of customers and society for Isuzu to provide products and services that contribute to solving these issues are constantly rising. To meet these expectations, Isuzu has been laying the groundwork to generate innovation by expanding its business foundation and building alliances. Amid the global expansion of our business foundation and our growing social responsibility and influence as a commercial vehicle manufacturer, we have formed alliances on equal terms with leading global companies such as Cummins Inc. and the Volvo Group. In other words, we have been gifted opportunities to realize ideas in areas of

technology and product development that we once had no choice but to give up. That being said, it is impossible to generate innovation from these opportunities if we continue ahead with our defensive stance. With this in mind, we concluded that Isuzu as a Company should take the initiative to declare to society at large its willingness to take on challenges and shift to an offensive stance. This is how we arrived at our new purpose: "Moving the World – for You."

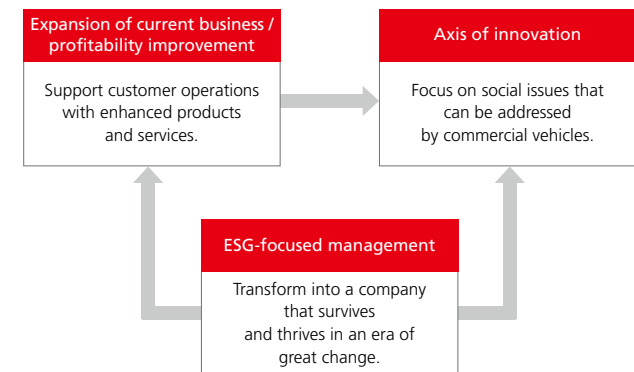
It is for the same reason that we have set forth our new vision: "Advance the world as an innovation leader with 'Reliability x Creativity.'" To respond to changes in the external environment and provide new added value through innovation, we must shatter the established conventions and preconceptions that exist within the Company. As we continue to pursue reliability in our products and services, we will simultaneously enhance our creativity through endeavors such as the establishment of a new set of values and the creation of added value. Our mission is to be No. 1 in the areas of "satisfaction," "sustainability," "engagement," and "social impact." These are concrete indicators of our commitment to providing the best possible value to our customers, society, employees, and all other stakeholders, as well as protecting the earth.

»» Generating Innovation

Process for Generating Innovation with an Eye Toward 2030

Starting from fiscal 2024, we will be investing a total of ¥1.0 trillion over the course of eight years in the areas of carbon neutrality and logistics-focused DX. It will take several years for these investments to bear fruit, and we expect that our initiative to invest in innovation will not deliver tangible results

until around 2030. Therefore, we aim to secure short- to medium-term earnings while strengthening the foundation for long-term sustainable growth by reinforcing existing businesses and investing in new areas.



Leading the Way in Carbon Neutrality and Logistics-Focused DX

As set forth in Isuzu Long-Term Environmental Vision 2050 and the 2030 Environmental Roadmap, Isuzu aims to halve greenhouse gas (GHG) emissions from its business activities by 2030 and achieve net-zero GHG emissions throughout the entire life cycle of its products by 2050. In terms of concrete measures, we will promote technological development not only in BEVs but also in several other areas such as FCVs and the use of carbon-neutral fuels and aim to identify the optimal technologies for this endeavor by 2025. Based on the identified technologies, we plan to launch electric vehicles in all of our vehicle categories (heavy-duty, medium-duty, light-duty, light commercial vehicles, and buses) by 2030. At the same time, we aim to create even greater added value for Isuzu's unique commercial vehicles by linking EVision, a comprehensive solutions program to support customers in

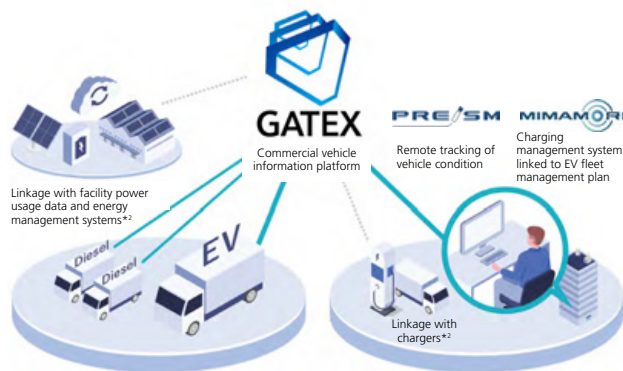
CEO Message

the commercial introduction and operational support of BEVs, with energy management services that utilize onboard batteries. As a means of effectively advancing technological development in EVs, FCVs, and numerous other types of vehicles, we will actively utilize the alliance and collaboration system that we have been building since the previous medium-term management plan.

Isuzu is ahead of its competitors in developing services in the connected services domain, which serves as the foundation for logistics-focused DX, and I believe that the data we have accumulated in the development of said services, such as driving records and operational status information, will be advantageous as we expand our logistics-focused DX services. Specifically, we aim to evolve and expand GATEX, a commercial vehicle information platform that we began providing in 2022, and create new services for the practical application of Level 4*1 autonomous driving and transportation efficiency.

*1 On a scale in which Level 0 represents no automation and Level 5 represents full automation

Isuzu's Connected Services for Electric Vehicles



*2 Isuzu is in the process of linking energy management systems, facility power usage data, and chargers via GATEX.

Our First Full-Model Change in 17 Years

Under the new theme of “choose your future,” Isuzu’s mainstay trucks, the light-duty N-Series and the medium-duty F-Series, have undergone a full-model change for the first time in 17 years. Over half a century has passed since the launch of the first-generation N-Series. Now in its seventh generation, the N-Series boasts the highest cumulative unit sales in Japan and is beloved in Asia and beyond. We have not only enhanced the quality and performance of the new N-Series in terms of comfort, fuel efficiency, and safety technology but also offer a model lineup that meets a variety of customer needs, including EVs and models that are compatible with noncommercial driver’s licenses. The new models expand our lineup and demonstrate our efforts toward carbon neutrality. In other words, the new N-Series is the very embodiment of both reinforcing existing businesses and investing in new areas.

The questions being asked about the new N-Series are “Is Isuzu lagging behind in EVs?” and “Why hasn’t Isuzu narrowed down the number of options it offers, despite developing vehicles with diverse power sources such as BEVs and FCVs?” In response to these questions, I would like to strongly emphasize that BEVs are not the only carbon-neutral solution for commercial vehicles at this time. There are two main reasons for this.

The first reason is usage environment-related issues such as energy and social infrastructure. Even if BEVs are brought to market, if the electricity used itself is not carbon neutral or the infrastructure, such as charging facilities, is not yet in place, they cannot be considered an effective option. In addition, commercial BEVs use a large amount of electricity, so it is necessary to consider the increased burden on the power grid when promoting the wider use of BEVs. To realize a



Isuzu World Premiere 2023

carbon-neutral society, we must consider not only CO₂ emissions during the use of trucks but also optimal solutions for the entire life cycle of vehicles, from the procurement of raw materials to manufacturing, use, and disposal. Once emitted into the atmosphere, CO₂ accumulates for a very long time. We do not just want to wait for the ideal usage environment to materialize, nor do we want to push BEVs into the market while ignoring the reality of the usage environment and the potential burden of such vehicles on the power grid. We do, however, want to provide a variety of options that will ensure lower CO₂ emissions tomorrow than today through an approach that moves with social conditions and development in the various countries in which we operate, without leaving any country or region behind.

The second reason is the speed of technological innovation in various electrification technologies. Unfortunately, current electrification technologies have not yet reached the level of performance achieved by internal combustion engines in commercial vehicle applications. For example, in the case of BEVs, the current onboard batteries are getting larger and

CEO Message

heavier as cruising ranges are extended. As a result, the battery itself reduces the space available for rear bodies, cargo capacity, and driving performance. Therefore, further technological breakthroughs are necessary for electrification to become widespread in commercial vehicles that are used over long-distances. In the area of commercial vehicles, EVs will need to overcome multiple barriers to become a carbon-neutral solution, and there is ample potential to achieve technological breakthroughs with other power sources. That is why Isuzu offers a variety of options, not only BEVs, and is strongly promoting the optimization of its development activities by forming alliances with the most suitable partners in each technological field.

In addition to providing a variety of carbon-neutral options, including BEVs, we are working to promote their implementation by providing optimal operational support through connected technologies and other means to achieve both economic feasibility, which is essential for commercial vehicles, and a reduction in CO₂ emissions.

We expect that the optimal operating environment for carbon-neutral vehicles will have been developed worldwide by 2050. In the 30 or so years until then, our priority as a leading commercial vehicle company will be to ensure the continuation of our customers' operations, delivering vehicles that contribute to carbon neutrality step-by-step, in line with changing eras and social conditions.

Becoming a More Flexible and Proactive Isuzu

"Open the window. It's a big world out there!" With these words, Sakichi Toyoda, who founded Toyota Industries Corporation, the forerunner to Toyota Motor Corporation, is said to have persuaded his subordinates who were hesitant to

expand overseas. I want to offer the same words to Isuzu's employees. Currently, Isuzu is implementing various measures to enable a Companywide shift from a defensive stance to an offensive stance and transform into a collective that proactively takes on greater challenges. As part of these measures, we launched the "I Do" campaign, an event to promote and spread the word about the ISUZU ID within the Company. The aim of the event is to select change ambassadors from among Isuzu's employees to act as leaders and declare their own commitment to taking on challenges via internal media channels under the slogan "I Do!" In addition, on Isuzu Innovation Day 600 participants, from regular employees to management personnel, as well as Mr. Minami and I, took part in discussions and shared how we intend to make the first step in changing our own actions in line with our individual understanding of the ISUZU ID.

Meanwhile, I am aware that the reform of our human resource systems is a challenge that has been entrusted to our management personnel—myself included. We are currently in the process of doing so with the aim of appropriately evaluating highly ambitious employees and further enhancing our organizational appeal.

In addition to reforming our management and officer structures, we are promoting organizational restructuring, through which we have established the Carbon-Neutral Strategy Division, which is independent from our conventional divisional structure. By consolidating internal resources related to the development of carbon-neutral products and technologies while centralizing collaboration with our external partners and our customers, we aim to accelerate carbon neutrality-related decision-making and product commercialization. This is the kind of willingness to change focus that I alluded to above. The decision to make the

Carbon-Neutral Strategy Division an independent division was also intended to encourage development based on ideas that are not bound by precedent. As it is my responsibility to lead Isuzu, I will continue to review the design of our systems to provide a first-rate workplace.

»» A Message to Our Stakeholders

It can be said that logistics is the lifeline of society, underpinning people's daily lives and industry. In addition, Isuzu vehicles account for around half of the commercial vehicles used in Japan's logistics industry and have a high market share in Asia and various countries around the world. It is for this reason that Isuzu bears a huge responsibility to drive improvements in safety, labor conditions, and connected services, as well as to work toward carbon neutrality. That being said, Isuzu has underpinned transportation since the dawn of the Japanese automobile industry and has the determination and strength to continue to carve out a new era and move society forward. The renewal of our management philosophy and full-model change of our N-Series and F-Series trucks are the first steps of a new Isuzu. In this drastically changing business environment, we will prevail into the future by striving for reform and "Moving the World – for You."



Masanori Katayama
September 2023

Chairman and Representative Director, CEO

COO Message



Shinsuke Minami

President and
Representative Director, COO

Overcoming a Dramatically Changing Business Environment through Planning and Creativity

» A Career Spent Constantly on the Front Lines

In April 2023, I was appointed President and Representative Director, COO of Isuzu Motors Limited. In assuming this position, I have two strong feelings. First, I am fortunate to be appointed president at a turning point in the Company's history, when it is undergoing major changes in its corporate stance. Second, I feel a sense of responsibility to meet the ever-increasing expectations of society.

After spending my first 10 or so years at Isuzu developing the foundation of my career in the Japan Sales Division, I primarily spent the next 10 years in the Corporate Planning & Finance Division, which included a stint at an engine plant in North America. From 2005 to 2019, I was a member of the Overseas Sales Division, during which I was stationed in Thailand for two years. Throughout this period, I was involved in almost every one of Isuzu's projects and businesses around the world. In reflection, my 40-year career has been varied and never uneventful.

COO Message

In my pursuits, I have always valued the importance of planning while also striving to sharpen my creativity. One characteristic of commercial vehicles is that demand and production levels can be anticipated to a certain extent, so we are able to forecast several years ahead, set targets, and steadily implement measures on a six-month or one-year basis. Planning, in other words, is a crucial part of business. As such, we have always adhered to our plans without faltering, even when faced with unforeseen circumstances. Creativity, on the other hand, is about finding new ways to address issues without being bound by existing plans. In this respect, creativity is the very antithesis of planning. Throughout my career, I have always been on the front lines in tough and extraordinary times. Examples of such times are our withdrawal from the passenger vehicle business in the 1990s and the taking over of the South African and Kenyan operations from General Motors Company, our former business partner, to establish a subsidiary. One of my most vivid memories is the transfer of our pickup truck export function to Thailand in 2011. This was an unprecedented attempt to transfer the entire export function of pickup trucks, one of our main products in overseas markets, from Japan to Thailand. However, the Great East Japan Earthquake, coupled with the severe flooding that struck Thailand around the same time, led to great difficulty in communicating and confirming the situations in both countries and coordinating the transfer plan. Under these circumstances simply adhering to the determined plan was not going to lead to a solution. Without creativity to guide us in thinking of and devising new ways to address the issue at hand, we would not have been able to overcome this tough situation.

Since the essence of business is unlikely to change in the future, it is imperative that we remain aware of the importance of planning. Creativity, however, will also play an increasingly

important role in Isuzu's efforts to survive in a dramatically changing business environment. I believe that the experience I have gained through challenging times will prove to be an indispensable asset in doing so.

» Ensuring that Our Medium- To Long-Term Strategy Takes Shape

My personal mission is to realize the long-term strategy envisioned by Chairman and CEO Masanori Katayama and to build a new business model geared toward the transition from diesel vehicles to electric vehicles (EVs), such as battery-electric vehicles (BEVs) and fuel-cell vehicles (FCVs).

During his tenure as president, Mr. Katayama brought about a shift in the Company's approach from a focus on product development predicated largely on diesel engines to a policy of pursuing a variety of options, including EVs and FCVs. In addition, we have formed alliances with industry leaders in their respective fields, including the Volvo Group, Cummins Inc., and Commercial Japan Partnership Technologies Corporation, and we are making plans to develop and acquire new technologies with an eye to 2030. This is mapped out in the carbon-neutral strategy put forth in the 2030 Environmental Roadmap and this integrated report. However, the technologies we acquire are meaningless unless they are delivered to the world as products and services. I recognize that it is my responsibility, along with Mr. Katayama, to drive Isuzu forward by drawing up an investment plan for product development based on a medium- to long-term strategy and ensuring the execution of said plan.

As advances are made in electrification, I believe that software will become an increasingly important feature of automobiles. Under the framework for investing in innovation that we announced in May 2023, we will promote the construction of a business model that can provide added value

through both hardware and software, such as connected services and logistics-focused digital transformation (DX).

» Reliability as a Strength and the Pursuit of Creativity

I'm often asked where Isuzu's strengths lie. I always answer with: "its constant pursuit of reliability in the development of products." Specifically, we have sought to constantly improve the quality of our products in terms of durability and safety performance, including engine performance that complies with relevant laws and regulations and collision avoidance technologies. We base these efforts on the idea of ensuring that our customers' operations can continue and that our products are reliable.

The fact that the Company achieved top market share in 37 countries in various domains in fiscal 2023 is evidence of the trust that the world places in the reliability of Isuzu's products. Of the technologies and quality products and services we have accumulated through our involvement with many vehicle types, I believe that the technologies and connected services that we have developed in our mainstay product, light-duty trucks, will serve as strengths for future growth. In Japan in particular, we take pride in our top-class expertise in supporting transportation by ensuring the reliable operation of our trucks while preserving the quality of the cargo that they carry. Issues that are often brought up in Japan regarding transportation, such as inefficient operating conditions and labor shortages in the so called "last mile," are now common issues in countries all over the world. I believe that the technologies and know-how that Isuzu has developed in Japan can provide high added value in countries and regions around the world such as Southeast Asia and the United States. This is possible because our employees have unified their values under their steadfast pursuit of underpinning transportation and

COO Message

regard reliability as the primary value of our products, which has in turn shaped our attitude as a company. In other words, all Isuzu employees, from development to sales and after-sales services, hold a unified set of values that guide them when making decisions and putting them into action.

That being said, if we follow this set of values and pursue only reliability, there is a limit to what we can achieve. To continue to grow, we must maintain our sense of responsibility for providing reliable products and services to our customers while at the same time pioneering new areas of business representative of connected, autonomous, shared & service, and electric (CASE) technologies.

The sense of value we place in underpinning transportation lends itself to the “defense” aspects of our operations, such as regulatory compliance and operational support. However, what is required of us now is to push forward and “attack” by exploring new added value and promoting shifts in our business model. It is for this very reason that we felt it necessary to change our purpose to “Moving the World – for You.” Offering transportation tailored to emerging eras by pursuing advanced technological fields and new services is the kind of creativity that Isuzu strives for, and the Company will seek to create unique value through the leveraging of its alliances and other means.

» Keeping Our Feet Firmly on the Ground, Even after Posting Record Highs

In fiscal 2023, we achieved record net sales of ¥3.2 trillion and record operating income of ¥253.5 billion, a continuation of our record figures in fiscal 2022. I believe that this is the result of the measures implemented throughout the previous medium-term business plan, including the establishment of a global alliance network and the expansion of pickup truck production bases, as well as the strengthening of after-sales services and life cycle businesses in Japan. In addition, we are

seeing concrete results emerge from our collaborations with alliances and other companies. For example, in March 2023, we announced the launch of the jointly developed new tractor models by UD Trucks Corporation—a subsidiary of the Isuzu Group—and Isuzu as part of our alliance with the Volvo Group. In May 2023, we also chose Honda Motor Co., Ltd. to be our development and supply partner for a fuel-cell system to be installed in heavy-duty trucks scheduled for introduction in 2027. I believe that joint efforts with other companies can compensate for the time and resources that Isuzu lacks on its own and enable speedy technological development and product launches.

Furthermore, with a view to establishing new businesses and creating new added value, we are promoting carbon neutrality and logistics-focused DX through our framework for investing in innovation. However, until these efforts begin to bear fruit in 2030, it will be necessary to raise funds by strengthening existing businesses to generate stable profits and strengthen our financial base. Starting with the N-Series' full-model change and the launch of the new tractor models, we will focus our efforts on expanding and strengthening existing businesses.

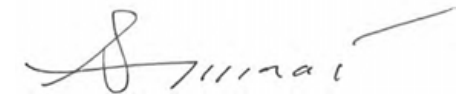
» Implementing Changes to Enable Faster and More Flexible Decision-Making

In April 2023, we transitioned to a structure with both a chairperson and CEO and president and COO at the head of the Company. At the same time, executive vice presidents (EVPs), senior vice presidents (SVPs), and vice presidents (VPs) replaced division executives, deputy executives, associate division executives, and executives, who were previously the heads of each division. These changes were implemented with the aim of transferring authority to each division and increasing the sophistication and speed of decision-making. Before these changes, the main role of each division head was to manage

their respective division and support the president in making decisions. Now, we have increased the quantity and quality of management information sharing and have created an organizational structure in which the authority previously centered on the president is now held by the heads of each division. The reason behind this change was a sense of crisis that, as Isuzu expanded, increased in scale, built further alliances, and responded to advancements in CASE technologies, the management team would be required to take action in more areas than ever before, and an organizational structure in which decision-making is centered on the president would make it impossible to tackle issues with speed. By transferring authority to each division, we aim to promptly address issues such as responding to customer needs and developing new technologies.

» A Message to Our Stakeholders

Guided by our new corporate philosophy—the ISUZU ID—we will accelerate our efforts to generate innovation. I tell our employees daily that the accumulation of small ideas can lead to major innovations. When our many employees generate and accumulate small ideas, they become the driving force for the creation of large-scale innovations. It is my mission as president to give shape to these ideas, and through planning and creativity, I will pursue reliability and creativity to guide Isuzu in realizing its purpose of “Moving the World – for You.”



Shinsuke Minami

September 2023

President and Representative Director, COO

Vehicle and Product Lineup

Commercial Vehicles (CV)

• Light- and Heavy-Duty Trucks

Isuzu trucks are manufactured in Japan and overseas to address the diverse challenges of the logistics industry and boast exceptional fuel efficiency, reliability, durability, advanced safety, and low environmental impact.

• Buses

As a form of public transportation, buses are required to deliver safety, comfort, and environment-friendly performance to support people's daily lives and mobility needs. Isuzu buses are manufactured by J-Bus Ltd., a joint venture with Hino Motors, Ltd., and are sold throughout Japan under both the Isuzu and Hino brands.



N-Series light-duty truck | N-Series EV | F-Series medium-duty truck



C&E Series heavy-duty truck | ERGA route and shuttle bus

Light Commercial Vehicles (LCV)

Our pickup trucks are primarily geared toward emerging markets. Pickup trucks, which can be used as both passenger cars and commercial vehicles, are mainly produced in Thailand and exported to approximately 100 countries, where they support economic growth and day-to-day life.



Pickup truck D-MAX



PPV MU-X

After-Sales Services

We provide a variety of after-sales services that ensure optimal operation of our vehicles and products, both to our customers in Japan and internationally.

• Connected services:

MIMAMORI: a fleet management service
PREISM: an advanced genuine maintenance service

• Leasing businesses

Maintenance leases, finance leases, and maintenance contracts

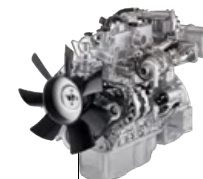
• Maintenance services offered by our dealerships

• Used vehicle sales



Powertrains

We supply diesel engines to manufacturers in a variety of fields, including construction machinery, agricultural equipment, power generators, and commercial vessels. Our diesel engines contribute to the growth of these industries by offering power and environmental performance developed for use in automobiles.



4LE2X



UM6HK1



Isuzu at a Glance

Areas of Operation

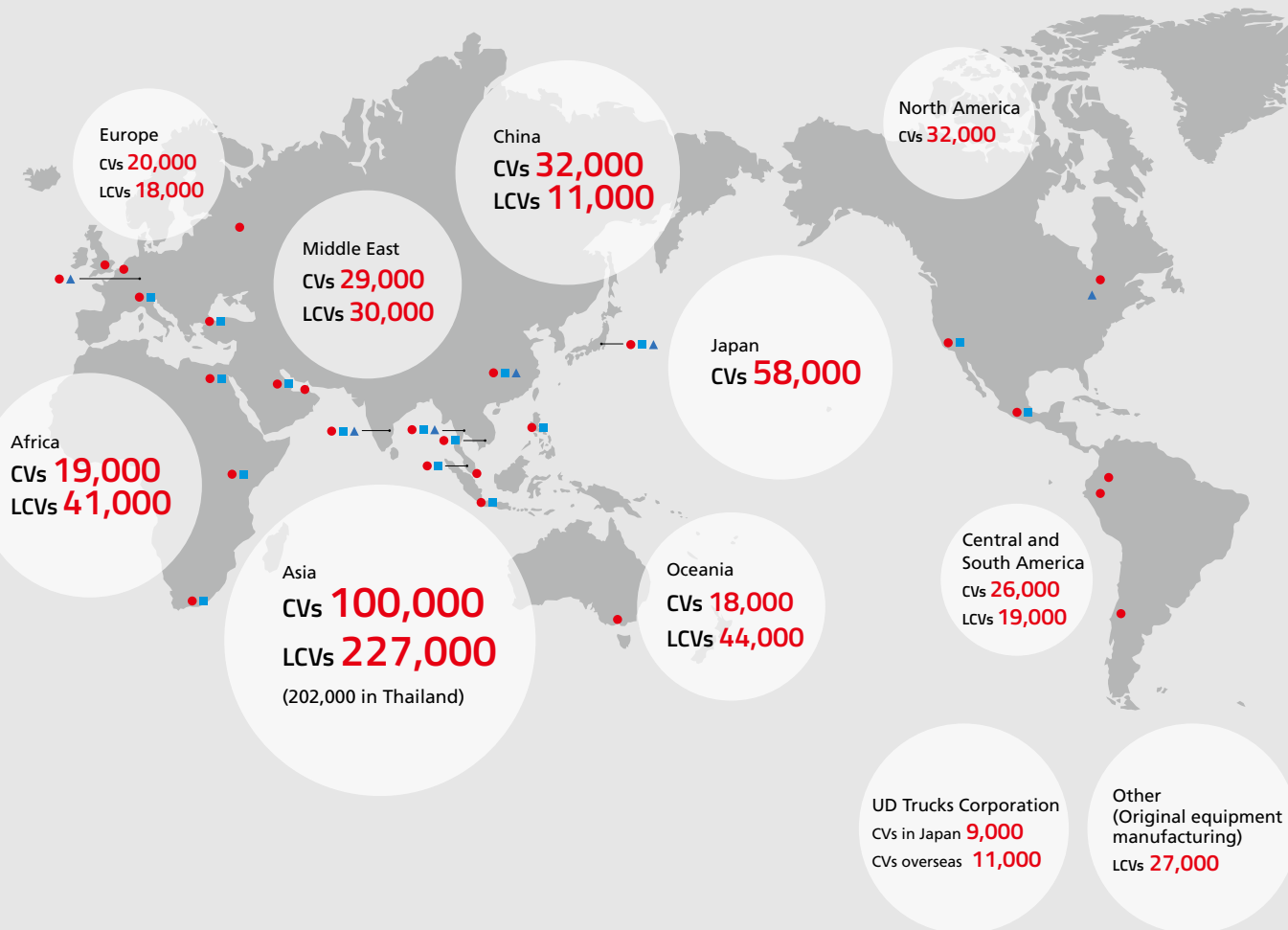
Over **150** countries

Countries in Which Isuzu Holds No. 1 Market Shares*1

37

Global Unit Sales*2

Over **770,000**



● Fiscal 2023 unit sales*2 ● Sales site ■ Manufacturing site ▲ Development site

CVs: commercial vehicles such as light-, medium-, and heavy-duty trucks and buses
LCVs: light commercial vehicles such as pickup trucks

*1 CY2022 results (January 2022–December 2022)

Please refer to Isuzu's website for details regarding countries in which Isuzu holds No. 1 market shares. <https://www.isuzu.co.jp/company/glance.html> (Japanese only)

*2 Figures include units delivered by knockdown shipment and assembled locally.

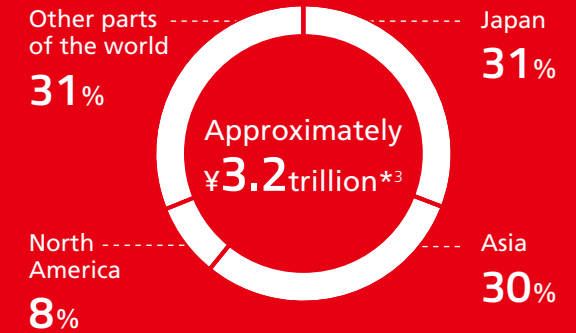
Founding

April **9, 1937**

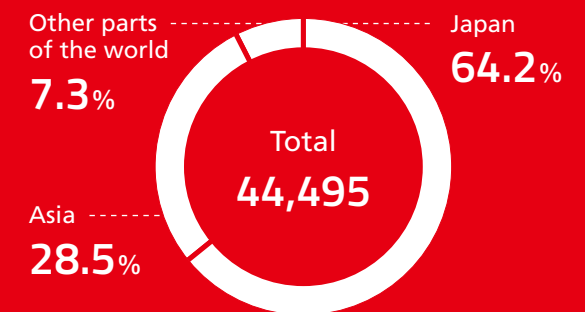
Share Capital

¥**40.6** billion

Net Sales



Number of Employees by Region



*3 Consolidated: ¥3,195.5 billion; non-consolidated: ¥1,306.8 billion

Isuzu's History of Underpinning the Evolution of Transportation

Social Issues

Isuzu's Countermeasures

1950s-

Demand for heavy-duty trucks rises due to an increase in the need for long-distance transportation while demand for light-duty trucks increases among small and medium-sized enterprises

➤ Diversification of lineup to include light-duty and heavy-duty trucks

In 1959, Isuzu, whose mainstay products up to the time were 5- and 6-ton trucks, introduced the 8-ton TD truck and the TL 2-ton truck (N-Series/ELF) to meet the shift in demand for larger freight loads and longer-distance transportation. Isuzu responded to the polarizing needs of large enterprises and small and medium-sized enterprises with a diverse lineup of trucks. The first-generation N-Series, a small truck that responded to the need to efficiently transport goods on Japan's limited land area and narrow roads and highways, was first produced in 1959 and has become synonymous with Isuzu to this day.



N-Series/ELF TL 2-ton truck

- 1959 Isuzu announces TD 8-ton truck and TL 2-ton truck (N-Series/ELF) truck
- 1961 Isuzu completes first phase of construction and opens the Fujisawa Plant

1960s-

Demand increases for highly durable means of transportation in Asia and emerging countries

➤ Expansion of global customer base

Isuzu Motors Co., (Thailand) Ltd. was established in 1966. Furthermore, in 1971 the Company formed a partnership with General Motors Company of the United States that would see Isuzu expand its overseas bases beyond Asia to North America and Africa. By creating products that accurately addressed unique needs and challenges, such as vehicle and engine durability and performance on uneven terrain, in each country and region to which it expanded, Isuzu contributed to the development of local logistics networks and grew to become one of the world's leading manufacturers of commercial vehicles.



The Faster KB 1-ton pickup truck

- 1966 Establishes Isuzu Motors Co., (Thailand) Ltd.
- 1971 Signs basic agreement on full alliance with General Motors Company
- 1972 Announces Faster KB 1-ton pickup truck

1990s-

Demand increases for stable, fuel-efficient vehicles with lower maintenance costs

➤ Development of operational support services to ensure efficient and stable vehicle operation

With the increase in the volume of goods being transported, there was a rise in demand for reliable vehicles that achieved lower running costs through improved fuel efficiency and other means. In 1990, Isuzu established Transtron Inc. as a joint venture with Fujitsu Limited, where it soon began work on the advancement of electronic controls. Furthermore, services such as MIMAMORI, Japan's first telematics system for commercial vehicles, launched in 2004, and PREISM, an advanced genuine maintenance service that uses vehicle information to prevent breakdowns, launched in 2015. Utilizing these industry-leading connected services, we have helped enhance the efficiency and operational stability of transportation.



PREISM

- 1990 Establishes Transtron Inc. as a joint venture with Fujitsu Limited
- 2004 Launches MIMAMORI online service, a real-time telematics system for commercial vehicles
- 2015 Launches PREISM, an advanced genuine maintenance service
- 2022 Launches GATEX, an information platform for commercial vehicles

2000s-

Transportation needs diversify to include carbon neutrality, CASE technologies, and advanced safety

➤ Strengthening of alliances to continue to meet customer needs

Amid ever-changing transportation needs, Isuzu has created the optimal technologies, products, and services to meet the requirements of society and its customers while collaborating with a broad range of business partners in every era. Today's society requires solutions to next-generation issues such as carbon neutrality, CASE technologies, and advanced safety. We will continue our efforts to address these issues through open innovation, alliances with a variety of partners, and collaborative efforts with customers.



Vehicles under joint development and demonstration testing with alliances

- 2019 Signs a comprehensive partnership agreement with Cummins Inc. to develop powertrains
- 2020 Signs an agreement with Honda R&D Co., Ltd. to conduct joint research on fuel-cell-powered heavy-duty trucks
- 2020 Concludes memorandum with the Volvo Group for a strategic alliance
- 2021 Establishes new company Commercial Japan Partnership Technologies with Hino Motors, Ltd. and Toyota Motor Corporation to accelerate the promotion of the domain of CASE (connected, autonomous, shared & service, and electric) for commercial vehicles

Special Feature

Isuzu's Value Creation as Demonstrated by the Evolution of the N-Series Model

History of the N-Series

1975



Third-generation N-Series

Improved comfort, operability, safety, and power performance. The new diesel engine adopted a "quick-on system" for instant starting, improving the slow start of conventional engines at the time.

1993



Fifth-generation N-Series

The fifth-generation N-Series sought to break away from the compact vehicle crowd with a high cab configuration and also featured a new series of environment-friendly engines. With advanced safety technology, it marked the beginning of building vehicles that are kind to the earth and to people.

1959



First-generation N-Series

Based on the concept of "the most efficient cargo transport" for Japan's cramped landmass and narrow roads, the inaugural N-Series was the first cab-over truck in its class, giving it excellent maneuverability. It received top marks for its high loading efficiency.

1968



Second-generation N-Series

The N-Series' first full-model change. With a more diverse range of vehicles for each model type, the second-generation N-Series met the needs of the advancements in transportation specialization and streamlining with a full-model lineup. Blue was added to the range of cab color offerings.

1984



Fourth-generation N-Series

The fourth-generation N-Series was a new delivery vehicle built for a new era of goods distribution in the 1980s and was the latest enhancement in a series of optimal vehicles designed to meet a wide range of needs. All models also featured direct injection engines for improved noise reduction.

2006



Sixth-generation N-Series

The sixth-generation N-Series was developed in response to the evolving circumstances surrounding light-duty trucks, such as vehicle safety requirements and the increasing importance of operation management. It embodied an evolution to new dimensions in environment-friendliness, economy, safety, and comfort.

Special Feature**History of the N-Series**

2023

Seventh-generation N-Series

Enhanced comfort, advanced safety, and updated driving support technologies. With a diverse lineup that includes battery-electric vehicles (BEVs), the seventh-generation N-Series offers solutions to the growing challenges of trucking, such as carbon neutrality and providing a better working environment for drivers.

In March 2023, the all-new N-Series made its long-awaited debut. The full-model change of the N-Series, the force behind the creation of the Isuzu brand of transportation, carries revolutionary significance. In this special feature, we present the challenges and innovations of the development of the all-new N-Series, as well as the Isuzu values and strengths that stand behind it.

Challenge and Innovation



Special Feature

01 | The Value That the New N-Series Delivers

Changing Transportation Needs and the "Freedom of Choice"

"Choose your future." That is the product concept behind the fully redesigned N-Series. Freedom of choice means not only that we offer vehicle models and parts suited to each customer's kind of usage but also that, with a variety of lineups including diesel vehicles, electric vehicles (EVs), and models compatible with Japan's new ordinary class driver's license, customers are free to select the perfect model to meet all of their needs. This concept of "choose your future," by which we mean supporting the future of the logistics industry, is the basic spirit imbued in the all-new N-Series.

Behind it all is the desire to meet the societal needs that have undergone such change since the previous N-Series generation's release in 2006. In addition to the worldwide demand for connected, autonomous, shared & service, and electric (CASE) technologies and services and efforts to promote carbon neutrality, the shortage of workers in the logistics industry has emerged as an urgent issue in Japan. While cargo volumes have increased due to the growth of e-commerce, the logistics industry's very existence is threatened by the "2024 issue"* and the aging of drivers. Given these circumstances, as a supplier of commercial vehicles, Isuzu is tasked with providing vehicles that are easy to use regardless of age, physical size, or strength.

* The decline in transportation capacity and labor shortage due to an amendment to the Japanese Labor Standards Act limiting truck drivers' annual overtime to 960 hours starting in April 2024.

Enhanced Hospitality and a Wide Lineup to Choose From

We defined the main themes for the development of the new N-Series based on the needs of the customers we interact with on a daily basis and the following social needs: carbon neutrality, driver labor environment, safety, and connectivity.

In terms of carbon neutrality, in consideration of customer convenience and the energy and infrastructure circumstances in individual countries, we added BEVs to the lineup in addition to conventional diesel and hybrid models. This is the first step toward realizing a carbon-neutral society while adapting to the regional circumstances of individual countries.

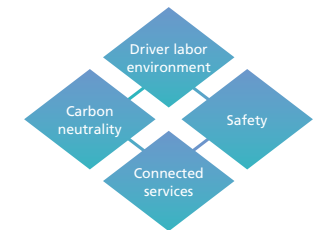
At the same time, given the shortage of drivers, workstyle reforms, and demand for improvement in labor environments, we aimed to provide enhanced hospitality by pursuing ease of use and ease of driving, with the growing diversity among drivers in mind. By fundamentally rethinking the positioning of the steering wheel and pedals, as well as vehicle interior space, the new N-Series offers seats that help improve driving posture and greater storage space for enhanced comfort and amenity.

To make a vehicle that is easy for everyone to use, safety is a must. For example, in response to the prevalence of left-turn accidents at intersections when driving in urban areas, we have incorporated new safety technologies that predict various situations, such as pre-crash braking when making left turns.

Connected services such as MIMAMORI and PREISM, which support safety and security during vehicle operation, have also evolved in line with the full-model change. Along with supplying EVs, we have introduced a comprehensive solutions program called EVision that utilizes the GATEX commercial vehicle information platform, which we launched in October 2022. The utilization of GATEX data enables the provision of services that facilitate more effective EV operation, such as drawing up vehicle operation plans that take recharging needs into consideration and measuring CO₂ reduction effects by ascertaining vehicle operation status.

For more information on safety technology, please refer to "Development and Application of Advanced Safety Technologies" on [page 50](#).

Priority social issues



Being the Best Partner for All Customers

Corporate customers have traditionally been a source of strong demand for the N-Series. In addition to offering a wider range of options with a lineup that includes EVs, one of the key challenges for this full-model change is providing enhanced hospitality, in other words raising the bar for comfort, including riding comfort and cab storage capacity. With these enhancements, we are now able to make a robust appeal to a diverse individual customer base, working to operate private small-lot transportation that values such features. Since improving the labor environment for drivers is a challenge for the logistics industry, we have made changes to specifications so as to meet the needs of customers who value ease of use and comfort, whether corporate or individual, and regardless of age, physical size, or strength.

In addition, the ELF mio,* a model available only in Japan, that is compatible with Japan's ordinary class driver's licenses from 2017 onward, is critically positioned to open new market areas. As a solution to the problems facing the logistics industry, including Japan's aging population and chronic labor shortage, we anticipate a substantial need for the ELF mio,* which can also appeal to young people who only hold ordinary driver's licenses.

Given the changing needs of the logistics industry and drivers, we aim to be the best partner that can meet the diverse needs of our customers by presenting a wide range of options with the new N-Series.

*The N-Series is known as the ELF series in Japan.

Special Feature

01 | The Value That the New N-Series Delivers

Message "Reliability x Creativity" of the N-Series

Our determination expressed in the new management philosophy system the ISUZU ID is also reflected in the full-model change of the N-Series. One of the key concepts, "Reliability x Creativity," is essentially a balance between what customers have been asking for up until now and what will be demanded in the new era. The challenge that we have undertaken with the full-model change of the N-Series is to increase product variations from the customer's point of view and at the same time reduce social costs from an environmental, social, and governance (ESG) perspective. Since commercial vehicles have different requirements depending on the customer's purpose and location, we have prepared more than 2,000 types of N-Series vehicle models. In addition, more variations, such as EVs and fuel-cell vehicles, are required to achieve carbon neutrality. However, attempting to achieve those goals necessarily requires a larger variety of different parts as well as greater man-hours, which in turn entails heavier social cost. I-MACS is a premier method to solve these conflicting issues. By combining a small number of parts, we have been able to realize a lineup that meets the diverse needs of customers around the world while keeping social costs down. Isuzu will continue to provide customers around the world with the "freedom of choice."



Takashi Oodaira
Managing Executive Officer and
EVP of Engineering Division

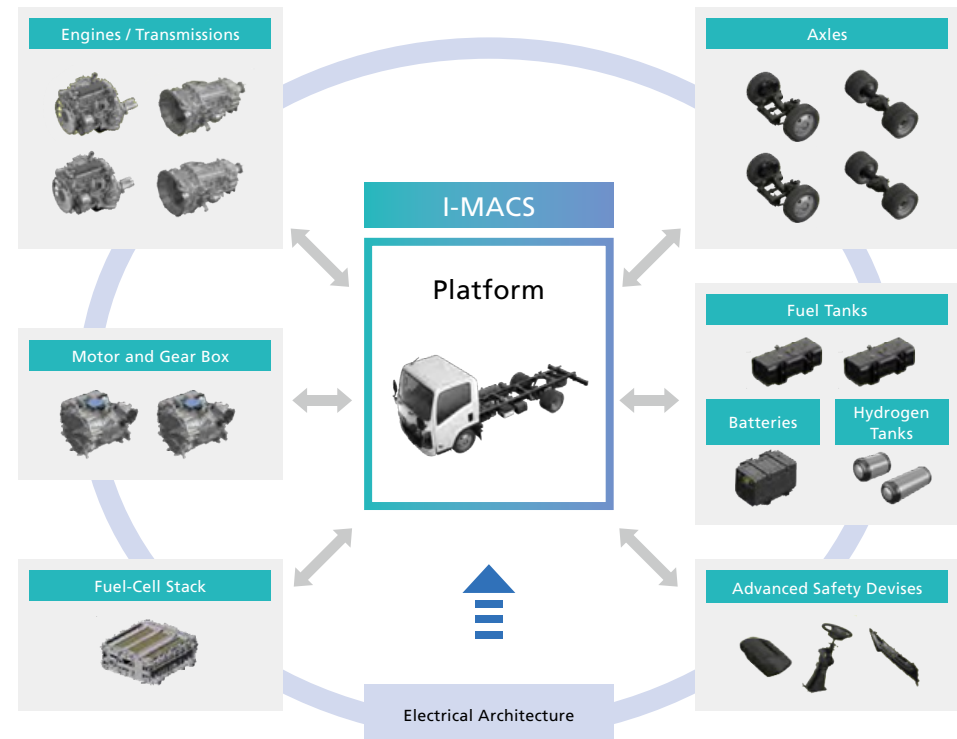
Modular Design Concept I-MACS Provides Flexible Response to a Wide Range of Needs and Power Sources

For the new N-Series, we have developed a new platform that meets both the needs of society, which are becoming more sophisticated and diverse, and the individual needs of our customers into the future. At the heart of this is I-MACS (Isuzu Modular Architecture and Component Standard: Isuzu's rules for optimizing the use and combination of components in vehicle development).

Traditionally, when creating components, parts, and devices for a particular vehicle model, it was necessary to create parts unique to that model, and consequently, as the number of models increased, the range of variations in development also increased, resulting in a snowballing amount of different components, parts, and devices.

With I-MACS, however, we have achieved the commonization and systematization of the coupling sections of parts that connect vehicle models with components such as engines and transmissions. This makes it possible to freely combine components and devices as if they were building blocks to meet various needs.

This new development method has made it possible to flexibly install various power sources, including electric motors, as well as advanced technologies, resulting in a wide lineup of approximately 2,500 N-Series models and approximately 1,500 F-Series models. Furthermore, even if we should need to develop new parts or specifications in the future, we will be able to respond more efficiently and flexibly by combining them with existing vehicle models.



Special Feature

02 | Development Trajectory

» Building I-MACS

Even during previous full-model changes to the N-Series, we had the notion of using a common platform to respond to the needs of each market and customer. Needs change with the times, however, and with the wave of technological innovation known as CASE, the number of parts requiring specialized development has increased, resulting in over 2,000 vehicle variations. That is where I-MACS comes in. By systematizing the arrangement of and linkage between parts and switching out or relocating certain parts, I-MACS makes it possible to adapt to changes that may occur in the future while remaining compatible with legacy vehicle models.

In putting together I-MACS, we first envisioned the parts required for existing vehicle models and the parts that will be required in the future, determined the cabs and frames that make up platforms, and identified more than 1,000 configuration patterns. We then repeatedly went through the process of using virtual evaluation to verify whether all patterns worked and fixing any defects. This was the toughest part, and we spent an enormous amount of time on it, but I am proud that we succeeded in creating a solid foundation for I-MACS.

We have just started selling the new N-Series in Japan, but the true test of the value of I-MACS is still to come. We are just at the starting point of a long journey. As we expand overseas and conduct sales in developed and emerging countries, our ability to achieve the expected results will be put to the test. We will continue to exert steady efforts to maximize the potential of I-MACS.



Tomoyuki Oshikawa
L/D & M/D Product Planning & Engineering Dept.
Chief Engineer

» Streamlining Production with I-MACS

Isuzu has long offered a wide range of commercial trucks including the N-Series, to meet the needs of the market and customers, and one of the Company's strengths is that it has established a system for efficiently producing them. Specifically, the main assembly lines are where parts are attached to the frames that are fed through on the conveyor and the finished vehicle is completed, and by using sub-assembly lines to supply those parts in nearly complete form, we have managed to level out the work performed on the main assembly lines.

With the latest full-model change to the N-Series, we will be producing both new and prior models simultaneously. Instead of setting up new main production lines for the new-generation models, however, we are using the same main assembly lines for both the new and prior generations, and in so doing we aim to reduce man-hours and save on investments. What makes this possible is that I-MACS is designed to be compatible with legacy vehicle models as well. Continuing in line with the I-MACS concept, I hope to continue to design main assembly lines capable of flexibly and efficiently producing any type of vehicle.



Takeyuki Odagiri
Vehicle Manufacturing Engineering Dept.
Group Leader



Special Feature

02 | Development Trajectory

Dialogue

Taking on the challenges of incorporating EVs

Yuuta Takamatsu
CN Product Planning & Engineering Dept.
General Manager



Yasuhiro Wakamura
GR Japan Product Marketing Dept.
General Manager



Wakamura In March 2023, we announced a full-model change for the N-Series, and since then we have held presentations for customers in seven cities nationwide. I personally participated in all of them, and the feedback from our customers has been outstanding. Everyone remarked on how eagerly they were awaiting the first full-model change in 17 years. Orders are also doing well, and I really feel that this will be a success.

Takamatsu Direct feedback from customers is really powerful. With this full-model change, one of the major development goals was to improve the comfort and amenity of the cab (the passenger space), and we put a lot of effort into making it feel spacious when sitting in the driver's seat. When I participated in the presentation, however, I was even more impressed that customers directly gave us exactly the kind of feedback we were hoping for.

Wakamura It is a blessing to be a developer. One of the highlights of the N-Series full-model change is the addition of the N-Series EV light-duty electric truck to the lineup. What kind of difficulties did you face in developing Isuzu's first EV?

Takamatsu As you know, Mr. Wakamura, for the introduction of the N-Series EV, we conducted three years of demonstration tests with the help of our customers. For passenger cars, as a mode of daily transportation, there is little difference in performance when replacing a conventional internal combustion engine vehicle with an EV. However, since commercial vehicles are used as tools of business, issues such as cruising range, in which EVs fall short of internal combustion engine vehicles, and the availability of charging facilities have a major impact on those tools' ability to serve their function. The switchover to EVs must not cause any disruption of customers' operations, so we

had to exercise extra diligence in the verification process.

Wakamura I was also involved in the launch of the demonstration tests. Many of the customers who assisted in the tests proactive in initiatives such as achieving carbon neutrality, are amenable to the use of EVs, and make heavy use of their vehicles. A typical example is major convenience store chains, who mainly use their truck fleets for short-distance deliveries, meaning short cruising range is not usually a problem. In addition, while drivers may change shifts three times a day, the vehicles themselves are often in operation nearly all day long.

Takamatsu With internal combustion engines, it only takes a few minutes to refuel, but it takes several hours to charge an EV. If vehicles are used during the day and not at night, then there is no problem since batteries can be charged during the night. However, due to the way the convenience store industry uses their trucks, it is difficult to ensure sufficient time for charging and that makes quick charging facilities essential. In addition, depending on the kind of contract customers have with electric companies, how much and when they charge the batteries can make a substantial difference in running costs.

Wakamura That's why, rather than creating a special route for the demonstration tests, we asked that the test vehicles be used in the same operations as conventional diesel vehicles. We are also very fortunate to enjoy that kind of customer cooperation before a new vehicle model goes into mass production, and that is not limited to just the adoption of EVs. Since the vehicles are run under harsh conditions, defects are revealed at an early stage, so improvements can be reflected in the mass-produced versions.

Takamatsu With these demonstration tests, we were able to accumulate detailed data on how the vehicles are used. The test vehicles were outfitted with equipment and communication

Special Feature

02 | Development Trajectory



units to collect operational data so that information could be viewed in real time, even remotely. I had full access to information on when the vehicles were started up, where they were driven, when they were shut down, and when they began charging, which was extremely helpful in the development of the N-Series EV. I think this kind of data will be a valuable asset for future development.

Wakamura So, what did the data reveal about the differences between internal combustion engine vehicles and EVs?

Takamatsu One thing is that when using the heater in winter, a diesel vehicle can use the heat emitted by the engine, but an EV cannot generate heat from its motor, so it uses up battery power. What that means is that there will be a considerable difference in cruising range from winter to summer. The trial data showed us that directly heating the driver consumes less battery power than heating the air inside the vehicle, so we decided to introduce seat heaters. We also incorporated

mechanisms to reduce battery consumption even in the winter, such as high thermal efficiency heat pump air conditioning.

Wakamura So, the data showed that our initial predictions were correct and that simply replacing internal combustion vehicles with EVs would cause a variety of problems.

Takamatsu Yes, but at the same time, we also found workarounds. However, more than improving the vehicles themselves, it is extremely important how customers use their vehicles and how they set up charging equipment. Therefore, we worked with our external partners to devise a set of support services to encourage the adoption of EVs by our customers. The result is EVision.

Wakamura Whether or not there are advantages to adopting EVs depends largely on how they are used, and that can be difficult for the customers themselves to determine. For customers who are considering adopting EVs, EVision may be a vote in their favor.

Takamatsu EVision is not yet a finished product, though, and we are still adding new features. As N-Series EVs become more popular in the future, new issues may emerge, and I would like to establish a Companywide customer support system, including the further evolution of EVision.

Wakamura On the sales side, in addition to setting up the Solution Sales Development Department, which is a team responsible for EVision, we decided to install EV managers at every dealership. Commercial vehicle development does not end when the product is released. It's important to keep thinking about them and keep working on them even after release.

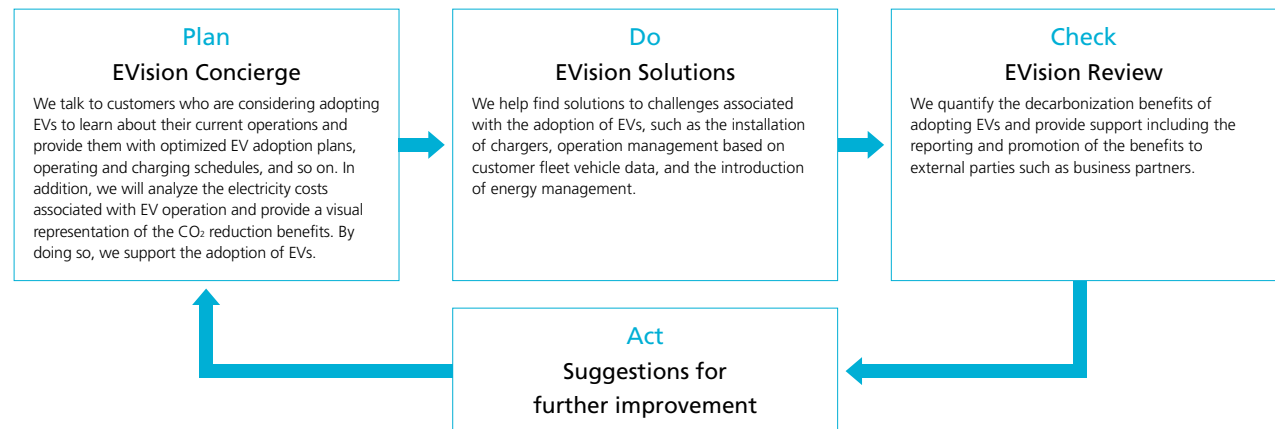
Takamatsu EVs in particular are in a period of transition, and the performance and technology will no doubt continue to evolve. We have also commenced new developments with an eye toward the future, so let's continue working together to create vehicles that please our customers.



What is EVision?

To coincide with the market launch of the N-Series EV, Isuzu's first mass-produced battery electric vehicle (BEV), Isuzu began offering EVision, a total solutions program for the commercial introduction of commercial EVs.

Through EVision, we provide solutions to various issues that customers may face when introducing commercial BEVs, such as charging facilities, electricity rates, and effective reduction of environmental impacts, according to each phase of their introduction, from consideration to introduction and post-introduction.



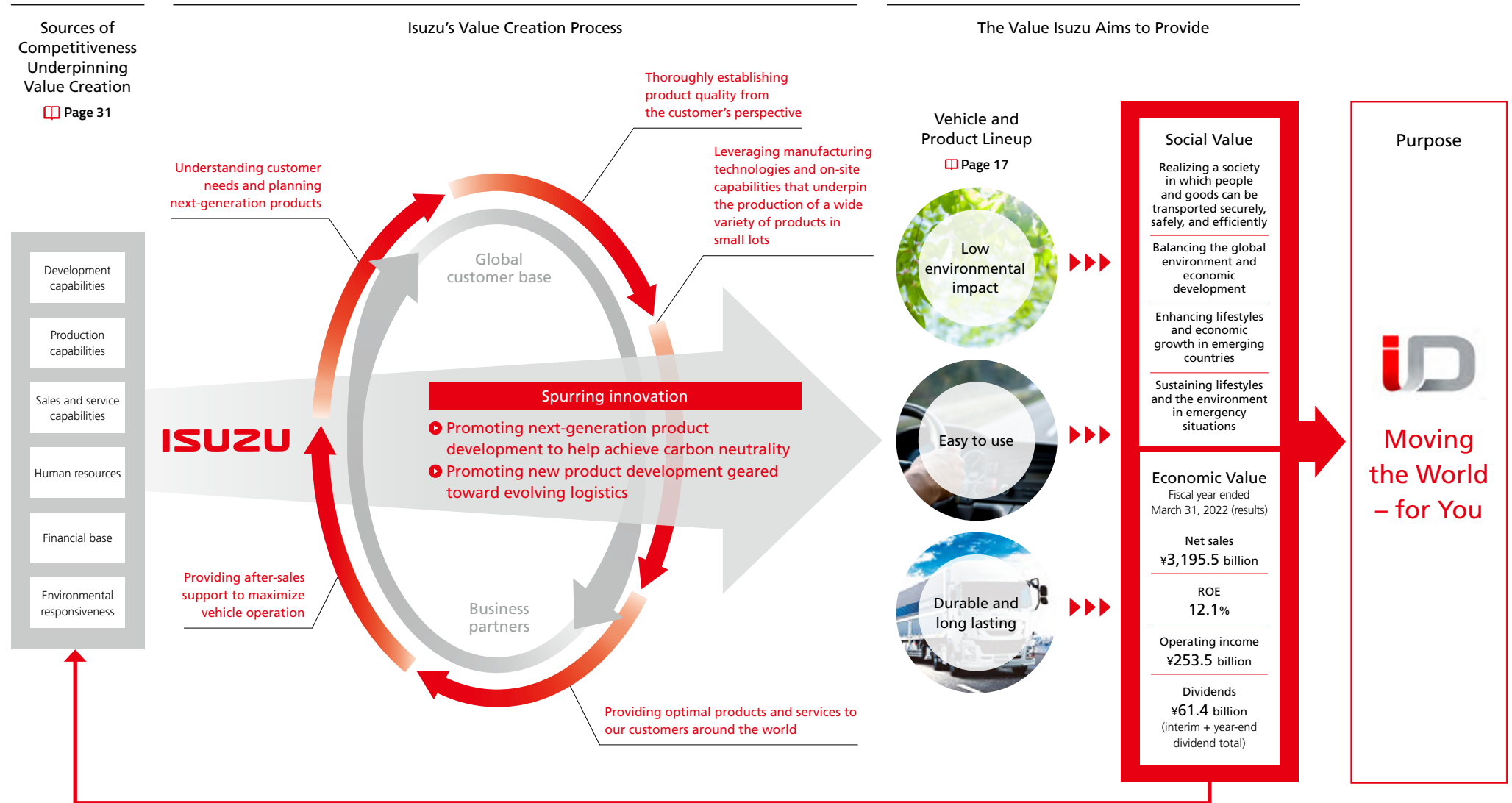
- 28 The Value Creation Story of Isuzu
- 31 Sources of Competitiveness Underpinning Value Creation
- 32 Isuzu's Value Chains



The Value Creation Story of Isuzu

The Value Creation Story of Isuzu

By spurring innovation through the development of next-generation products that help achieve carbon neutrality and of new products geared toward evolving logistics, the Isuzu Group will create new value for its customers and for society as a whole going forward.



The Value Creation Story of Isuzu

The Kind of Value We Aim to Provide

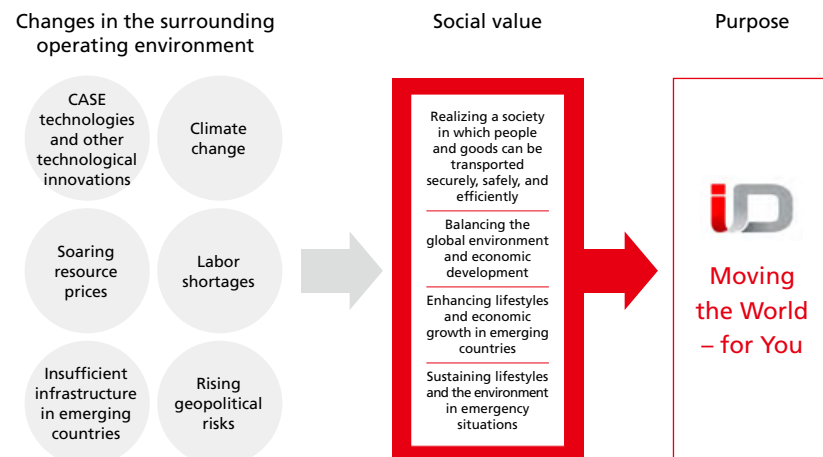
① Activities to realize the value we aim to offer society

We have established “realizing a society in which people and goods can be transported securely, safely, and efficiently,” “balancing the global environment and economic development,” “enhancing lifestyles and economic growth in emerging countries,” and “sustaining lifestyles and the environment in emergency situations” as the four themes through which we aim to provide value to society.

We believe that realizing a society in which people and goods can be transported steadily and efficiently, no matter what the environment, will lead to prosperous lifestyles for people in the future. To date, we have supported the transportation of people and goods around the world by creating a logistics infrastructure that can deliver necessary cargo to the places that need it, even in the event of a natural disaster or other unpredictable circumstances, much in the same manner as water and electricity.

Meanwhile, the operating environment that surrounds the Company is undergoing dramatic change in light recent technological innovations such as connected, autonomous, shared & service, and electric (CASE) technologies and the trend of strengthening measures to respond to climate change. Emerging countries lack the necessary infrastructure to respond to rapid industrialization and population increases. As a result, various transportation and environmental issues are emerging, and there is a need to improve people’s standard of living. Additionally, advanced countries are facing issues such as truck driver shortages in the logistics industry and a massive increase in transportation volumes due to rising demand for e-commerce. This has led to a situation in which goods cannot be delivered in a timely fashion.

We are working to resolve these difficult issues by offering not only trucks, buses, and pickup trucks but also products that provide motor power sources for these vehicles and relevant other services, thereby establishing a robust social infrastructure. At the same time, we are striving to realize our purpose of “Moving the World – for You.”



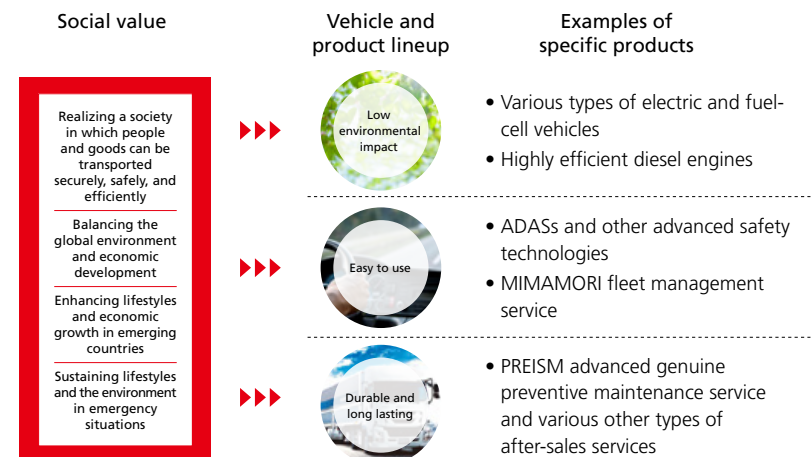
② Activities to ensure necessary product value

We have determined three kinds of value that our products need to have so as to provide social value based on the four aforementioned themes.

The first kind of value is low environmental impact products. In order to address global issues such as climate change, our products need to have a low environmental impact. To date, we have delivered highly efficient internal combustion engine vehicles and other products to customers across the globe. Going forward, we will further enhance the value of our products through the development of innovative technologies such as electrification and strive to create products with a low environmental impact.

The second kind of value is easy-to-use products. Commercial vehicles are an indispensable tool for delivering social value to realize a society in which people and goods can be transported securely, safely, and efficiently. We have thus far provided products that make use of advanced safety technologies such as advanced driver-assistance systems (ADASs), and products with high fuel efficiency. In addition, through fleet management services such as MIMAMORI, we have offered services that enable customers to utilize commercial vehicles safely and securely, as well as in an economically rational manner. Going forward, we will continue to provide safe, easy-to-use products in collaboration with our business partners and customers.

The third kind of value is durable and long-lasting products. We have worked to provide highly reliable and durable commercial vehicles while offering services to support their stable operation, such as after-sales service networks and PREISM. Through the ongoing provision of products that allow for sustainable production activities, we will further support the stable economic growth of regional economies.



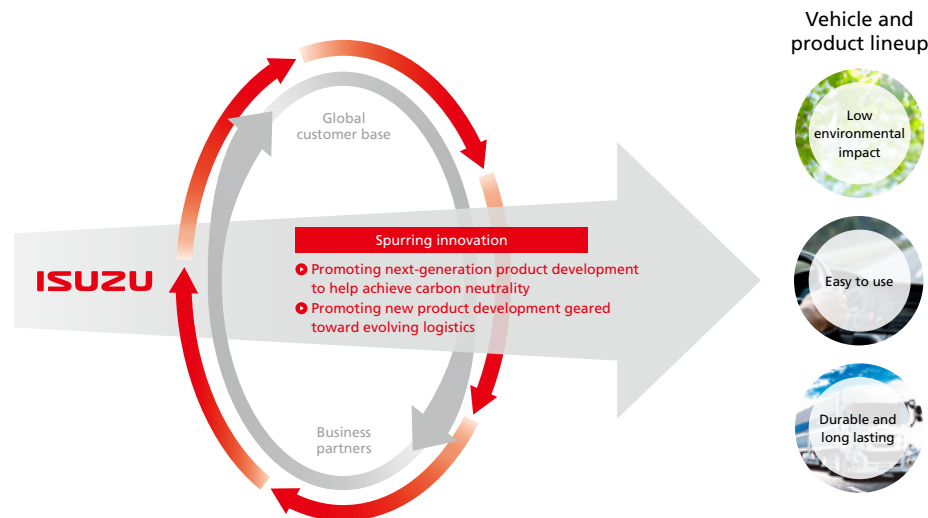
The Value Creation Story of Isuzu

The Kind of Value We Aim to Provide

3 Innovation activities to create new product value

Within the five business processes of “understanding customer needs and planning next-generation products,” “thoroughly establishing product quality from the customer’s perspective,” “leveraging manufacturing technologies and on-site capabilities that underpin the production of a wide variety of products in small lots,” “providing products to our customers around the world,” and “providing after-sales support to maximize vehicle operation,” we have sought to achieve differentiation and high levels of sophistication while drawing on the strengths of the Isuzu Group to their full potential. We will take steps to leverage the strengths we possess in our existing businesses to steadily execute each of these five processes and also work to further enhance the overall sophistication thereof. Doing so will help us create the three kinds of value that our products need to deliver.

We have come to understand that the dramatic changes that have occurred recently in social environments have made it difficult to meet customer needs for low environmental impact and easy-to-use products through our conventional business processes alone. For that reason, we will strive to advance the world as an innovation leader with “Reliability x Creativity” by embracing diverse perspectives and creating frameworks for enhancing the diversity of our human resources while ensuring they have an active role. Also, we will collaborate appropriately with a broad range of partner companies (co-creation activities and business alliances) to address the social issues of “promoting next-generation vehicle development to help achieve carbon neutrality” and “promoting new product development geared toward evolving logistics” over the medium to long term. By doing so, we will accelerate the pace of our value creation.

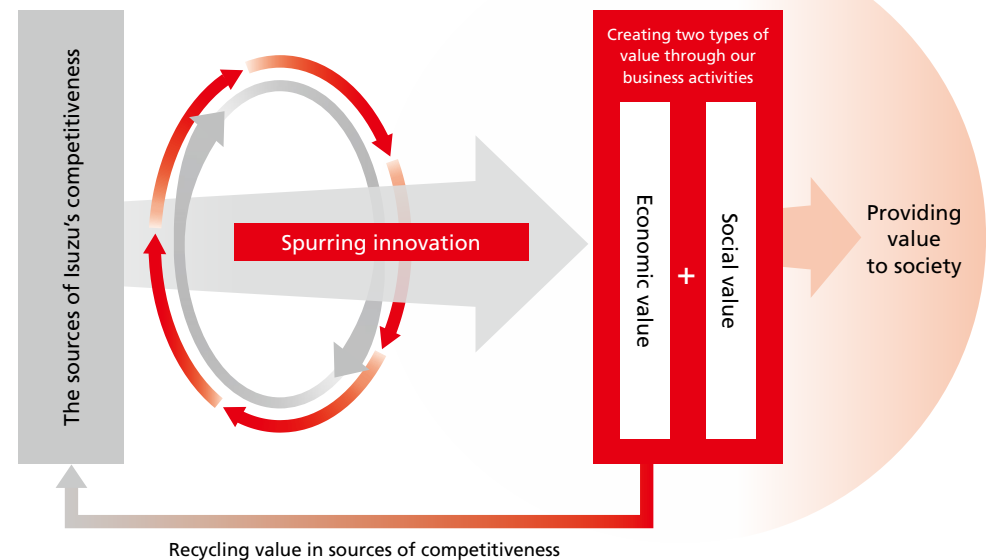


4 Sustainable development of the company and society at large

Through these three activities, we will contribute to the realization of a prosperous and sustainable society.

With that said, it is imperative that we as a company realize sustainable growth if we are to continue to pursue these activities. Through the aforementioned innovation activities and the creation of product value, we will enhance the economic value we offer as a company. We will also utilize this economic value as capital for further reinforcing our current sources of competitiveness. Furthermore, we will draw on these reinforced sources of competitiveness to boost the competitive advantage of our products and services, thereby creating new value for society.

In these ways, we will push forward with activities that mutually enhance and benefit society and the Company, with the aim of establishing an indispensable social presence.



Sources of Competitiveness Underpinning Value Creation

The sources of our competitiveness, built up through the growth we have thus far achieved, underpin our current business activities and will help us enhance corporate value in the future. Going forward, we will strive to reinforce these sources so that we can continue to achieve sustainable growth.




Development Capabilities

Through a product development process that incorporates specific needs and advanced technological capabilities, we will generate innovation while leveraging the optimal alliance systems we have built in each business and area of technology.

<p>Development bases Establishment of development bases starting with three locations in Japan and spanning the ASEAN region, Europe, the United States, and China</p>	<p>Research and development expenditures ¥119.0 billion</p>
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
Alliance systems
Please refer to "Alliance System for Realizing Innovation" on [Page 40](#)



Production Capabilities

Isuzu achieves high quality and efficient production of a wide variety of products in small lots to meet a vast range of customer needs. The Company also provides products by engaging in Isuzu Monozukuri, a globally unified practice.

<p>Production bases 42 bases in 30 countries*1</p>	<p>Capital expenditures ¥82.2 billion</p>
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Sales and Service Capabilities

Isuzu offers its products in more than 150 countries, primarily in Asia, the Middle East, and Africa. The Company has established a strong brand by tailoring its products and service network to meet the needs of each country and region.

<p>Countries and regions in which Isuzu has No. 1 market share 37 countries and regions*2</p>	<p>Service networks Japan: 251 locations Overseas: 3,740 locations</p>
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Countries and regions in which Isuzu conducts sales activities
More than 150 countries and regions



Human Resources

Isuzu's personnel have a customer-first mindset and are constantly striving to refine their skills, making them the driving force behind Isuzu's continued provision of high-quality products and services tailored to each country and region in which it operates.

<p>Total number of employees Non-consolidated: 8,056 Domestic consolidated subsidiaries: 20,488 Overseas consolidated subsidiaries: 15,951</p>	<p>Hours of training programs by rank 184,079 hours*3 (23 hours per person)</p>
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Financial Base

Isuzu has established a strong, balanced financial base that enables stable business operations and medium- to long-term growth investments.

<p>Shareholders' equity ¥1,308.5 billion</p> <p>Interest-bearing debt ¥513.1 billion</p>	<p>Capital adequacy ratio 42.9%</p> <p>Issuer credit ratings</p> <ul style="list-style-type: none"> • A (R&I) • A+ (JCR)
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Environmental Responsiveness

To achieve the Groupwide targets set forth in Isuzu Long-Term Environmental Vision 2050 and the 2030 Environmental Roadmap, Isuzu is proactively and consistently conducting environmental management activities.

<p>Environmental vision Isuzu Long-Term Environmental Vision 2050 2030 Environmental Roadmap</p>	<p>Environmental management</p> <ul style="list-style-type: none"> • Promotion of overall business management based on ISO 14001 • Independent audit of environmental data • Achievement of net-zero emissions
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Note: The numerical and other data on this page is for the year ended March 31, 2023, or as of March 31, 2023. *1 As of July 31, 2023 *2 CY2022 results (January 2022 - December 2022) *3 Total hours of participants

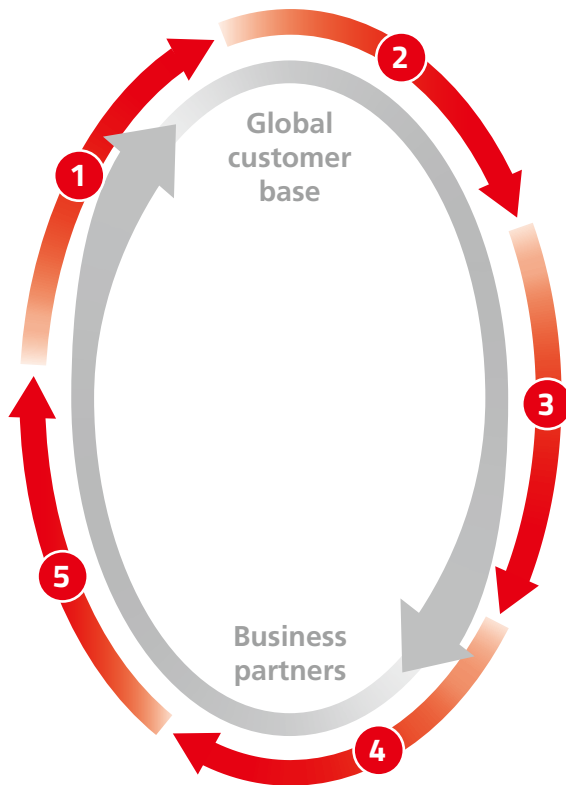
Isuzu's Value Chains

Commercial vehicles are used by a broad array of customers, including logistics companies, retailers, and construction companies. Such vehicles are also utilized for various purposes, which include long-distance and high-occupancy operations.

Therefore, various types of vehicles are required depending on the size and weight of the payload and rear body as well as the distance goods need to be transported. Since each country around the world has different laws, regulations, and traffic conditions, it is necessary to develop vehicles that meet these requirements.

It is also very important to keep these working vehicles operational at all times in order to transport goods in a timely and appropriate manner, and the development of our services is required to achieve this. With its unique track record in commercial vehicles as a foundation, the Isuzu Group will strive to create new value for society and customers and further enhance its corporate value through all activities conducted under the Group's business process.

This page provides an overview of Isuzu's value chains, and the subsequent pages provide details on specific initiatives.



1 Understanding customer needs and planning next-generation products Page 33

- Planning for products that can be used for 10 or 20 years
- Establishment of a specialized department to work with customers to resolve issues and expand market-oriented product development
- Utilization of know-how to reflect information on market needs obtained from customer bases in each country and region in which we operate in the planning of next-generation products

By leveraging these strengths, we will continue to provide vehicles and services that meet customer expectations in the future.



2 Thoroughly establishing product quality from the customer's perspective Page 33

- Extensive understanding of how a wide variety of commercial vehicles are used
- Incorporation of quality needs into manufacturing processes, such as quality management activities and development processes, to create quality, user-friendly products

We will strive to achieve a higher level of quality and further improve our product capabilities through continuous quality improvements from the product development phase to the after-sales phase.



3 Leveraging manufacturing technologies and on-site capabilities that underpin the production of a wide variety of products in small lots Page 34

- Vehicle manufacturing technology capable of efficiently producing a wide variety of vehicle models, even in small lots
- Manufacturing technology and know-how that are deployed at Company plants around the world
- Implementation of production technology improvement activities and human resource development at each plant

We will carry out production technology improvement activities and human resource development at each plant.



4 Providing optimal products and services to our customers around the world Page 34

- Building of a network to deliver products to more than 150 countries and regions
- Development and distribution of pickup trucks and light-duty trucks to meet the needs of emerging countries that require durable and reliable vehicles

By continuing to contribute to the construction of logistics infrastructure, we will support the economic development of emerging countries and the rest of the world.



5 Providing after-sales support to maximize vehicle operation Page 34

- MIMAMORI: launched in 2004, enables the monitoring of vehicle conditions and currently provides information on vehicle anomaly detection
- PREISM: provides services to minimize vehicle inspection and maintenance servicing times by utilizing acquired vehicle information

We will further advance these services to maximize the operating times of our customers' vehicles.



Isuzu's Value Chains

1 Understanding Customer Needs and Planning Next-Generation Products

The Isuzu Group's customer base is one of its major business assets.

In many cases, commercial vehicles are used longer than passenger vehicles, so it is essential for us to plan next-generation products that can meet the needs of customers 10 or 20 years into the future. For this purpose, in April 2019, the Company established a department dedicated to working with customers to resolve issues and created a system for market-oriented product development. Through these measures, we will not only collaborate with our customers but also work closely with our product development and sales divisions to accelerate the resolution of customer issues.

For example, in the case of retail clients, we conduct thorough surveys of our value chains and identify issues along the life cycles of products, from ordering to loading them onto trucks, delivery, and putting them on display. Based on the issues identified in this process, we are able to propose solutions that directly address customers' issues, such as innovative ways to use trucks or measures to directly improve logistics operations.

We will continue to develop new vehicles and services that are tailored to individual usage scenarios through co-creation activities with a wide range of customers.



2 Thoroughly Establishing Product Quality from the Customer's Perspective

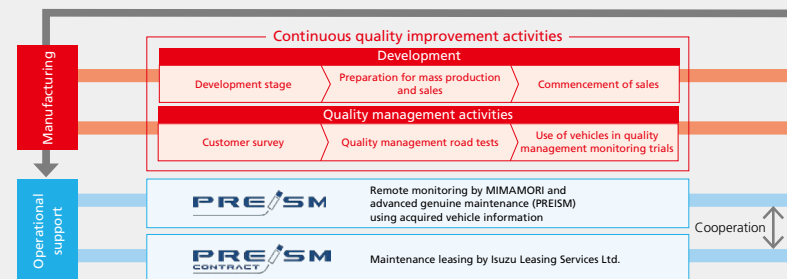
The Isuzu Group's manufacturing (*monozukuri*) activities consist of two pillars: the development of optimal vehicles that customers can use with peace of mind and quality management activities that continuously maintain and improve the quality of vehicles after they are sold.

UD Trucks Corporation, which joined the Group last fiscal year, is also promoting the activities mentioned above.

In the product development process, stage gates are established at each phase, from the planning stage to the development, mass production, sales preparation, and market evaluation stages, and product development is carried out while conducting quality checks in a timely manner.

Additionally, we are striving to improve quality by incorporating methods such as failure mode and effect analysis*1 and quality function deployment.*2

Overview of Manufacturing from the Customer's Perspective



The purposes of quality management activities are to provide customers with safe and secure vehicles and to strengthen product capabilities through continuous quality improvements from the development stage to the after-sales stage. These activities are conducted in the previously described three steps, and they will be leveraged to enhance product competitiveness and develop next-generation models.

Customer surveys	Test driving	Monitoring of vehicle activities
Acquire and analyze data such as engine and transmission data during driving in order to improve performance and quality	Based on the data obtained from customer surveys, reflect findings in test vehicles and reconfirm said findings by test driving on actual roads in Japan and overseas	Request customers to use the vehicles enhanced through the above steps and conduct long-term monitoring. Feedback and requests then collected through data anomaly checks and customer visits carried out by the Development Division

Remote monitoring by MIMAMORI and advanced genuine maintenance (PREISM) using acquired vehicle information have reduced breakdowns and maintenance times. In addition, the acquired information is fed back to the Development Division, leading to manufacturing activities that are implemented from the customer's perspective.

*1 Approach aimed at identifying problems that arise during use at the design phase

*2 Method to ensure quality assurance from the development phase of new products

Isuzu's Value Chains

3 Leveraging Manufacturing Technologies and On-Site Capabilities That Underpin the Production of a Wide Variety of Products in Small Lots

Isuzu's strength lies in its vehicle manufacturing technologies, which enable efficient production of a wide variety of models, even in small lots.

Furthermore, based on a unified approach to manufacturing and quality control at all of our plants around the world, we have been deploying these vehicle manufacturing technologies and attendant expertise at said plants and leveraging such technologies and expertise in our improvement activities and human resource development.

Isuzu systematizes the know-how developed at its main Fujisawa Plant for the production of a wide variety of products in small lots as Isuzu Monozukuri. In addition, we regularly provide training to overseas employees engaged in production in order for them to acquire Isuzu Monozukuri concepts, methods, and production expertise. In fiscal 2023, a total of 995 employees attended training sessions on Isuzu Monozukuri, with each participant averaging 21 hours over a two- to five-day period.



Quality control incorporating the ISUZU Monozukuri philosophy



Manufacturing site improvement briefing session

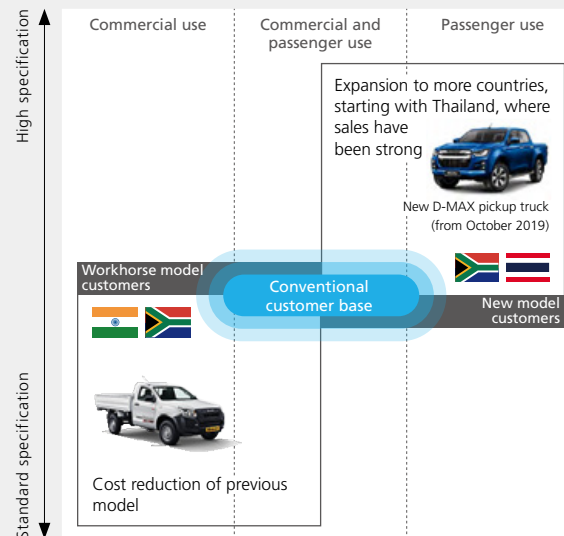
4 Providing Optimal Products and services to Our Customers around the World

Isuzu has expanded its distribution network and now delivers its products to more than 150 countries. (See "Isuzu at a Glance" on [Page 18](#).)

Furthermore, to meet the needs of emerging countries in terms of durability and reliability, we develop and distribute pickup trucks and light-duty trucks geared toward such countries based on the technologies we have cultivated through our truck manufacturing track record.

Isuzu is expanding sales of its fully remodeled 2019 D-MAX pickup truck and TRAGA, a light-duty truck aimed at emerging markets, to meet the needs of customers around the world.

Expansion of D-MAX Pickup Truck Customer Base



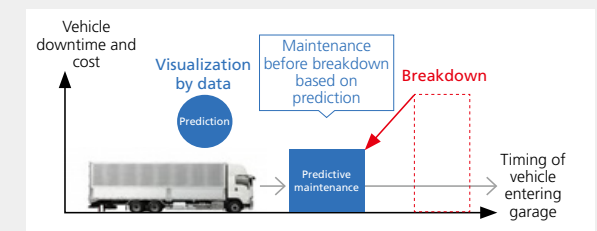
5 Providing After-Sales Support to Maximize Vehicle Operation

We recognize that one of the most important needs of our customers who use commercial vehicles is to keep their vehicles ready for use at all times in order to transport goods in a timely and appropriate manner.

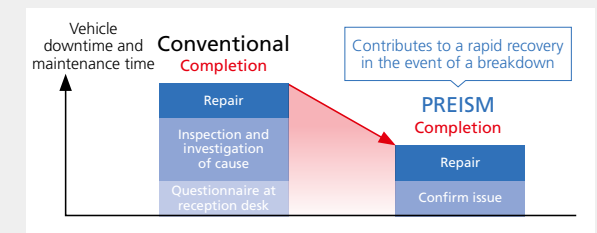
In 2004, we launched MIMAMORI, a service capable of monitoring vehicle conditions that currently provides data on anomaly detection in customer vehicles.

In addition, we offer PREISM, a service that uses the acquired vehicle condition data to minimize vehicle inspection and maintenance times. Utilization of the data collected through these services has led to a reduction in breakdowns and shorter maintenance times.

Mitigation of Breakdowns



Reduced Maintenance Times



Medium-to Long-Term Strategy



- 36** Medium-Term Business Plan 2024
- 37** CFO Message
- 40** Alliance System for Realizing Innovation
- 41** Isuzu's Medium- to Long-Term Strategy for Realizing Innovation
- 42** Development of Carbon-Neutral Vehicles That Meet Diverse Needs
- 45** Achievement of Net-Zero Greenhouse Gas Emissions in Isuzu's Business Activities
- 46** Achievement of a Recycling-Oriented Society through the Use of Rebuilt and Remanufactured Unit Vehicles
- 48** Expansion of Value Provided through the Evolution of Fleet Management and Operational Support Services
- 49** Development of Automated Driving Technologies
- 50** Development and Application of Advanced Safety Technologies

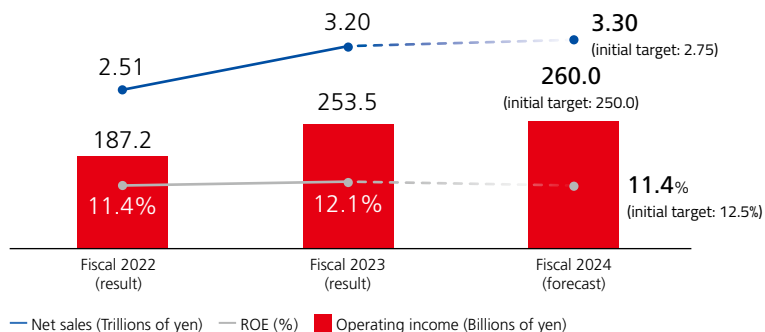
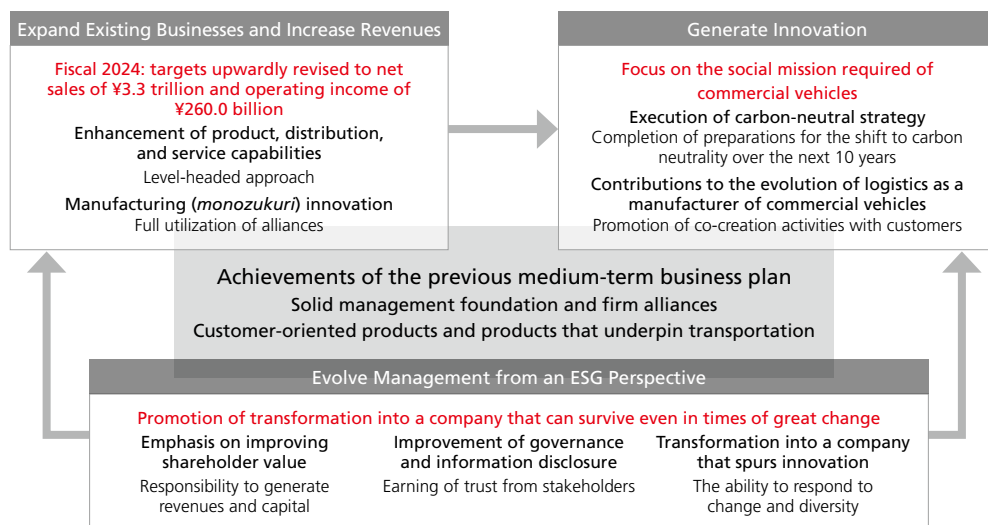
Medium-Term Business Plan 2024

Every three years, Isuzu formulates a business plan with a view to achieving medium-term corporate growth. In May 2021, the Isuzu Group formulated Medium-Term Business Plan 2024 with an eye to achieving growth by fiscal 2024, the year ending March 31, 2024, and beyond.

As we have already achieved our initial targets of net sales of ¥2.75 trillion and operating income of ¥250.0 billion, we have upwardly revised our targets for fiscal 2024 to net sales of ¥3.30 trillion and operating income of ¥260.0 billion. We aim to achieve our initial ROE target by further increasing profits.

In fiscal 2023, as part of its initiative to invest in innovation, the Company also outlined a policy to allocate a total of ¥1 trillion to research and development and capital expenditures by 2030.

Overview of Medium-Term Business Plan 2024



Progress of Medium-Term Business Plan 2024

	Expand Existing Businesses and Increase Revenues	Generate Innovation	Evolve Management from an ESG Perspective
Targets	<ul style="list-style-type: none"> Strengthening of alliances Further improvements in productivity and pursuit of global expansion 	<ul style="list-style-type: none"> Execution of carbon-neutral strategy to achieve the targets set forth in Isuzu Long-Term Environmental Vision 2050 Contributions to the evolution of logistics as a manufacturer of commercial vehicles 	<ul style="list-style-type: none"> Transformation into a company that can survive even in times of great change
Status of initiatives (in fiscal 2023)	<ul style="list-style-type: none"> In incorporating Isuzu's modular design concept I-MACS,* we executed a full-model change of N-Series and F-Series trucks. We have also added new and noncommercial license-compliant models to the N-series lineup. We brought to market the new large tractor heads GIGA and Quon, which were developed in synergy with UD Trucks Corporation as part of the company's participation in the Isuzu Group. 	<ul style="list-style-type: none"> Began providing EVision, a total solutions program for the commercial introduction and operational support of EVs, to coincide with the launch of the N-Series EV Began operation of the commercial vehicle information platform GATEX through collaboration with Fujitsu Limited and Transtron Inc. Selected Honda Motor Co., Ltd. as a development and supply partner for fuel-cell battery systems to be installed in heavy-duty fuel-cell vehicles, which are scheduled to launch in 2027 	<ul style="list-style-type: none"> Redefined the Isuzu Group's values and direction through the formulation of the ISUZU ID Implemented changes in officer structure and reorganized divisions and departments with the aim of strengthening the Company's management structure Currently formulating an execution plan for reforming personnel systems with the aim of strengthening our human resource foundation.

* I-MACS: an abbreviation for Isuzu Modular Architecture and Component Standard, based on which the use and combination of components in vehicle development are optimized



The new tractor models jointly developed with UD Trucks Corporation

CFO Message

Increasing Isuzu's Corporate Value

Aiming to Boost Revenues and Enhance Capital Efficiency



Naohiro Yamaguchi

Director of the Board and Senior Executive Officer, Group CFO, EVP of Corporate Strategy Division, EVP of Corporate Planning & Financial Division, and Executive of administrative and liaison affairs

» Preface

Supporting the Implementation of the ISUZU ID from a Financial Standpoint

Through the realization of the recently formulated ISUZU ID, Isuzu will build a more robust business foundation by leveraging its long-cultivated competitive edge to expand existing businesses and increase revenues. To accelerate efforts toward carbon neutrality and logistics-related digital transformation (DX), we aim to realize our purpose of “Moving the World – for You” by implementing investments in innovation totaling ¥1 trillion.

My duty as chief financial officer (CFO) is to strive to maximize corporate value by disclosing and steadily implementing business and financial strategies that will build more robust revenue and financial bases and balance future growth investments. Since joining Isuzu, I have been primarily engaged in overseas business development and management. Leveraging the experience, sense of balance, and global perspective I have gained through my involvement in these areas, I will support the Company in realizing its purpose.

Medium-Term Business Plan 2024

In May 2021, Isuzu formulated Medium-Term Business Plan 2024—covering the period from fiscal 2022, the year ended March 31, 2022, to fiscal 2024, the year ending March 31, 2024 (see Medium-Term Business Plan 2024 on [page 36](#) for more details)—as a growth strategy at the heart of its value creation. Amid the accelerating trend toward decarbonization and rising expectations for uninterrupted logistics, our basic policy positions a carbon-neutral strategy and contributions to evolving logistics

as our foundation for innovation in order to address social issues that require the assistance of commercial vehicles.

To support these efforts, we will utilize the business foundation and various alliances we have created to further expand our business and increase revenues.

» The Four Key Elements in Supporting Our Value Creation Story

As CFO, I believe that the following four elements are key in supporting our value creation story and meeting the expectations of stakeholders.

Growth Investments

The Isuzu Group aims to sustainably increase corporate value by prioritizing investments that are necessary for the continuation of business activities and future growth.

During Medium-Term Business Plan 2024, we plan to allocate ¥300.0 billion for capital expenditures and ¥350.0 billion for research and development expenditures.

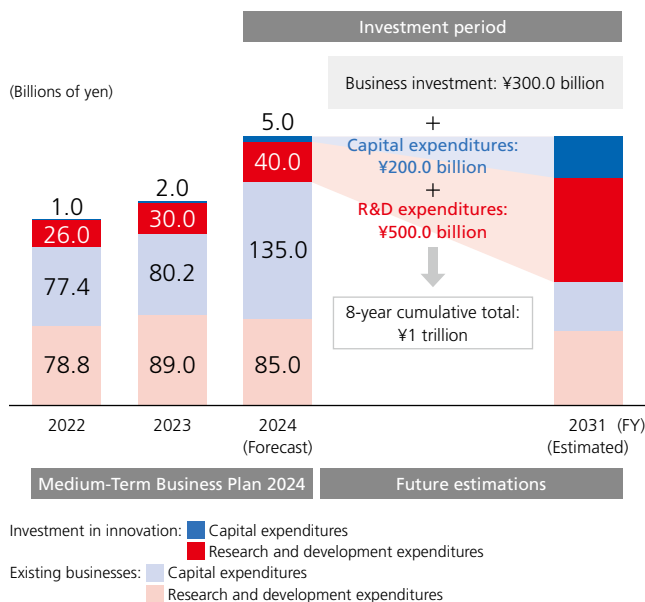
In terms of capital expenditures, over the past two years, in addition to replacing aging equipment and facilities, we have implemented investments related to the sustainable growth of existing businesses, including the full-model changing of medium- and light-duty trucks, as well as making investments geared toward increasing the production capacity of light commercial vehicles in South Africa. From the standpoint of strengthening our business revenue base, we have invested in significant streamlining, a major renewal of our core systems, and the relocation of our headquarters to improve productivity. In addition

CFO Message

to these investments, we will continue to invest in our dealerships in Japan with a view to maintaining and expanding their functions.

We have allocated around 25% of total research and development expenditures to expanding the development of connected, autonomous, shared & service, and electric (CASE) technologies with a focus on light-duty battery-electric trucks and battery-electric buses, which has enabled us to begin mass production of light-duty battery-electric trucks this year. Due to rising energy costs, among others, and increased investment in advanced technologies, total research and development expenditures during Medium-Term Business Plan 2024 are estimated to be ¥350.0 billion, an increase of ¥10.0 billion from the originally planned target of ¥340.0 billion.

Forecast of Research and Development and Capital Expenditures Based on Our Policy to Invest ¥1 Trillion in Innovation



In order to accelerate our efforts toward carbon neutrality and logistics-related DX, we have outlined our policy to invest a total of ¥1 trillion in innovation in the form of research and development, capital expenditures, and business investments by 2030 (see figure on the bottom-left). The finer details of the policy are still being discussed, but we intend to secure our competitive edge by leveraging alliances while earnestly expanding investments in advanced technologies and working to improve the efficiency of investments in existing technologies.

Financial Soundness

As a company that operates businesses engaged in the manufacture and operational support of trucks—an essential part of social infrastructure—it is our responsibility to underpin the stability of such businesses while maintaining a financial base that enables flexible financing for investments in growth. Specifically, the Company intends to maintain a credit rating of “A” from rating agencies in Japan.

Moreover, Isuzu will proceed with the repayment of the ¥280.0 billion borrowed in April 2021 as funding for the acquisition of UD Trucks Corporation, in order to build a financial base that can flexibly respond to market changes while securing investment capacity so the Company can adroitly secure investment opportunities.

Shareholder Returns

After comprehensively considering the balance between shareholder returns and internal cash reserves for securing growth investments and maintaining financial soundness, the Company will return profits to shareholders based on the level of profitability for each fiscal year. The Company aims to achieve steady dividend growth through its continued efforts to increase profitability.

During the period of Medium-Term Business Plan 2024, we are targeting an average dividend payout ratio of 40.0%. In addition, the Company will purchase treasury stock in a flexible manner based on such factors as its financial condition, cash flows, and expected future revenues.

Profitability and Capital Efficiency

From the perspective of emphasizing capital efficiency, we are aiming for ROE that exceeds the cost of shareholders’ equity. In doing so, we will strive to improve profitability and strengthen cash management through measures that include increasing working capital efficiency. Our first step will be to ramp up activities to normalize inventory levels, which have risen significantly compared with pre-COVID-19 levels due to longer rear-body mounting periods, shipping delays caused by the global shortage of car carriers, and the buildup of the safety stock of production parts that are in unstable supply.

The target ROE for fiscal 2024, the final year of Medium-Term Business Plan 2024, is 12.5%, which exceeds the cost of shareholders’ equity. In order to achieve this target, it is essential that the Company increases its profitability. To this end, we will promote business activities by leveraging the business foundation cultivated during the previous medium-term business plan along with the accomplishments realized through our alliances.

In addition, Isuzu will strive to improve capital efficiency by regularly examining cross-shareholdings according to their necessity to business strategies, economic rationality, and other factors and by strengthening investment management.

CFO Message

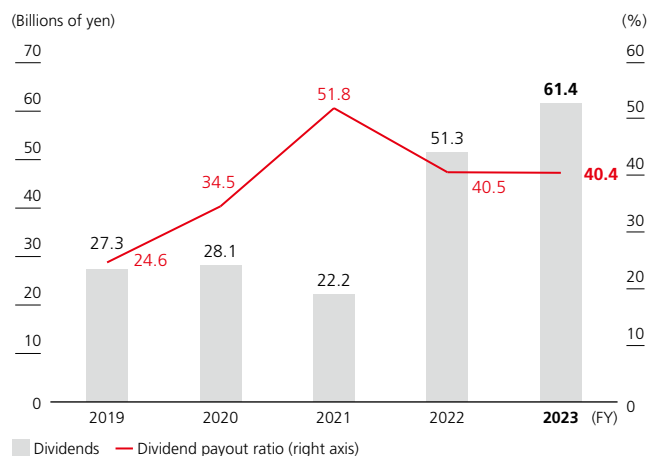
» A Review of Progress Made to Date and a Look Ahead to the Next Medium-Term Business Plan

Final-Year Targets of Medium-Term Business Plan 2024 Achieved in Fiscal 2023, One Year Ahead of Schedule, and Shareholder Returns Increased

For fiscal 2023, the second year of Medium-Term Business Plan 2024, net sales were ¥3.20 trillion and operating income was ¥253.5 billion, exceeding the targets we set at the beginning of the period of ¥3.0 trillion and ¥200.0 billion, respectively. Moreover, we were able to exceed our targets of ¥2.75 trillion in net sales and ¥250.0 billion in operating income for the final year of Medium-Term Business Plan 2024, one year ahead of schedule.

Net sales increased significantly from fiscal 2022 due to the easing of parts supply shortages; however, due to constraints imposed on production as a result of the semiconductor shortage, Isuzu was unable to supply sufficient quantities of products, leaving customers in many regions waiting.

Dividends



In terms of profitability, compared to the substantial increase in net sales, the growth in operating income has been limited. The primary factor behind this limited growth is soaring material, logistics, and energy costs, which have risen to historically high levels. Although we are taking steps to reflect these soaring costs in our sales prices with the understanding of our customers, there is inevitably a time lag between cost increases and their reflection in sales prices, so we are unable to say at this point whether we achieved sufficient results in fiscal 2023. We will continue to work on activities to reflect costs in our sales prices so that we can achieve results over the next one to two years.

In line with the target dividend payout ratio 40% for the period of Medium-Term Business Plan 2024, we issued an annual dividend of ¥79 per share in fiscal 2023, up ¥13 from the previous fiscal year.

Aiming for Further Expansion of Sales and Revenues in Fiscal 2024

Our targets for fiscal 2024 are net sales of ¥3.3 trillion and operating income of ¥260.0 billion, both of which we plan to expand further from the previous year. The assumed exchange rate is US\$1 to ¥130.

Market conditions remain favorable and production constraints are expected to ease significantly.

Meanwhile, the effects of soaring material and energy costs are expected to continue. We aim to increase profits by expanding sales and reflecting said cost increases in our sales prices.

In addition, we will continue to create synergies with UD Trucks, which was acquired by the Isuzu Group in 2021. In line with the synergistic benefits targeted at the time of the acquisition, research and development expenditures decreased ¥6.0 billion in fiscal 2023, and we are working to achieve a reduction of ¥13.0 billion in fiscal 2024, which is also in keeping with the target set at the time of acquisition.

The current forecast for ROE is 11.4%, which is below the 12.5% target set forth in Medium-Term Business Plan 2024, but we are working to further increase profits in order to achieve this target. We are also continuing to consider the purchase of treasury stock.

In line with the target dividend payout ratio 40% for the period of Medium-Term Business Plan 2024, we plan to issue an annual dividend per share of ¥80, up ¥1 from fiscal 2023.

» Looking Ahead to the Formulation of the Next Medium-Term Business Plan

As I mentioned above, the business environment has changed dramatically since Medium-Term Business Plan 2024 was formulated. There is no indication that soaring material and energy costs are going to return to the levels upon which the current medium-term business plan was based and expectations for carbon-neutral solutions and logistics-related DX are rising at a faster rate than expected.

Amid this rapidly changing business environment, we are currently formulating our next medium-term business plan. After outlining our vision for Isuzu from a long-term perspective with a view to the 2030s, we will then set forth concrete measures to be taken from a medium-term perspective.

To reiterate, my duty as CFO is to strive to maximize corporate value by disclosing and steadily implementing business and financial strategies that will build more robust revenue and financial bases and balance future growth investments. I ask for your continued support not only for our activities in fiscal 2024 but also for the content and implementation of the next medium-term management plan to be announced in fiscal 2025.

Alliance System for Realizing Innovation

▶▶ Collaboration with Cummins Inc. in the Powertrain Business

In February 2021, we reached an agreement with Cummins Inc. of the United States to collaborate on the development and sale of medium-sized diesel engines for the Powertrain Business and to conduct joint research into various advanced technologies.

Alliance details

- Sharing technological capabilities and know-how, complementing each other's strengths, and promoting cooperation that leverages economies of scale in various next-generation powertrains, including diesel engines with low environmental impact and electric powertrains

Main initiatives

- Cummins will supply Isuzu with medium-sized B6.7 diesel engines to use in medium-duty trucks. Vehicles equipped with this engine will be introduced to global markets to meet the needs of customers around the world.
- Isuzu and Cummins plan to install a Cummins' electric system in the Company's F-Series medium-duty commercial vehicles for the North American market and began monitoring for large-fleet customers in September 2022. ("Development of Carbon-Neutral Vehicles That Meet Diverse Needs," [page 44](#))

▶▶ Strategic Alliance with the Volvo Group

Based on a basic agreement for forming a strategic alliance in the field of commercial vehicles concluded with the Volvo Group in Sweden, we started a full-scale strategic alliance in April 2021.

Alliance details

- Isuzu and the Volvo Group will promote collaboration in the development of existing and advanced technologies by mutually complementing their areas of expertise, leveraging each company's superior technologies, and collaborating to utilize economies of scale.
- Isuzu acquired UD Trucks Corporation and its business from the Volvo Group in April 2021 in order to further strengthen its heavy-duty truck business in Japan and international markets.
- The two companies will promote collaboration in light-duty and medium-duty trucks to respond to evolving urban logistics.
- Both companies will pursue mutual benefits from increased sales volumes through collaborative purchasing based on mutual technologies and deployment regions.

Main initiatives

- From April 2023, Isuzu and UD Trucks began sales of their new tractor heads. In the future, both companies will start development via their large-scale shared platform of a full-model change for their heavy-duty trucks in Japan and overseas markets, with an eye to collaborating with the Volvo Group in the area of advanced technologies.
- In addition, under the leadership of the Alliance Board, consisting of the chairman and president of Isuzu, the CEO of the Volvo Group, and executives from both companies, the Company will promote activities that leverage the advantages of the alliance, including the establishment of alliance offices in both Japan and Sweden, and the development of a corporate culture and management from an environmental, social, and, governance perspective ("Diversity, Equity, and Inclusion Initiatives," [page 58](#)).

▶▶ Collaboration with Participating Partners in Commercial Japan Partnership Technologies

Isuzu participates in Commercial Japan Partnership Technologies, a joint venture established in March 2021, in which it has begun collaboration with participating partners to accelerate the response to connected, autonomous, shared & service, and electric (CASE) technologies and services in commercial businesses. In July 2021, Suzuki Motor Corporation and Daihatsu Motor Co., Ltd. also partnered with CJPT to contribute their expertise in the light commercial vehicle field.

Alliance details

- Promote the planning of CASE technologies and services in commercial businesses
- Jointly develop electric and fuel-cell vehicles, automated driving technology, and electronic platforms, with a focus on the light-duty truck domain
- Jointly build a commercial version of the connected technology platform and provide various logistics solutions

Main initiatives

- Plan and develop a next-generation, hydrogen-fuel-cell electric route bus based on the heavy-duty battery-electric route bus scheduled to commence production in fiscal 2025 ([page 44](#))
- Commence planning and basic research on hydrogen engines for heavy-duty commercial vehicles
- Developed light-duty fuel-cell trucks and began introducing them to the market through social implementation projects in Fukushima Prefecture in February 2023 and Tokyo in April 2023. A new social implementation project has also been launched in Fukuoka Prefecture, and market introduction began in June 2023 ([page 44](#)).
- Collaboration to achieve carbon neutrality in Thailand. Promotion of specific plans through demonstration tests

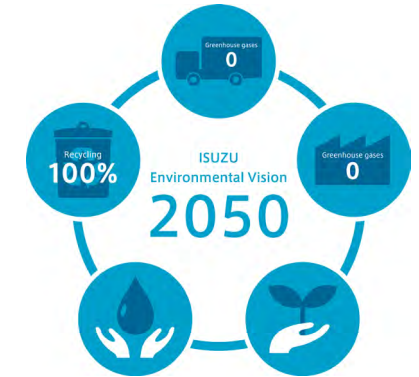
Isuzu's Medium- To Long-Term Strategy for Realizing Innovation

As a medium- to long-term strategy, Isuzu will realize innovation in the areas of next-generation product development to help achieve carbon neutrality and of new product development geared toward evolving logistics.

In March 2020, the Company outlined the environmental aspects of its business activities from a long-term perspective in Isuzu Long-Term Environmental Vision 2050. Through a long-term scenario analysis of the period up to 2050, Isuzu identified risks, such as tightened environmental regulations and intensified natural disasters, and opportunities, such as contributing to a decarbonized society through technological development. In addition, the Company published the 2030 Environmental Roadmap in June 2022, which clearly outlines the milestones toward realizing Long-Term Environmental Vision 2050.

Furthermore, Isuzu will accelerate its efforts toward carbon neutrality and evolving logistics by investing a total of ¥1 trillion in innovation by 2030.

Moving forward, Isuzu will continue to grow and provide value to society through the approaches, initiatives, and product development activities listed below.

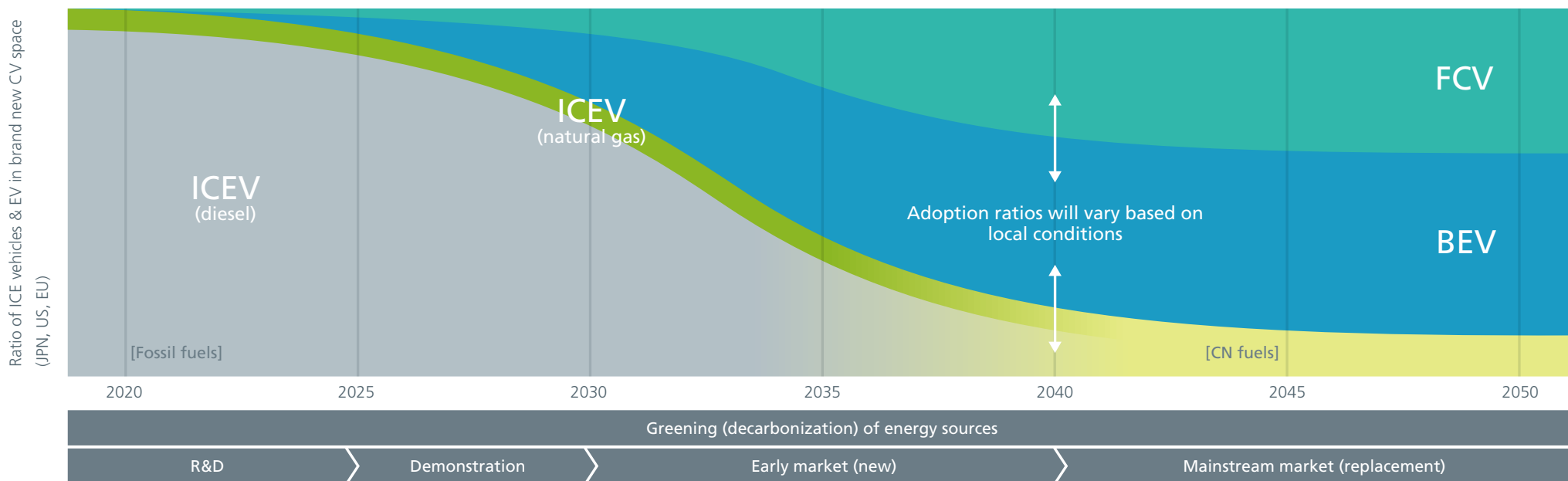


		Examples of Approaches and Initiatives	Relation to Product Value		
			Low Environmental Impact	Easy to Use	Durable and Long Lasting
Realizing Innovation	Next-Generation Product Development to Help Achieve Carbon Neutrality	Development of Carbon-Neutral Vehicles That Meet Diverse Needs 📖 Page 42	●		
		Achievement of Net-Zero Greenhouse Gas Emissions in Isuzu's Business Activities 📖 Page 45	●	●	
		Achievement of a Recycling-Oriented Society through the Use of Rebuilt and Remanufactured Unit Vehicles 📖 Page 46	●	●	
		Expansion of Value Provided through the Evolution of Fleet Management and Operational Support Services 📖 Page 48	●	●	●
	New Product Development Geared toward Evolving Logistics	Development of Automated Driving Technologies 📖 Page 49	●	●	●
		Development and Application of Advanced Safety Technologies 📖 Page 50	●	●	●
		Development of More User-Friendly Rear Bodies		●	

Development of Carbon-Neutral Vehicles That Meet Diverse Needs

The process encompassing the research and development of carbon-neutral vehicles to their social implementation and popularization varies depending on the social infrastructure and energy use in each country and region and thus cannot be approached in a uniform manner. However, based on projected social changes, it is expected that, while the scale of expansion will vary depending on regional conditions and social trends, the number of carbon-neutral vehicles will gradually increase among the various options available. Taking such social conditions into consideration, Isuzu will work to promote carbon-neutral vehicles tailored to the characteristics of each country and region.

▶ Projected Carbon-Neutral Vehicle Expansion



*ICEV (internal combustion engine vehicle): vehicles powered by fuels such as diesel, gas, and CN fuels
 *CN fuels: carbon neutral fuels such as biofuels and synthetic fuels derived from renewable energies.

*NGV (Natural Gas Vehicle) *FCV (fuel-cell vehicle)
 *BEV (Battery Electric Vehicle)

Research and Development Period

We will proceed with demonstration tests for the social implementation of various carbon-neutral vehicles and promote research and development from the perspective of economic rationality, among other factors.

With customers' needs in mind, Isuzu will identify optimal technologies to support a diverse range of applications by 2025.

Social Implementation Period

In 2025 and beyond, we will utilize the knowledge and data obtained from the demonstration tests to expand and improve our product lineup and expand mass production and sales, thereby promoting the social implementation of carbon-neutral vehicles.

Popularization Period

From 2030 onward, the initial cost of carbon-neutral vehicles is expected to decrease as development costs are reduced through our leveraging of alliances and other means. In addition, running costs are expected to decrease due to social changes such as the spread of infrastructure, commonality with other companies' products, and standardization. By reducing the burden on customers through such cost decreases, it is likely that we will enter a period of popularization whereby switching to a carbon-neutral vehicle will become a viable option for customers.

Transitional Period

Around the time of the popularization period, we expect that customers using existing vehicles will gradually switch to carbon-neutral vehicles and that the number of carbon-neutral vehicles in their fleets will increase. At the same time, carbon-neutral fuels are expected to become widely used from around 2040, and we anticipate that existing internal combustion engines will be encouraged to become carbon neutral through the use of carbon-neutral fuels.

Development of Carbon-Neutral Vehicles That Meet Diverse Needs

▶▶ Close up:

Demonstrating Next-Generation Fuels

Using Renewable Diesel in Preparation for Expo 2025 Osaka, Kansai

Isuzu, together with Itochu Corporation, Itochu Enex Co., Ltd., Kajima Corporation, Konoike Construction Co., Ltd., Shimizu Corporation, and Takenaka Corporation, will proceed with demonstration tests using renewable diesel to promote decarbonization in the construction and transportation fields in preparation for Expo 2025 Osaka, Kansai.

These demonstrations were selected as part of Osaka Prefecture's Carbon Neutral Technology Development and Verification Project 2023, which aims to encourage companies to utilize the expo, a world-class event, as an opportunity to develop and demonstrate technologies that will contribute to carbon neutrality. Itochu and Itochu Enex's demonstration project for decarbonization in the construction and transportation sectors using renewable diesel was selected at last year's event.

Itochu will procure renewable diesel from Neste,* the world's largest producer of renewable fuel, while Isuzu will conduct engine tests with a view to using the fuel in trucks and industrial machinery and consider granting guarantees. Itochu Enex will expand its supply network in Osaka Prefecture, and Kajima, Konoike Construction, Shimizu, and Takenaka will work to demonstrate the use of renewable diesel in construction work carried out for the expo itself.

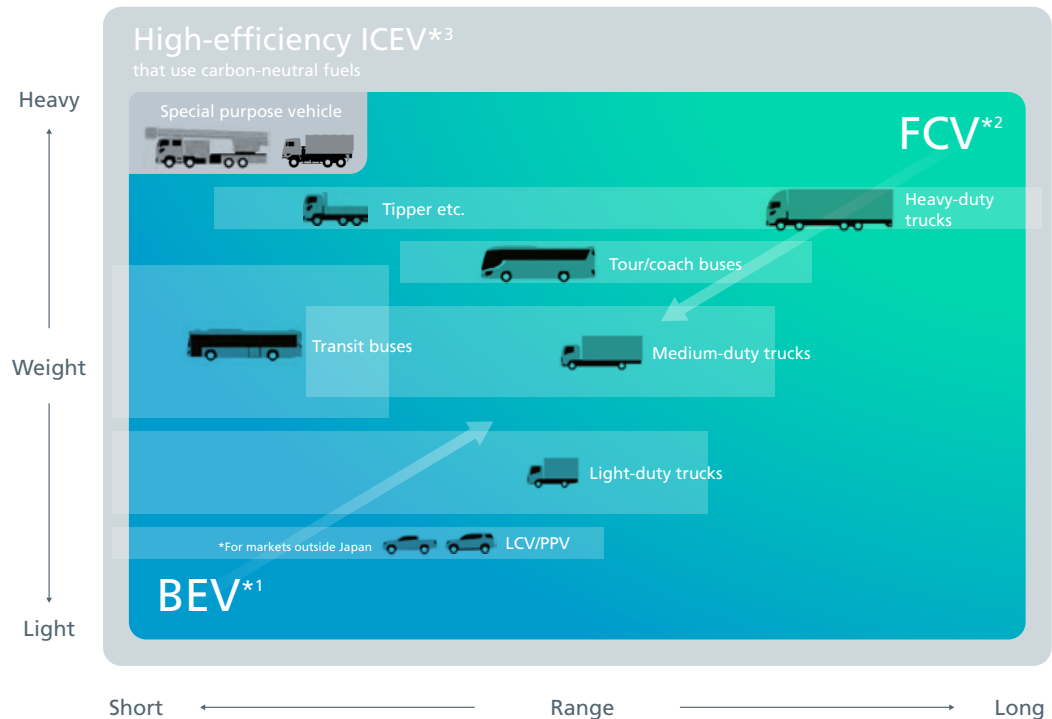
* Neste MY Renewable Diesel™ is produced from vegetable, animal, plant, and other waste fats that do not compete with food sources, and results in around 90% less greenhouse gas (GHG) emissions over the fuel's life cycle when compared with fossil diesel. Renewable diesel is a "drop-in" fuel that can be used in existing vehicles, machinery, and refueling facilities, and has already been widely distributed in Europe and the United States. As a next-generation renewable fuel that can minimize the cost of introducing decarbonization measures and contribute significantly to reducing GHG emissions, further expansion of its use in the construction and transportation sectors is expected in the future.

→ Lineup of Carbon-Neutral Vehicles That Meet Diverse Needs

Isuzu aims to achieve net-zero greenhouse gas (GHG) emissions throughout the entire life cycle of its products by 2050.

In order to do so, the Company's entire lineup of new vehicles sold worldwide must be carbon neutral. However, the type of carbon-neutral vehicles required will vary depending on how a given vehicle is used and where it is used. We will respond to the diverse needs of various customers and continue to support transportation all over the world by offering a wide lineup of carbon-neutral vehicles.

We believe that the development of carbon-neutral vehicles calls for the pursuit of more efficient internal combustion engines, the use of carbon-neutral fuels, the combination of new technologies, and the promotion of electrification. Through alliances with our various business partners, we are confident that we can offer carbon-neutral vehicles for a variety of applications and will identify the technologies required for this endeavor by 2025.







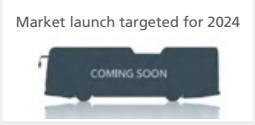


*1 LCVs, light-duty trucks, route buses, etc., that travel short distances and are lightweight

*2 Heavy-duty trucks, sightseeing buses, and other large vehicles that travel long distances

*3 Special-purpose vehicles such as fire engines, etc.

Development of Carbon-Neutral Vehicles That Meet Diverse Needs

→ Main Initiatives Geared toward Carbon-Neutral Vehicle Development

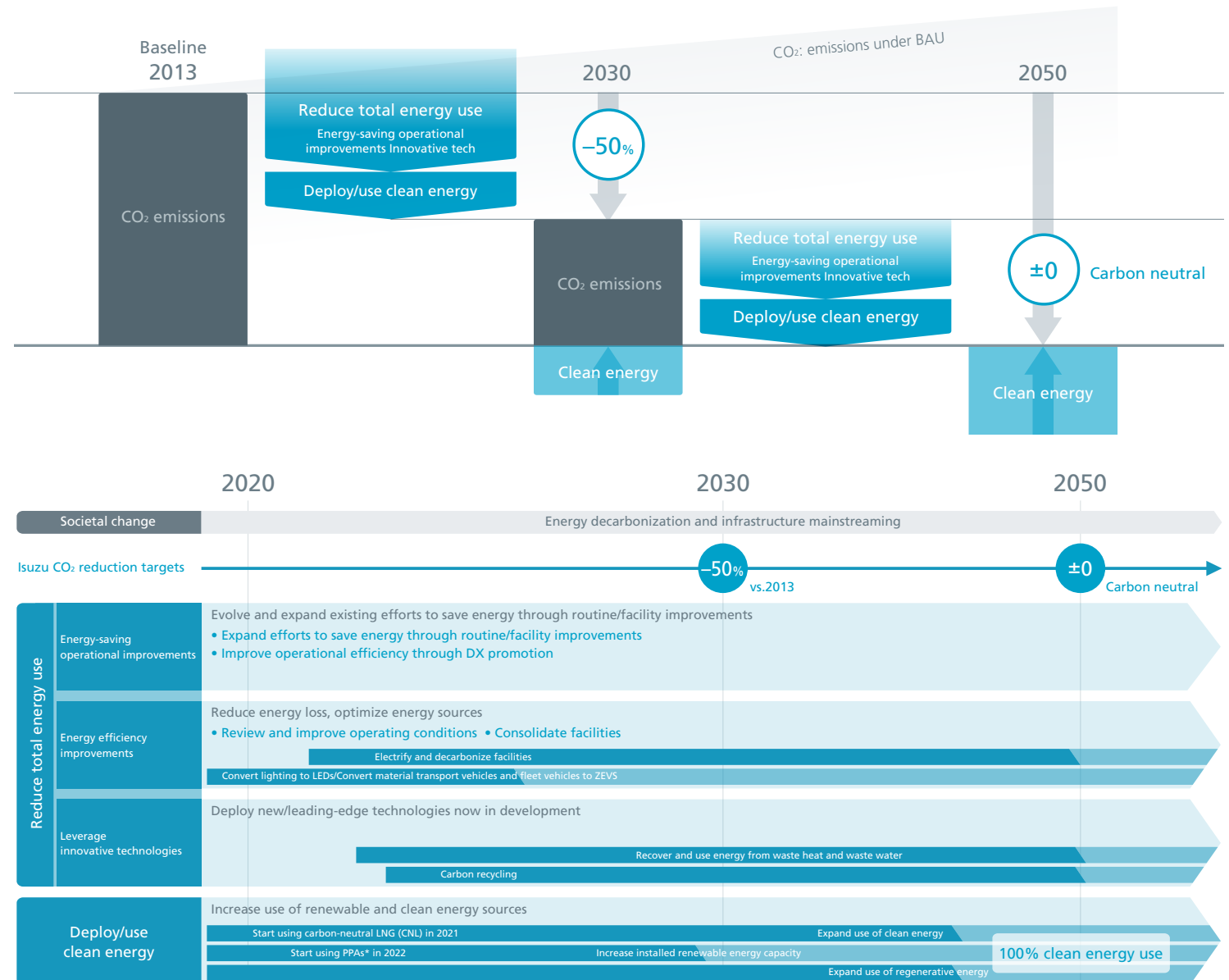
Main Initiatives	Summary of Initiatives and Future Plans
<p>Commence mass production of light-duty battery-electric vehicles</p> 	<ul style="list-style-type: none"> Based on the knowledge gained from the monitoring trials conducted since 2019, Isuzu launched its first mass-market battery-electric light-duty truck in the Japanese market in March 2023, which the Company plans to steadily roll out to North America and Europe. In Japan, models compatible with noncommercial driver's licenses are scheduled for release in due course.
<p>Commence introduction of fuel-cell vehicles to the market</p> 	<ul style="list-style-type: none"> Isuzu is promoting the planning and development of a mass-market light-duty fuel-cell truck in collaboration with partners of Commercial Japan Partnership Technologies Corporation (CJPT). Market introduction will begin through a social implementation project in Fukushima Prefecture in February 2023 and in Tokyo in April 2023. The number of units introduced will be increased gradually, with 60 units to be introduced in Fukushima Prefecture and 190 units in Tokyo. A new social implementation project will also be launched in Fukuoka, with market introduction starting in June 2023.
<p>Commence monitoring trials of medium-duty battery-electric vehicles for the North American market</p> 	<ul style="list-style-type: none"> Isuzu and Cummins Inc. have installed a Cummins electric system in Isuzu's F-Series (FTR) medium-duty commercial vehicles for the North American market, and both parties began monitoring the system for a major North American fleet customer in September 2022.
<p>Commence monitoring trials for heavy-duty fuel-cell vehicles</p> 	<ul style="list-style-type: none"> Isuzu has selected Honda Motor Co., Ltd. as a development and supply partner for fuel-cell battery systems to be installed in heavy-duty fuel-cell vehicles, which are scheduled for launch in 2027. The two companies also signed a joint research agreement on heavy-duty fuel-cell trucks in January 2020 and plan to start demonstration tests on public roads using monitored vehicles during fiscal 2024.
<p>Commence production of heavy-duty battery-electric route buses</p> 	<ul style="list-style-type: none"> From fiscal 2025, Isuzu and Hino Motors, Ltd. plan to begin production of large battery-electric route buses through their joint venture J-Bus. Compared with conventional non-step buses, these new buses have a much larger, fully flat area, thereby improving safety for travelers and contributing to our aim of eliminating onboard passenger accidents entirely.
<p>Commence consideration for the development of heavy-duty fuel-cell route buses</p> 	<ul style="list-style-type: none"> Isuzu is continuing discussions with partners participating in CJPT for the development, production, and launch of next-generation fuel-cell route buses based on the aforementioned large battery-electric route buses. By standardizing their parts, the cost of battery-electric vehicles and fuel-cell vehicles will be significantly reduced, thereby spurring the adoption of a new generation of fuel-cell stacks. We will also leverage the expertise of Toyota Motor Corporation and Hino Motors in the area of fuel-cell electric bus development, aiming to provide electric vehicles with longer service lives and higher added value.
<p>Electrification of Light Commercial Vehicles</p> 	<ul style="list-style-type: none"> In line with the laws and regulations of the relevant countries and progress made toward achieving carbon neutrality, battery-electric pickup trucks produced by Isuzu Motors Co., (Thailand) Ltd. will be launched on a gradual basis at the appropriate timing from 2025 onward, starting with European markets. To address needs for a wide range of applications, from commercial to passenger pickup trucks, we will make proposals that include the perspectives of both carbon neutrality and the enhancement of social infrastructure and livelihoods.

Achievement of Net-Zero Greenhouse Gas Emissions in Isuzu's Business Activities

In the process of promoting a business-wide shift to becoming carbon neutral, the Company must achieve carbon neutrality not only in its products and services but also in the greenhouse gases emitted directly from its own business activities.

Isuzu has begun taking on the challenge of reducing CO₂ emissions directly from its business activities—Scope 1 and Scope 2 emissions—by 50% from 2013 levels by 2030 and to achieve carbon neutrality by 2050.

The Isuzu Group, both in Japan and overseas, will continue to take on the challenges of reducing total energy use, introducing and expanding clean energy, and implementing innovative technologies with a view to realizing carbon-neutral products that are produced at carbon-neutral plants.



*PPA: Power purchase agreement

Achievement of a Recycling-Oriented Society through the Use of Rebuilt and Remanufactured Unit Vehicles

Action Plan for Transitioning to a Circular Society

Crucial to the transition to a sustainable society is the shift from a linear economic system of mass production, mass consumption, and mass disposal, to a circular economic system. Isuzu will promote the shift to a circular economic system that maximizes added value while efficiently and cyclically using resources at every stage of its business.

Global action	~2025 Resource recycling status assessment phase	~2030 Resource recycling implementation phase	2030-2050 Achieving a circular economy
Thorough management of the total amount of waste resources at all sites	<ul style="list-style-type: none"> Understand the management status of waste (waste, water, etc.) generated at bases and pursue optimization 	<ul style="list-style-type: none"> Curtail waste generation by controlling the total amount of waste generated at bases 	Make a circular economy a reality
Promotion of the effective use of resources	<ul style="list-style-type: none"> Ascertain the recycling status and take action Understand the status of difficult-to-treat materials 	<ul style="list-style-type: none"> Implement recycling of difficult-to-treat materials Expand use of recycled materials 	
Transition to a recycling-oriented business	<ul style="list-style-type: none"> Respond as needed to new issues related to new products Respond to new recycling issues by adopting new materials 	<ul style="list-style-type: none"> Establish recycling-oriented business 	

▶▶ Close up: Progress on Remanufactured Unit Vehicle Business as Seen in the GIGA type-Re Line

Isuzu aims to realize a recycling-oriented society by utilizing the rebuilding technology of Group company Isuzu Engine Manufacturing Hokkaido Co., Ltd. (IEMH).

What is a rebuilt / remanufactured unit vehicle?

Rebuilt unit vehicles:

Unlike used products that are reused in a deteriorated state, this recycling method guarantees the same performance level and durability as a new product in the form of a rebuilt product by disassembling and cleaning the core parts of used engines and transmissions and replacing worn out parts.

Remanufactured unit vehicles:

A remanufactured unit vehicle refers to a vehicle that, in addition to using a rebuilt engine and other drive train components, has been restored to the same level as a new vehicle, such as by restoring functionality and comfort by replacing parts connected to the suspension and washing and replacing interior parts.

01: Contribution to Resource Recycling and Carbon Neutrality through the GIGA type-Re Line

Since October 2022, we have been remanufacturing GIGA heavy-duty truck models that have reached the end of their lease and started handling maintenance leasing of GIGA type-Re remanufactured unit vehicles, which have been remanufactured to the same performance level as a new vehicle. Among GIGA vehicles whose five-year maintenance lease period has expired, for example, vehicles with short-term, high-operating use of one million kilometers in five years, we restore reusable engines, transmissions, and other components to the same level as new parts, and guarantee maintenance leases once again for one million kilometers of operation for five years. Reusing large parts such as engine cores and functional parts not only contributes to resource recycling but is also expected to reduce CO₂ emissions by approximately 90% compared with when a new car is manufactured.

The logistics industry is beginning to recognize that the fuel efficiency and efficiency improvements that have been made with the aim of reducing costs will contribute to decarbonization. For example, Yamato Box Charter Co., Ltd., which has been conducting joint demonstration tests since 2021, mainly carries out trunk line transportation for courier services on a 24-hour basis, and it is only engines and transmissions that exceed durability periods. In other words, it turned out that there are many vehicles that are suitable for remanufacturing following short-term heavy operation. For companies that use them, GIGA type-Re vehicles contribute to the promotion of carbon neutrality and the establishment of a circular economy. Starting with their adoption by Yamato Box Charter, 15 units have already been manufactured and shipped and have also been adopted by Nakano Shokai Co., Ltd., which runs third-party logistics and real estate businesses. Companies that adopted them appreciate that the use of GIGA type-Re vehicles will contribute to resource recycling and carbon neutrality.

Achievement of a Recycling-Oriented Society through the Use of Rebuilt and Remanufactured Unit Vehicles

▶▶ Close up: Progress on Remanufactured Unit Vehicle Business as Seen in the GIGA type-Re Line

02: Added Value That Leverages the Strengths of Isuzu and IEMH

IEMH, which coalesces the Isuzu Group's rebuilding and remanufacturing abilities, has been involved in engine assembly, disassembly, and function research since its establishment and therefore has abundant human resources who are familiar with engines and specific parts. With a history spanning more than 10 years in the business of rebuilding engines and transmissions, IEMH leads other companies in the accumulation of expertise and recycling methods. An additional strength is the Isuzu Group's across-the-board high-quality standards, equivalent to those of new engines. In terms of the vehicle maintenance technology and know-how required for remanufacturing, IEMH has acquired the necessary technology through the exchange of human resources with sales companies within the Isuzu Group. IEMH's remanufacturing business currently only handles large-sized vehicles, but through these efforts, it has established a technological framework that can handle medium-sized and small-sized vehicles.

In addition, by collaborating with Isuzu's Product Development and Quality Assurance divisions, IEMH is constructing an appropriate recycling course that utilizes not only measurement and analysis data for each part, but also market and design information. Notably, IEMH is working to maximize the number of parts that can be reused by accurately assessing vehicle conditions such as the state of the engine and regularly replaced parts by utilizing PREISM advanced genuine maintenance and the MIMAMORI telematics system. By getting ongoing feedback on vehicle status and real parts status via connected services, IEMH is accumulating data on whether parts can be remanufactured and working to improve rates of reuse.

03: Aiming to Realize a Recycling-Oriented Society

Even in a world where carbon-neutral vehicles, such as electric vehicles and fuel-cell vehicles, have become widespread, it will take some time before the diesel vehicles we currently supply are completely replaced. We also anticipate that it will become difficult to obtain the metal resources used in those vehicles. Isuzu believes that rebuilt and remanufactured unit vehicles that utilize existing vehicles and engine units will be an important after-sales service option to keep our customers' operations running.

The Isuzu Group is making use of IEMH functions to not only improve the reuse rate and quality of parts, but also to acquire and establish regeneration technology, and we are also working to acquire the necessary technology to eventually rebuild existing vehicles into carbon-neutral vehicles, such as by refitting diesel engines with battery-powered motors. We aim to realize a recycling-oriented society by expanding businesses that utilize rebuilding and remanufacturing technologies.



Engines (left: before, right: after)



Transmissions (left: before, right: after)



Engine rebuilding



We are working to improve work efficiency by automating the parts cleaning process.



By using vehicle data from MIMAMORI and PREISM for diagnosis, we are able to both reuse parts and achieve quality assurance.

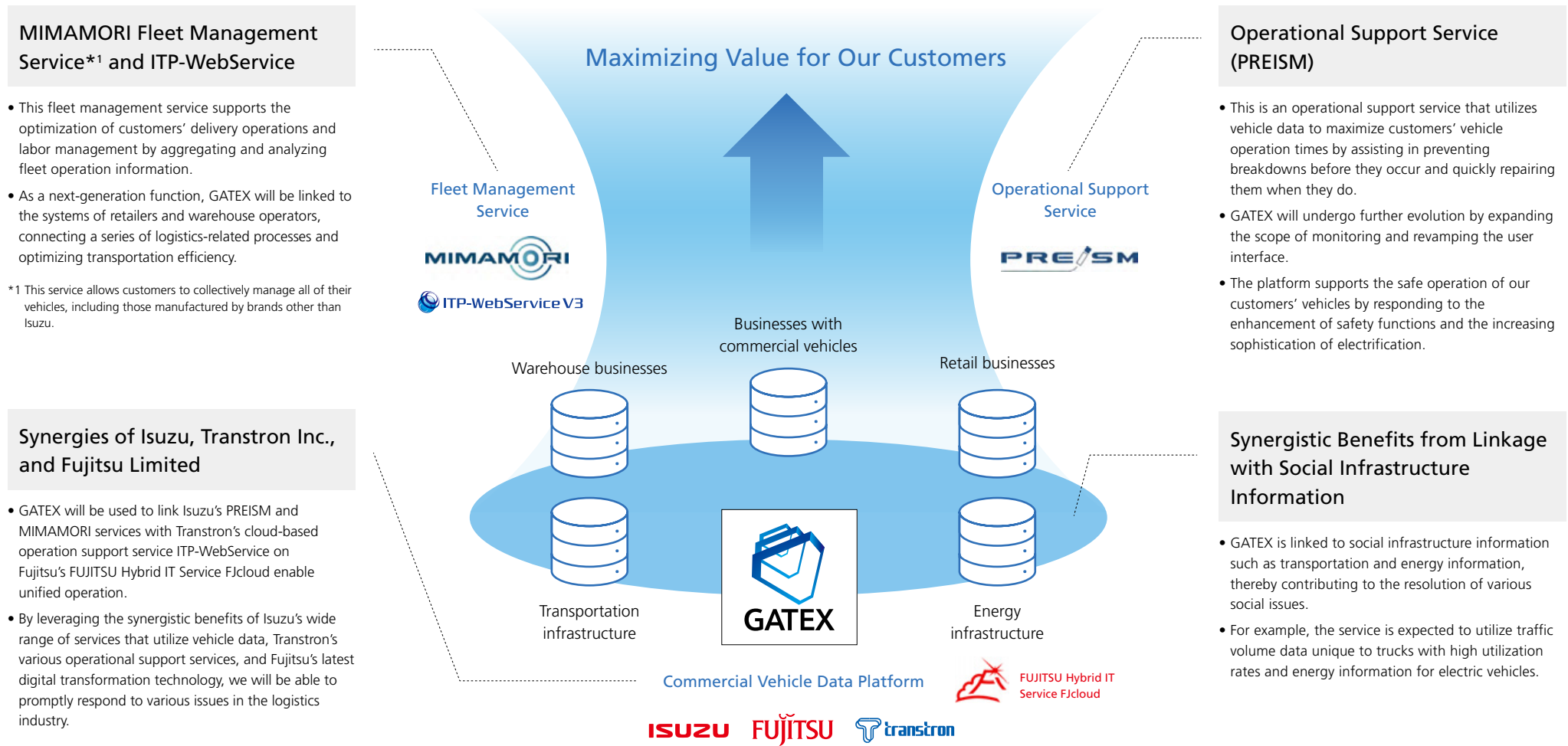


Remanufactured unit vehicle maintenance

Expansion of Value Provided through the Evolution of Fleet Management and Operational Support Services

Isuzu has been an industry pioneer in providing connected services that support its customers' businesses, such as the MIMAMORI fleet management service and the PREISM advanced genuine maintenance service. In October 2022, we began operation of GATEX, a commercial vehicle information platform built by Isuzu, Fujitsu Limited, and Transtron Inc. Based on information on approximately 500,000 trucks held by Isuzu and Transtron, GATEX is the largest scale connected service in the commercial mobility field.

Specifically, the platform will contribute to the creation of prosperous lifestyles by supporting the construction of a logistics infrastructure that enables goods to be delivered in a timely, safe, and accurate manner through the further advancement of fleet management and operational support services. Furthermore, the platform will contribute to a reduction in CO₂ emissions by optimizing transportation efficiency. In the future, we will contribute to resolving social issues such as energy management in the era of electric vehicles, including through the optimization of electric vehicle charging.



Development of Automated Driving Technologies

Through joint development with our various partners, we will accelerate initiatives geared toward the realization of automated driving and implement measures to verify and promote the benefits of improved safety, efficiency, and autonomous driving not only in logistics but also in various other applications.

Application	Details of Initiatives
<p>Expressways and Heavy-Duty Trucks</p> 	<ul style="list-style-type: none"> • The Company is participating in the Japanese government's "RoAD to the L4" project to accelerate the implementation of advanced mobility-as-a-service initiatives such as autonomous driving. The project entails research, development, and social implementation for advanced mobility services such as Level 4 automated driving. In cooperation with logistics companies and heavy-duty truck manufacturers, we will contribute to efforts toward the practical application of high-performance trucks, including platooning on expressways, and social implementation initiatives from 2026 and beyond. • Isuzu is proceeding with the commercialization and market launch of a 2020 model GIGA truck equipped with all-speed adaptive cruise control and a lane keep assist system, while researching automated driving technologies exclusively for heavy-duty trucks, with some of these technologies being utilized in the development of mass-produced vehicles.
<p>Low-Speed Driving and Parking at Ports</p> 	<ul style="list-style-type: none"> • Isuzu will participate in the Ministry of Land, Infrastructure, Transport and Tourism's demonstration test project for the automation of incoming off-site trailers at ports, which is part of the ministry's efforts to realize AI terminals that support people. The project aims to improve the working environment for drivers of incoming off-site trailers and to maintain the transportation capacity of shipping containers. • Isuzu is verifying the safety of operating automated incoming off-site trailers in restricted off-road areas and helping to develop an environment in which automated trailers can be introduced at ports by contributing to the identification of technological issues and challenges in their practical implementation.
<p>Manufacturing Sites and Transportation</p> 	<ul style="list-style-type: none"> • From end of August 2022 to end of October 2022 an automated driving experiment was conducted on one route of the granulated slag transportation course at Kobe Steel, Ltd.'s Kakogawa Works using a vehicle capable of Level 4 limited-area automatic driving based on UD Trucks Corporation's heavy-duty truck Quon. • Isuzu will promote the creation and practical application of solutions that utilize autonomous driving technologies through co-creation with UD Trucks.
<p>Restricted-Zone Buses</p> 	<ul style="list-style-type: none"> • The Company will promote the automated operation of large route buses in restricted zones by conducting demonstration tests while utilizing the technology of start-up companies, with the aim of contributing to increased passenger traffic and improved people flow efficiency by eliminating driver shortages. • Demonstration tests were conducted for one month from March 2022 in a closed space along the connecting bus route between the domestic and international terminals of Fukuoka Airport. Since June 2023, Isuzu has been taking part in operator-led evaluations of the safety and convenience of the autonomous driving of restricted zone buses, efforts to identify operational and service issues, and demonstration tests for autonomous driving in rainy weather. • Isuzu will realize the automated operation of route buses on ordinary roads in the future, contributing to securing means of transportation in rural areas.
<p>Urban Area Delivery Vehicles</p> 	<ul style="list-style-type: none"> • The Company began demonstration tests of automated vehicle operation in urban areas at the Fujisawa Plant premises from 2020 and began subsequently expanding testing areas from 2021 onward. • Collaboration with Isuzu Technical Center of America, Inc. was strengthened in 2022 to promote the development of cutting-edge technologies.

Development and Application of Advanced Safety Technologies

Application of Advanced Safety Technologies in the New Model N-Series

With the aim of eliminating fatalities and injuries from traffic accidents, we have applied advanced safety equipment and enhanced driver-support functions in the new model N-Series.

▶ Pre-Crash Brakes*

When the vehicle determines that there is a possibility of collision with an oncoming pedestrian, the system alerts the driver and applies emergency braking to help mitigate damage.



▶ Emergency Driving Stop System (EDSS)*

This system brings the vehicle to an emergency stop when the device detects an abnormality in the driver's behavior or if the driver suddenly becomes ill or otherwise unable to continue driving safely while the vehicle is in motion and manually engages the EDSS switch.



▶ Cruising between Vehicles at All Speeds*

The system contributes to the reduction of driver fatigue and safer driving by controlling acceleration, deceleration, starting, and stopping at all speeds to maintain a set distance between vehicles.



▶ Variable Light Distribution LED Headlamps*

When driving with high beams, the camera detects the light from cars ahead or oncoming traffic and automatically shades the areas where the light hits. The headlamps improve nighttime visibility when driving with high beams, thereby contributing to safe driving.



▶ Lane Keeping Assistance*

A camera is used to detect the white lines on both sides of the lane in which the vehicle is traveling, and the system electrically assists and controls steering to help the driver to keep within their lane and prevent lane departure, thereby reducing driver fatigue and contributing to safe driving.



▶ Traffic Sign Recognition Function / Traffic Sign-Linked Speed Limiter*

The function recognizes traffic signs and displays them on the instrument panel, preventing drivers from overlooking traffic signs. The speed limiter helps reduce accidents caused by speeding by limiting the vehicle's speed to the maximum limit shown on the traffic sign detected by the sign recognition function.



▶ Driver Status Monitor

A camera mounted in the center of the instrument panel monitors the driver for signs of distraction or open eyes, as well as driving posture. When the system detects a lack of attention to the road ahead, it issues a warning and alerts the driver. If excessive drowsiness is detected, the system activates the air conditioner and alerts the driver by running cool air, thereby contributing to the avoidance of accidents that result from driving while drowsy or similar causes.



▶ Front Blind Spot Monitor*

If the system detects pedestrians or bicycles immediately in front of the vehicle and determines that there is a possibility of a collision when the vehicle departs, an alert is sent to the driver via the instrument panel.



* A Japan-first for light-duty trucks (3.5-ton gross vehicle weight, 2-ton capacity cab-over trucks) based on research by Isuzu

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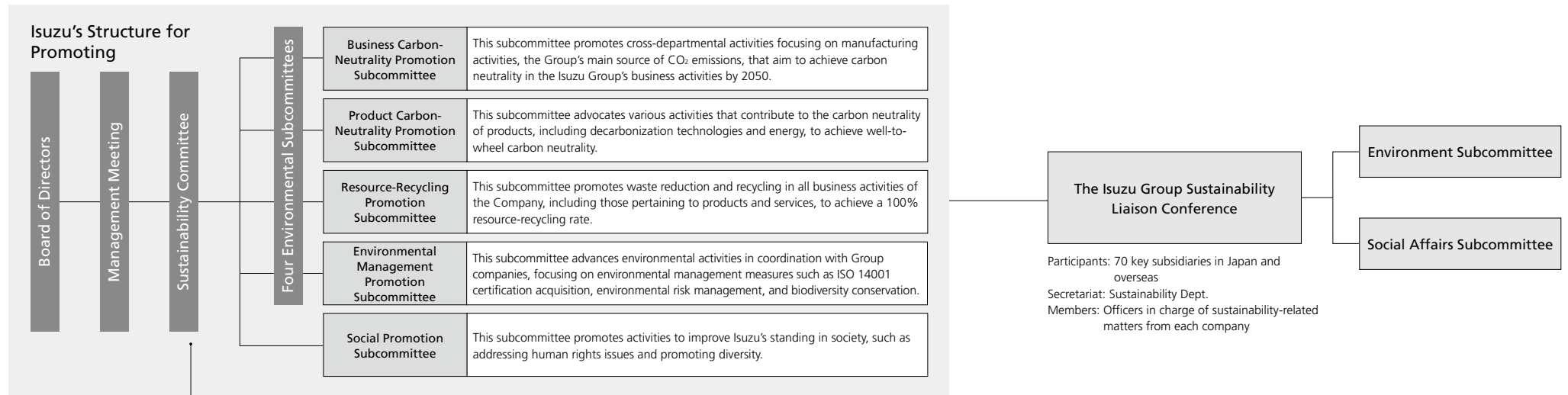


Business Foundation Supporting Value Creation

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.

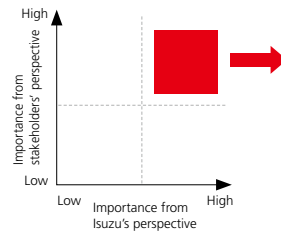
Identification of and Selection Process for Material Issues

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.

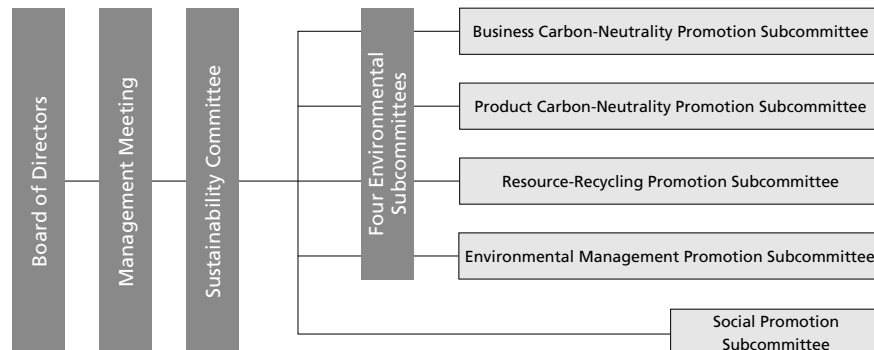
The Sustainability Committee meets regularly (at least four times a year) to deliberate and make decisions on a wide variety of matters pertaining to sustainability, such as risks associated with climate change and the Company's response to human rights and diversity issues. Depending on the level of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

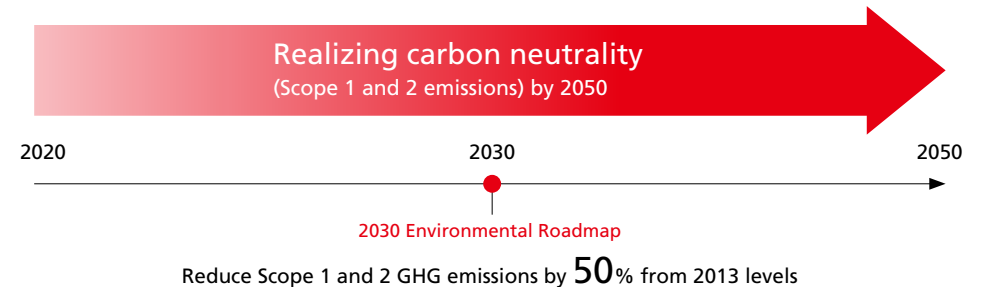


For further details on the role of the four environmental subcommittees, please see [page 52](#).

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

Improvement of Technologies and Provision of Reliable Products and Services

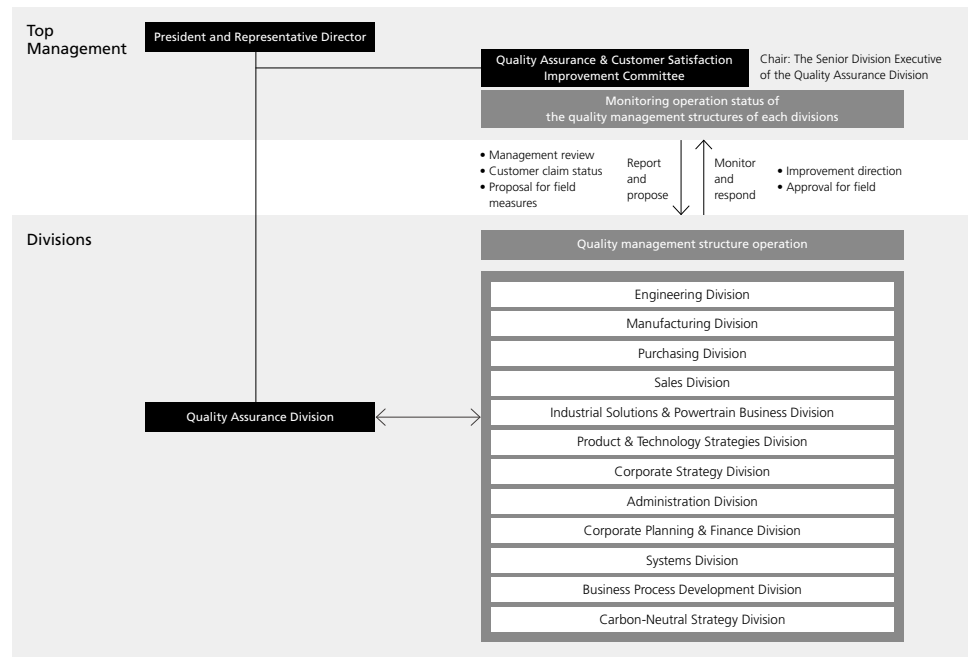
We will live up to the trust placed in us by our stakeholders by making quality our top priority and by pursuing safety and environmental technologies tailored to the needs of the times.

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.

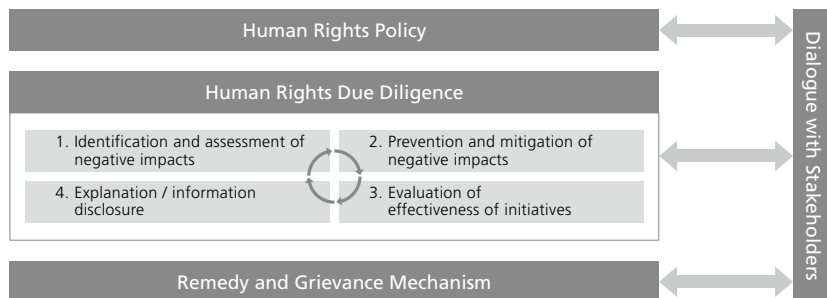
Further information on the Isuzu Group Human Rights Policy.

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.

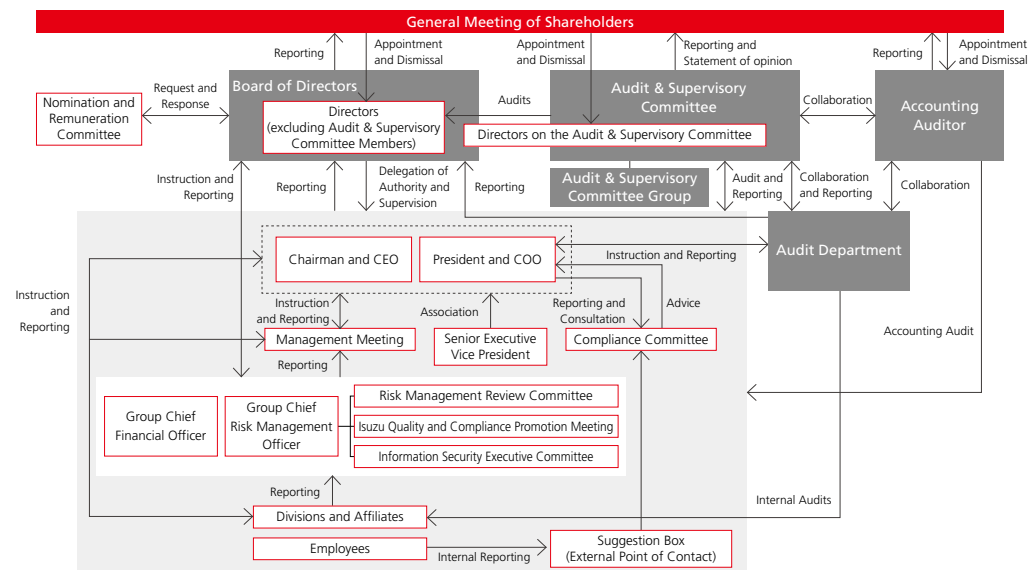
Board of Directors

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)



Tetsuya Ikemoto
Director of the Board and Managing Executive Officer

EVP of Sales Division

N Nomination and Remuneration Committee member

A Audit & Supervisory Committee member

I Independent officer

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%

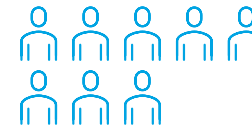


Percentage of Outside Directors
38.46%



Directors

Inside: **8**



Outside: **5**



Audit & Supervisory Committee Members

Inside: **2**



Outside: **3**



Corporate Governance

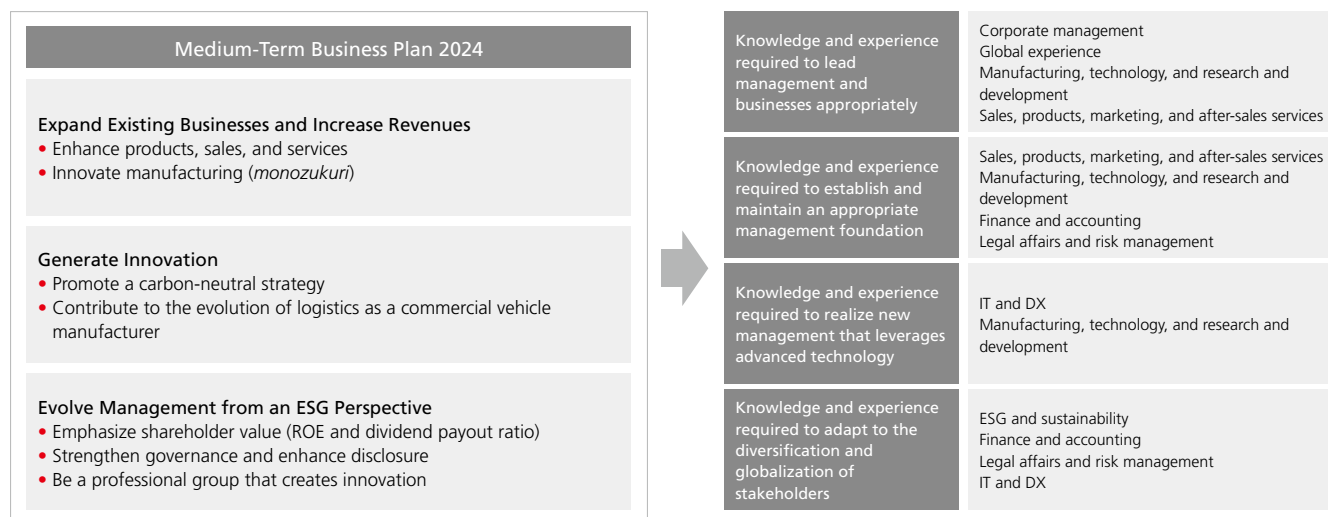
The Isuzu Board of Directors' Skills Matrix

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"> • Linked to the degree of achievement of performance targets for a single fiscal year • 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).
	Performance-Linked Remuneration Share-Based Remuneration	<ul style="list-style-type: none"> • Linked to the degree of attainment of targets during the period of the medium-term business plan • 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. <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"> • The views and opinions of various stakeholders, including employees, business partners, shareholders, and investors, were shared with the Board of Directors as appropriate. • In particular, the sharing of the contents of financial reports and the provision of information such as result reports have been enhanced. • We will systematically capture, share, and discuss the views of various stakeholders based on investor relations/shareholder relations activities and ESG interviews.
2) Enhancement of discussions regarding capital costs and our business portfolio	<ul style="list-style-type: none"> • The content of the CFO's performance briefings has been enhanced. • In particular, the content of the CFO message in the integrated report had been discussed and is moving in the desired direction. • We will further enhance discussions on capital costs and our business portfolio.
3) Enhancement of reporting to the Board of Directors (regarding risk management, compliance, and nomination and remuneration)	<ul style="list-style-type: none"> • Throughout the year, we held discussions on risk management and compliance, thereby improving our monitoring of the status of execution of related initiatives. • In light of the drastically changing environment, we will strive to enhance reporting and clarify the purpose of our discussions.

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.

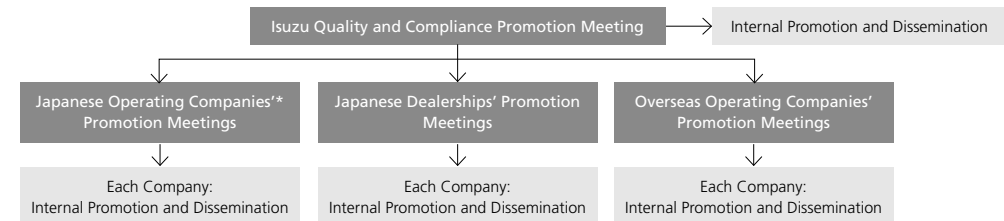
The Isuzu Group's Compliance Promotion System

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

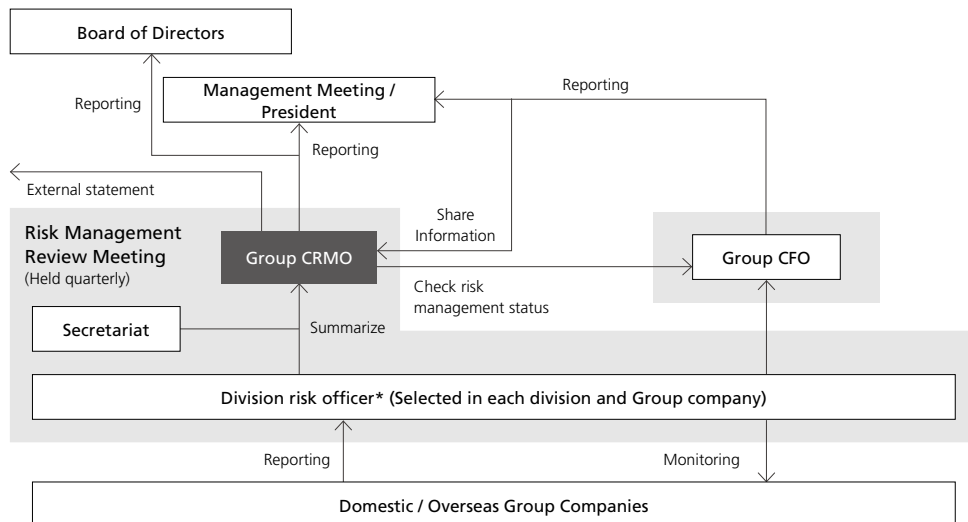
Amid a dramatically changing and increasingly uncertain business and management environment, the position of chief risk management officer (CRMO) was created to serve as the locus of responsibility for risk management throughout the Group and to play the lead role in the Companywide risk management process. 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

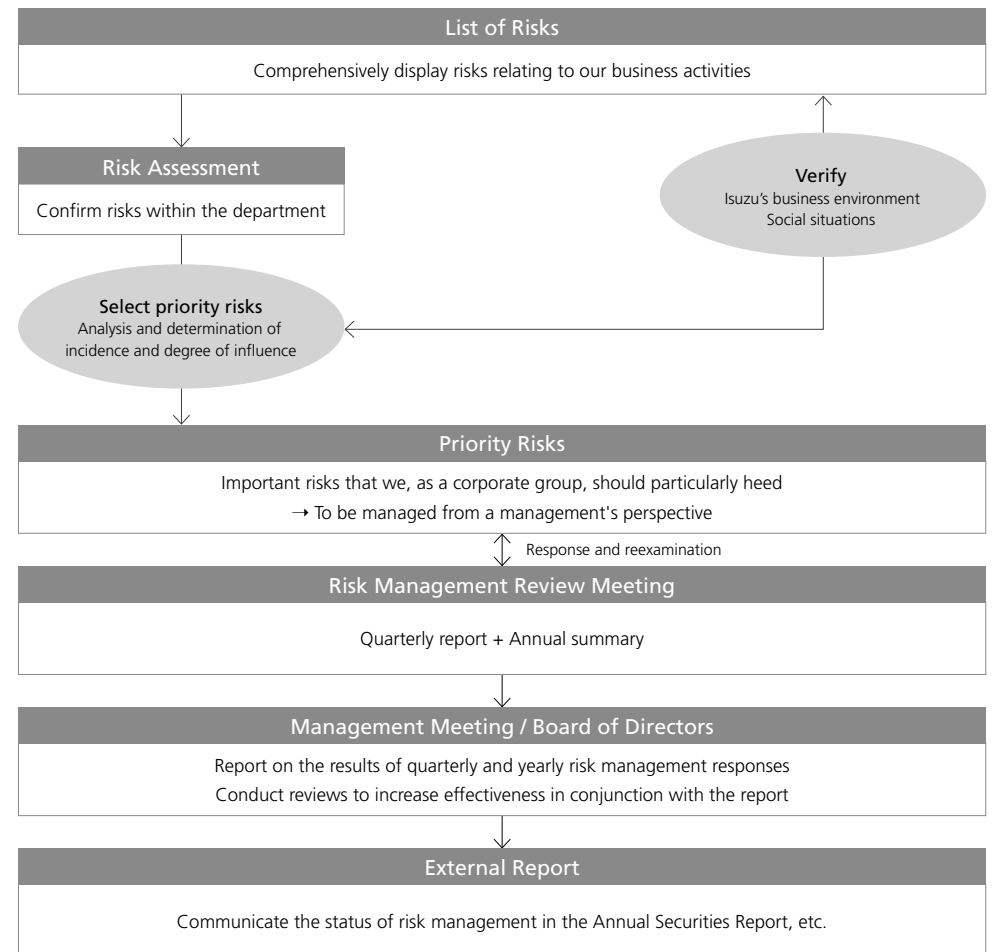


Note: In addition to the Risk Management Meetings separate meetings are held to liaise between the secretariat and members.

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.

1. Risks arising from Global Economic Conditions, Financial Markets, and the Automotive Market	
(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
2. Business Risks	
2-1. Business risks arising primarily from the Group's response to the external environment	
(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
2-2. Business risks arising primarily from the Group's internal operations	
(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
2-3. Business risks derived primarily from factors external to the Group	
(14)	Legal requirements
(15)	Potential risks associated with international activities and overseas expansion
(16)	Disasters
(17)	Climate change

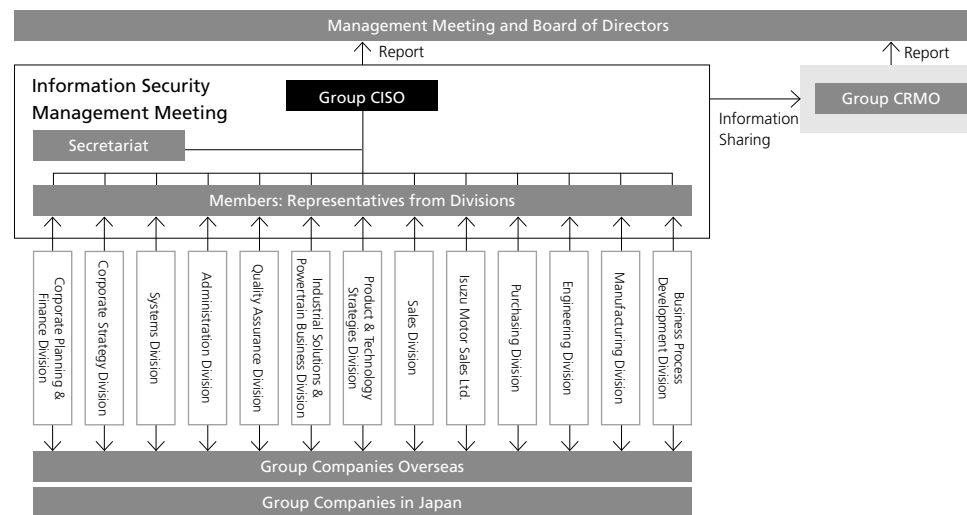
Note: Please refer to the Company's Annual Securities Report for more information on each of the above risks.

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.



Financial and Non-Financial Performance



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10-Year Financial Summary

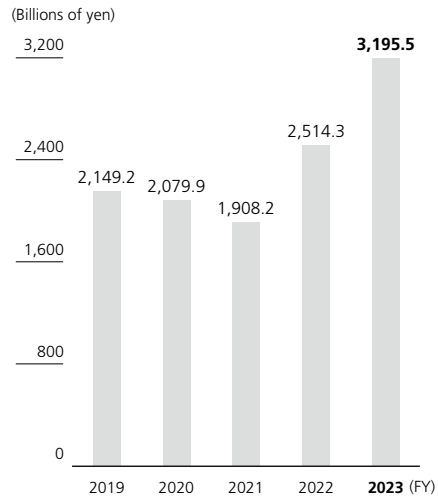
Consolidated Results

(Millions of yen)

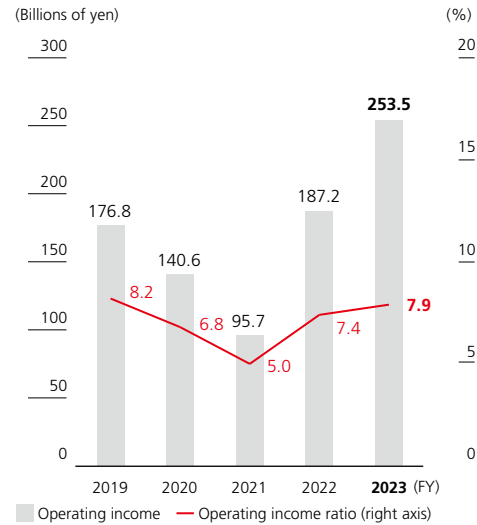
For the year ended March 31:	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Operating Results										
Net sales	¥1,760,858	¥1,879,442	¥1,926,967	¥1,953,186	¥2,070,359	¥2,149,168	¥2,079,936	¥1,908,150	¥2,514,291	¥3,195,537
Cost of sales	1,441,483	1,543,661	1,574,885	1,623,948	1,700,726	1,765,270	1,730,354	1,605,111	2,056,104	2,600,347
Gross profit	319,374	335,780	352,081	329,238	369,632	383,898	349,582	303,038	458,187	595,189
Selling, general and administrative expenses	145,125	164,669	180,522	182,793	202,867	207,116	208,999	207,305	270,989	341,642
Operating income	174,219	171,111	171,559	146,444	166,765	176,781	140,582	95,732	187,197	253,546
Profit before extraordinary items	186,620	187,411	186,690	152,022	173,616	189,001	150,876	104,265	208,406	269,872
Profit before income taxes	188,448	184,251	186,379	148,921	176,095	186,108	143,511	86,829	204,281	269,841
Profit attributable to owners of parent	119,316	117,060	114,676	93,858	105,663	113,444	81,232	42,708	126,193	151,743
Cash Flows										
Cash flows from operating activities	¥ 159,209	¥ 151,558	¥ 132,972	¥ 151,352	¥ 176,804	¥ 156,546	¥ 123,701	¥ 222,918	¥ 172,056	¥ 227,085
Cash flows from investing activities	(110,395)	(97,352)	(96,754)	(87,393)	(107,035)	(86,569)	(92,659)	(93,413)	(420,867)	(80,527)
Cash flows from financing activities	(38,473)	14,569	(66,690)	(55,368)	(4,432)	(106,914)	(25,153)	(55,275)	186,145	(140,372)
Free cash flow	48,814	54,206	36,218	63,959	69,769	69,977	31,042	129,505	(248,811)	146,558
Financial Position										
Current assets	¥ 745,944	¥ 939,436	¥ 929,705	¥ 957,404	¥1,062,993	¥1,112,570	¥1,119,536	¥1,183,346	¥1,490,745	¥1,702,258
Property, plant and equipment	572,799	617,714	644,357	681,582	705,854	731,344	761,922	767,563	918,881	935,664
Intangible assets and investments and other assets	203,012	244,766	235,206	241,838	297,690	286,979	270,626	294,060	446,511	408,854
Total assets	1,521,757	1,800,998	1,808,377	1,879,853	2,066,539	2,130,894	2,152,090	2,244,970	2,856,139	3,046,777
Current liabilities	510,409	585,093	565,277	556,336	619,636	626,328	603,193	623,965	898,195	968,832
Non-current liabilities	242,394	302,373	346,342	362,382	360,392	338,231	415,515	415,991	563,518	567,712
Net assets	768,953	914,451	897,650	962,107	1,086,510	1,116,335	1,133,381	1,205,013	1,394,425	1,510,232
Interest-bearing debt	137,985	227,773	258,740	247,300	279,610	297,398	336,711	316,560	530,479	513,145
Others										
R&D expenses	¥ 66,621	¥ 77,610	¥ 91,100	¥ 91,438	¥ 96,803	¥ 98,978	¥ 98,084	¥ 91,026	¥ 104,756	¥ 118,993
Capital expenditures	81,871	77,979	97,965	93,814	76,571	72,282	80,756	69,799	78,404	82,184
Depreciation and amortization	41,602	48,130	55,753	58,779	59,939	60,919	62,652	66,322	75,314	80,629
Per Share (yen)										
Net income per share	¥ 140.85	¥ 139.34	¥ 138.43	¥ 119.13	¥ 134.17	¥ 150.18	¥ 110.14	¥ 57.91	¥ 162.87	¥ 195.75
Dividend per share	12.0	23.0	32.0	32.0	33.0	37.0	38.0	30.0	66.0	79.0
Financial Indicators (%)										
Operating income ratio	9.9	9.1	8.9	7.5	8.1	8.2	6.8	5.0	7.4	7.9
ROE	20.5	16.9	15.2	12.0	12.2	12.3	8.6	4.3	11.4	12.1
Capital adequacy ratio	41.6	41.9	41.5	43.5	44.5	43.6	44.3	45.5	41.8	42.9
Dividend payout ratio	17.0	21.5	23.1	26.9	24.6	24.6	34.5	51.8	40.5	40.4

Financial Highlights

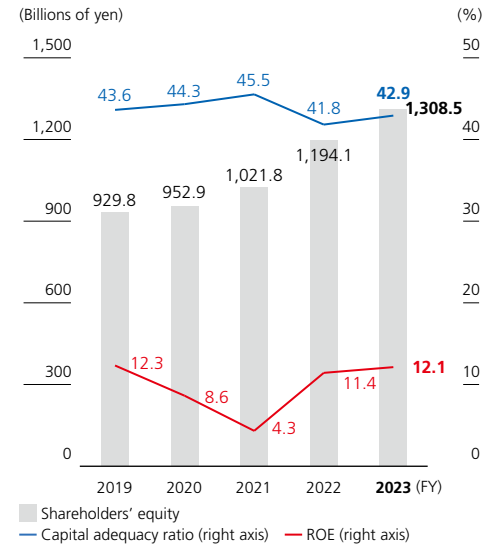
Net Sales



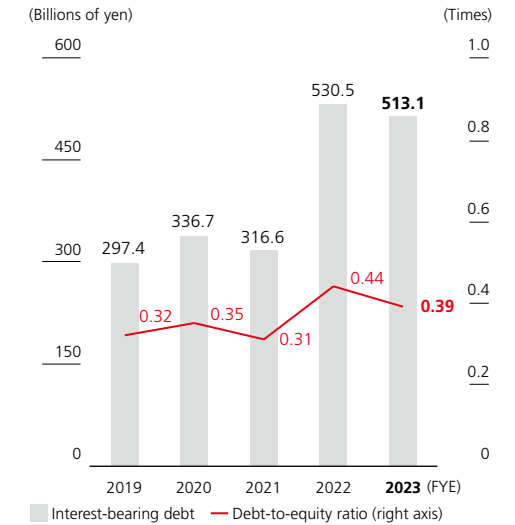
Operating Income



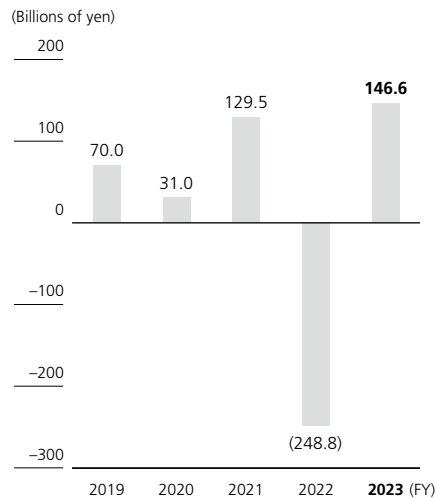
Shareholders' Equity / ROE



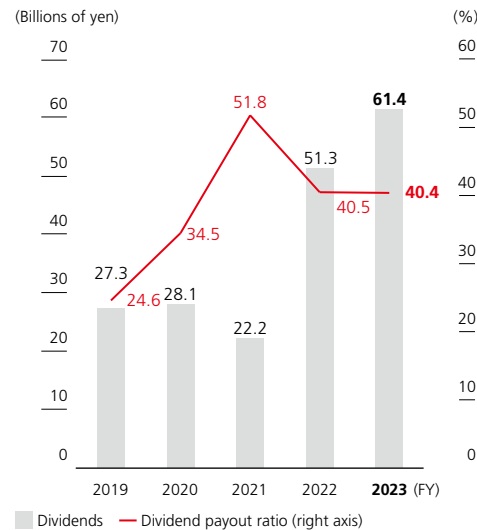
Interest-Bearing Debt / Debt-to-Equity Ratio



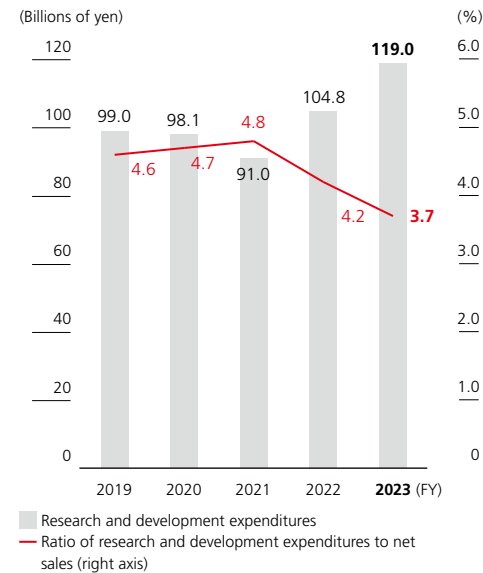
Free Cash Flow



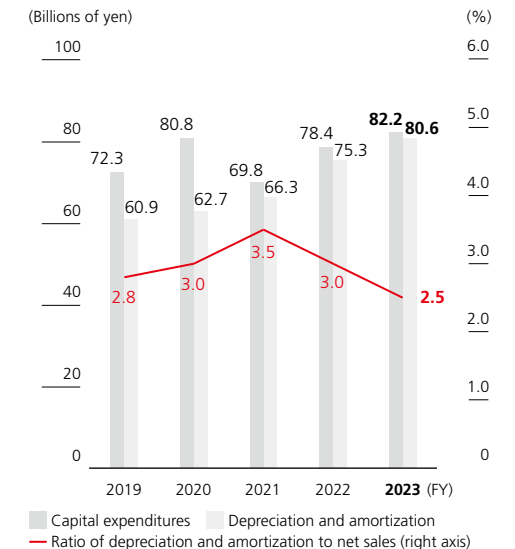
Dividends



Research and Development Expenditures



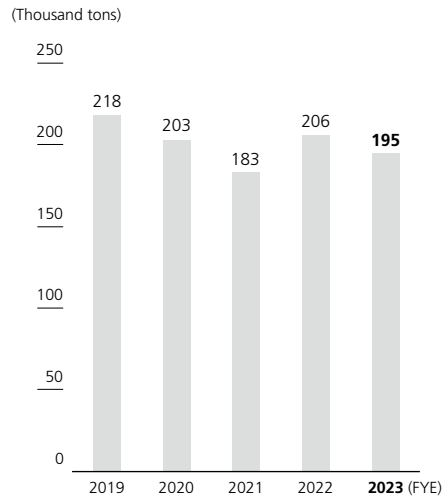
Capital Expenditures / Depreciation and Amortization



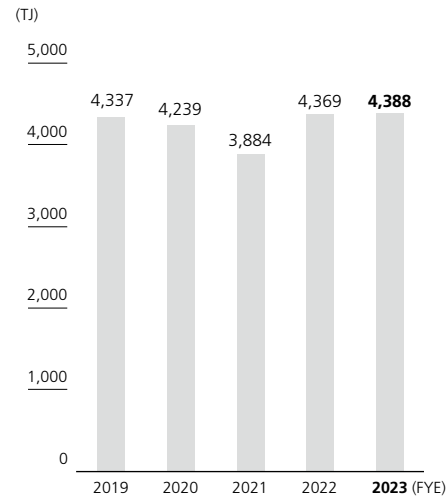
Note: The above financial highlights pertain to the entire Isuzu Group.

Non-Financial Highlights

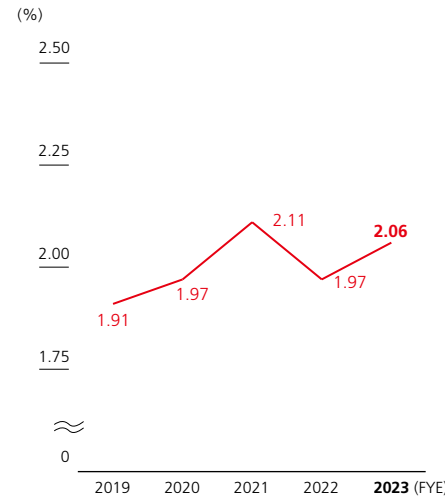
CO₂ Emissions from Energy use*1



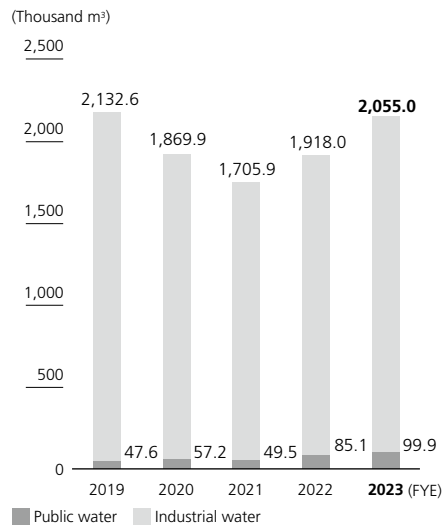
Energy Consumption



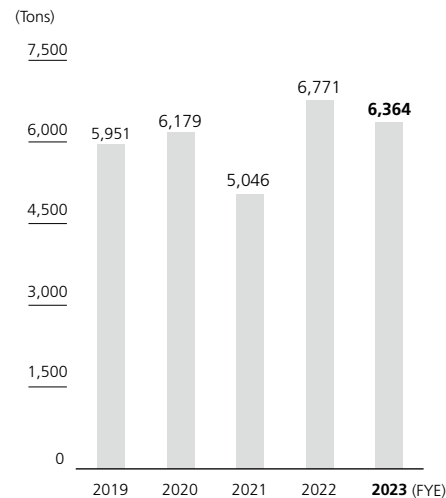
Employment of People with Disabilities*2



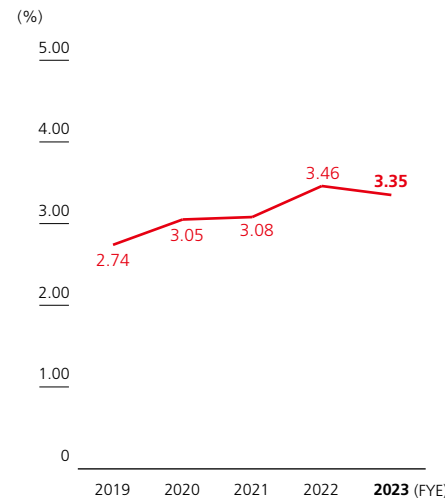
Water Resource Consumption*3




Waste Generation

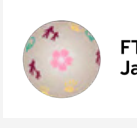



Percentage of Women in Management Positions (Senior Level)





External Evaluations of Environmental, Social, and Governance (ESG) Initiatives

- 

FTSE4Good Index Series
- 

FTSE Blossom Japan Index
- 

FTSE Blossom Japan Sector Relative Index
- 

S&P/JPX Carbon Efficient Index
- 

SOMPO Sustainability Index

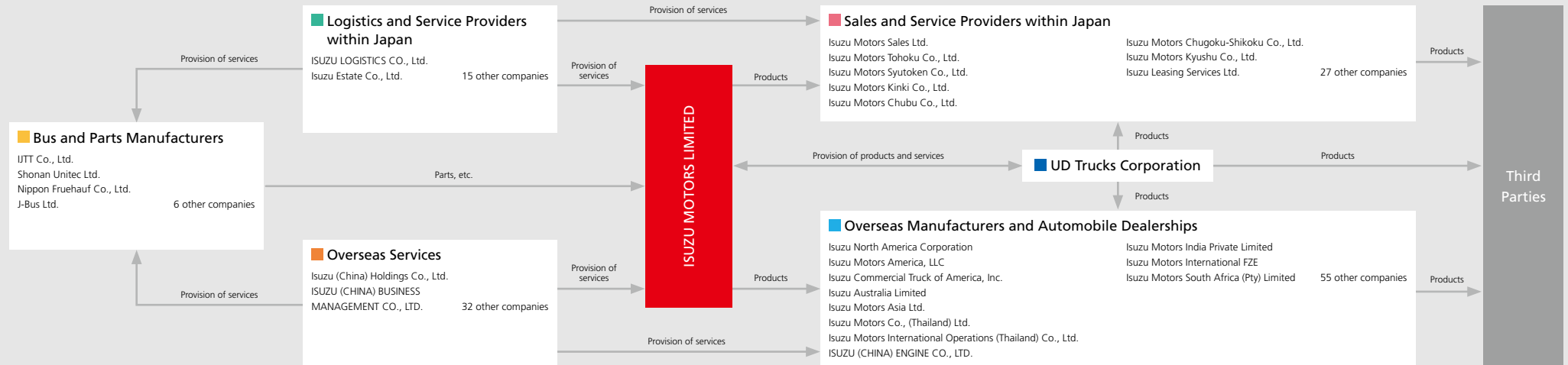
Further details on external evaluations of Isuzu's ESG initiatives are available here.

*1 The figures for fiscal 2019 through fiscal 2022 differ from those published in ISUZU MOTORS LIMITED Integrated Report 2022 due to a review of the emissions coefficient to improve the accuracy of data aggregation.

*2 As of June of each year *3 Not including head office

Principal Subsidiaries and Affiliates

98 Consolidated Subsidiaries and 51 Equity-Method Affiliates (as of March 31, 2023)



Principal Domestic Subsidiaries and Affiliates

Company name	Location	Equity stake	Business
UD Trucks Corporation	Saitama Prefecture, Japan	100%	Manufacture and sale of commercial vehicles as spare parts
Isuzu Motors Sales Ltd.	Tokyo, Japan	100%	Sale of trucks, buses, and other products
Isuzu Motors Tohoku Co., Ltd.	Miyagi Prefecture, Japan	100%	Sale and repair of commercial vehicles and buses
Isuzu Motors Syutoken Co., Ltd.	Tokyo, Japan	100%	Sale and repair of commercial vehicles and buses
Isuzu Motors Chubu Co., Ltd.	Aichi Prefecture, Japan	100%	Sale and repair of commercial vehicles and buses
Isuzu Motors Kinki Co., Ltd.	Osaka, Japan	100%	Sale and repair of commercial vehicles and buses
Isuzu Motors Chugoku-Shikoku Co., Ltd.	Hiroshima Prefecture, Japan	100%	Sale and repair of commercial vehicles and buses
Isuzu Motors Kyushu Co., Ltd.	Fukuoka Prefecture, Japan	100%	Sale and repair of commercial vehicles and buses
Isuzu Leasing Services Ltd.	Kanagawa Prefecture, Japan	51%	Leasing of commercial vehicles and provision of maintenance contract services for commercial vehicles
IJTT Co., Ltd.*1	Kanagawa Prefecture, Japan	43.25%	Manufacture of automobile parts and engines
ISUZU LOGISTICS CO., Ltd.	Kanagawa Prefecture, Japan	100%	Logistics management
J-Bus Ltd.	Ishikawa Prefecture, Japan	50%	Manufacture and sale of buses
Nippon Fruehauf Co., Ltd.	Kanagawa Prefecture, Japan	34%	Manufacture of trailers, automobile chassis, and shipping containers

○ Consolidated subsidiaries ● Equity-method affiliates

*1 Although Isuzu's equity stake in the company is less than 50%, it is considered a subsidiary because Isuzu substantially controls the company.

Principal Overseas Subsidiaries and Affiliates

Company name	Location	Equity stake	Business
Isuzu Motors Asia Ltd.	Republic of Singapore	100%	Management of businesses in ASEAN region and wholesaling of spare parts for production and repair
Isuzu Motors International Operations (Thailand) Co., Ltd.*2	The Kingdom of Thailand	70%	Export of pickup trucks
Isuzu Motors Co., (Thailand) Ltd.*2	The Kingdom of Thailand	71.15%	Manufacture of commercial vehicles and pickup trucks as well as export and wholesaling of vehicles, components, and parts
Isuzu Engine Manufacturing Co., (Thailand) Ltd.	The Kingdom of Thailand	98.56%	Manufacture and sale of diesel engines
ISUZU (CHINA) ENGINE CO., LTD.	The People's Republic of China	50.61%	Manufacture of engine parts and assembly of vehicles and engine parts
Isuzu Motors India Private Limited	Republic of India	62%	Import, assembly, and wholesaling of pickup trucks and derivatives
Isuzu North America Corporation	United States of America	100%	General management of subsidiaries in North America, import and wholesaling of commercial vehicles and spare parts, import and assembly of production parts, and provision of common indirect operations to subsidiaries
Isuzu Motors America, LLC	United States of America	100%	Import and sale of industrial engines and spare parts
Isuzu Commercial Truck of America, Inc.	United States of America	80%	General management of commercial vehicle business in North America, import and wholesaling of commercial vehicles and spare parts, and import and supply of components
Isuzu Australia Limited	Commonwealth of Australia	100%	Import, sale, and servicing of commercial vehicles, parts, and engines
Isuzu Motors International FZE	United Arab Emirates	100%	Promotion of new vehicle sales and life cycle business, sale of spare parts and after-sales training, and back-office support for Isuzu affiliates in the Middle East and Africa
Isuzu Motors South Africa (Pty) Limited	Republic of South Africa	100%	Production and sale of commercial vehicles, buses, and light commercial vehicles for South Africa and neighboring countries
Qingling Motors Co., Ltd.	The People's Republic of China	20%	Manufacture and sale of commercial vehicles, pickup trucks, and SUVs
P.T. Isuzu Astra Motor Indonesia	Republic of Indonesia	50%	Assembly and sale of commercial vehicles
General Motors Egypt S.A.E.	Arab Republic of Egypt	21.84%	Assembly and sale of passenger vehicles and light commercial vehicles

*2 Sales (excluding inter-company sales among consolidated companies) account for more than 10% of consolidated sales.

Corporate and Stock Information



Head Office



Fujisawa Plant



Tochigi Plant

Corporate Data (as of March 31, 2023)

Company Name	Isuzu Motors Limited
Head Office	YOKOHAMA GATE TOWER 2-5, Takashima 1-chome, Nishi-ku, Yokohama-shi, Kanagawa 220-8720, Japan TEL: +81-45-299-9111 (General Affairs & HR Dept.)
Date of Founding	April 9, 1937
Paid-in Capital	¥40.6 billion
No. of Employees	44,495 (consolidated) / 8,056 (non-consolidated)
Major Products	Heavy-, medium-, and light-duty trucks, buses, vehicle, and industrial diesel engines
Net Sales	Consolidated: ¥3,195,537 million Non-consolidated: ¥1,306,768 million
Operating Income	Consolidated ¥253,546 million
Profit before Extraordinary Items	Consolidated ¥269,872 million
Profit Attributable to Owners of Parent	Consolidated ¥151,743 million
No. of Consolidated Subsidiaries	98

Common Stock and Number of Shareholders (as of March 31, 2023)

Shares Authorized	1,700,000,000
Shares Issued	777,442,069
No. of Shareholders	54,145

Major Shareholders (as of March 31, 2023)

Name	Number of Shares Held (1,000 Shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	109,087	14.03
Mitsubishi Corporation	63,633	8.19
Custody Bank of Japan, Ltd. (Trust Account)	53,074	6.83
Itochu Automobile Investment LLC	52,938	6.81
Toyota Motor Corporation	39,000	5.02
Mizuho Bank, Ltd.	15,965	2.05
John Hancock Funds III International Growth Fund	10,788	1.39
National Mutual Insurance Federation of Agricultural Cooperatives	10,000	1.29
STATE STREET BANK WEST CLIENT – TREATY 505234	9,952	1.28
JP MORGAN CHASE BANK 385781	9,073	1.17

Notes: 1. The shareholding ratio is calculated excluding treasury stock (31,150 shares). Moreover, treasury stock does not include shares held by trusts whose beneficiaries are directors, etc.

2. The figures shown are rounded off to the nearest unit.

3. The number of shares held is rounded down to the nearest thousand.

Transfer Agent
Mitsubishi UFJ Trust and Banking Corporation
4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo
100-8212, Japan

Building Relationships of Trust with Stakeholders

The Isuzu Group fulfills its corporate social responsibility while building relationships of trust through dialogue with stakeholders.

Key Stakeholders	Main Stakeholder Needs	Value Provided by the Isuzu Group	Main Opportunities for Dialogue and Information Disclosures
Customers	<ul style="list-style-type: none"> • Provision of valuable products and services that are safe, secure, and have low environmental impact • Accurate responses and support • Stable supply of products and services 	<ul style="list-style-type: none"> • Products and services that contribute to improving productivity and preventing traffic accidents • Products and services that contribute to decarbonization • Initiatives to increase service quality • Supply chain-integrated quality control and business continuity planning and business continuity management systems 	<ul style="list-style-type: none"> • Daily operational activities (sales and services) • Isuzu Customer Center • Customer satisfaction surveys • Customer notifications (Isuzu website)
Shareholders	<ul style="list-style-type: none"> • Appropriate return of profits • Timely and appropriate corporate information disclosure • Maintenance of and increases in corporate value 	<ul style="list-style-type: none"> • Provision of stable and continuous dividends • Strengthening of decision-making transparency and accountability • Management initiatives that contribute to the sustainable development of the environment and society 	<ul style="list-style-type: none"> • General Shareholders' Meeting • Various reports and information disclosures (financial results briefings and presentations, annual securities reports, convocation notices, quarterly financial reports, integrated reports, sustainability reports, etc.)
Business partners	<ul style="list-style-type: none"> • Fair and equitable selection and trade • Support for corporate social responsibility (CSR) activities • Quality improvement and technological support 	<ul style="list-style-type: none"> • Procurement under fair and equitable competition both in Japan and overseas • Dissemination of Isuzu Supplier Sustainability Guidelines • Supplier quality evaluation and improvement activities and promotion of joint research and development 	<ul style="list-style-type: none"> • Daily procurement activities • Production briefings • Procurement policy briefings • Evaluation and questionnaire for suppliers
Employees	<ul style="list-style-type: none"> • Fair and equitable evaluation and treatment • Respect for human rights • Promotion of diversity • Appointment, utilization, and development of appropriate human resources • Promotion of work-life balance • Consideration for occupational health and safety 	<ul style="list-style-type: none"> • Personnel evaluations based on each employee's work, roles, ability to develop, and performance level • Promotion of active participation of diverse human resources and creation of comfortable working environments • Promotion of skills acquisition and transfer of technological skills through training • Workstyle reforms to improve productivity • Safety activities based on the Three Safety Principles and other concepts 	<ul style="list-style-type: none"> • Employee satisfaction awareness surveys • Labor-management council • Reporting and consultation channels • Helpline (suggestion box) • Occupational Health and Safety Committee • In-house newsletter
Local governments	<ul style="list-style-type: none"> • Compliance with laws • Payment of taxes • Cooperation with various measures and policies 	<ul style="list-style-type: none"> • Establishment of a Compliance Committee and other systems and promotion of awareness of said systems within the Company • Participation in public-private sector joint projects 	<ul style="list-style-type: none"> • Dialogue through organizations such as the Japan Automobile Manufacturers Association • Dialogue through joint projects involving the public and private sectors
Local communities	<ul style="list-style-type: none"> • Protection of and respect for local cultures, customs, and natural environments • Contributions to community development • Prevention of accidents and disasters in and around business sites and responses to emergencies 	<ul style="list-style-type: none"> • Promotion of activities to protect local ecosystems • Creation of jobs and educational support for, as well as interactions with, local communities in areas where we conduct business activities • Prevention of violations of environmental laws and regulations and of accidents • Contribution to goods transportation during disasters • Implementation of social contribution activities aimed at coexisting with local communities 	<ul style="list-style-type: none"> • Participation in community events* • Invitations to events at business sites* • Isuzu Plaza • Hosting of social studies excursions • Recruitment activities

* Not carried out or temporarily suspended in fiscal 2022 due to COVID-19. In fiscal 2023, implementation will be considered depending on the situation.