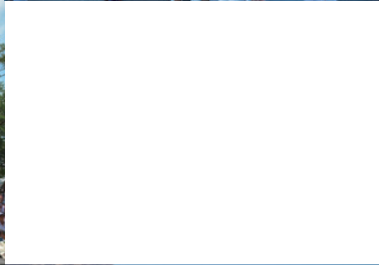
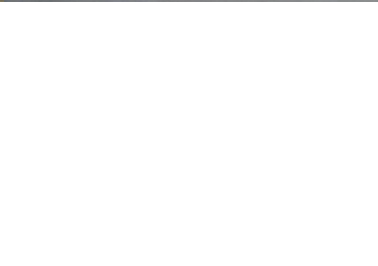


**ISUZU**



# CSR Report **2018**



**ISUZU MOTORS LIMITED**



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# Editorial Policy

Isuzu CSR Reports are published to provide an understanding of the “important issues for both our stakeholders and Isuzu,” with regard to the CSR activities carried out by the Isuzu Group. The reports are intended to reinforce communication with the Group’s stakeholders and thus to further develop CSR activities that can meet the expectations of stakeholders and society.

In this year’s report, we have reviewed our practice of information disclosure with reference to the GRI Standards, the international guidelines for sustainability reports, published in October 2016. We have also included in this report the key issues that Isuzu Group as a whole should tackle.

## Scope of Report

This report describes activities undertaken by Isuzu Group, with a focus on Isuzu Motors Limited, and by other group companies in Japan and abroad.

\* “Isuzu” in this report refers to “Isuzu Motors Limited” alone.  
\* For details, see our Securities Report.



Securities Report (Japanese only)  
<http://www.isuzu.co.jp/investor/youka/index.html>

## Period Covered

This report includes activities carried out between April 1, 2017 and March 31, 2018 in principle. However, significant matters in other periods are also partly included in this report.

Please visit the Isuzu website for our FY2018 business summary and financial information.

## Publication Information

Published October 2018

(Previous report: Published in August 2017; Next report: scheduled for September 2019)

## Referenced Guidelines

GRI Sustainability Reporting Standards

\* Unified international guidelines formulated by GRI (Global Reporting Initiative), an international NPO, in an attempt to improve the quality, reliability and comparability of the content of CSR reports.

## Significant Changes within the Reporting Period

Isuzu Motors Limited has undergone the following changes in scale, structure and ownership during period of the report.



Isuzu launched a business to rebuild used vehicle engines in Columbia  
[http://www.isuzu.co.jp/world/press/2017/7\\_3prs.html](http://www.isuzu.co.jp/world/press/2017/7_3prs.html)

## Inquiries about the Report

Isuzu Motors Limited

Corporate Communications Department

CSR Promotion Group

TEL:03-5471-1384

# Message from the President

I would like to express our appreciation for your continued extraordinary support and understanding for Isuzu. The automotive industry is on the verge of a once-in-a-century technological transformation, prompted by the quest for new value creation, with other industries entering the market. Together with the trends for motorized and automatic driving technologies, such as CASE (Connectivity, Autonomous, Shared, Electric), user values are also changing from owning cars to sharing cars.

For businesses, likewise, corporate social responsibility activities are undergoing significant changes, due to changing social needs that cover a wide area of the environmental and societal issues, following the 2015 UN Sustainable Development Goals (SDGs) and the subsequent Paris Agreement.

Given these transient circumstances in the external environments, it is important for a company to have a mid-to-long-term corporate vision in place. Isuzu announced its new mid-term business plan in May 2018, further strengthening the company's activities to solve social issues.

As for environmental issues, we have renewed the Isuzu Group Charter on the Global Environment. Compared to its predecessor, this new Charter has been enhanced by further clarifying the Group's concerted approach to environmental activities.

But the Isuzu Group's efforts do not stop at environmental issues; we have also identified our challenges (materialities) in terms of social issues. This process of identification involved discussion by all levels of employees, including management, of our strengths and what broader society expects of us. Through these discussions, we continue to seek to attain sustainable growth both for Isuzu and for society.

Our specific efforts in the development to leverage present technology include the maintenance optimization solution Mimamori (which is built upon telematics technology), enhancing the fuel and environmental efficiency of diesel engines (which are known for their low-carbon performance), and developing engines to use cleaner fuels such as CNG and LNG. These efforts will continue well into the future.

In terms of technological innovations, we strive to commercialize automated driving system for future trucks and busses, for which Isuzu pursues joint development of advanced driver assistance systems and ITS technology and conducts road tests for large LNG-fueled trucks using an electric monitor vehicle. This is the first foray of this kind in Japan.

Also, 2018 marked the tenth anniversary of some of our activities for social contributions and community integration, such as the support through

Automobile Mechanic Training Center in the Philippines and the Mt. Fuji Forestation Project. The Auto Mechanic Training Center has produced a total of 231 people who completed courses and a cumulative 746 volunteers. The Isuzu Plaza has also celebrated the first anniversary of its opening in April 2017, and visitors of all ages numbered 136,000 as of the end of September 2018.

These activities have improved the perception of various external parties, leaving us with the impression that social recognition and expectations of our activities are growing. Having celebrated our 80th anniversary in 2017, Isuzu will continue addressing many social issues and laying out specific business activities to contribute to better productivity and physical distribution flow in the logistics industry.

We are also keen to learn from the opinions and requests of our stakeholders, pursue various initiatives to realize a sustainable society, and strive to be an excellent and widely beloved company of commercial and light commercial vehicles, supporting society in terms of people's lives as well as production.

We hope that you will continue to support us even more in the future.

President and Representative Director

**Masanori Katayama**



# Corporate Profile

## Corporate Profile

<b>Name:</b>	ISUZU MOTORS LIMITED
<b>Head Office:</b>	6-26-1 Minami-Oi, Shinagawa-ku, Tokyo 140-8722 Japan Tel.: 81-3-5471-1141 (Direct to General Affairs & HR Dept.)
<b>President and Representative Director:</b>	Masanori Katayama
<b>Establishment:</b>	April 9, 1937
<b>Capital:</b>	40.6 billion yen(March 2018)
<b>Employees:</b>	35,262 (consolidated) / 8,289 (Isuzu as of end of March 2018)
<b>Major Products:</b>	Heavy- medium- and light-duty trucks,buses, Vehicle & industrial diesel engines
<b>Sales:</b>	2,070,359 million (consolidated) / 1,081,384 million (Isuzu) (April 2017-March 2018)
<b>Operating profit</b>	Consolidated 166,765 million (year ending March 2018)
<b>Ordinary profit</b>	Consolidated 173.616 million (year ending March 2018)
<b>Consolidated current net income that belongs to the shareholders of the parent company:</b>	105,663 million (year ending March 2018)
<b>No. of consolidated subsidiaries</b>	91 (as of March 2018)

## Isuzu Corporate Vision

"Isuzu will always mean the best A leader in transportation, commercial vehicles and diesel engines, supporting our customers and respecting the environment"

## Mid/Long-term Vision

Support society in terms of people's lives  
as well as production  
Be an excellent and widely beloved company in  
CV, LCV, and power trains

## Isuzu Corporate Mission

"Trust, Action, Excellence  
A global team delivering inspired products and  
services committed to exceeding expectations"

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PRODUCTS: Explore genuine needs and create  
products and services with strong appeal  
CONDUCT: Be responsible, dedicated, and agile  
ORGANIZATION: Achieve goals through global teamwork

# Corporate Profile

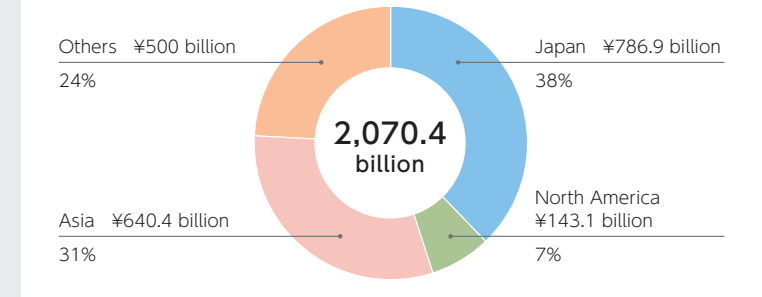
## Business deployment by region (Isuzu Group companies)

The Isuzu Group has established development, manufacturing and sales bases not only in Japan but also worldwide, sharing our ideas on Monozukuri, and promoting the homogenization of our services and support.

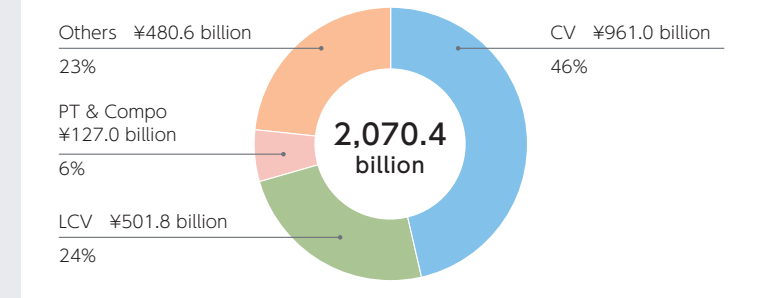
At present, Isuzu products are sold in a hundred and several tens of countries and regions. The Elf, for example, the leading light-duty truck brand in Japan, is recognized as the global standard among light-duty trucks having captured the top share in numerous countries worldwide. Our D-MAX pick-up truck, currently based in Thailand and exported to more than 100 countries, is further evidence that confidence in Isuzu is spreading worldwide.



## Consolidated sales composition by region (year ending March 2018)



## Consolidated sales composition by business categories (year ending March 2018)



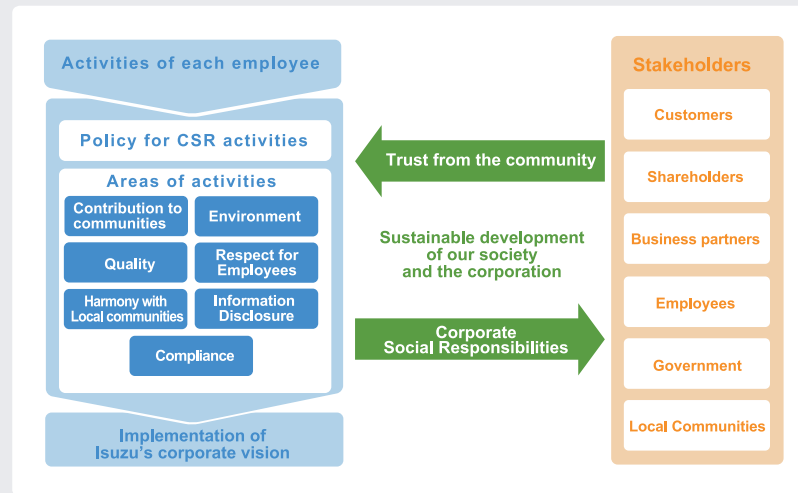
CV: Heavy/Medium-duty trucks and buses  
 LCV: Pick-up trucks  
 PT & Compo: Vehicle and industrial diesel engines

# Isuzu's CSR Activities

## Basic Ideas

For sustainable development together with society, we at Isuzu emphasize the importance of fulfilling our social responsibility and achieving our corporate vision while building up trusting relationships with our stakeholders, and we call this "Isuzu's CSR activities".

The activities are intended to realize our corporate vision through the achievements of each Isuzu employee, understanding the "Policies of Isuzu's CSR Activities" and applying them to its business field. Isuzu leverages its strength in obtaining the trust of society and contributing to sustainable development with society through its CSR activities as well as fulfilling its social responsibility.



Isuzu Corporate Vision

▶ page 4

## ◆ Basic Policy for CSR activities

<b>Winning trust from our customers</b>	We aim to win trust from our customers by providing valuable products and services to society, and thus contribute to the creation of a prosperous society.
<b>Promoting fair and sound activity</b>	Isuzu business is based on transactions under fair and free competition. Isuzu also keeps a sound and proper relationship with the government and politicians, and as a corporate citizen, acts strongly against anti-social forces and organizations.
<b>Ensuring fair disclosure of corporate information</b>	We broadly communicate with our stakeholders in society not limited to shareholders, and ensure timely, appropriate and fair disclosure of our corporate information.
<b>Respect for Employees</b>	We create a safe and comfortable work environment respecting each employee's personality and character so that everyone can fully demonstrate their capabilities.
<b>Making a contribution to environment conservation</b>	We actively work on environmental conservation not only through our business activities but also as a corporate citizen residing on earth by getting involved in social and regional environmental conservation activities.
<b>Contributing to society</b>	Isuzu proactively undertakes social contribution activities as a good corporate citizen.
<b>Ensuring harmony with international and regional communities</b>	We respect the cultures and customs of the nations and regions where we operate, and contribute to their development through our business activities.

## Isuzu's CSR Activities

### Isuzu Group Stakeholders

The Isuzu Group conducts business and develops CSR activities with its main stakeholders (those who have a vested interest) in the table below.

Main stakeholders	Responsibility to stakeholders	Main dialog opportunities & information disclosure
Customers	<ul style="list-style-type: none"> <li>▶ Stable supply of products and services</li> <li>▶ Supply of safe, reliable products and services</li> <li>▶ Supply of worthwhile products and services</li> <li>▶ Supply of environmentally friendly products and services</li> <li>▶ Suitable supply of product information</li> <li>▶ Appropriate response and support for customers</li> <li>▶ Improved customer satisfaction</li> <li>▶ Proper management of customer information</li> </ul>	<ul style="list-style-type: none"> <li>▶ Everyday sales activities</li> <li>▶ Customer support center (phone, email)</li> <li>▶ Customer satisfaction surveys</li> <li>▶ Customer Information (Isuzu website)</li> <li>▶ CSR News, CSR Report (Isuzu website)</li> </ul>
Shareholder's	<ul style="list-style-type: none"> <li>▶ Appropriate return of profits back to shareholders</li> <li>▶ Timely and suitable disclosure of corporate information</li> <li>▶ Maintenance and increase of corporate value</li> </ul>	<ul style="list-style-type: none"> <li>▶ General Shareholders Meeting</li> <li>▶ CSR News, CSR Report (Isuzu website)</li> </ul>
Business partners	<ul style="list-style-type: none"> <li>▶ Fair and equitable selection and trading</li> <li>▶ Support for CSR activities</li> </ul>	<ul style="list-style-type: none"> <li>▶ Daily purchasing activities</li> <li>▶ Production briefing</li> <li>▶ Procurement policy briefing</li> <li>▶ CSR News, CSR Report (Isuzu website)</li> </ul>
Employees	<ul style="list-style-type: none"> <li>▶ Fair and equitable assessment and treatment</li> <li>▶ Assignment/utilization and training of suitable personnel</li> <li>▶ Respect for human rights</li> <li>▶ Respect for diversity</li> <li>▶ Promotion of work-life balance</li> <li>▶ Consideration for industrial health and safety</li> </ul>	<ul style="list-style-type: none"> <li>▶ Employee satisfaction (ES) surveys</li> <li>▶ Compliance questionnaires</li> <li>▶ Labor-management council</li> <li>▶ Reporting and advisory route</li> <li>▶ Helpline (Suggestion box)</li> <li>▶ Health and Safety Committee</li> <li>▶ Company newsletter</li> <li>▶ CSR News, CSR Report (Isuzu website)</li> </ul>
Government	<ul style="list-style-type: none"> <li>▶ Legal compliance</li> <li>▶ Payment of taxes</li> <li>▶ Cooperation with measures</li> </ul>	<ul style="list-style-type: none"> <li>▶ Dialog through organizations such as JAMA</li> <li>▶ CSR News, CSR Report (Isuzu website)</li> </ul>
Regional society	<ul style="list-style-type: none"> <li>▶ Protection and respect for local culture and customs</li> <li>▶ Contribution to local development</li> <li>▶ Cooperation with local activities</li> <li>▶ Workplace accident/disaster prevention</li> </ul>	<ul style="list-style-type: none"> <li>▶ Plant visits</li> <li>▶ Participation in local events</li> <li>▶ Invitation to workplace events</li> <li>▶ CSR News, CSR Report (Isuzu website)</li> </ul>



## Isuzu's CSR Activities

### Initiatives to Identify Key Issues

At Isuzu, we consider it important to stay up to date with changing social demands and to respond through our business activities. Based on this principle, in 2015, we started identifying key issues (materialities) that Isuzu must address.

In 2018, nine issues that we selected through internal discussions were reexamined from the stakeholders' point of view, and we are currently in the process of finalizing them. The next step is to develop KPI for these identified key issues and implement various activities accordingly.

Implemented in 2017

#### Step 1 Finding and arranging key issue candidates

- 1 Find key issue candidates from the following
  - ▶ Various guidelines (GRI, ISO 26000, SDGs, SASB, etc.)
  - ▶ Daily communication with stakeholders
- 2 Integrate, organize and screen the above, and set key issue candidates that should be considered

#### Step 2 Forming an evaluation hypothesis from the perspective of society and our company

- 1 Formulate an evaluation axis from a social perspective and our company's perspective
- 2 Set the following evaluation hypothesis based on the evaluation axis in ①
  - ▶ Evaluation hypothesis from our company's perspective, based on the external environment, characteristics, strategy, CSR activity status, etc. related to Isuzu's business
  - ▶ Evaluation hypothesis from a social perspective, based on social trends, industry trends, etc.

#### Step 3 Hypothesizing the key issues

- 1 Combine the two evaluation hypotheses formed in Step 2 and organize a key issue hypothesis
- 2 Integrate the key issues to form Isuzu's key issue hypothesis

Implemented in 2018

#### Step 4 Reevaluating the hypothesis from the internal perspective

- 1 Select the social issues Isuzu should address through its business activities in connection with the Mid-Term Business Plan
- 2 Reevaluate them from the perspective of SCR

#### Step 5 Examining from the stakeholders' perspective

- 1 Discuss the key issues that Isuzu should address through dialogues with experts (see p. 9)

#### Step 6 Setting KPI and implementing activities

- 1 Develop a KPI for each key issue through the Social Competence Promotion Meeting, and make unified, group-wide efforts to implement various activities

In the future

# Key Issues for Isuzu to Address

In 2018, Isuzu identified key issues (materialities) on which the company should be focusing in its future operations. Nine issues have been selected through repeated internal discussions. In order to review them from the stakeholders perspective, and to gain insight into society's expectations for Isuzu, we held a dialogue between Isuzu and experts, with two experts participating.

Executive officers  
Corporate Planning &  
Finance Division  
Associate Division Executive  
**Shun Fujimori**

Graduate School of International  
Corporate Strategy, Hitotsubashi  
University  
Visiting Professor  
**Mr. Takashi Nawa**

Development Bank of Japan  
Executive officers  
Deputy Chief Research Officer,  
Economic and Industrial  
Research Department  
**Mr. Keisuke Takegahara**

Corporate  
Communication  
Department  
General Manager  
**Tatsuyuki Hagiwara**



## Isuzu selects key issues to address in connection with Mid-Term Business Plan in response to the tidal transition in the CSR-related environment

**Hagiwara** To start, I will give the historical background of our identification of key issues. It was in FY2008 that Isuzu established a CSR organizing system and started implementing its activities. Our CSR activities are based on the seven areas proposed in the Keidanren (Japan Business Federation) Charter of Corporate Behavior, according to which the policies have been developed to govern the activities. Publication of CSR reports started in FY2012, disseminating information on our initiatives to a wide audience.

FY2015 saw the adoption of the UN SDGs and the Paris Agreement, and we also witnessed rapid changes taking place in the environment around CSR. Recently, topics related to ESG (environment, society, and governance) often come up in conversations with institutional investors. Today it seems inevitable that we must evolve beyond our usual business activities.

Against this background, Isuzu launched its mid-term business plan in May 2018, for the first time in three years. The main focus is this question: "What can we do to address social issues?" We have continued our discussions on this theme and developed our CSR approaches to such social issues that Isuzu should address using its strengths. The nine issues chosen for Isuzu's CSR focus areas are a result of consideration from Isuzu's internal perspectives, involving the CSR department and members of the management, with the external perspective of expert consultants.

**Mr. Nawa** The automotive and logistics industries are said to be undergoing a major transitional period today. There are diverse social issues surrounding the industries, from safety and security to traffic accidents and road congestion, environmental impact, labor shortages and overwork. But if you take a different approach, it means that there are many business opportunities. Given this, Isuzu's new challenge may have great potential.

**Mr. Takegahara** I was particularly impressed by how, with investors in mind, the awareness of ESG was integrated into the key issues to be disclosed to multiple stakeholders, and the issues were further organized with reference to SDGs. Such a comprehensive approach is certainly unique and excellent. If you communicate to the public not only the identified key issues but also the process through which they were identified, people will appreciate how Isuzu is serious about CSR and these issues.

**Mr. Nawa** You could also take approach considering key issues in a similar way to the compulsory performance and free-style performance system in gymnastics. Compulsory performance would be the CSR issues that every company must address, for example, SDGs. It means that things that cannot be left out. Meanwhile, free-style performance would be based on more original and creative ideas, for which the company needs to make unique efforts in value creation.

**Fujimori** At Isuzu, five out of the nine CSR key issues we selected are social issues included in the Mid-Term Business Plan. As you have pointed out, the automotive and logistics industries face many challenges today, and we are trying to address the five key issues through our business activities. In this sense, these initiatives may fall into the free-style performance category. In contrast, the other four issues, which were identified from the CSR perspective with reference to various guidelines and the benchmarks of our competitors, may be considered compulsory performance.

## Isuzu is committed to solving the various issues the logistics industry faces through its main business as the company mission.

**Mr. Takegahara** Among the five key issues, there are two that are very appropriate to Isuzu and should perhaps be of especially high priority: improving the productivity of the logistics industry and enhancing the physical distribution flow. With

these as a starting point, Isuzu will be able to create a number of models that link your business and social contributions.

**Fujimori** As you say, those two points are precisely the business challenges taken up in the Mid-Term Business Plan. This approach facilitates co-creation with customers through which we directly address their problems, allowing us to contribute to solutions through our main businesses. We intend to promote our initiatives related to the five key issues through the business plan as our CSV activities, namely, Creating Shared Value, meaning that we go beyond CSR.

**Mr. Nawa** I think that's an important point. However, it's also important to notice that CSV requires vigilant attention to ensuring economic value and profitability while emphasizing social contributions.

**Fujimori** We are keenly aware of this in exploring various possibilities. Since we are essentially a car manufacturer, we think the primary importance goes to the development of innovative technology for car manufacturing.

**Mr. Takegahara** It will be important to establish through KPI a scenario in which the initiatives lead both to solving social issues and growing the business. Through its products, Isuzu creates innovations in the problems that the automobile and logistics industries face. Where to place the KPI—sales, units or distribution rates—is still to be determined but improving the productivity of the logistics industry and enhancing the physical distribution flow seem to be good approaches to express the company's business impact on society.

**Hagiwara** I think there are hard and soft dimensions to activities. For example, Isuzu offers an operation management system for logistics companies. The system is run online to monitor vehicles and gather data in such details as when the engine was started and how many times the brake was

activated. While you address issues from the hard aspect by installing your innovative technology in new vehicles, the soft aspect still has expansive potential.

**Mr. Nawa** As a diversity arrange of businesses today aspire to transform themselves digitally, it is crucial to consider how to integrate digitization into the business. It is possible to improve productivity by distinguishing tasks that can be replaced by IoT, AI and robotics from those that need human intervention. This will also help to discover new possibilities.

**Fujimori** Our latest Mid-Term Business Plan does include the promotion of digital innovation. The idea is to leverage defensive IT to pursue operational innovations on the one hand, and offensive IT on the other, to gather and analyze massive amounts of data using connected technology and bolster our solution offerings to customers. Selling products is no longer enough to make our business sustainable. It is indispensable that we offer enhanced operational support, making the best use of digital technology.

**Accelerating the development of heavy-duty trucks with high environmental performance that can sustain material distribution in a post-disaster environment**

**Mr. Nawa** You've identified another important issue: sustaining lifestyles and the environment in the event of an emergency. As we are experiencing so many natural disasters these days, this is a weighty theme.

**Fujimori** We selected this issue because we believe that logistics, as infrastructure, should be kept running even in an emergency. When road networks were severed in the Great East Japan Earthquake of 2011, our six-wheel tactical truck Isuzu SKW, produced for the Japan Self-Defense Forces, demonstrated its capabilities in transporting essential materials and supporting life-saving efforts, despite the deteriorated

**◆ Key Issues for Isuzu**

Key Issues for Isuzu	Relevance to SDGs
Improving the productivity of the logistics industry (declining labor population)	 
Enhancing the physical distribution flow (mitigating traffic accidents and congestion)	 
Sustaining lifestyle and the environment in emergencies	 
Mitigating global environmental issues and promoting economic growth (CO <sub>2</sub> and exhaust gases)	  
Addressing poverty	  
Improving safety technology and providing reliable products	  
Respecting employees and promoting diversity	  
Strengthening governance	
Win-win relationships with local communities and stakeholders	  

road conditions. In the new Mid-Term Business Plan, we aim to pursue the distribution of trucks modelled on the technology used in SKW for SDF. However, these special purpose vehicles are not in great demand in the market, and so we need some arrangements in order to make them marketable.

**Mr. Takegahara** Ideally, we would develop a system in which the vehicles can adapt to a variety of business uses and be deployed in disaster recovery efforts, leveraging their performance in natural disasters. The idea is that they can be simultaneously be a commercial asset for normal business operations and a social resource to help customers and society in the event of a natural disaster.

**Fujimori** Exactly. And in the case of disaster response, there is also the question of how to secure fuel for transportation. In the 2011 earthquake disaster, the distribution of petrol failed, which exacerbated the local fuel deficiency. Luckily, the gas grid remained intact, so we could deploy CNG (compressed natural gas) trucks. Isuzu is currently focusing on the commercialization of heavy-duty LNG (liquid natural gas) trucks. These vehicles have better mileage performance, so they can be mainly used as commercial vehicles and turned into disaster response trucks when necessary.



**Shun Fujimori**

Executive officers  
Corporate Planning &  
Finance Division  
Associate Division Executive

**Mr. Nawa** I have another fuel question, about diesel engines. Isuzu has started developing EV mass production to be launched in 2020, and meanwhile diesel engines remain the mainstream of the business. However, it is anticipated that some institutional investors will come to not even consider making ESG investments in any company that deals in diesel-based products. This point is relevant to the key issue of mitigating global environmental issues and promoting economic growth. What are your opinions on this?

**Fujimori** Diesel engines in consumer vehicles are criticized for their impact on the environment, but their use in commercial or industrial vehicles is environmentally sound in some aspects. For example, a long-distance heavy-duty truck running on electricity would require an entire electrical substation in order to charge. For heavy-duty trucks, CO<sub>2</sub> emissions take into account the whole process, from the extraction of crude oil to refinement and use as fuels, known as Well to Wheel. Considering this, I think diesel engines are still predominantly advantageous.

**Mr. Takegahara** As Professor Nawa mentioned, it's true that some investors make decisions based on uniform conditions, like removing companies that use certain products are removed from investment consideration. Nonetheless, there are other investors who will make decisions not on the dichotomous parameter of whether a company uses diesel or not, but from the long-term perspective and with detailed consideration about the impact of logistics on climate change, seeking the best and most efficient means for the environment. If you disclose information in the right way, you will garner the support of such investors.

**Mr. Nawa** I think it's about preparing theoretical grounds against uninformed arguments and demonstrating it in practice, which means you need to be competent in disseminating information. It is also important to collaborate with your competitors in the same industry. Meanwhile, what are your opinions on the future of fuel in a long-term projection like 2050?

**Mr. Takashi Nawa**

Graduate School of International  
Corporate Strategy, Hitotsubashi  
University  
Visiting Professor



**Fujimori** In the future, we will need to consider alternative energy sources, such as hydrogen. Currently, we are accelerating the development of CNG and LNG vehicles, and the Mid-Term Business Plan has a clear policy not to veer toward diesel engines as the sole business vehicle while they are still the mainstream.

**Hagiwara** As for the long-term vision for the environmental initiatives, we are planning to start a proper discussion during the current fiscal year. We know this is not a straightforward subject, combined with the differences in circumstances between commercial and consumer vehicles, but we hope to arrive at some ideas that achieve internal consensus, also drawing on examples from our competitors.

### Developing better scenarios of value creation built upon personnel, technology, products, and governance as resources

**Mr. Nawa** The key issues include addressing poverty, which is also a very important theme, but it may be difficult for people to fully grasp why it is among other significant issues for Isuzu, such as improving the logistics industry's productivity and enhancing the physical distribution flow. Overall, the nine

issues seem comprehensive, but I wonder if they can be arranged a little more structurally.

**Mr. Takegahara** I am of the same opinion. The points of improving the industry productivity and enhancing the distribution flow will be the central concepts for Isuzu's value-creation scenario in the future, whereas personnel, technology, products, and governance should be seen as the basis to support business operations, and they can be reorganized from this perspective.

**Fujimori** I appreciate your points of view very much. The context in which we have selected the problem of poverty as one of the key issues is that today, our overseas sales are more than 60% of our overall sales. We explored what constituted the social significance of Isuzu operating in emerging economies and realized that we could contribute to the local economy by creating jobs and help to improve living standards.

**Mr. Takegahara** Isuzu is pursuing activities such as engineer training overseas. These activities relate not only to the poverty problem, but also to the development of win-win relationships with local communities and other stakeholders. These activities will also enable us to secure more

experienced talents, which has implications for other key issues, namely, improving industry productivity and enhancing the physical distribution flow.

**Hagiwara** The mechanic training initiative pursued in the Philippines originally started as part of our social contribution program, helping young people living in poverty to acquire skills and secure better jobs. As mentioned before, there is an engineer shortage in Japan today, and we have just begun developing a system to give opportunities to work in Japan to mechanics who were trained abroad. There are already several young engineers who have started working for dealers in Japan after graduating from the training center in their country.

**Mr. Takegahara** This is an excellent case of a social contribution project that has positive consequences on the company's main business. It is very rare to see a business enterprise that provides diligent young people from emerging economies with the opportunity to work at a major Japanese company. The number of graduates of local training schools will make a socially striking KPI. This initiative also deserves more attention from the viewpoint of human capital for future engineering and development.

### Working toward being an excellent company that supports society in terms of people's lives as well as production

**Hagiwara** We have had discussions with experts recently, which has been a very meaningful and educational opportunity. We are committed to promoting our group-wide CSR activities based on the key issues in CSR, after developing the KPI and action plans.

**Mr. Nawa** I hope that Isuzu will promote the company's goals and approaches to the outside world before starting the activities. While it is typical of many Japanese corporations to

#### Mr. Keisuke Takegahara

Development Bank of Japan  
Executive officers  
Deputy Chief Research Officer,  
Economic and Industrial Research  
Department



announce only what they are certain of, making a public statement has the power to provide an impetus for actions. I think it's excellent that the Mid-Term Business Plan announces anticipatory policies. I hope your CSR activities also continue to make points that promise future successes.

**Mr. Takegahara** I totally agree. Isuzu has been very keen and diligent in pursuing CSR from early on, and it already has a track record. Developing your policy structure must have involved so much deliberation. I hope it brings the company significant success.

**Fujimori** Thank you very much for saying that. In its Mid-Term Business Plan, Isuzu aims to be an excellent and widely beloved company of CV, LCV and power trains, supporting society in terms of people's lives as well as production. The key issues we have set for ourselves this time will serve as important guidelines for achieving this goal. We will ensure that this burden is shared among us all, and work very hard to attain it.



#### Tatsuyuki Hagiwara

Corporate  
Communication Department  
General Manager

# Social Contributions

## 13 Management Approaches

### 15 Addressing Poverty

### 16 Next Generation Development



Employee-participatory activities are indicated with this symbol.

## Initiative Policy

Isuzu considers its social contribution initiatives to be responses to social expectations and needs. For Isuzu to be a trusted partner of society, it is important that every Isuzu employee is keenly aware of social issues and

their responsibility to take actions to meet the social needs, with the recognition that they are representing Isuzu.

Underpinned with the policy, we conduct the initiatives using Isuzu's unique business assets (human resource, technologies, know-how, equipment, etc.) and self-motivated activities performed by the individual employees.

### Addressing Poverty

Ending poverty is a key issue of both the UN's SDGs and of Isuzu's, and the company strives to implement social contribution activities with employee participation to fight poverty in Japan and abroad.

Given that a high-priority challenge for many of the developing countries where Isuzu conducts businesses is fighting poverty, and that Japan is seeing a growing wealth gap that highlights poverty among children, Isuzu is aware that the problem of poverty is a key social issue for us to tackle.



### Next Generation Development

Aiming to bring quality education to everyone, as stated in the SDGs, we pursue initiatives such as vocational experiences for school children, visiting lectures on the environment, and support for an auto mechanic training center.



For this fiscal year's report, we reviewed our social contribution activities from the perspective of the UN SDGs and organized the report by activity purposes.

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### Initiative Policies and Results for FY2017

In FY2017, we promoted furthering our social contribution initiatives by encouraging our employees to participate in the initiatives where appropriate, organizing activities for members of local communities that would use the Isuzu Plaza, and so on.

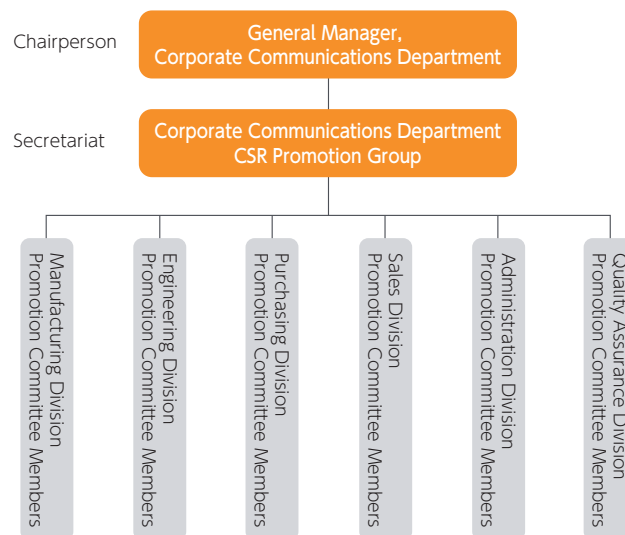
#### Points for Initiatives

We promoted employee participation in our social contribution initiatives by disseminating the results of the initiatives to employees in a timely fashion and using the corporate intranet system to boost communication to employees about upcoming opportunities to participate.

### System

We hold "Social Contribution Promotion Meetings" on a regular basis, where "Social Contribution Promotion Committee Members" selected from each division in our company discuss new initiatives and measures to improve our activities.

#### ◆ Social Contribution Promotion Meeting System



### Mechanisms to Encourage Employee Participation

While encouraging employee participation by using posters and company-wide e-mails, we also communicate the results of our activities on a broad scale both internally and externally with our in-house newsletter as well as Isuzu's website and community site.

### Support for External Initiatives and Coordination with Industry Groups

We are promoting activities which invite employee participation while engaging in coordination and cooperation with various groups.

- NGO OISCA
- Specified nonprofit corporation TABLE FOR TWO International
- Registered NPO Second Harvest Japan

### Future Initiatives

We will be pursuing future initiatives by clearly defining their relevance to Isuzu key issues and enhancing each of the past social contribution initiatives.


- In addressing poverty, we will bolster our support by boosting the number of participating employees.
- We will create new activities for next-generation development.

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### FY2017 Table for Two (TFT) Program Results

At Isuzu, we provide our employees with the Table For Two program (TFT) in the canteen and cafe area, to help them eat healthy and participate in social contribution activities at the same time. Ten yen is donated every time employees buy healthy menu items and healthy drinks, and this amount, as well as the contributions made in the charity box, will be doubled by Isuzu and donated to Table for Two International, an NPO that provides funding for school meals for impoverished children in developing countries.



TFT healthy menus and the charity box

Area	Donated school meals (equivalent)
Omori Headquarters	12,618 servings
Fujisawa	2,975 servings
Tochigi	1,272 servings
Total	16,865 servings (18,740)

\*Results for FY2017: Figures in brackets are from FY2016.

### FY2017 Food Drive Results

Isuzu's unique initiative Food Drive collects from employees food materials close to the end of their best-by dates and donates them to the Registered NOP Second Harvest Japan, which distributes them to local charity groups and institutions, thereby reducing food waste and promoting social welfare.



Food Drive collection point

Area	Number of participants
Omori Headquarters	82 employees
Fujisawa	93 employees
Tochigi	21 employees
Total	196 employees

\*FY2017 results (carried out three times, in June and October 2017 and February 2018)

### FY2017 Eco Cap Results

And through our Eco Cap initiative, we collect PET bottle caps from Isuzu employees for charity to give polio vaccines to children in emerging economies. Isuzu is also donating to the victims of the Kumamoto earthquake through a Kanagawa-based elementary school promoting social contribution.

Area	Collected caps	Description
Omori Headquarters	90,083	Donations for victims of the Kumamoto earthquake made through an elementary schools engaging in social contribution activities
Fujisawa	704,160	Donated money equivalent to 1,408 polio vaccines*1 through an NPO
Tochigi	280,960	Donated money equivalent to 561 polio vaccines*1 through an NPO
Total	1,075,203 caps -1,179,782	

\*Results for FY2017: Figures in brackets are from FY2016.

\*1 One unit of polio vaccine can be bought for 500 caps.




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### The Monozukuri Hands-on Workshop at Isuzu Plaza

During July and August 2017, we organized a total of seven sessions of the Isuzu Monozukuri Hands-on Workshop for school children on summer holidays at the Isuzu Plaza Studio (two sessions of casting, two sessions of designing, and three sessions of plastic molding). This year, we publicized the event through Isuzu's official Facebook account and distributed the pamphlets at Isuzu Plaza. Many children came from all around, from the Fujisawa area and even elsewhere, and a total of 108 participants enjoyed the monozukuri experience.

In addition to the workshops held at the Isuzu Plaza, we organized the same Monozukuri Hands-on Workshop at the Shonan-dai Culture Center near our Fujisawa Plant and the Tsujido-Seaside-Park, making five sessions in total.



Design Session



Plastic molding session



Casting Class

### DeuSEL® Project special lesson held at elementary school

We delivered a DeuSEL® Project visiting lesson at Sakado Elementary School in Kawasaki, Kanagawa Prefecture, and 79 fifth-year students from two classes attended.

In its third year, this learning opportunity was once again presented with the project partner Euglena Co., Ltd., deploying a DeuSEL® bus.

The lesson was arranged around themes of why this project was created, our concerns about the future of the world, and the fascinating creature called euglena. The children were enthusiastic about the lecture, taking notes and asking questions.

They were very excited when they experienced the ride on the DeuSEL® bus.



DeuSEL® bus ride



Observing the movement of euglena through microscopes

### Isuzu co-sponsored the Orchestra Factory, presented by the Kanagawa Philharmonic Orchestra, at elementary schools near Fujisawa Plant

Isuzu sponsored the Kanagawa Philharmonic Orchestra's Orchestra Factory, which was held at two municipal schools in Fujisawa City, Kanagawa Prefecture: Ryonan Elementary School (February 1) and Tsuchidana Elementary School (February 2). In total, 777 children participated.

This initiative is in its fourth year in 2017, and the event not only presents live orchestral performance, but also invites children to join the orchestra with their own instruments, such as recorders, allowing them to experience "the creation of something wonderful (i.e., music) through a unified group effort." Our intent in cooperating with this initiative is to facilitate the sound development of creativity and rich sensitivity in children by giving them an experience similar to monozukuri in our factories.

The children had prepared original song lyrics in advance, with music composed by their music teachers. When the songs were played by the orchestra, they sang their songs cheerfully and wholeheartedly.




A dreamlike collaboration with a full-size orchestra to sing original songs created by the schoolchildren

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### Support Program for Auto Mechanics Training Center

From November 2008, Isuzu has been involved in an educational program organized by the TESDA\* in Tacloban City on the island of Leyte in the Philippines. This program is held at a automobile mechanic training school, designed for economically disadvantaged youths. In August 2017, the school graduated 15 students from the 12th year of this project and welcomed 18 new participants as the 16th year.

A total of 200 young people graduated through this program, finding work in auto dealers and garages in Japan and abroad. Some of them are hired as trainers at Isuzu Global Service Corporation (IGSC), an after-sales support company founded in the Philippines.

※ Technical Education and Skills Development Authority



Establishment of after-sales support company (Japanese only)

[http://www.isuzu.co.jp/press/2015/11\\_20prs.html](http://www.isuzu.co.jp/press/2015/11_20prs.html)



The freshman of the 16th group

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## Isuzu Group's Charter on the Global Environment

The Isuzu Group's Charter on the Global Environment clarifies the company's environmental vision for the realization of a prosperous and sustainable society.

We reviewed and amended this charter in June 2018 to enhance it as a guideline for all Isuzu Group members in pursuing environmental activities, based on the changing social trends and social demands learned from our stakeholders.

Along with this revision of Isuzu Group Charter on the Global Environment, we are also preparing our long-term environmental vision.

### ◆ Basic Policy

#### ▶ Realization of a prosperous and sustainable society

We the members of the Isuzu Group regard it as an important business challenge to preserve the global environment so that our planet remains prosperous and sustainable and can be passed on to next generations. In this regard, we pursue our business activities in all areas with an environmental awareness.

#### ▶ Reduced environmental load of all business operations

The Isuzu Group recognizes our responsibility in supporting transportation, offers enhanced products and services to our global customers through close cooperation with all group companies, and develops and operates our environmental management system to reduce the environmental load in all of our business areas.

### ◆ Action Guidelines

#### 1 Create a sustainable society

We coordinate our business operations and environmental initiatives, thereby offering environmentally-aware, high-value-added products and services to society.

#### 2 Comply with environmental laws and minimize the environmental load

In an effort to minimize the impact on the environment from our business operations, we ensure that we comply with environmental laws and engage in key environmental issues in all of our business areas from development to production, distribution, sales and servicing, addressing climate change, resource recycling, prevention of environmental risks from hazardous substances, environmental measures and conservation of biodiversity.

#### 3 Promote environmental technology

We promote the development of technology to reduce the environmental load applied throughout the product lifecycle.

#### 4 Maintain proactive social communication

We maintain a positive attitude toward the disclosure of product, service, and business activity information on the environment, promoting good communication with members of society and communities, and work toward realizing a prosperous society.

#### 5 Foster environmental awareness as corporate citizen

We engage in perpetual efforts to foster environmental awareness in each group member as a corporate citizen operating in a local community, encouraging them to learn about and act toward environmental conservation.

## Reviewed points

- 1 Clearly stated that environmental problems are key business issues for the Isuzu Group.
- 2 Clarified that we will pursue environmental initiatives based on our environmental management system.
- 3 Clearly identified the key issues for the Isuzu Group's environmental activities (materiality).
- 4 Declared our intent to exercise proactive disclosure to ensure good communication with members of society.

## Agenda of Global Environment Committee

- 1 Isuzu Group's environment-related initiative policy and plan
  - ▶ Isuzu Group's Charter on the Global Environment
  - ▶ Mid- to long-term plan, annual plan
- 2 Progress of activities that follow the Isuzu Group's environmental initiative policy and plan
- 3 Key matters related to environmental problems surrounding the Isuzu Group

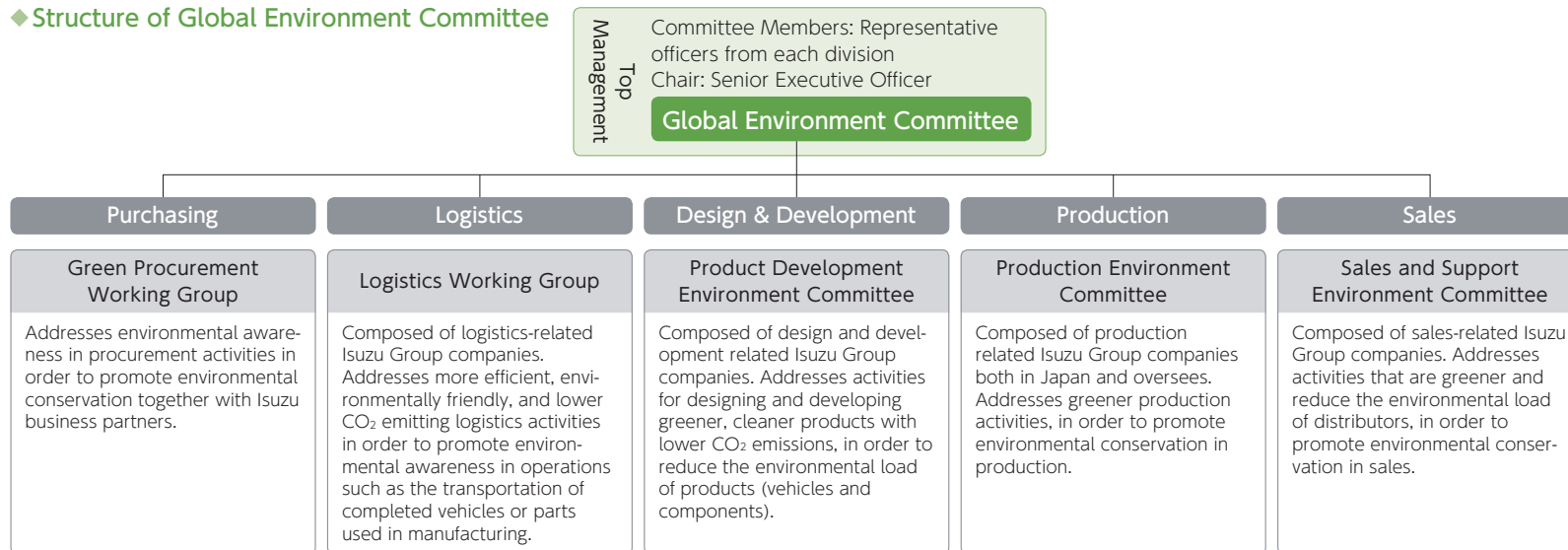
### Isuzu Group Environmental Promotion Scheme

The Isuzu Group has established five bodies under the Global Environment Committee in order to implement environmental conservation activities in all its business operations. These five bodies are composed of Isuzu Group affiliate companies operating in environmentally relevant fields, and they

address various issues and promote better environmental activities through the goals they set for themselves.

The Global Environment Committee, composed of members from top management including representative officers of various fields, holds meetings every quarter to address the resolution of diverse environmental issues, carrying out discussions and decision-making on matters of environmental conservation.

#### ◆ Structure of Global Environment Committee



### Business Risks and Opportunities Posed by Climate Change

As a manufacturer and vendor of automobiles, the Isuzu Group recognizes the risks and opportunities related to climate change as increasingly important business issues for the Group, considering that our products are sources of carbon dioxide (CO<sub>2</sub>) and other exhaust gases that exacerbate climate change. The significance attached to them will further grow as the climate for corporate activities changes, prompted by factors such as the Paris Agreement and the UN SDGs.

Isuzu has been proactively pursuing the improvement of fuel efficiency in vehicles of high customer demand. We have also been holding seminars on economic driving since 1995 so customers can learn fuel-efficient driving techniques suitable for their vehicle performance. These initiatives are regarded as important activities to work together with customers to reduce CO<sub>2</sub> emissions as most of the CO<sub>2</sub> gases produced in a car's lifecycle is during operation.

Similarly, the Mimamori and other customer support systems for fuel-efficient driving provide customers with information that meets their needs.

Today, we are affected by more extreme weather conditions, such as increased local precipitation and more powerful typhoons, likely as a result of climate change. If Isuzu products were submerged underwater and became unusable in a water-related disaster, this would pose risks to our customers' businesses. To support quick recovery of operations, Isuzu has a system in place to help with the inspection and repair of Isuzu products according to the damage caused by flooding.

Meanwhile, there is a major change taking place in the power train business today. Isuzu is also responding to this trend and pursuing the development of EV and similar vehicles. It is an important business challenge to outplay our competitors in new technology development, which involves both risks and opportunities.

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 Employee-participatory activities are indicated with this symbol.

### Environmental initiatives in procurement activities

Isuzu has established the Isuzu Green Procurement Guidelines for promoting environmental conservation together with its business partners, who Isuzu asks to promote environmental conservation activities based on an understanding of these Guidelines.

In October 2017, Isuzu held a briefing on green procurement designed for our business partners, explaining the details of the changes made to our Green Procurement Guidelines in 2016, how to prepare the Environmental Management Self-Evaluation Report (which the partners are asked to provide), and trends in regulated substances. Approximately 300 business partners participated in this opportunity and actively exchanged opinions.

#### ◆ Isuzu Green Procurement Guidelines (outline)

- 1 Procurement basic vision / Basic policy / Slogan
- 2 Our requests for our business partners
  - ▶ Requests regarding environmental management
    - 1) Structuring environmental management systems
    - 2) Nomination of personnel responsible for environmental matters
    - 3) Compliance with related environmental laws and regulations
    - 4) Improvement of environmental performance
    - 5) Submission of self-evaluation reports on environmental management systems, and confirmation by Isuzu
  - ▶ Requests related to parts, materials, and services provided to our company
    - 6) Managing environmentally hazardous substances
    - 7) Initiatives for management over life cycles
    - 8) Reduction of CO<sub>2</sub> emissions and packaging/shipping materials in logistics

 Supply Chain Management  
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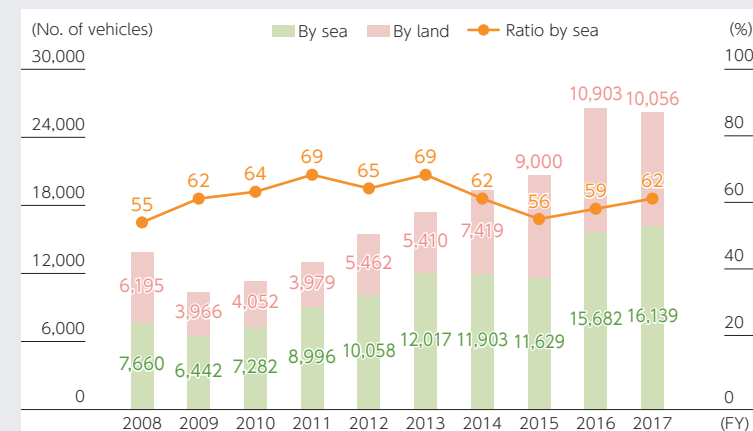
### Environmental initiatives in logistics processes

Isuzu engages in environmentally friendly logistics throughout the whole Group, streamlining its various logistics processes such as the transportation of completed vehicles, parts or subsidiary materials used in vehicle manufacture, promoting fuel-efficient driving during transportation, and so on.

#### Reducing CO<sub>2</sub> emissions in logistics processes

Isuzu is engaged in reducing CO<sub>2</sub> emissions in its logistics processes by reviewing the transportation routes of parts, promoting fuel-efficient driving during transportation, and increasing the amount of marine transportation by developing new shipping routes (modal shift).

#### ◆ State of modal shift during product vehicle transportation



#### Other main initiatives for reducing CO<sub>2</sub> emissions

- ▶ Improved transportation efficiency due to thorough truck transport management according to load
- ▶ Increased use of returnable racks that can be folded when returning
- ▶ Increased trailer transportation and improved filling rates of goods within containers

In 2016, a new distribution center was constructed near Fujisawa Plant, centralizing all warehouses in the Fujisawa area. This consolidated transportation between warehouses and improved logistics efficiency.

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The distribution center itself is in an environmentally conscious design, equipped with LED lighting and skylights to the extent possible. It has received a rating of B+ (Good) from the Comprehensive Assessment System for Built Environment Efficiency (CASBEE).

### Reduced amount of packaging materials through review of packaging configurations

In the Isuzu Group, packaging configurations are continually reviewed and measures taken to reduce packaging materials.

In FY2017, we developed these efforts into global standards and introduced the use of returnable racks for commercial vehicles for Thailand, the Philippines, and Vietnam.



Returnable rack


## Initiatives for environment in product development

The Isuzu Group has set “See Technology” as its base concept for development, with the aim of advancing technologies in the three areas of Safety, Economy and Environment.

From the aspect of the environment, Isuzu has selected eight priority issues and set up a special committee for each one to address environmentally conscious product development.



•You can find environmental details about automobiles sold by Isuzu below.

 Environmental information by vehicle type (Japanese only)  
<http://www.isuzu.co.jp/cv/env/car/index.html>

•You can find details about products sold by Isuzu below.

 Product information  
<http://www.isuzu.co.jp/world/product/index.html>

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### Fuel economy improvement (global warming prevention)

Isuzu is engaged in the development of technologies that will meet future Japanese and overseas regulations on fuel economy and CO<sub>2</sub> emissions and achieve top-level fuel efficiency.

### Cleaner emissions

Isuzu is engaged in the development of high-efficiency diesel engines that will combine compatibility with future emission regulations and improved on-road fuel efficiency.

### Reduction of vehicle noise

Isuzu is engaged in the development of noise reduction technology to meet future Japanese and overseas noise regulations, and the timely introduction onto the market of sound regulation compliant vehicles.

### Reduction of environmentally hazardous substances

Isuzu is addressing the further reduction of environmentally hazardous substances and the reinforcement of its management system using IMDS.

### Improvement of air-conditioning refrigerant

Isuzu is engaged in developing a new refrigerant system suitable for buses and trucks.

### Promotion of recycling

Isuzu is engaged in the promotion of recycling-oriented design that will contribute to the more effective use of resources.

### Promotion of in-vehicle VOC reduction

Isuzu is committed to reaching its voluntary targets for reducing in-vehicle VOC emissions and to the development of an assessment method.

### Development and diffusion of next-generation vehicles

Isuzu is addressing the market penetration of hybrid vehicles and natural gas fueled vehicles, which help to lower CO<sub>2</sub> emissions.

## The new Elf, compliant with exhaust gas emissions regulations and improved fuel economy

We have introduced a new 4JZ1-model engine to the Elf line, with a total vehicle weight of over 7.5 t.

This new model of Elf is compliant with the 2016 emission regulations by thanks to DPD and selective catalytic reduction (SCR). Moreover, charge and discharge control as well as low-rolling-resistance tires resulted in achieving the 2015 fuel economy target of +10% with the 110-kW (150PS) model with an idling stop system and all 129-kW (175PS) model vehicles.

## Began monitoring the run of heavy-duty LNG trucks

Isuzu's project Heavy-Duty LNG Trucks and the Optimal Refueling Infrastructure Design was selected for the Ministry of the Environment's Low Carbon Technology Research and Development Program to develop Japan's first heavy-duty LNG (liquid natural gas) truck, and we started a monitoring run in June 2018.

By enhancing the advantages of conventional inter-city transportation CNG (compressed natural gas) vehicles, LNG trucks realizes a range of more than 1,000 km. The project enables long-distance transportation fueled by natural gas, which is expected to bring about significant effectiveness and promote the spread of NG-fueled automobiles.



Heavy-duty LNG truck



Product information

<http://www.isuzu.co.jp/world/product/index.html>

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### Addressing the environment in production activities

To reduce the environmental load of the Isuzu Group's production activities, its manufacturing companies in Japan and overseas all work together to reduce the energy and resources used, the amounts of harmful chemical substances, and the waste generated during manufacturing.

#### Promoting green production activities

##### CO<sub>2</sub> emission reduction activities

By increasing the efficiency of processes in all of our Group companies, reviewing and properly managing our operation methods, and promoting the visualization of our energy usage, we were able to significantly reduce the amount of energy used. We are producing substantial results over the entire Isuzu Group by reviewing our conventional operation methods to discover further types of energy conservation activities, and deploying them across our companies.

##### Waste reduction activities

As well as carefully separating waste on a routine basis, Isuzu also takes a positive approach to waste reduction activities. Additionally, we are reducing the amounts of materials themselves which are used by properly managing the usage of those materials and promoting shifts to returnable items as well as material recycling. We are making active efforts as a Group toward fundamental resource conservation activities which involve reducing the amount of waste that is generated.

##### Chemical substance reduction activities

We are taking the lead to work on activities to replace chemicals containing hazardous substances that could have an environmental impact, with chemicals not containing such hazardous substances. While replacing the substances we use with those which have less potential for harm, we are reducing the actual amounts of chemical substances used by reviewing our processes.

##### Activities to control emissions of ozone depleting substances

We are promoting activities aimed at controlling the emission of ozone depleting substances throughout the Isuzu Group, limiting emissions of ozone depleting substances by reinforcing the inspection of facilities using CFCs, and installing non-CFC equipment during facility upgrades.

### Isuzu Group Energy-Saving & 3R Awards

Among production-related Group companies, the Isuzu Group Energy-Saving & 3R Award have been implemented since FY2013. Entry activities related to energy conservation or 3R improvements are gathered from within the Isuzu Group, mainly its Production Division, the best of which receive an award. Examples of entries are shared throughout the Isuzu Group to promote horizontal development. These awards are aimed at providing further momentum to the Group's environmental activities.

#### FY2017 Energy-Saving Award

##### Reduction of gas consumption by modifying the conditions of PCV furnace baking (Isuzu Motors Limited)

The painting process involves the coating of panel seams and the back of the work floor with polyvinyl chloride (PVC) for sound insulation and hardening it in a PVC furnace.

Under conventional specifications, the operation of the PVC furnace could not adapt to fluctuations in production volume, creating energy waste as the production volume changed. We therefore started reviewing the process conditions while ensuring appropriate quality through close cooperation with the relevant sections, and as a result, we successfully realized significant energy-saving.

We will continue our diligent efforts to challenge ourselves without compromising quality, which is a crucial prerequisite, and without being constrained by existing rules and conventions.



Award winning members



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### FY2017 3R Award

#### Improving the recycling rate through revision of regeneration methods for aluminum-based coolant (Isuzu Engine Manufacturing Hokkaido)

Coolant (water-soluble machining oil) is indispensable for the production processes, but it produces a large volume of waste. Therefore, we have been implementing a recycling scheme from the perspective of 3R efforts. However, the declining performance of recycled coolant was causing machining defects, so we introduced an initiative to regenerate the coolant as opposed to simply recycling it.

This new, revised method successfully removed contaminants from the coolant components. The resulting regenerated coolant improved the performance, reducing the incidence of machining defects. The method thus established can maintain coolant quality close to that of newly purchased coolant. This initiative has enabled us to significantly reduce the amount of coolant waste, bringing the waste level close to zero.

In the future, we will deploy this method to non-aluminum-based coolants, promoting recycling technology that also contributes to company management.



Award winning members

### Environmental initiatives in sales activities

To promote environmental conservation in the Isuzu Group's sales activities, its distributors all work together to conduct green sales and engage in environmental load-reducing activities.

#### Environmental load-reducing activities of Isuzu dealers in Japan Efforts to increase environmentally friendly sites

Isuzu is trying to increase its environmentally friendly sites by actively installing LED lighting or skylights, and introducing reusable energy systems, when renovating or building new sales offices. At newly built sites, we are promoting transitions to water treatment facilities that are more environmentally conscious than existing ones, by installing biological effluent treatment equipment for treating water discharged during vehicle maintenance or vehicle washing.

#### Examples of newly established sites with environmental awareness



Isuzu Motors Shutoken Yokohama Branch



Isuzu Motors Kyushu Miyazaki Branch

#### Environmental improvement activities in Japan

Isuzu sales offices are optimizing their environmental efforts through evaluations using their own environmental check sheets and promotion of improvement activities. Isuzu aims to increase its environmentally friendly distributors by entering and winning more awards under the Eco-friendly Auto Repair Shop awards system of the regional transport bureaus of the Ministry of Land, Infrastructure, Transport and Tourism.

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### Promotion of green sales activities in Japan

Isuzu distributors are doing all they can for the environment in their overall business activities.

They are continuously addressing all possible environmental activities, such as using hybrid vehicles and other environmentally friendly vehicles as new company cars, implementing the Cool Biz, Warm Biz, and Light Down campaigns, and holding local area cleanup activities.

### Running courses on fuel efficient and safe driving seminar

Considering the life cycle of Isuzu products, the largest CO<sub>2</sub> emissions come from using products (vehicles). The Isuzu Group has been holding seminars on fuel-efficient driving in Japan and overseas since 1995, to inform customers who have bought an Isuzu vehicle about ways of driving more efficiently according to the performance of their vehicle.

#### ◆ Track record over the past 3 years

Fiscal year	Courses	Participants
FY2017	162	2,270
FY2016	167	2,447
FY2015	193	2,714



Fuel efficient and safe driving seminar

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 Employee-participatory activities are indicated with this symbol.

### Basic Ideas

The Isuzu Group aims to achieve excellent environment-related communication with its various stakeholders, including its customers, business partners, surrounding areas, shareholders, investors, and employees. To do so, we participate in environmental activities in surrounding areas and actively release environmental data.

By enhancing our environment-related communication, the Isuzu Group aims to promote greater recognition and understanding of our environmental activities so we may carry out further improvements, and to develop our employees into outstanding members of society by actively releasing information within our company to raise their awareness.

### Enhancement of environmental information disclosure

#### Replies to CDP2017

In order to properly disclose our measures to address climate change, since FY2016, Isuzu has provided information to the CDP, an organization that evaluates corporate efforts related to climate change.

We received a score of A- in FY2017, an improvement on the previous year.

We will further endeavor to improve our activity levels and make proactive efforts in information disclosure.

#### Third-party audits of environmental data

As environmental information is growing in importance, we conducted a third-party audit of our environmental data.

The audit was conducted in compliance with ISO 14064-3 for CO<sub>2</sub> and with ISAE 3000 for waste and water resources, and the evaluation has been fully completed. We will remain aware of the importance of environmental data and practice high-credibility disclosure.

### Participation in Project for Arrangement of Infrastructure for Environmental Information Disclosure

Since FY2016, Isuzu has been participating in the Ministry of the Environment's Project for the Arrangement of Infrastructure for Environmental Information Disclosure, designed to promote dialogue with investors and other groups. We publish our environmental information on the project's portal site. Participating in this project has enabled us to have more frequent individual dialogues with investors, etc., helping us to promote our environmental initiatives.

### Environmental Education

In FY2016, Isuzu started an initiative to provide all employees with common educational programs on the environment.

This environmental education initiative, covering all Isuzu employees, is organized once every three years, raising awareness of environmental issues among employees and promoting a better understanding the company's environmental activities. As part of our environmentally conscious initiatives, this program combines e-learning and collective lectures, reducing the CO<sub>2</sub> emissions generated by the transportation for employees to participate in the program.

Similarly, the introductory training programs for new and mid-career recruits includes this common environmental educational program, where participants learn the reasons behind Isuzu's environmental initiatives and consider what they should do as members of Isuzu.

We also provide environmental laws and regulations training and internal environmental auditor training to deepen employees' understanding and make them more competent.

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### Communication with Local Communities

#### Presenting our environmental initiatives to members of local communities

In November 2017, we organized a tour of the Fujisawa Plant and invited 71 key members from six local residents associations around the plant. We presented the environmental initiatives of Isuzu and the Fujisawa Plant, and the participants were allowed to observe the assembly lines. This an annual event is an invaluable opportunity to promote a better understanding of the environmental initiatives and other various activities of Isuzu among members of neighboring communities, whose cooperation is vital to us.

We received very positive feedback from participants, saying that it helped them to understand Isuzu's initiatives better. It is also an important opportunity to improve our communication with them.



A presentation on our environmental conservation activities



Visiting production lines

### Participation in activities for surrounding areas

#### Participation in Shinagawa CSR Promotion Council

Isuzu has been participating in the Shinagawa CSR Promotion Council since FY2016. This activity is intended to develop Shinagawa Ward with an image of "our town", through collaboration between corporations who are located there and the ward itself. To do this, it promotes company-run social contribution activities and other projects, and conducts a variety of activities for the purpose of encouraging coordination with corporations.

Beyond this, we also participated in the local green initiative Shinagawa Flower Road in June 2017 and implemented a green-planting campaign in

our part of the Katsushima area. We will continue to promote environmental activities deeply rooted in local communities from here on, by interacting closely with the ward and other companies.



We cleaned up the plot and planted canola seeds.

#### Participating in tree-planting at the former Ashio copper mine

Since FY2015, Isuzu Tochigi Plant employees have been participating in tree planting in the hills of the Ashio district, which were devastated by smoke pollution caused by the Ashio copper mine.

It is said that it will take more than 100 years for the greenery to fully return to the hills of Ashio, and so volunteers from within the prefecture have been involved in tree planting activities there since 1996. Isuzu had 16 volunteers participate in the 23rd Spring Tree-Planting Day held on April 2018, planting trees on steep hills. Seeing the scenery of the devastated hills before their eyes offered the participants a valuable opportunity to reexamine environmental issues nearby.



Tree planting participants

## Conservation of biodiversity

The Isuzu Group promotes the conservation of biodiversity through activities to protect the unique natural environments in the areas of each of its offices, while referring to materials such as the Ministry of the Environment’s “Guidelines for Private Sector Engagement in Biodiversity” and the “Declaration of Biodiversity by Keidanren”.

### Biodiversity conservation activity on the plant sites

Isuzu conducted expert-led biodiversity surveys on the sites of the Fujisawa and Tochigi Plants.

The results revealed that the forests were neglected on both sites, negatively impacting on their function as habitats for local species, and the ecosystem was losing its equilibrium while foreign species were thriving.

In response to these research results, in FY2016, volunteer employees started working on site maintenance in an effort to restore the sound forest environment. A recent investigation has found that these efforts have helped to diminish the foreign species and that the ecosystem is gradually regaining its equilibrium.

Isuzu will continue these initiatives in the future, leveraging experts opinions, to restore and conserve a sound ecosystem, in the aim of maintaining an environment that allows Isuzu to continue its operations.



Collecting dead leaves built up on the ground: Fujisawa Plant



Removing overgrown arrowroot vines: Tochigi Plant

## Conservation of Water Resources

The Isuzu Group considers the conservation of water resources to be part of its key environmental issues, so we promote contributory activities to build a society free of water stress, where all people can have access to safe water without concern.

### Isuzu Gives Water...for Life

In 2013, the 21 affiliate companies of the Isuzu Group in Thailand started a project to deliver water treatment systems to schools with a poor water environment, entitled Isuzu Gives Water... for Life. As of May 2018, the program has been implemented 29 times.

Through the program, water treatment systems are installed at schools in areas where the water is contaminated, giving the school access to drinkable water. Teachers and students learn how to manage and maintain the system so that the drinking water will be ensured for good. The program is run in collaboration with Thailand’s Department of Groundwater Resources. We will continue these efforts and promote better lives for the schools and neighboring communities.



With the schoolchildren

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## CO<sub>2</sub> Emissions Mitigation Activities

Initiatives to mitigate total CO<sub>2</sub> emissions

### Mid- to long-term target:

[Japan] Bring the total CO<sub>2</sub> emissions down to 457,068 tons-CO<sub>2</sub> or lower by FY2017

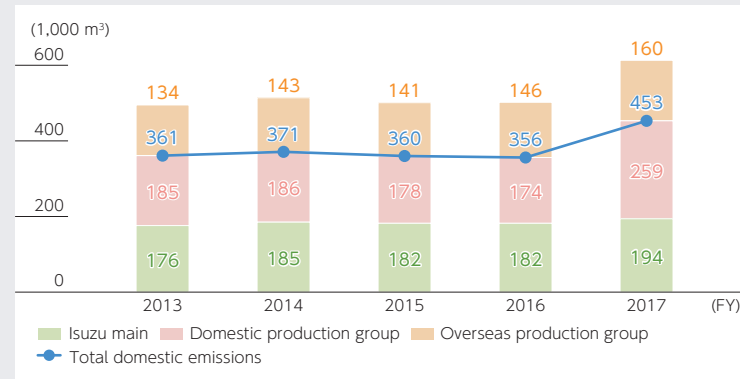
[Overseas] Reduce the carbon intensity per sales by 7% or more compared to FY2010

### FY2017 achievements:

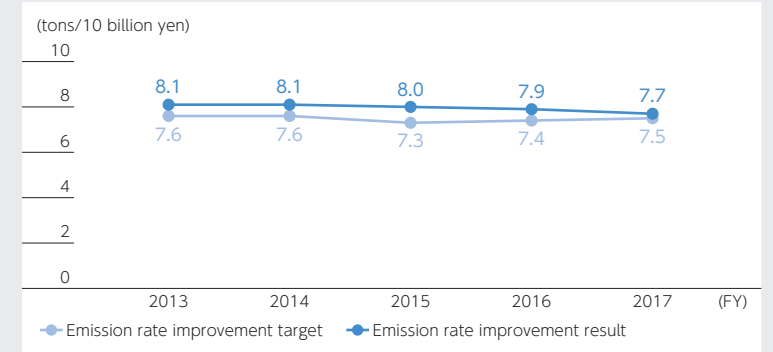
[Japan] Total CO<sub>2</sub> emissions: 452,893 tons-CO<sub>2</sub>

[Overseas] Reduction by 7.7% compared to FY2010

### ◆ [Japan] Trends in CO<sub>2</sub> emissions



### ◆ [Overseas] Trends in carbon intensity on a sales basis



We actively engage in activities to mitigate CO<sub>2</sub> emissions both in Japan and overseas, meeting our targets consecutively.

The Japan production group reviewed its target level in FY2017 and changed the index to absolute volume, which was more suitable to illustrate the results of carbon mitigation measures. In FY2017, group-wide production increased from the previous fiscal year, and for this reason, energy consumption also increased. As a result, the total CO<sub>2</sub> emissions for all affiliate production companies in Japan increased 27% compared to FY2016.

However, we have achieved our overall target by diligently pursuing the enhancement of efficiency, such as streamlining production lines, selecting energy-efficient models for newly installed equipment, and other measures to reduce energy consumption.

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### Waste reduction activities

Industrial waste landfill reduction activities

#### Mid- to long-term target:

[Japan] Bring total waste down to 82,173 tons or less by FY2017

[Overseas] Pursue each company's own initiatives

#### FY2017 achievements:

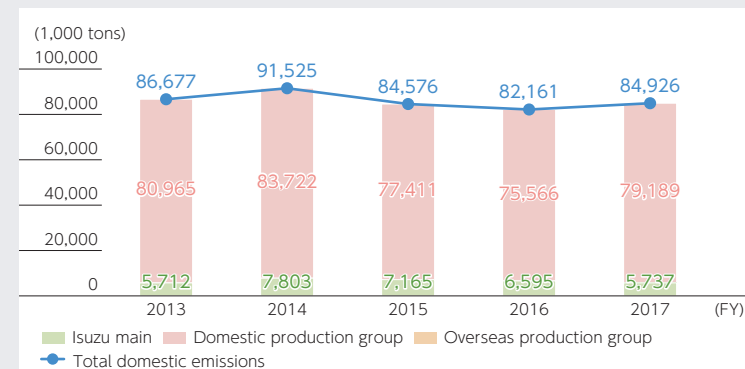
[Japan] Total waste generated :84,926 tons

The Japan production group reviewed its target level in FY2017 and changed the index to absolute volume, which was more suitable to illustrate the results of waste reduction measures. In FY2017, group-wide production increased from the previous fiscal year, and for this reason, production-related industrial waste also increased. As a result, the total waste generated by all affiliate production companies in Japan increased 3% compared to FY2016, failing to meet the target.

We will try harder to promote recycling and review production methods to reduce waste generation to meet targets in the future.

As for activities to reduce the proportion of landfill waste, which we worked on until FY2016, the targets were continually met by the affiliate production companies in Japan as a whole. Therefore, we reviewed the group target index and our next step will be to work on reduction in terms of absolute volume. Meanwhile, each company will continue its efforts to reduce the proportion of landfill waste to further promote efficient use of resources.

#### ◆ [Japan] Trends in waste generation



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### Isuzu's Environmental Management Systems

Isuzu simultaneously integrated all the environmental activities pursued at each site for FY2016 and the ISO 14001 certification of December 2016—the international standards for environmental activities—and updated the certification to the latest 2015 version overall.

Now, Isuzu is carrying out uniform environmental initiatives at all sites, making concerted efforts to reduce the environmental load derived from our business operations, and bolstering our environmental management.

Our affiliate companies with ISO 14001 certification also updated to the 2015 versions one by one, and all of them are now up to date.

### Violations and Accidents related to Environmental Laws and Regulations in FY2017

Isuzu had no violations or environmental accidents related to environmental laws and regulations during FY2017.

### Initiatives to Control Chlorofluorocarbon Emissions

In response to the Act for Control of Chlorofluorocarbon Emissions (Act on Rational Use and Proper Management of Fluorocarbons) effective from April 2015, Isuzu is promoting proper refrigerant management for business-use refrigeration air conditioning equipment and other equipment using chlorofluorocarbons at all of its bases, and is implementing inspections of all such equipment.

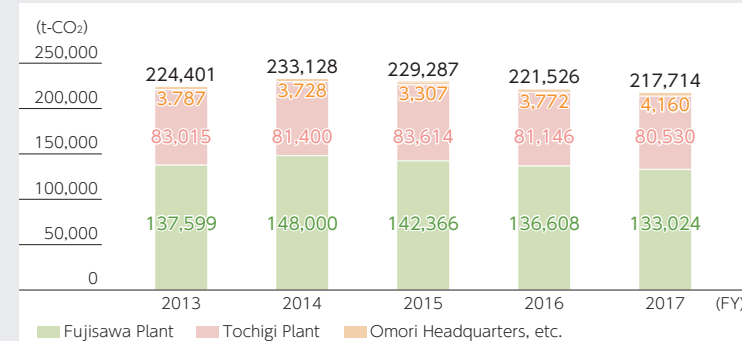
While this act requires business operators to report if their estimated leakage of chlorofluorocarbon exceeds 1,000 tons-CO<sub>2</sub>/year, Isuzu has verified that its total leakage volume for FY2017 was lower than this level.

### CO<sub>2</sub> Emissions Mitigation Activities

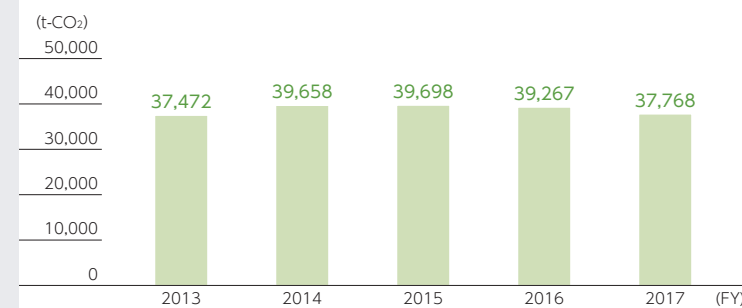
In efforts to reduce the energy consumption and mitigate the total CO<sub>2</sub> emissions, both the Fujisawa and Tochigi Plants have put in place measures to enhance efficiency, such as reviewing the production conditions and streamlining production lines.

We promote a modal shift in the distribution of parts and products, thereby improving transportation efficiency, with all affiliate companies engaging in logistics, in order to reduce our CO<sub>2</sub> emissions.

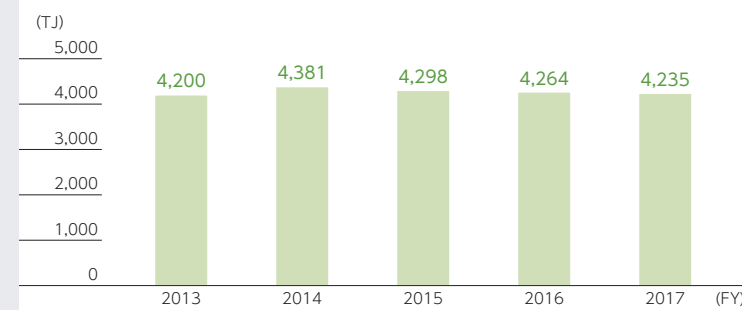
#### ◆ Trend in CO<sub>2</sub> emissions from energy



#### ◆ Trend in CO<sub>2</sub> emissions from logistics



#### ◆ Trends in energy consumption





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### Proper Management of Emissions and Wastewater

By properly managing boilers and other such plant facilities which produce soot and smoke, we measure the amounts of air pollutants such as NOx (nitrogen oxides) and SOx (sulfur oxides) in our emission gases, to confirm that they are within regulated values\*.

Furthermore, wastewater from our factories is processed by treatment equipment before being discharged to sewer systems and public water areas. The discharged water is analyzed on a regular basis and confirmed to be within regulated standard values.

\*Regulated standard values are determined using laws or ordinances, whichever is the stricter regulation.

#### ◆ Fujisawa Plant: 8 Tsuchidana, Fujisawa City, Kanagawa Prefecture (Air)

Item	Equipment	Regulatory value	Measured Value	
			Maximum	Average
NOx (ppm)	Boilers	60	14	12
	Metal melting furnaces	180	52	35.3
	Paint baking furnaces	230	130	90.6
Soot and dust (g/Nm <sup>3</sup> )	Boilers	0.3	0.004	0.003
	Metal melting furnaces	0.2	0.04	0.01
	Paint baking furnaces	0.2	0.005	0.004

\* Since all facilities producing soot and smoke use city gas as their fuel, SOx is excluded from the scope of measurement.

#### (Water quality) Discharge destination: Hikiji River

Item	Regulated Value	Measured Value		
		Maximum	Minimum	Average
pH	5.8-8.6	8.0	7.5	7.8
COD(mg/L)	60	28.0	11.0	21.3
BOD(mg/L)	60	29.0	8.0	13.6
SS(mg/L)	90	9.0	3.0	6.0
Oil content (mg/L)	5	1.0	1.0	1.0

#### ◆ Tochigi Plant: 2691 Hakuchu, Ohira-Machi, Tochigi City, Tochigi Prefecture (Air)

Item	Equipment	Regulatory value	Measured Value	
			Maximum	Average
NOx (ppm)	Boilers	150	49	25
	Metal melting furnaces	180	120	55
	Gas engines	600	138	138
SOx (Nm <sup>3</sup> /h)	Total volume regulation	14.5	1.7	0.5
Soot and dust (g/Nm <sup>3</sup> )	Boilers	0.1	0.001	0.001
	Metal melting furnaces	0.2	0.004	0.001
	Gas engines	0.05	0.001	0.001

#### (Water quality) Discharge destination: Nagano River

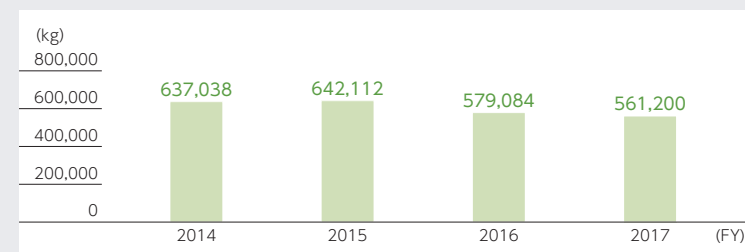
Item	Regulated Value	Measured Value		
		Maximum	Minimum	Average
pH	5.8-8.6	7.5	6.9	6.7
BOD(mg/L)	20	5.2	1.4	2.2
SS(mg/L)	40	2.8	1.2	0.4
Oil content (mg/L)	5	0.0	0.0	0.0

\* The COD is excluded from the scope of measurement as plant wastewater is discharged into rivers.

### VOC emission reduction activities

Isuzu is curbing emissions by the recovery of VOC (volatile organic compounds), and has reduced VOC emissions from its plants and reviewed and improved its painting processes, which have particularly large VOC emissions.

#### ◆ Trend in total VOC emissions



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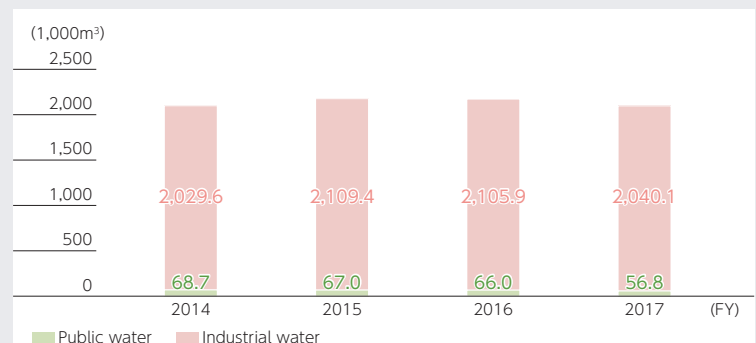
### Water consumption reduction activities

As the processes of vehicle manufacturing, plant maintenance and effluent treatment consume a large quantity of water, Isuzu pursues activities to conserve these finite water resources, such as promoting the use of recycled water in the processes and effluent treatment as well as saving the used water.

However, given recent events of extreme weather that may pose water-related risks to our plant/business operations, Isuzu started conducting a survey on water-related risks in FY2015.

As a result, we have verified that there are no urgent issues in terms of Isuzu's water usage, but some risks were identified with plant operations and supply chains in the event of torrential rains, etc. In response to these findings, Isuzu has implemented not only measures to reduce water resource consumption but also activities to mitigate water-related risks in view of the plant/business operations.

#### ◆ Trends in water resource consumption (\*excluding Omori Headquarters)



\* As water resources were redefined and the calculation method updated internally in FY2017, the actual figures for up to FY2016 differ from those printed in pre-FY2017 CSR reports.

### Waste minimization activities

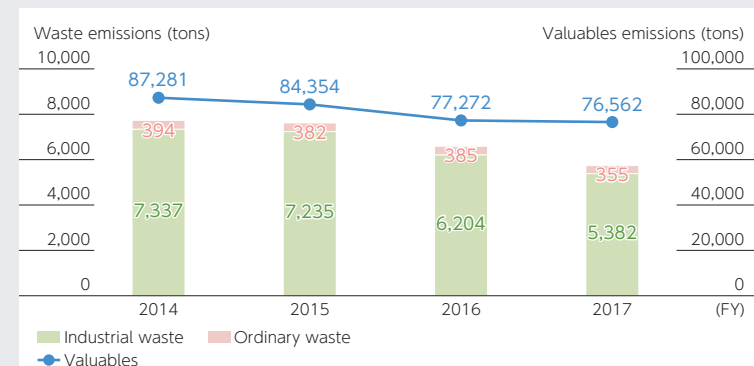
Isuzu promotes recycling of the waste generated through its business operations and pursues activities to reduce and mitigate the generation of waste and usable wastes.

We also observe used-car recycling pursuant to the Automobile Recycling Law (the Act on Recycling, etc. of End-of-Life Vehicles), as well as the recycling of the three designated items (ASR, air bags, and chlorofluorocarbon).

Isuzu continues its diligent efforts to reduce waste production throughout product life cycles and finding effective uses for them, to contribute as a member of sustainable society.

\* Isuzu has already achieved zero emissions, with no landfill since 2011.

#### ◆ Trends in waste production (\*excluding Omori Headquarters)



\* The figures for FY2016 performance were found to be erroneous and were recalculated, so the figures in the FY2017 report are different from last year.

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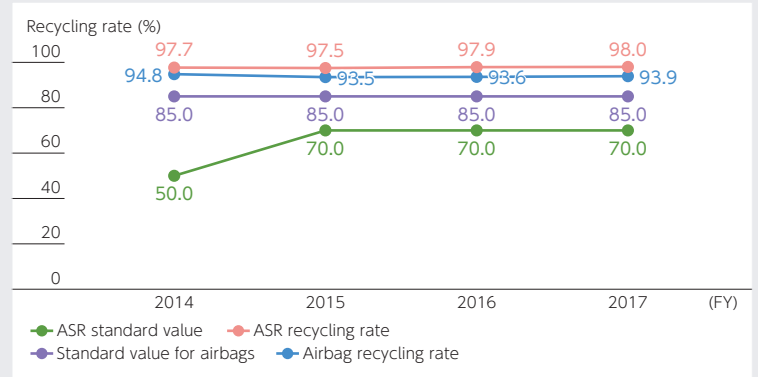
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## ◆ Trends in recycling performance based on the Automobile Recycling Law



About recycling Isuzu Vehicles (Japanese only)

<http://www.isuzu.co.jp/company/csr/recycle/index.html>



About initiatives related to the Automobile Recycling Law (Japanese only)

<http://www.isuzu.co.jp/company/csr/recycle/activity/index.html>

To prevent health hazards resulting from land contamination, Isuzu performs studies on land contamination conditions based on the Soil Contamination Countermeasures Act when carrying out new construction or construction work larger than a specified scale.

In FY2017, we constructed the Isuzu Health Promotion Center, on-site route bus terminal building, and other facilities in the Fujisawa area. We performed a ground contamination survey before these construction projects and verified that there was no soil contamination.

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### Environmental accounting

To conduct environmental activities efficiently and continuously, Isuzu has added up its environmental conservation costs and environmental conservation effects.

Isuzu has disclosed information with the aim of helping management decisions to carry out efficient investment in environmental activities, and as an evaluation index for businesses.

#### ◆ Environmental conservation costs (Target period: April 1, 2017 to March 31, 2018)

Total investment was ¥3,797 million, ¥621 million down compared to FY2017.

Total expenses were ¥44,778 million, ¥2,632 million up compared to FY2017. Details are shown in the table below. (Unit: ¥1 million)

		Investment	Expenses	Main activities
Business area costs	Pollution prevention costs	34	277	Implementing air pollution prevention, water contamination prevention, etc.
	Global environmental conservation costs	450	686	Implementing energy-saving activities, climate change strategy, etc.
	Resource recycling costs	32	429	Implementing proper disposal of waste, upgrades to waste disposal sites, etc.
Upstream/downstream costs		0	3,885	Implementing reuse of used automobiles, promoting 3Rs for waste, etc.
Management activity costs		0	310	Promoting environmental management, updating system for gathering information such as environmental data, etc.
R&D costs		3,282	39,132	R&D of eco-friendly products in terms of emission control, etc.
Social activity costs		0	40	Supporting environmental conservation activities such as tree planting, donating to environmental conservation organizations, etc.
Environmental damage costs		0	19	Levies on pollution impact, conservation measures related to soil and groundwater pollution, etc.
Total		3,797	44,778	

#### ◆ Environmental conservation effects

(Target period: April 1, 2017 to March 31, 2018)

Category	Kind of effect	Effect
Economic effect (millions of yen)	Reduction in energy cost through energy conservation	40
	Profit on sale of valuables	1,656
Quantitative effect (tons)	CO <sub>2</sub> reduction (tons of CO <sub>2</sub> )	1,438

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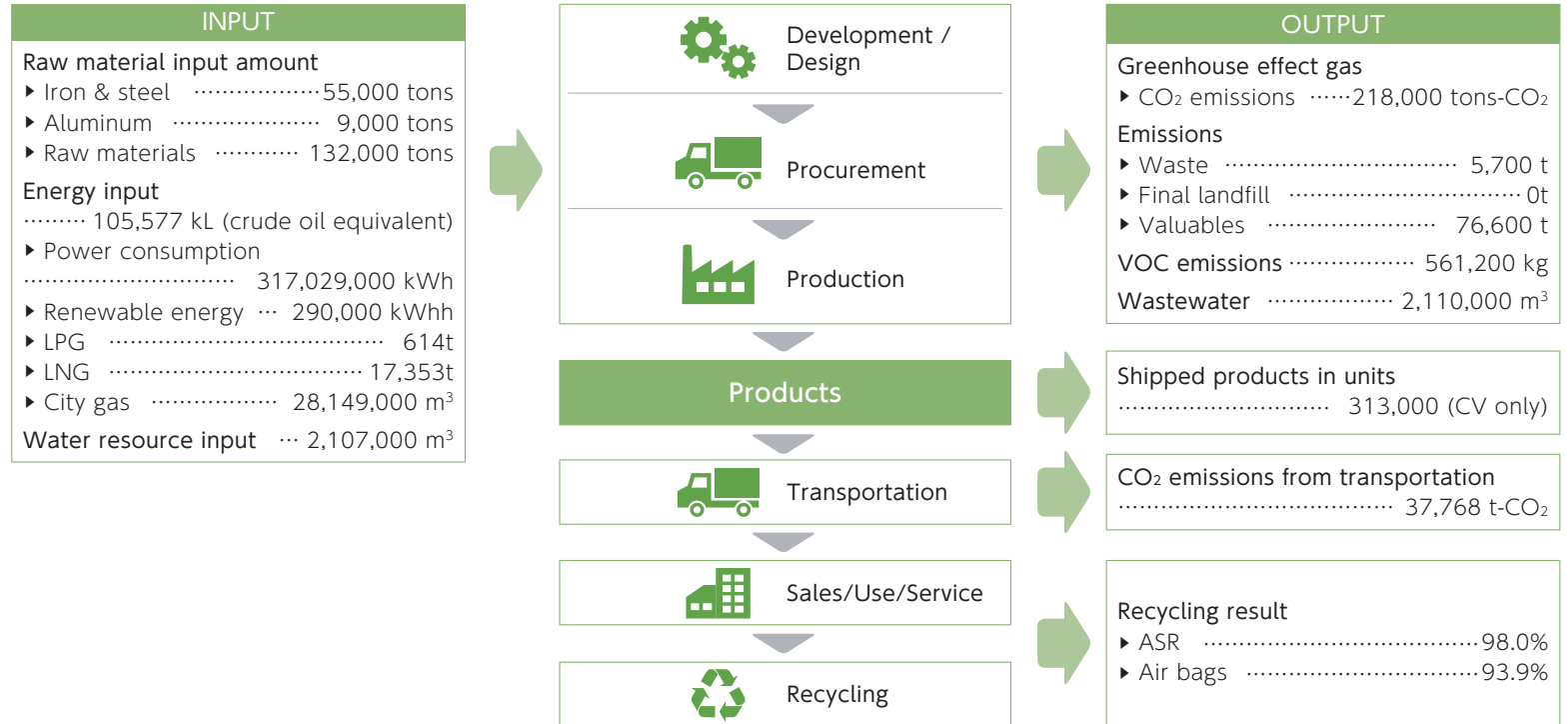
31 FY2017 Activity Results (Isuzu)

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## Business activity and environmental hazard

Through a product life cycle (development, procurement, manufacturing, logistics, product operation, and disposal), Isuzu reduces environmentally hazardous substances. They are analyzed in each process with focus on the ones likely high.

### ◆ FY2017 Material flow (Isuzu only)



# Quality

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## Basic Ideas

Our corporate vision is “Isuzu will always mean the best. A leader in transportation, commercial vehicles, and diesel engines, supporting our customers and respecting the environment.” This is the very basis of all our quality activities, through which we provide useful products and services to our customers.

### Initiative Policy

By making quality our first priority, we at Isuzu create products that satisfy our customers in a profound way, and our goal is to contribute to society as a company with a rich sense of humanity. Isuzu provides products and services that fully satisfy customers. If, however, a customer does have trouble with an Isuzu vehicle, we have established service systems and service parts supply systems for quick recovery so that customers can rest assured in using Isuzu’s products every day. In doing this, Isuzu is committed to building long-term, trusting relationships with customers.



Isuzu’s quality policy is to create and deliver products that satisfy our customers. Our company-wide quality assurance activities are based on our belief that we can deliver better products and services to our customers by improving not only the quality of the products and services, but also that of our business operations, for each division in the company and even indirectly associated divisions.

By communicating our quality policy across the company and sharing quality manuals on a company-wide basis, we are taking action to improve the quality of our daily business operations.

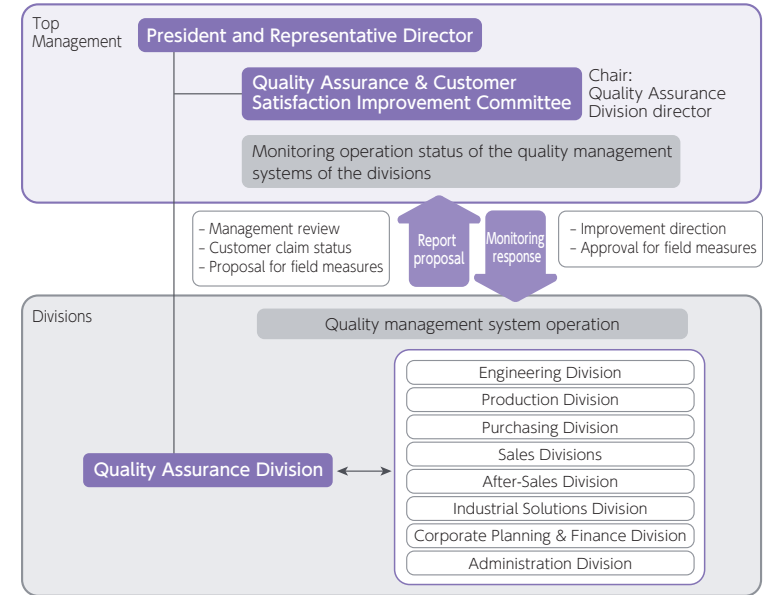
## Total quality assurance system

Our united efforts to enhance quality, led by our Quality Assurance Division, are based on the quality assurance system illustrated below, through which Isuzu strives to fully meet its social and quality responsibilities as a manufacturer.

The division director chairs a monthly meeting of the Quality Assurance & Customer Satisfaction Improvement Committee (Quality Assurance / CS Committee), where the top management of all divisions discuss and share

information on quality-related situations and CS improvement, so the Committee can monitor how their quality management systems operate. The outcomes are shared to drive forward the quality assurance activities of the business divisions.

### ◆ Isuzu quality assurance system



## Quality management system (ISO 9001 and IATF 16949 certified)

All Isuzu offices have been certified with ISO9001:2015, an international standard of quality management.

Moreover, components to be delivered to GM (General Motors, based in the U.S.) are certified with IATF16949:2016, the standard for the automobile sector. Isuzu has been striving to enhance its operational quality using such measures.

## Future Initiatives

Based on the concept of creating and delivering products that satisfy our customers, Isuzu will strive to achieve further improvements in product quality, service quality, and operation quality.

## Quality

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### Basic Ideas

A number of activities have been undertaken to improve quality in stages from product development, production and to driving in markets.

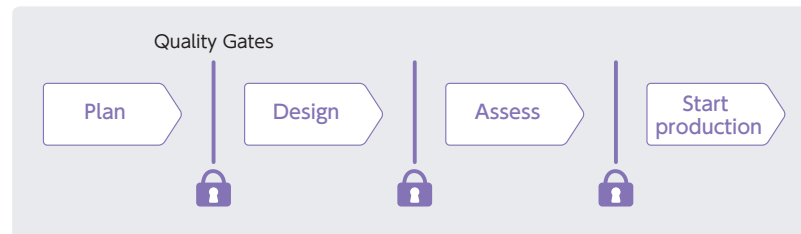
### Initiatives at the development stage

Our product development philosophy is to gain the trust of every person. This is supported by the basic concept of S.E.E. Technology, where S.E.E. stands for the three important issues of Safety, Economy, and the Environment.

To acquire the high quality to underpin this philosophy, we set “quality gates” (milestones) at different stages in product development, where the quality and the maturity of the products are confirmed so that product development can proceed.

During the development stages below, Isuzu focuses on failures and preventing the recurrence of failures. Failure Mode and Effect Analysis (FMEA\*) and other methods are used to enhance reliability and durability.

\* Failure Mode and Effect Analysis: This systematic analysis approach helps to discover potential failures and prevent failures and defects.



### Initiatives at the manufacturing stage

Isuzu is reinforcing its human resources and production systems to offer high-level integrated products on a worldwide scale.

In particular, the concept, method and production knowhow of Isuzu manufacturing for quality first are integrated into ISUZU MONOZUKURI (IM). IM is a production method implemented in every Isuzu manufacturing plant in Japan and overseas countries. Its concept is “to produce Isuzu badged products with the same manufacturing method and quality control system at any production plant around the world.” While trying to realize quality

assurance on a global scale, Isuzu endeavors to become a company trusted by every customer who needs Isuzu commercial vehicles and diesel engines.



Isuzu production line where IM has been introduced



Manufacturing Quality (IM)

<http://www.isuzu.co.jp/world/corporate/about/production.html>

### Initiatives for higher field quality

Isuzu strives to improve its field quality by paying close attention to customer opinions and analyzing and feeding them back to all quality-related processes to ensure that issues are addressed and improvements are made.

### Initiatives toward improved field quality

Taking advantage of the FQ management system\*, Isuzu collects quality information from markets then implements cause investigations and responds to issues promptly and accurately.

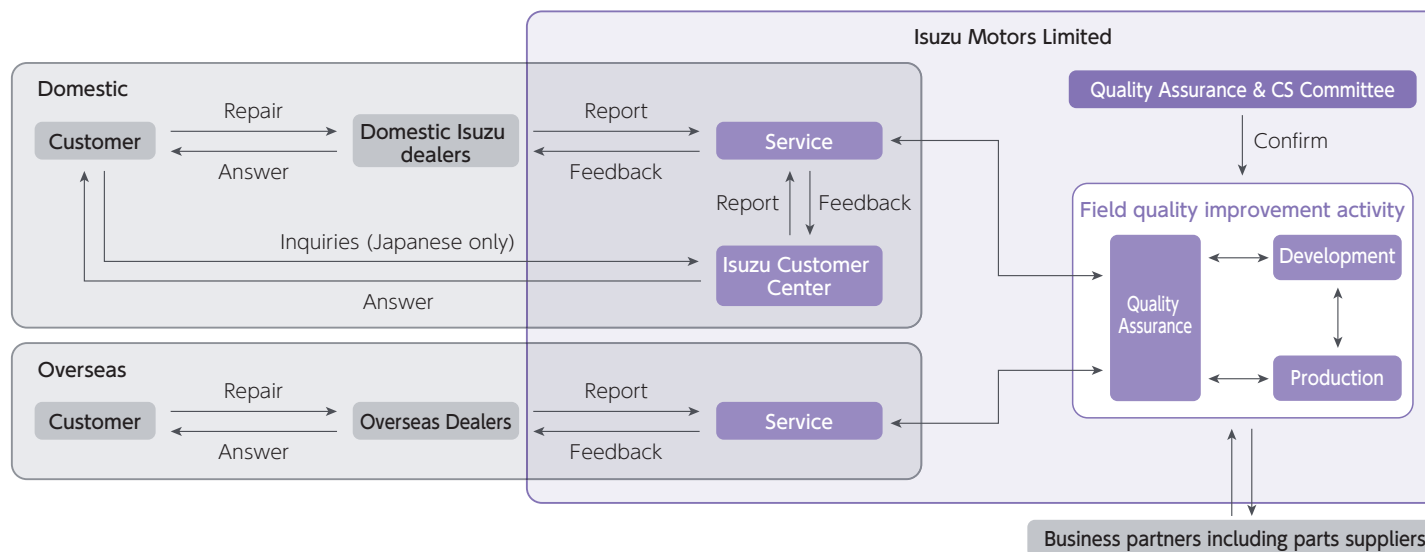
Isuzu Customer Center (Japan) gathers customer opinions, warranty repair records, and improvement requests from sales distributors as field quality information to direct to our quality improvements.

The collected information is used in our efforts to comply with regulations from various countries including domestic safety regulations for road vehicles, and to respond to them even more quickly.

We also share information regarding the status of our response to field quality information and quality activities with top management and all employees on a monthly basis, through our “Quality Improvement Newsletter”.

\* FQ (Field Quality) management system: Based on an initiative to gather and distribute quality information from the markets, based on the scheme illustrated on P. 38 for making improvements.

## ◆ Field quality improvement activity (FQ management system)



## Initiatives for Recall Campaigns

The activities are intended to prevent defective vehicles from causing accidents and to ensure the safety of our business partners and drivers and their assets. Based on the purpose of these activities, we ensure that our customers' vehicles operate properly by conducting recall/improvement measures/service campaigns if necessary.

We are always prepared to take prompt and accurate actions from the customer's perspectives in various circumstances.

### ◆ Recall cases (in Japan)

FY2015	FY2016	FY2015
10 cases	9 cases	18 cases



Recall Information (Japanese only)  
<http://www.isuzu.co.jp/recall/index.html>



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### Basic Ideas

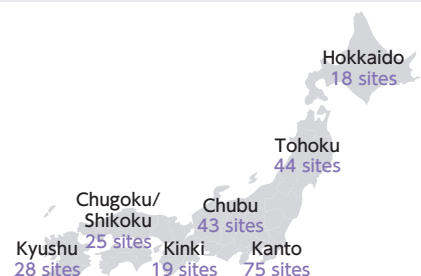
Isuzu provides standardized support both in Japan and overseas so that we can offer high-quality services.

### Thorough service system

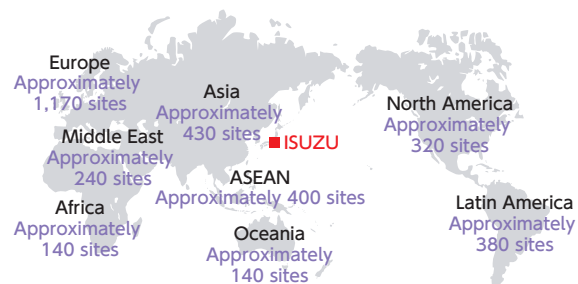
Isuzu is currently fully committed to the post-delivery customer support services.

Our customers always expect high quality. Therefore, we at Isuzu aim to establish high-quality integrated service systems for customers in Japan and overseas.

#### ◆ Service system (Japan)



#### ◆ Service system (Overseas)



Sales/Service Network (Japan) (Japanese only)  
[http://sasp.mapion.co.jp/b/isuzu\\_shop/](http://sasp.mapion.co.jp/b/isuzu_shop/)

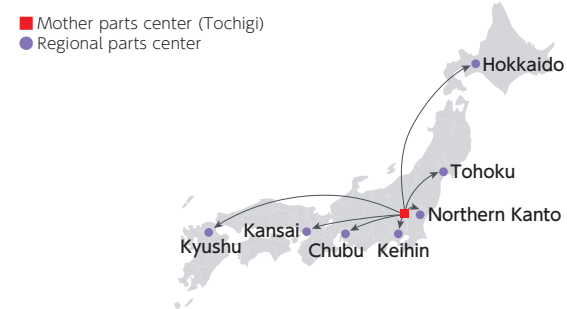
### Parts supply system

Isuzu delivers service parts quickly and accurately to all areas via its network of our mother parts center (Tochigi, Japan) and regional parts centers in Japan and overseas.

#### Domestic

Seven regional parts centers ship the service parts to the service parts sites of Isuzu dealers.

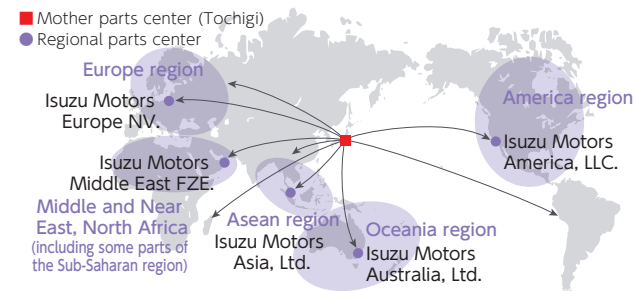
#### ◆ Parts supply system (Japan)



#### Overseas

Isuzu's extensive service parts supply network includes regional parts centers in the Middle and Near East, North Africa, North and Central America, Europe, and the ASEAN and Oceania regions.

#### ◆ Parts supply system (Overseas)



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### Improvement of maintenance engineering

#### Isuzu World Service Skills Competition(I-1 GP) Held

The Isuzu World Service Skills Competition (I-1 GP) is an opportunity for teams of servicing staff and mechanics representing countries and regions across the world to gather and compete to determine the world's best-skilled engineers. This allows all participants to demonstrate and improve their competence in skill and knowledge, leading to better service quality on their respective home fields. Ultimately, this competition helps to ensure that Isuzu customers receive the best service anytime, anywhere.

#### 12nd CV Division Competition (Japan, November 1, 2017)

The CV Division of the 12nd Isuzu World Service Skills Competition (I-1 GP) was held at the Isuzu Monozukuri Service Training Center in Fujisawa, Japan.

The competition is divided into two categories according to the emissions regulation level of the vehicles deployed in each team's country. A total of 27 countries took part, 8 in Category A and 19 in Category B.

- Category A: Emissions regulation level Euro 5 or equivalent
- Category B: Except Category A



A competition of the CV division. Confident but tense, participants made use of their skills to tackle questions and tasks.

#### ◆ "12nd CV Division" (November 1, 2017), participants from 27 countries

Category	Rank	Country	Representative Company
Category A	1st place	Japan	Isuzu Motors Shutoken Co., Ltd.
	2nd place	USA	Isuzu Commercial Truck Of America, Inc.
Category B	1st place	Indonesia	P.T. Isuzu Astra Motor Indonesia
	2nd place	Russia	Jsc Isuzu Rus

#### Service/Parts Skill Competition

Isuzu holds an annual skill competition in which workers compete on a collection of all their day-to-day technologies.

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### National Service/Parts Skill Competition (Japan)

This competition is organized annually under the slogan of "Provide reliable after-sales services with precise skills and handling that support customer operation!"

Isuzu encourages education and training programs because they help Isuzu After Sales staff to enhance their engineering skills, which leads to higher customer satisfaction. The competition also provides motivation and its aim is to strengthen ties among staff members while they compete with each other in individual and team matches to be the best in the country.

#### ◆ FY2017 achievements

FY2017 National Service/Parts Skill Competition (November 2017)	Approximately 153 participant members from all over the country were qualified to the final.
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Scene from finals in competition

### Training employees of Isuzu distributors

We offer training programs to the employees of the distributors that support transport for Isuzu's customers, so that they can boost their maintenance engineering skills and learn more advanced repair techniques.

#### ◆ FY2017 achievements

Education at the Isuzu Monozukuri Service Training Center	42 courses and 241 sessions No. of participants: 2,028
Maintenance engineering workshop (for all distributors)	32 sessions



Practical training at the Monozukuri Service Training Center

#### ◆ Feedback from participants

- "I enjoyed the part about electricity. When I go back to my workplace, I want to use the information and skills I learned here whenever possible." (Service engineer from a distributor)
- "There was always someone to help me when I was feeling unsure, and it all went well. There was so much that I didn't know, and I hope to use what I learned in my future work." (Service engineer from a distributor)
- "The course made me realize something I should correct about my behavior in customer handling. I will use what I learned in the future to respond appropriately as a member of Isuzu." (Service advisor from a distributor)

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### Customer support

#### Fuel efficient and safe driving seminars and various support programs

Isuzu has been offering our customers seminars on fuel efficient and safe driving since 1995. In Fujisawa Plant, we have an on-site seminar facility called Isuzu Premium Club, which is exclusively for our customers. It is equipped with test courses so that we can offer more versatile seminars with rich material.




Safe and ecology driving practice in session

#### Announcement to Customers

The Announcement to Customers section of the Isuzu website brings attention to accidents or failure risks from misuse or other reasons to warn customers who drive Isuzu vehicles.

The items added during FY2017 are as follows:

-  Announcement to Customers (FY2017) (Japanese only)  
[http://www.isuzu.co.jp/oshirase/index\\_2017.html](http://www.isuzu.co.jp/oshirase/index_2017.html)
- Please ensure that engine oil is sufficient during daily inspections. (Japanese only)  
<http://www.isuzu.co.jp/oshirase/pdf/180131.pdf>
- Maintenance notice on rust-proofing of bus under floor (parts):  
—Precautions and examples of rust-proof maintenance (Japanese only)  
<http://www.isuzu.co.jp/oshirase/pdf/170809.pdf>
- Have you replaced your fuel filters? (Japanese only)  
<http://www.isuzu.co.jp/oshirase/pdf/170428a.pdf>
- To prevent overstress of the axle shaft/final drive (Japanese only)  
<http://www.isuzu.co.jp/oshirase/pdf/170428b.pdf>

### Responses to longer-term service

As a recent trend, we have seen longer terms of vehicle services or more mileage, due to economic changes. There are many ways that inspection and maintenance can ensure safety for our customers over a long term of service. To prevent failures from occurring, Isuzu is fully prepared with parts to be regularly replaced in order to meet customer needs for periodic maintenance works.

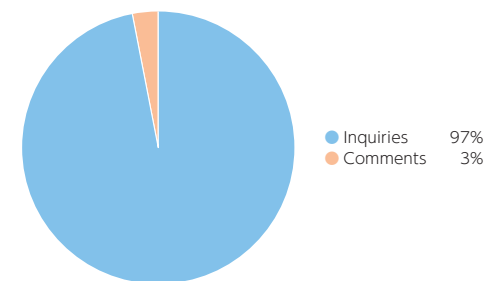
Our scheme will continuously tackle improvements in inspection and maintenance including the long-term service aspect based on the actual status.

### Customer Center (Japan)

Isuzu has set up a Customer Center to provide a point of contact for various inquiries from our customers.

Opinions and inquiries received from customers are sent to relevant internal and external departments, and are applied to efforts for improvement in product and service quality.

#### ◆ Calls to Isuzu Customer Center in FY2017



For inquiries, visit the websites below. (Japanese only)  
<http://www.isuzu.co.jp/inquiry/index.html>

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### Basic Ideas

Isuzu leverages efforts to raise awareness about quality and knowledge since we believe that in addition to enhancing product and service quality, enhancing the performance quality of individual employees helps build up the quality that meets customer needs.

### Education for raising awareness and knowledge among employees

Isuzu provides employee education in both awareness and knowledge with the aim of improving operational quality.

#### Raising awareness

##### Discussions among employees

To raise awareness of operational quality, Isuzu is holding a series of discussions for employees to talk about doing a good job from the customer perspective, using customer inquiry calls made to the Isuzu Customer Center and the annual Quality Month\* (November) Top Message to employees.

\* Quality Month: The Union of Japanese Scientists and Engineers, the Japanese Standards Association, and the Japan Chamber of Commerce and Industry have designated every November as Quality Month for the promotion of quality improvement activities.

#### ◆ FY2017 achievements

Theme of Quality Month message	"Build a truly robust team and do a good job from the customer perspective!"
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#### Stationing young engineers at distributors

Young engineers also have the opportunity to work in distributor or in the front lines of service so that they can design products from a customer-oriented mind set.

#### ◆ FY2017 achievements

Stationing young engineers at distributors	25 participants
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#### Quality awareness education for Isuzu distributors

To heighten quality awareness as part of the Isuzu Group, all Japanese dealers undergo the quality awareness education program, where they learn the importance of quality-related operations, including accurate and prompt information sharing, the reliable collection of defective parts, and implementation of recall campaigns without delay.

#### ◆ FY2017 achievements

Quality awareness education for Isuzu distributors	28 sessions
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#### Improving knowledge (Knowledge enhancing program)

Isuzu provides an education program for employees based on quality-related knowledge, including training on laws and regulations and on QC. The laws and regulations training includes programs on recall systems and Road Transport Vehicle Law while the QC training includes an entry-level QC course, a basic problem solving course and a problem solving practice course for quality improvement.

#### ◆ FY2017 achievements

The Road Transport Vehicle Law / Recall scheme	Session held. (for the new employees)
QC entry-level course	211 participants
Basic problem solving course (QC Training I)	216 participants
Practical problem solving course for quality improvement (QC Training II)	42 participants



Scene of paper helicopter flight demonstration during QC entry-level course

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### Isuzu Technical High School

Isuzu Technical High School provides the necessary basic knowledge for engineers and aims to develop future leaders. Not only do students learn the required knowledge and skills for monozukuri (craftsmanship), but the school also guides them toward a deep understanding of monozukuri as well. They also enter the National Skills Competition in order to ascertain the results of their technical training.



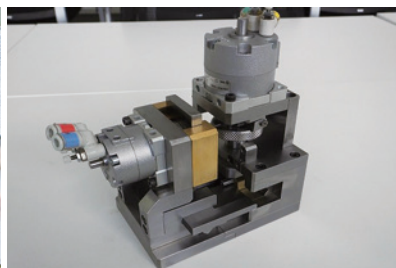
Turning practice that won a Silver Prize



Assignment work that won a Silver Prize



Mechanical assembly practice that won a Silver Prize



Assignment work that won a Silver Prize

#### ◆ The 55th National Skills Competition

Lathe turning	1 Silver Prize
Mechanical assembly	1 Silver Prize

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## Basic Ideas

Isuzu respects the personal character and individuality of each of its employees so that they can show their skills to the full, and aims to create a safe, sound and comfortable work environment that gives them a sense of prosperity and achievement.

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## Ideas on safety

Isuzu strives to provide our employees with the workplace customs and work environment in which each employee can strictly observe the fundamental safety rules of three safety principles, five safety behaviors, and ten prohibitions, based on the Isuzu Health and Safety Philosophy.

### Isuzu Health and Safety Philosophy

Safety is realized through the cooperation of every employee.

1. Keep the workplace clean and tidy
2. Anticipate and prevent accidents
3. Be proactive in maintaining good health

#### Three Safety Principles

- ▶ Order and neatness
- ▶ Inspections and maintenance
- ▶ Standard operations

#### Isuzu's Five Safety Behaviors

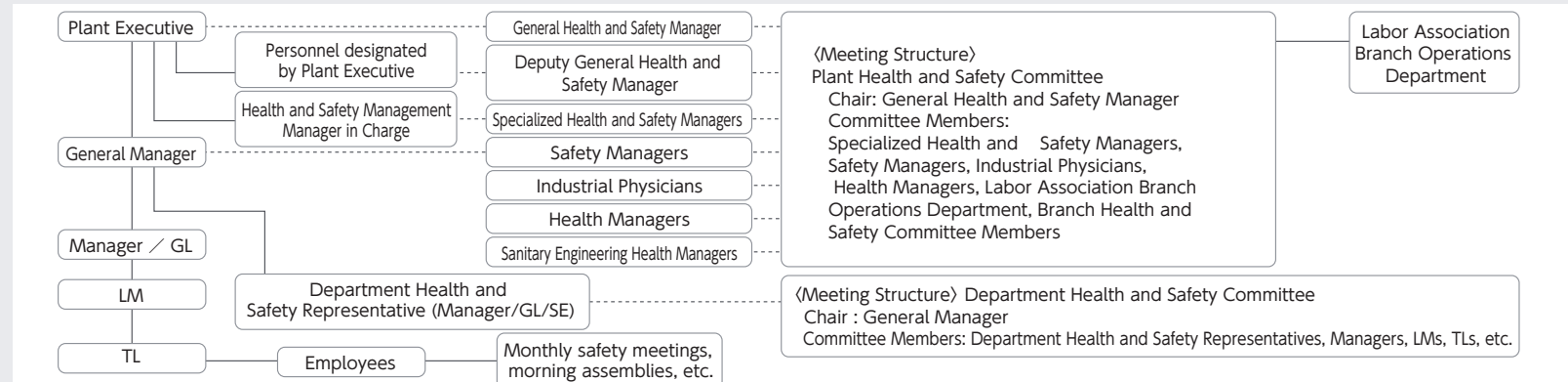
- ▶ Press the red button the moment you notice something wrong
- ▶ Work as a team by giving signals to each other
- ▶ Follow procedures carefully when setting up
- ▶ Pause and check before touching anything
- ▶ Start work with an inspection and finish work with maintenance

#### Ten Prohibited Items

1. Do not touch working machinery and rotating objects.
2. Do not remove fitted covers, hoods, rails or safety devices.
3. Do not climb onto or step over conveyer belts, pits, or pallets.
4. Do not use gloves when operating a drill or rotary cutter.
5. Do not handle steel sheets or chips with bare hands.
6. Do not make decisions at work without consulting others.
7. Do not rush up OR down stairs. Do not put your hands in your pockets. Do not run.
8. Do not smoke while walking. Only smoke in designated areas.
9. Do not walk underneath objects suspended from cranes.
10. Do not rush around corners or through doors.

## System

### ◆ Plant Health and Safety Management System (Organization)



A Health and Safety Committee meeting is held once a month at all operation sites, to discuss matters concerning our employees such as industrial safety, road safety, health management, and workplace environment

improvement. We prepare through an annual activity to review the health and safety management plan for the following fiscal year, and all employees are notified of this through our system.



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### FY2017 Initiatives for Occupational Health and Safety Activities

The employee occupational accident prevention activity is designed to emphasize the day-to-day practices picked up from the FY2016 core items: pointing and calling and new production equipment post-operational risk assessment. We will continue promoting safety awareness and making production equipment safe.

Our initiative to stop road accidents includes road safety seminars to eliminate drunk driving, illegal driving, hit-and-run accidents, and speeding. We also provide extensive safety seminars for motorists to prevent road accidents.

Main Themes	Action Items
(1)Prevention of occupational accidents	<ul style="list-style-type: none"> <li>• Implementation of activities to entrench the practice of pointing and calling</li> <li>• Field-led initiatives to establish routine post-operational risk assessment</li> <li>• Boosting the management levels of on-site construction work and contractor training</li> </ul>
(2)Prevention of fires	<ul style="list-style-type: none"> <li>• Routine implementation of risk assessments focusing on risks of fires and explosions</li> <li>• Acceleration of initiatives to mitigate risks related to degradation</li> </ul>
(3)Enhanced disaster measures	<ul style="list-style-type: none"> <li>• Implementation of disaster prevention and BCM training for enhanced competence (post-review organizational responses, a system to verify personnel safety, judgment criteria for whether to send employees home, etc.)</li> </ul>
(4)Prevention of road accidents	<ul style="list-style-type: none"> <li>• Implementation of road safety seminars to eliminate drunk driving, illegal driving, hit-and-run accidents, and speeding</li> <li>• Expansion of safety seminars for motorists to prevent road accidents</li> </ul>
(5)Promotion of good health and well-being	<ul style="list-style-type: none"> <li>• Group analysis based on the results of stress checks, review of issues, and consideration of countermeasures</li> <li>• Education for top management on how to handle employees under high levels of stress</li> </ul>



Pointing and calling



Pointing and calling reminder stickers for helmets



Implementing post-operational risk assessment

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### Initiatives for maintenance and promotion of good health

Main Themes	(No. of people)				
	FY2013	FY2014	FY2015	FY2016	FY2017
Specific healthcare guidance	748	709	723	657	796
Patients receiving health check-ups	4,837	5,574	5,251	5,595	5,823
Mental health counseling users	73	120	101	90	96
24-hour telephone health counseling users	186	214	220	170	148
Recreation and sports event participants	137	681	736	844	250
Home visits & guidance for the elderly	15	14	10	9	10
Health seminar participants	12	46	26	36	36
Lifestyle-related disease prevention, promoting gargling & hand washing, walking challenge program, etc.	2,101	1,980	1,973	1,866	1,872
Breast cancer screening	121	109	141	—	—
Gynecological examinations* <sup>1</sup>	—	—	—	1,089	1,154

\*<sup>1</sup> In FY2016, we revised our businesses to offer total support for gynecological procedures as an optional part of health checkup s.

\* Including Isuzu health insurance system details

### Future Initiatives

Ensuring the safety of employees is the top-priority concern, and there are no shortcuts. Isuzu is proactive in providing a work environment in which employees fully comply with the safety basics: the three safety principles, five safety behaviors, and ten prohibitions. We are committed to achieving our safety management goals at our plants by making daily efforts in observation practices, such as pointing and calling, safety patrols, near-accident prevention, and hazard prediction.

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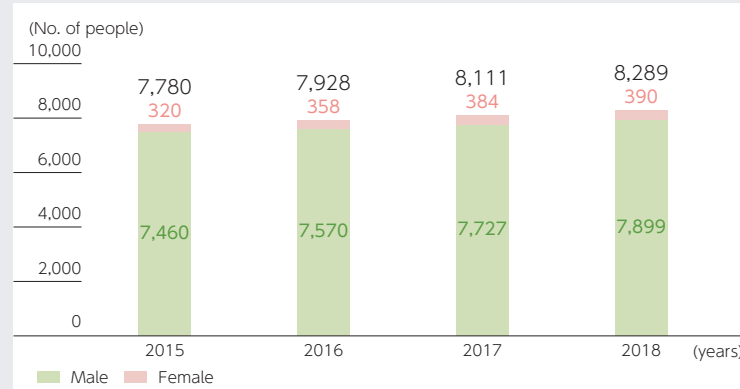
## Basic Ideas

Isuzu respects differences between people such as age, gender, nationality, level of disability, and work environment, and believes that utilizing such differences can increase employee motivation and improve the company's competitiveness through the creation of new ideas and value.

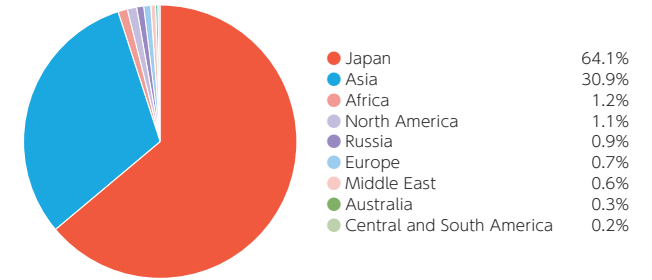
Isuzu is therefore promoting a range of measures, including employing diverse human resources such as the disabled or foreigners, and creating an environment in which it is easier to do short-time work, take maternity or nursing care leave, and so on.

### ◆ Trends in the number of employees

\*end-of-March figures



### ◆ Number of employees by region



### ◆ No. of people according to Age group distribution (years)

	Up to 29	30 - 39	40 - 49	50 and over	Total
Male	1,630	1,856	1,920	2,493	7,899
Female	127	79	136	48	390
Total (no. of people)	1,757	1,935	2,056	2,541	8,289

\*As of the end of March 2018

### ◆ Number of management members

	Male	Female	F/M ratio
All management members	1,384	39	2.74%

\*Excluding seconded members

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### Initiatives toward new employment

Isuzu's new recruit employment policy takes into account the impact of various external and internal environmental factors. Our recruitment has been stable.

We maintain low turnover by pursuing recruitment activities that are meaningful both for Isuzu and job applicants, as well as by providing an internal system to assist new recruits and training programs to keep morale high.

#### ◆ No. of new graduates recruited

	Gender	FY2013	FY2014	FY2015	FY2016	FY2017
Admin/technical worker (Undergraduate/Master's degree)	Male	97	116	132	179	191
	Female	4	9	7	15	9
Admin/technical worker (College/high school qualification)	Female	5	6	15	24	12
Technical worker (high school qualification)	Male	47	74	82	123	117
	Female	1	1	0	2	4
Total		154	206	236	343	333

#### ◆ Employment of non-Japanese personnel

Joined in FY2015	2 (1 new recruit)
Joined in FY2016	7 (4 new recruits)
Joined in FY2017	4 (2 new recruits)

#### ◆ Personnel turnover

	FY2015	FY2016	FY2017
Personnel turnover (including retirees)	0.97% (2.7%)	0.75% (2.5%)	0.96% (2.7%)

### Promoting opportunities for women

Isuzu fully understands that women play an increasingly important role in making Japan's future economic growth sustainable. At present, Isuzu has about 400 female employees, of whom approximately 10% are at management or executive level, and will actively develop and promote more in future. Isuzu will continue to actively promote and recruit female high-performers.

#### Action plan to promote opportunities for female employees

Based on the April 2016 Act on Promotion of Women's Participation and Advancement in the Workplace, Isuzu has drawn up the following action plan.

- ▶ Make the number of female managers (and executives) in FY 2020 1.5 times what it was in FY 2014.
- ▶ Ensure that recruits for administrative and technical staff will have 40% and 7% female personnel respectively by FY2020.

### Employment of Non-Japanese Personnel

As part of our initiatives to provide an inclusive workplace environment, where employees with diverse cultural backgrounds can work comfortably, we have on-site prayer rooms and offer canteen menu items for those with religious dietary restrictions.

### Promoting the role of post-retirement employees

Isuzu has established a system to reinstate retirees so that people over 60 can continue working with us. This system currently employs more than 600 retirees at Isuzu.

#### ◆ Trend in rehired retiree numbers

	FY2013	FY2014	FY2015	FY2016	FY2017
No. of people	501	559	578	627	648

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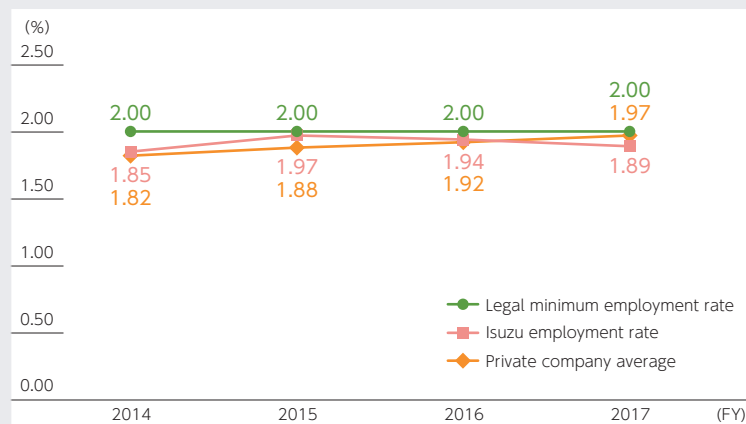
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### Encouraging employment of people with disabilities

We are promoting the employment of disabled persons with a view to achieving a society where people support each other, regardless of disabilities. To constantly exceed the legal minimum employment rate of disabled people, we actively recruit them not only after graduation but also mid-career. Isuzu also places disabled people not only in administrative positions but in technical workplaces too, taking into account each person's disability and based on what suits their aptitude and wishes, so that they can play an active role.

#### ◆ Trends in employment of people with disabilities \*end-of-June figures-



### Promotion of work-life balance

Developing a sustainable society or company requires a work-life balance that enables everyone, regardless of gender, to work with a sense of satisfaction and fulfillment while having time for things like bringing up their children and nursing their relatives.

Isuzu therefore encourages less working out of hours and more taking of annual paid leave. It has also set up a system of different kinds of leave including parental leave, nursing care leave, and volunteer leave, as well as a short-time work system.

#### ◆ Key programs to support employees in parenting and/or nursing care

Program			
Childbirth/parenting	Parenting leave Program	Leave period	Until the April following the child's second birthday
		Allowance	Up to twice per child
	Leave for spouse's childbirth		Three days within a two-week period of the date of delivery
	Childcare leave	Eligibility	Employees caring for children not yet in school
Allowance		Five days per year for one eligible child Ten days per year for two eligible children	
Reduced-hour program	Eligibility	Others	Until the end of March following the child's starting the third year of elementary school
		Others	1. No upper limit for application 2. The leave period may be shortened, extended, or applied for in installments 3. Arrangements can be made in 15-minute units
Nursing care	Nursing care leave		The period for which care is required (up to 1 year cumulatively)
	Nursing care leave program		Constant caregiving is necessary (in-hospital or home care) Five days per year for one person requiring care Ten days per year for two people requiring care
	Reduced-hour program	Eligibility	The period for which care is required
Others		Arrangements can be made in 15-minute units	

#### ◆ Composition of employees who have taken leave on the programs

		(people)				
	Gender	FY2013	FY2014	FY2015	FY2016	FY2017
Parenting leave program	Male	3	4	11	2	3
	Female	28	28	31	27	26
Nursing care leave program	Male	1	5	4	2	3
	Female	0	0	1	1	0
Reduced-hour program	Male	0	0	0	0	0
	Female	14	23	26	30	34

### Future Initiatives

Isuzu respects the diversity of its employees, and so it strives to bolster employment programs to allow them achieve an optimal work-life balance. This includes parenting and nursing care leave programs as well as reduced working hours.

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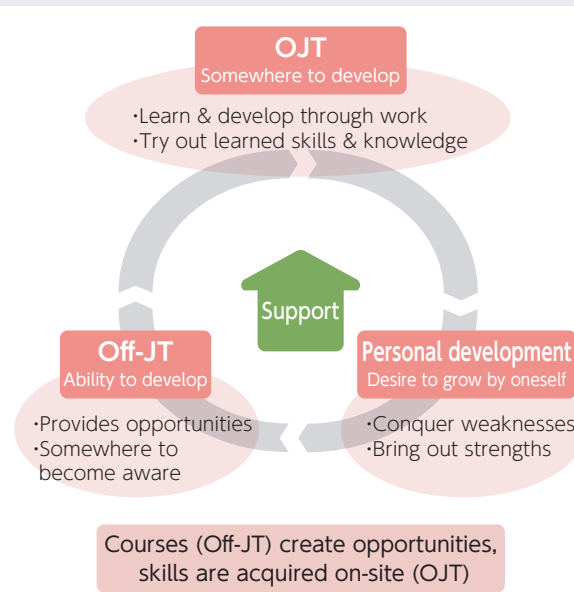
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### Basic Ideas

Isuzu puts on-the-job practical training at the heart of its personnel development. Off-the-job training consists of courses away from the workplace, and is somewhere for employees to pick up skills their company needs and identify the direction in which they themselves should grow. This is because, amid all the changes and competition of globalization, every employee is required to think and act for themselves. Isuzu has therefore examined and clarified the skills needed at each level, and built a substantial training system for employees to acquire the right skills at the right time.

#### ◆ Conditions of personnel development



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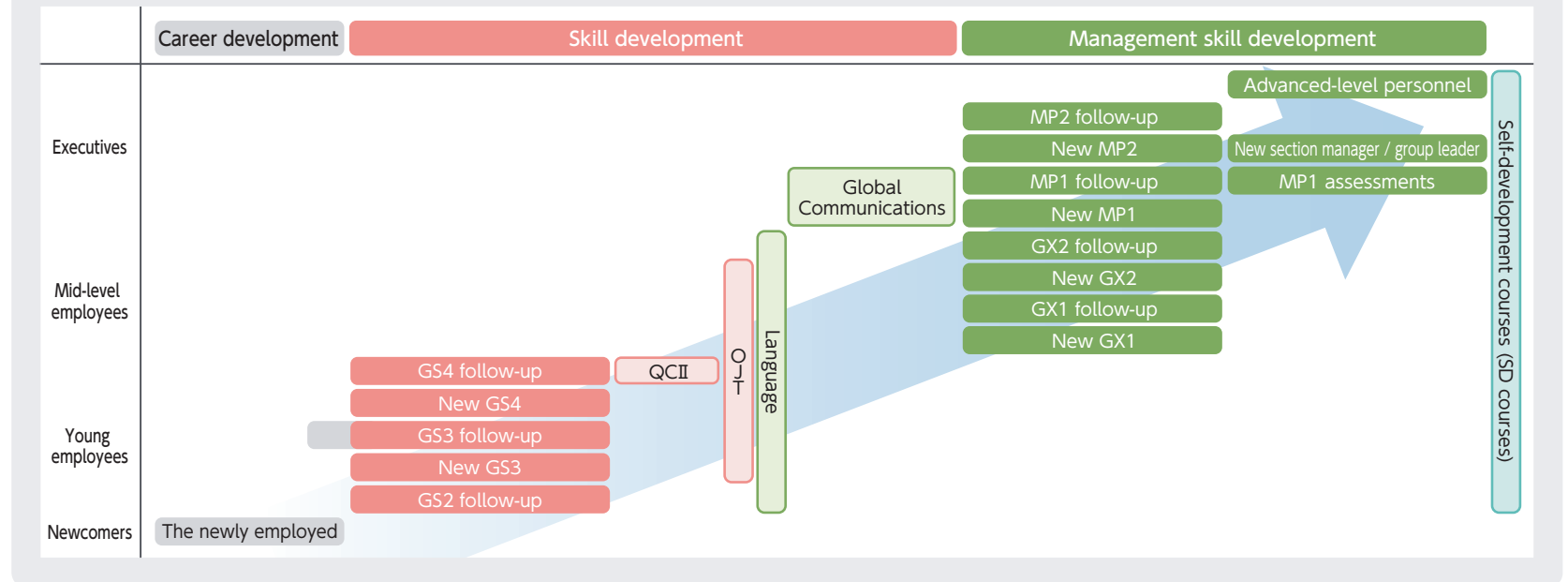
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### Education/training scheme

Isuzu's training system is made up of three areas: career development, skills development, and management capability development. Career development is aimed at new employees and young employees, and cultivates personnel who can expand their own expertise and develop their career by themselves. Skills development helps employees to improve their skills and acquire the knowledge and insight to play a more global role, with a focus on the abilities required at their particular level and position.

Management capability development is training aimed at enhancing managerial ability and humanity in order to cultivate the managers of the future.

#### ◆ Isuzu training system (Admin & technical positions, executives)



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### ◆ Isuzu technical staff FY2018 first-half term (1171) training programs

TS1	TS2	TS3	TS4	TX1	TX2	TX3	TX4
<Technical staff training programs by competence level>							
TS1 program	TS2 program	TS3 program	TS4 program	TX1 program	TX2 program	TX3 program	
			TS4 program Follow-up	TX1 program Follow-up	TX2 program Follow-up	TX3 program Follow-up	TX4 program Follow-up
						Manager training program (MTP)	
					New LM training program		
					LM external training program		
				New TL training programs 1 and 2			
				TL external training program and hands-on problem solving			
				TWI-JI trainer development seminar			
				TWI-JI trainer advanced seminar			
				TWI-JS trainer development seminar			
	Employee assignment training program						
<Basic skill training for technical staff>							
	TS2 IM&TPM training program	TS3/4 IM&TPM training program		LM/TL IM training program			
<Technical skill training programs for technical staff / administrative staff / skilled staff>							
Tightening skills							
	Measuring skills						
	Advanced measuring skills						
		Mechanical components	Sequencer				
		Hydraulic/atmospheric pressure	Advanced electricity I				
		Basic electricity	Advanced electricity II				
		Basic welding skills	Plating skills				
		Finish skills	Machining skills				
		ENG assembly skills Assembly & disassembly	ENG assembly skills CESS & materials table				
		T/M assembly skills	F/D assembly skills				

\*Programs marked with a square (■) are mandatory requirements for eligibility for skill-based promotion/career advancement.

### ◆ Trends in training participation by category and gender

\*Training participants/existing personnel

Employee category	Gender		FY2013		FY2014		FY2015		FY2016		FY2017		
Admin & technical positions / Executives (no. of people)	Male	17%	622	3,743	30%	1,132	3,743	45%	1,678	3,743	53%	2,087	3,936
	Female	13%	39	309	32%	99	309	36%	111	309	47%	165	353
Skilled workers (no. of people)	Male	4%	167	4,335	5%	211	4,335	14%	611	4,335	47%	2,059	4,417
	Female	0%	0	32	3%	1	32	9%	3	32	59%	20	34



## Respect for Employees

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## Skills transmission and development

Isuzu strives to enhance the skill levels of employees from the perspective of perpetuating and developing engineering skills by establishing a graded training system for technical staff.

### ◆ Initiatives by division

#### [Production Division]

① For special skills that are advanced and require long experience, each workplace carries out its own skills transmission training while the Production Division as a whole provides more systematic skills transmission training.

\* Graded training for skilled workers: New employee, young, mid-career, supervisor, etc.

② Isuzu workers enter the annual National Skills Competition in their aim to acquire the highest skills in Japan, and have won prizes in successive years.

- ▶ FY2012 Bronze medal: Mechanical Device Assembly (1 person)  
Fighting Spirit Prize: Turning (1 person)
- ▶ FY2013 Fighting Spirit Prize: Mechanical Device Assembly (1 person), Automobile Plating (1 person)
- ▶ FY2014 Bronze medal: Mechanical Device Assembly (1 person)  
Fighting Spirit Prize: Automobile Plating (2 people)
- ▶ FY2015 Bronze medal: Automobile Plating (1 person)
- ▶ FY2016 Fighting Spirit Prize: Turning (1 person), Mechanical Device Assembly (1 person)
- ▶ FY2017 Fighting Spirit Prize: Turning (1 person), Mechanical Device Assembly (1 person)

③ We provide advanced skills training and leader training in collaboration with external training institutions. The number of workers who have passed the National Trade Skill Testing & Certification has doubled since 2011. Training departments (including Isuzu Technical High School) have joined together with workplaces to run study sessions and practice sessions that support further qualification acquisition.

#### [Engineering Division]

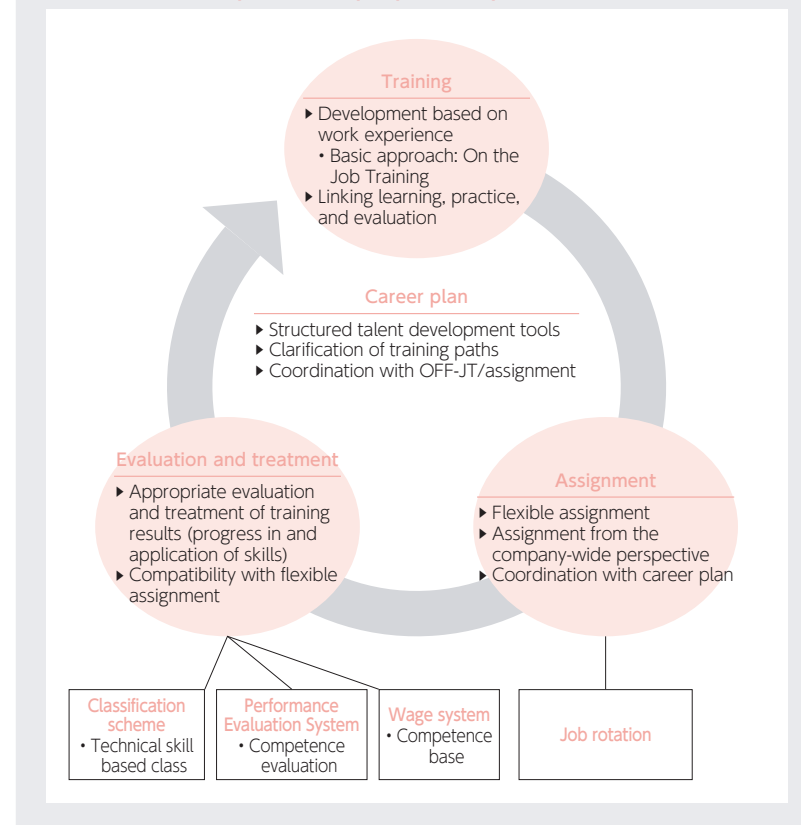
① Every year we formulate career plans with career goals shared by senior and junior workers, and implement various curriculums for them to learn skills according to their level through training courses and OJT.

② Isuzu conducts advanced skills training not only at the Isuzu Monokuri Service Training Center but also in collaboration with external training institutions such as Polytechnic Centers.

③ Isuzu is working to improve test-driving skill levels, having established its own accreditation system for test vehicle driving.

## HR Performance Evaluation System

### ◆ Talent development/deployment cycle



## Career Development Support

In addition to graded educational programs, Isuzu provides self-motivation career-improvement programs for employees, including SD seminars, online English program and speed-learning programs.

## Future Initiatives

We are continuing our efforts to further bolster individual and organizational strengths, aiming to achieve sustained and stable company growth by accelerating the talent development and deployment cycle.

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### Basic Ideas

Isuzu works intensely to improve employee satisfaction (ES) because we consider it to be a management challenge in terms of CSR and human resource development.

The ES survey is conducted periodically (every other year) to monitor changes in satisfaction levels of Isuzu employees by analyzing fixed point observations. It has been conducted eight times to date. Isuzu utilizes the results of these surveys as valuable data for formulating various corporate measures, and will promote reforms toward further ES improvement in future.

### Welfare Benefit System

#### Corporate Pension System

At Isuzu, the "Isuzu Motors Corporate Pension Fund", a defined-benefit type corporate pension system, is in effect. This system provides coverage according to a reserve fund by the company for the purpose of supplementing public pension plans, with no contribution burdens placed on employees. A defined-contribution type pension system is also in operation, arranging systems for employees to live rich, fulfilling lives after retirement.

#### ◆ Life-support system to meet employee needs

Category	Description
Welfare Benefit System	Company accommodation for unmarried employees, family accommodation, holiday facilities, employee savings program, employee shareholders club, institutional insurance, cooperative funds, long-term commitment awards, etc.
Corporate Pension System	Defined-benefit pension and defined-contribution pension

#### ◆ Life planner support to help employees plan life events (according to their life stages)

Seminar title	Target group	Description
Barairo seminar	Employees reaching the age of 58	Providing information to prepare for retirement age and post-retirement life planning
Asunaro seminar	Employees reaching the age of 50	Providing information on life-planning for middle-aged people and motivation for self-improvement
Himawari seminar	Employees in age groups 35, 40, and 45	Encouraging them to consider financial arrangements to support household management that leverages welfare benefit programs

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### Basic Ideas

Isuzu makes efforts to ensure an environment that allows management and employees to work well together.

We have established fair and sound labor-management relationships founded on mutual trust between management and employees, who cooperate well in tackling challenges. In particular when important management issues arise, the parties discuss and consider these matters leveraging the labor-management forum, which is organized regularly.

We also encourage involved discussions on our management policies with recommendations by the Trade Union based on the current workplace situations. For the operation and review of various HR/labor-related systems and programs, we proceed after due discussions between the employees and management based on each party's awareness of issues.

With such relationships between labor and management, we further strive to improve the effectiveness of various measures as well as the objectivity and transparency of our corporate management. Isuzu is committed to further developing an environment that is ideal both for the employees and employer.

### Major labor-management forums in practice

#### ◆ Content of the major labor-management forums

Title	Frequency	Description
Central labor-management council	Biannual	Meeting on corporate management policies, management performance, business progress, etc.
Specialist labor-management council	Biannual	Discussion mainly of major issues in the production division
Division-based labor-management forum	Biannual (each division)	Sharing information on issues specific to the divisions of engineering, production, sales, etc.
Financial briefing	Biannual	Sharing information on business performance
Regional labor-management council	Monthly (each business site)	Discussion on major issues of the site
Industrial health and safety	committee	Promotion of health and safety initiatives at the site

# Harmony with local communities

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### 60 Harmony with local communities

#### Initiative Policy

The Isuzu Group is committed to social contribution activities as a good corporate citizen in the areas where we operate, striving to win the trust of local communities and to contribute to their prosperity.



#### Future Initiatives


We greatly respect the initiatives implemented by Isuzu Group companies around the world, and are promoting activities to answer the needs of regional societies.

We also aim to achieve harmony with local communities through support activities which consider the Sustainable Development Goals (SDGs) agreed upon by the 2015 United Nations General Assembly.

## Harmony with local communities

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60 Harmony with local communities

 Employee-participatory activities are indicated with this symbol.

### Isuzu Summer Festivals 2017

Both Fujisawa Plant and Tochigi Plant held their summer festivals in August 2017.

The festivals were intended to show appreciation to the employees and their family members for their daily efforts as well as to the local community and residents for their cooperation.

Fujisawa Plant welcomed approximately 22,000 visitors and Tochigi Plant approximately 8,500. Local residents enjoyed the festivals as well.

#### Fujisawa Plant

The Fujisawa Plant held an exciting summer festival with engaging entertainment events such as Isuzu lantern float and DeuSEL® buses on display, finishing with a fireworks show.



The 80-year anniversary panel display of Isuzu models



DeuSEL® bus display and Euglena product sales



Isuzu's *manto mikoshi* (float)



Finishing touch with fireworks displays

#### Tochigi Plant

The theme of the Summer Festival at the Tochigi Plant was "Love Your Community, Love Your Family - Thanking Our Community, Families and Employees with One Heart." A variety of fun events were put on as a way of saying thank you to members of the local community, our employees, and family members.



Organizing committee chorus



Cheerleading by the Kokugakuin University Tochigi Gakuen cheerleading club



Japanese drum performance by Kobukikai members



Children getting excited to see the Uchu Sentai Kyu Rangers on stage

### Exhibited at 2017 Fujisawa Industry Festival

We participated in the 2017 Fujisawa Industrial Festa held in Fujisawa City, Kanagawa Prefecture, and presented our company profile and the environmental initiatives of the Fujisawa Plant (Fujisawa City, Kanagawa Prefecture), together with an exhibition of Elf trucks.

About 69,000 visitors enjoyed the two days of the festival. Many of them, including parents with their children, came to the Isuzu booth.



Elf truck on display outdoors



The children enjoyed getting to sit in the driver's seat.

## Participating in the Ohira Industrial Festival in Tochigi

Isuzu had a booth at the Ohira Industrial Festival (organized by the Industrial Relations Department of the Ohira Office of the Tochigi City government).

Under the aim of promoting local industrial activities, sponsoring the event gave us a good opportunity to present our CSR activities, and exhibit our fire engine, as well as organize a raffle with Isuzu goods as prizes. This facilitated communication with the neighbors of our plant.

Approximately 1,500 people visited our booth that day. Many families with children lined up to take a photo with our fire engine and mascot character Mimamori-kun.



Children love Mimamori-kun

## The Operation of Isuzu Plaza

The Isuzu Plaza opened in April 2017, and is appreciated by many people, young and old. In June, we had a special event in to celebrate its 100,000th visitor.

Our programs for visitors are very popular, including the trial ride on commercial vehicles (which is a rare experience for many), experience-oriented exhibitions on pressing/coating processes, and monozukuri workshops. The plaza has had a total of 136,000 visitors as of the end of September.

We also organized a social studies tour for fifth-grade students, combining visits to the Fujisawa Plant and Isuzu Plaza, and 8,394 participants from 87 schools enjoyed learning about commercial vehicles, manufacturing processes, and environmental/safety issues.

### ◆ Overview

- ▶ Address: Tsuchitana 8, Fujisawa City, Kanagawa Prefecture (Isuzu Fujisawa Plant annex)
- ▶ Opening hours: Tuesday to Friday (appointment only); Saturdays and national holidays (free entry) 10:00 - 17:00  
May be closed some days during the Golden Week holidays, summer holidays, and year-end/new-year holidays
- ▶ Established: April 2017
- ▶ Isuzu Plaza website (Japanese only) : <http://www.isuzu.co.jp/plaza>
- ▶ Exhibitions:
  - Exhibition zones: Four zones - Isuzu and Fujisawa City, Isuzu and Transportation; Manufacturing at Isuzu; and Isuzu History
  - Exhibits: Miniature World (diorama), 1/20-scale production line model, old and new Isuzu models, driving simulator and other experience-oriented devices, etc.
- ▶ Visitors: 88,630 per year (FY2017)  
(Including social studies field trips from local elementary schools)

\*Cumulative total of approx. 136,000 (as of September 2018)



Isuzu Plaza front view



Exhibited vehicles (1F or Diorama)



Enjoying the workshop



A social studies field trip

## Basic Ideas

Isuzu aims to be a highly transparent company, disclosing impartial corporate information in a timely and appropriate manner in order to earn the broad trust of society.

## Disclosure and communication of corporation information

At Isuzu, we put out information on our website with the aim of providing information that concerns all our stakeholders and building communication with those stakeholders.

Category	Where on the Website	Supervising Divisions
Products	Product Lineup (Isuzu Homepage)	Isuzu Motors Sales Ltd.
Distributors Network	Distributors Network (Isuzu Homepage)	Isuzu Motors Sales Ltd.
Regulations / Environmental Measures / Fuel-Efficiency / Cost Reduction Useful Information Column for Drivers*	Trucks Station	Isuzu Motors Sales Ltd.
About Isuzu Motors Limited	Corporate Profile (Isuzu Homepage)	Corporate Planning & Finance Division
I.R. Information/Investor Relations (Isuzu Homepage)	To our Investors	Corporate Planning & Finance Division
For Inquiries/Consultations*	Isuzu Customer Center	Quality Assurance Division
CSR Activities	Corporate Planning & Finance Division	Recruitment Information*
Recruitment Information*	Recruitment Information	Administration Division
About Recalls	Recall Information	Quality Assurance Division
About Trucks and Diesel Vehicles*	Working Vehicles Around the World Isuzu Technology	Corporate Planning & Finance Division
Commercials, etc.	Museum	Corporate Planning & Finance Division
Communication	Hakobu	After-Sales Division
	Facebook	Corporate Planning & Finance Division
	Isuzu Plaza	Corporate Planning & Finance Division

#### Basic Ideas

Isuzu puts forth the corporate vision “Isuzu will always mean the best. A leader in transportation, commercial vehicles, and diesel engines, supporting our customers and respecting the environment”.

To have the Isuzu corporate value recognized by society and continuously accomplish our corporate vision, it is essential that each one of our directors and employees act according to Isuzu’s compliance standards, that is, not only complying with laws and regulations but also keeping high ethical standards that live up to the trust society puts in us.

Isuzu places the highest priority on implementing such compliance standards. Isuzu has developed the “Basic Policy for Compliance” as a summary of these standards which was put into effect from 2005, and intends to have all executive members and employees knowledgeable and informed of the policy. This policy is composed of seven fields, and if incidents occur which would violate it, top management personnel themselves will execute measures for problem resolution and cause investigation which involve recurrence prevention, release of quick and accurate information to society, and fulfillment of their responsibility to provide explanations.

#### Initiative Policy

##### 1 Winning trust from our customers

We aim to win trust from our customers by providing valuable products and services to society, and thus contribute to the creation of a prosperous society.

##### 2 Promoting fair and sound activities

Isuzu business is based on transactions under fair and free competition. We also maintain sound and normal relationships with the government and politicians and act decisively as a corporate citizen against anti-social forces and organizations.

##### 3 Ensuring fair disclosure of corporate information

We broadly communicate with our stakeholders in society not limited to shareholders, and ensure timely, appropriate and fair disclosure of our corporate information.

##### 4 Respect for Employees

We create a safe and comfortable work environment respecting each employee’s personality and character so that everyone can fully demonstrate their capabilities.

##### 5 Making a contribution to environment conservation

We actively work on environmental conservation not only through our business activities but also as a corporate citizen residing on earth by getting involved in social and regional environmental conservation activities.

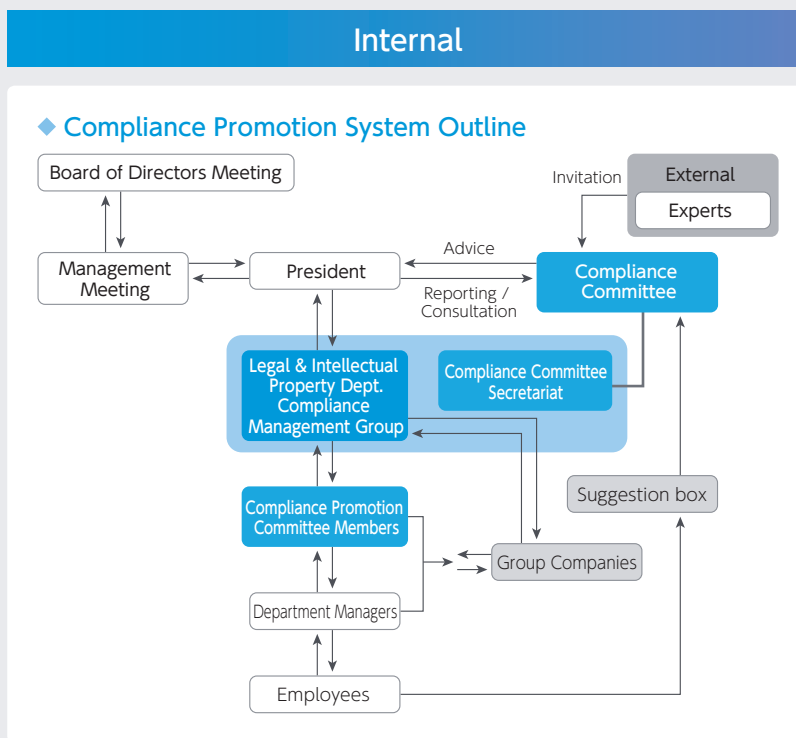
##### 6 Contributing to society

Isuzu proactively undertakes social contribution activities as a good corporate citizen.

##### 7 Ensuring harmony with international and regional communities

We respect the cultures and customs of nations and regions and contribute to their development through our business activities.





### Compliance Committee

Isuzu's Compliance Committee is in place as the president's advisory function to ensure the clarity and transparency necessary for the pursuit of compliance, and in order to bolster compliance practices at Isuzu by providing objective advice and guidance on the policies and systems of compliance activities as well as confirming the operational status of all consultation points.

There are seven committee members in total, including external experts (university professors, lawyers, etc.), three of whom are executive directors. Meetings are held every three months.

The Committee receives reports about complaints and consultations from various consultation points, thereby monitoring and overseeing specific measures and case progress.

### Internal consultation points / external consultation points (opinion box)

There are three internal contact points for consultation about issues concerning compliance: on the office level (office director), the division level (division manager), and the company-wide level (Legal & Intellectual Property Dept. Compliance Promotion Group).

These contact points receive information fairly and neutrally, and they handle consultations not only on clear violations of laws and regulations or the company code of conduct, but also suspected violations and inquiries regarding laws, etc. relevant to the company regulations and duties in work.

The external contact point (opinion box) is set up at an external legal office as circumstances may make it difficult to contact the in-house consultation point or solve cases of violation of laws or the company code of conduct.

These in-house and external consultation services can be contacted by e-mail, fax, phone, or mail, and the identity of the asker and the content of their inquiry are treated as confidential pursuant to the Whistleblower Protection Act, thereby ensuring protection from unfair treatment at work.

To make these services known in the company, a compliance guidebook and compliance card are distributed to all employees, describing the opinion box and consultation points as well as contact details. Awareness raising takes place regularly through Isuzu Quality and Compliance Promotion Meetings, posters, and other publicity materials.

The Legal & Intellectual Property Department Compliance Promotion Group functions as secretary, verifying the facts regarding any concerns brought to the consultation points and pursuing improvement.

In FY2017, the external consultation point received 22 reports (3 cases concerning Isuzu and 19 the Isuzu Group). All the concerns brought to the in-house/external consultation points were handled appropriately, and it was verified that no major legal violations were committed.

Please also note that the Board of Directors Meeting is notified of the progress of compliance initiatives, the number of concerns raised, and any major violation cases.

## Isuzu Group

### Group-wide promotion efforts

Isuzu has introduced Group-wide management rules to manage all group companies according to unified standards and prevent any compliance risks that may arise within the Group.

Group companies in Japan provide and operate internal and external consultation systems as in the case of Isuzu.

We regularly hold Quality and Compliance Promotion Meetings, attended by group companies, where participants work together to achieve common Group targets and raise awareness of compliance issues. These meetings also help the companies to identify compliance risks that were raised and deploy the countermeasures horizontally to prevent the risks.

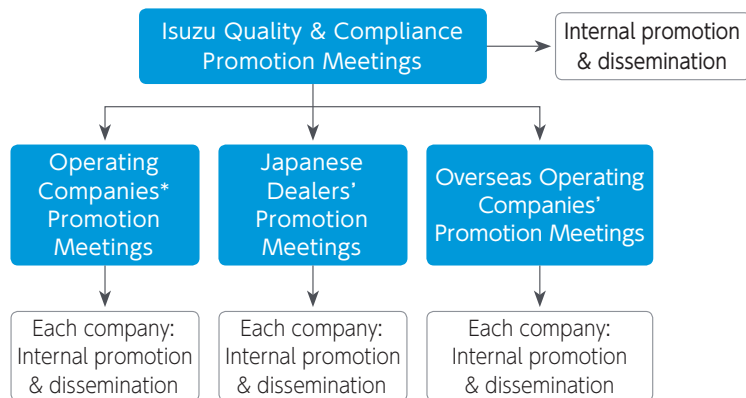
### Compliance Promotion System in Isuzu Group

Isuzu Quality and Compliance Promotion Meetings are held monthly, with compliance promotion officers from each division participating.

The minutes and agendas of the meetings are distributed and shared horizontally to all divisions through division-based promotion meetings, which are organized within the divisions.

Similarly, Group companies hold internal promotion meetings, where the same information is conveyed to ensure information sharing and promotion of initiatives across the Group.

#### ◆ Outline of Compliance Promotion System in Isuzu Group



\* Operating companies: Related companies in Japan except Japanese dealers

## Initiative Policies and Results for FY2017

### Activities to address Group-wide common issues (in Japan)

In FY2017, the Isuzu Group companies in Japan (including dealers and operating companies) identified the two common issues for the Group and pursued various initiatives toward those ends. These issues are thorough compliance with the Subcontracting Law and eliminating drunk driving.

As part of the automobile industry, the theme of drunk driving was particularly close to us all. We are working on raising the awareness of every single employee and ensuring that everyone, including family members and friends, agrees not to drink and drive or to let anyone else do so.

Before long weekends and holidays, Isuzu and all Group companies hold road safety seminars with lectures and videos on road safety and eliminating drunk driving, reminding employees of the dangers inherent to drunk driving and what a grave neglect of social responsibilities it is.

### Compliance surveys (Japan)

We regularly conduct compliance surveys with the aim of ensuring that compliance awareness is established and uncovering compliance risks. The survey results analyzed at each company are reported to the management and compliance officers of each company, and they consider future countermeasures and responses.

The FY2017 survey included questions on the themes of overtime work practices, instances of harassment, awareness of drunk driving and internal cases of noncompliance, targeting approximately 12,500 employees of all 48 Group companies.

In response to the results of the survey, we implemented training on harassment designed for managerial staff at operation sites in Japan with the aim of raising awareness of and providing correct information about workplace harassment and internal communication.

### Activities of overseas group companies

In FY2017, overseas Group companies worked to respond promptly to compliance-related cases and deploy the practice horizontally. Specifically, companies in Thailand (which is the center of Isuzu's overseas operations) have established a compliance promotion system and developed a work environment to raise employee awareness. Each company prepared a compliance guidebook and set up an external point for reporting concerns.

A compliance promotion meeting was organized in November 2017, and all Isuzu Group companies in Thailand were invited. A plan was developed for educational programs using graded training sessions and guidebooks.

## Compliance education

In the aim of fostering compliance awareness, Isuzu provides employees with opportunities to learn about compliance basics and relevant laws and regulations, such as level-based lectures and e-learning programs.

Manager training and education programs on various laws and regulations are also provided to group companies, the aim being for all Isuzu Group employees to act with a common awareness of compliance. In FY2017 as well, the seminars were taken by about 7,300 employees from 22 Group companies in Japan.

Similarly, as part of the Group's common issues, we addressed thorough compliance with the Subcontracting Law through the training sessions on the law.



Scene at compliance training

### ◆ Main education themes in FY2017

- ▶ Basic compliance education for new employees
- ▶ Compliance education for mid-career recruits
- ▶ Compliance Education for Managers
- ▶ Education about harassment
- ▶ Education about the Subcontracting Law
- ▶ Environmental law and regulations training
- ▶ Education about the authorized exporter declaration procedure
- ▶ Drunk driving eradication campaign DVD screening

#### Publication of Compliance Guidebook and Compliance Cards

In January 2006, Isuzu prepared a company-wide Compliance Guidebook, which it has since been distributing to all employees as a compilation of the codes of conduct required of all executives and employees of Isuzu, communicating the main attitude and principles.

Similarly, members of divisions are given division-specific compliance guidebooks, which contain matters of potential compliance incidents that may occur during daily work within the division or department, compiled in the form of case studies.

These guidebooks are reviewed every year between April and July, and the content is updated to reflect any amendments to relevant laws and regulations as well as to encourage a better understanding among employees.

The Isuzu Compliance Initiative Policy, the guideline on compliance-related behaviors, the details of in-house and external consultation points (help-lines), and other key elements from the guidebooks are summarized to make a compliance card, which employees carry at all times.

We revised the guidebooks again in FY2017 and added a section on the use of social media.

#### Overseas business guidelines

Isuzu's business activities have spread to various countries around the world.

To be able to pursue business operations with respect for the laws, customary business practices, and religious/cultural values of different regions, we have created a set of business guidelines to be observed overseas and conduct our business accordingly.

#### Monitoring Initiatives

In FY2017, we adopted an initiative to prevent the accounting of inappropriate spending and made sure that all departments practiced the approval system for quoting, ordering, accepting, and making payments for goods, in an effort to promote stricter budget execution. We developed new rules, which were disseminated to each member through in-house training and other opportunities, and the Corporate Audit Department carried out audits on actual the operational status.

We have reviewed the audit results, and we cooperate with the division compliance promotion committees and continue monitoring compliance with the new rules.

Monitoring was also conducted in FY2017 about each dealer's compliance with the Subcontracting Law in terms of outsourcing practices (retaining documents, payment delays, etc.).

As part of our continued efforts to spread our practices throughout the Isuzu Group, we share the results of these monitoring practices with the Isuzu Quality and Compliance Promotion Meeting.

#### Future Initiatives

In FY2018, we will continue focusing on fostering compliance awareness among executive and labor members both at Isuzu and group companies. As for overseas companies, we are continuing our efforts to bolster the effectiveness of this system in Thailand, which introduced a compliance promotion system in FY2017.

# Corporate Governance

## Basic Ideas

Isuzu believes that the establishment of corporate governance structures that provide a framework for discipline is indispensable to its ability to generate consistent profits and enhance corporate value through its business activities. Recognizing that the fundamental purpose of corporate governance is to respect the position of all its stakeholders and build smooth relations with them, Isuzu endeavors to ensure fairness and transparency in its corporate affairs through the timely and appropriate disclosure of important information. It is an especially important factor in corporate governance to develop internal systems and an environment to protect the rights and interests of all stakeholders and ensure they are all treated equally.

Furthermore, to accomplish this, it is necessary for the Board of Directors and the Audit Committee to fully perform their responsibilities in supervising business management while simultaneously assuming accountability with regard to all stakeholders.

## Corporate Governance System (Board of Directors and Audit Committee)

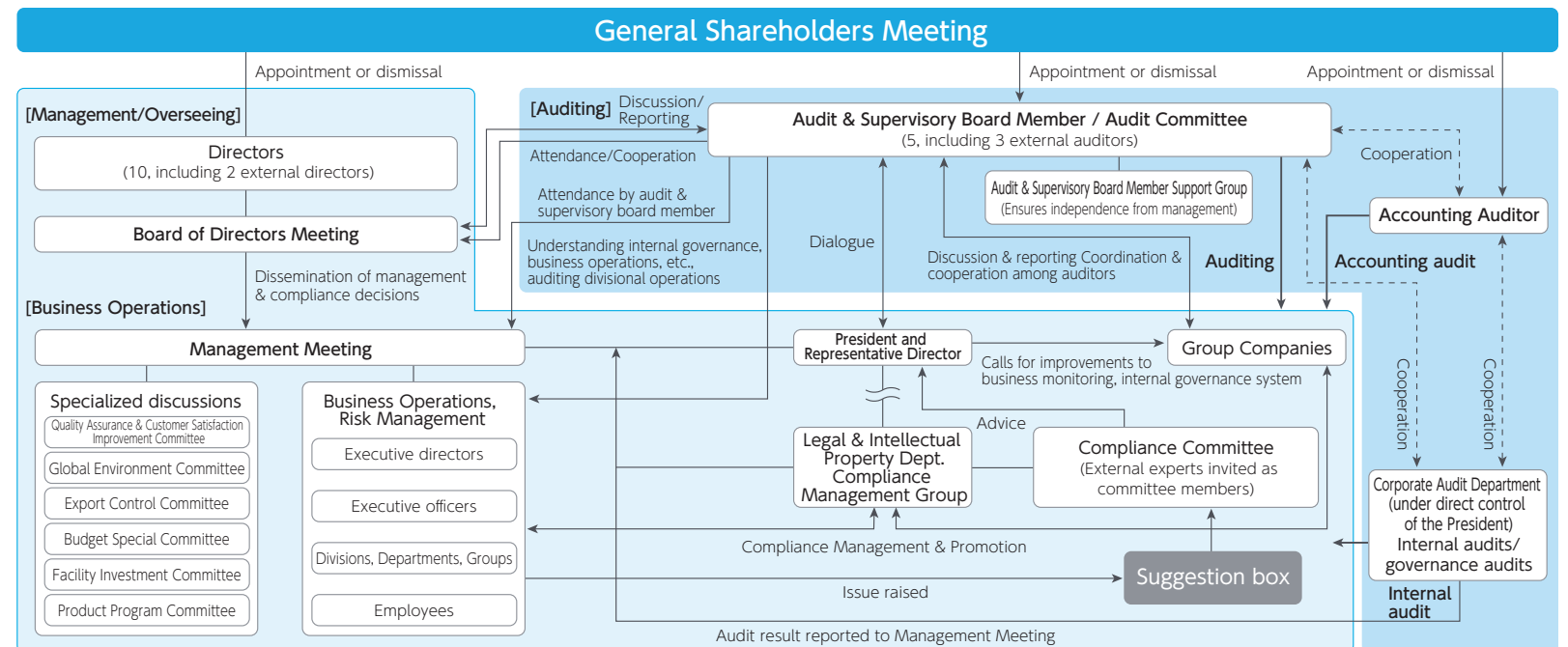
Isuzu adopts a corporate auditor system and has established a Board of Directors and an Audit Committee as internal bodies to oversee and audit important managerial decisions.

The Board of Directors of Isuzu has 10 members and convenes at scheduled meetings every month, with ad hoc meetings called as necessary. They discuss and decide on important matters concerning the operational management.

The Audit Committee at Isuzu is made up of five auditors. Each auditor attends Board of Directors meetings and audits the of business operations of the directors in accordance with the audit plans set out by the Audit Committee.

Isuzu's Board of Directors, which oversees and manages the decision-making and operation of business management, is supported by the five-member Audit Committee, including three external auditors, which monitors business management. From the viewpoint of ensuring its objectivity, neutrality and transparency, the Board of Directors also includes two external, independent members as directors.

### ◆ Corporate Governance System



\*As of 28th June 2018

## Overview of the Isuzu corporate governance system

In order to increase corporate value, Isuzu considers it necessary for management to pursue growth in the interests of all stakeholders, not just the interests of the company alone or certain stakeholders.

It is a general practice in Japan for a company to be incorporated with an appointed committee, audit committee, or board of directors where the majority is external directors.

Isuzu is structured as a company with an audit committee because we believe that it will be better for our stakeholders' common interests if the Board of Directors, with rich knowledge and experience of Isuzu's business and managerial issues, can make quick and strategic decisions through its management functions while the Audit Committee leads the management monitoring processes, leveraging its external expertise and objectivity.

The members of the Board of Directors are selected from within Isuzu based on their expertise in business management and Isuzu's operations as well as in the automobile industry, and several external directors are appointed for their rich knowledge in business management and so on. Our external directors are two individuals who have faced general investors as representatives of listed companies, maintained accountability, and directed management. They enhance the diversity of the Board of Directors' decision-making and its overseeing performance.

As for the checking/monitoring function, before every scheduled Board of Directors' meeting is a management audit meeting, where all auditors are expected to be present in principle, pursuing various initiatives to bolster its function of auditing the management.



Board of Directors and Officers  
<http://www.isuzu.co.jp/world/investor/director.html>

## Management Meeting and Committees

To speed up managerial decision-making and business operations, Isuzu has set up a Management Meeting to examine and make decisions on critical management matters, in accordance with resolutions of the Board of Directors Meeting. It has also created various committees that report to the Management Meeting in order to streamline discussion of issues in their specialized areas.

## Status of internal audits and corporate auditors' audits

At Isuzu, the internal audit function is organized under the Corporate Audit Department, with the Governance Audit Group and Administrative Audit Group. They conduct internal governance audits of financial reports with reference to the Financial Instruments and Exchange Act to maintain the credibility of the documents, as well as internal audits and themed audits of operational administrations at Isuzu and group companies. Through these audits, they help to ensure and improve compliance with laws and regulations, financial credibility, and effective and efficient operations. The groups have a total of 16 members (except managers) for the current fiscal year.

In addition to attending Board of Directors meetings and other important meetings, auditor responsibilities include soliciting directors and other leaders about the execution of their duties, reviewing documents about matters of important decision-making, investigating operational and financial conditions at the Omori headquarters and major worksites and, as necessary, requesting reports from subsidiaries and auditing their operations.

Committee Name	Chair	Function/Role
Quality Assurance & Customer Satisfaction Improvement Committee	Quality Assurance Division Officers with jurisdiction	To determine company-wide quality assurance matters and issues concerning customer satisfaction (CS) improvement To respond to quality problems that legally require reporting to the authorities
Global Environment Committee	Related division executive officer	Discussing matters concerning environmental conservation in Isuzu Group, etc.
Export Control Committee	Administration Division Acting Executive	Inspecting exports of strategic goods and strategic technologies beforehand in order to eradicate legal violations related to their export
Budget Special Committee	CFO or Officer in charge of Corporate Planning & Finance Division	Comprehensively deliberating on items related to company-wide budget
Facility Investment Committee	Officer in charge of Corporate Planning & Finance Division	Deliberating on items related to company-wide capital investment
Product Program Committee	Overall Chief Engineer	Deliberating about individual product development proposals, target-setting and control, and promotion and evaluation

## External officers

We have appointed two external directors (non-standing) and three external corporate auditors (of whom one is full-time). There is no conflict of interest in Isuzu which should be disclosed in terms of organizational/human relations or transactions with these outside members. While some of the board members own shares of company stock, there is no specific matters of conflict of interest that Isuzu should be disclosed in terms of capital relations.

External officers are therefore able to recognize the neutral and impartial role Isuzu should play in society and to oversee its management without showing any favor toward managers or particular stakeholders.

Isuzu has no actual written standards or policy concerning the independence of external officers for selection, but it does ensure their independence by not considering for selection anyone who is a related party, or is at the time of selection the director or employee of a corporation that is a related party, or has been the director or employee of that corporation, or is a lawyer or certified public accountant belonging to a corporation with which Isuzu has a signed advisory contract or audit contract at the time of selection.

### ◆ External Directors/Auditors and reasons for selection

Name	Position	Reason for appointment
Hiroyuki Maekawa	Director of the Board	As the manager of a public-listed company, he has a wealth of experience and extensive insight.
Mitsuyoshi Shibata	Director of the Board	As the manager of a public-listed company, he has a wealth of experience and extensive insight.
Tetsuhiko Shindo	Standing Corporate Auditor	He has a high level of expertise and a wealth of experience in finance and corporate financial affairs, as well as considerable knowledge in financial affairs and accounting.
Takashi Mikumo	Standing Corporate Auditor	He has a wealth of knowledge and experience in finance and corporate management.
Kanji Kawamura	Standing Corporate Auditor	He has a wealth of knowledge and experience in corporate legal affairs.

## Remuneration for Directors and Audit & Supervisory Board Members

The remuneration of Isuzu Directors is determined within the range approved by the shareholders' meeting according to decisions made by Board of Directors Meeting, including remuneration levels of other companies and Isuzu's achievements. The amount of the remuneration for each Director reflects that individual's position and the performance of Isuzu and the individual concerned. Moreover, the remuneration of Audit & Supervisory Board Members is determined within the range approved by the shareholders' meeting according to decisions made by auditors' meetings, including remuneration levels of other companies and Isuzu's achievements.

Exec category	Total of remuneration and allowances (millions of yen)	Applicable Directors* (persons)
Directors (except external)	729	12
Audit & Supervisory Board Member (except external)	64	2
External Directors & Corporate Auditors	72	7

\* As of the end of March 2018

\* No. of execs covered

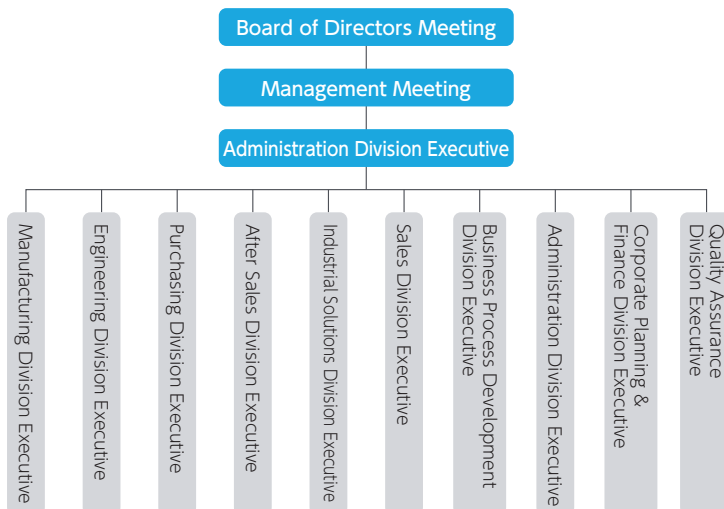
The above remuneration amounts are for the current fiscal year and are not confined to positions held from the day after the closing of the most recent regular shareholders meeting. The numbers of executives covered therefore include those who had retired at the closing of regular shareholders meetings held during the current fiscal year.

# Risk Management

## Basic Ideas

Isuzu has set up a system in accordance with our Risk Management Regulations by which each division's Risk Management Officer conducts the risk management of their division and a Chief Executive for Risk Management controls the company's overall risk. We conduct thorough risk management by understanding and assessing the status of risk management at the Management Meeting and, in the event of a crisis, discussing, determining and implementing a response (including systematic) at the Management Meeting and reporting to the Board of Directors where appropriate.

### ◆ Management system



## BCP initiatives

### Purpose of BCP in Isuzu

Isuzu fully recognizes its corporate duties (social responsibilities) and has therefore drawn up a business continuity plan (BCP) consisting of a basic company-wide plan and action plans for each department, for quickly restoring the supply of its products and services even in times of difficulty after a large-scale disaster, and has been executing, updating and managing this plan.

### BCP basic policy

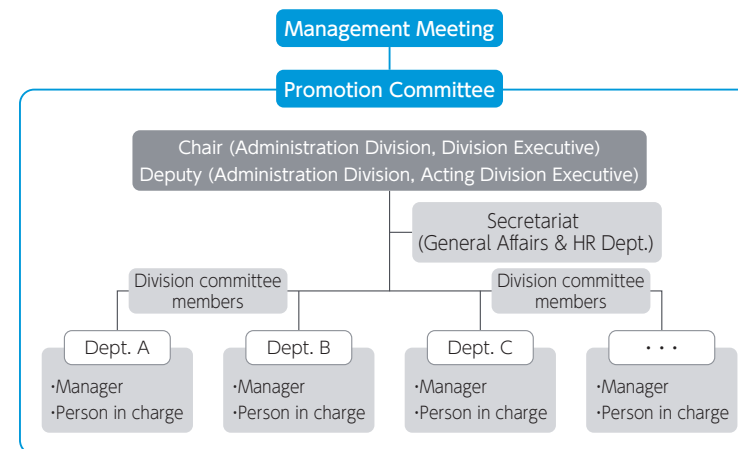
Basic policy on business continuity

- (1) We will secure the safety of our executives, employees and their families.
- (2) We will strive to make facilities, machinery etc. safe and prevent a secondary disaster.
- (3) We will minimize the impact on our customers and business partners.
- (4) We will try to restore and continue operations at an early time.

### Risks invoking BCP

Isuzu has prepared a BCP for all significant risks that may lead to an extended period of interruption/suspension of business operations.

### ◆ BCP Promotion System at normal times





## About Training Activities

Isuzu carries out training on a regular basis to ensure effectiveness. In addition to disaster response training at each of our bases, initial response training is also held for establishing a Response Headquarters immediately after a large-scale disaster and carrying out measures such as collecting information on the safety of employees and damage conditions at each base. The training is conducted at Omori Headquarters and all plants at the same time. Using a drill scenario, participants gather information about various disaster/accident situations and discuss response measures to improve their competence in disaster situations. Omori Headquarters and each plant are connected via telecommunication devices to ensure that the sites can coordinate.



The three sites coordinate the activities of their disaster response headquarters.

## Basic Ideas

To fulfill our corporate social responsibility, win public confidence, and contribute to the development of a sustainable society, Isuzu addresses various issues in fields such as environment, quality, compliance, social contribution while recognizing the importance of gaining the cooperation and trust of all our stakeholders including business partners.

### ◆ Purchasing Basic Vision

We would like to support smooth production by procurements. Toward this goal, we guarantee satisfactory quality, delivery time and quantities of purchased products and cooperate with the provision of new technologies through purchasing markets, contributing to the profits of our company. We believe that these will help establish interactive communication built on mutual trust with our business partners. (Established: July 1997, last revised: April 2008)

### ◆ Purchasing Basic Policy

- 1 With quality as our first priority, Isuzu aims to build a system of creating and delivering products that satisfy our customers.
- 2 Isuzu aims to procure parts based on fair and equitable competition, whether in Japan or overseas, so long as they are satisfactory in terms of quality, pricing and delivery.
- 3 Isuzu works to enhance our corporate competitiveness while developing procurement activities aimed at win-win relationships with our business partners.

### ◆ Purchasing Slogan

OPEN(Optimum Procurement to Embody the Needs)  
Isuzu will match market needs and establish optimum procurement routes by encouraging procurement reforms.

The procurement slogan depicts an image of the reform to be recognizable internally and externally (established July 2010).

It is also displayed on materials distributed inside and outside of the company, as well as on business cards.



\* The name "OPEN" also indicates transparency of procurement.

### ◆ Thorough Enforcement of the Purchasing Basic Vision and Basic Policy among Purchasing Division Members

The Purchasing Basic Vision and Basic Policy are indicated in the Purchasing Division Compliance Guidebook, which is available in the in-house database so that Purchasing Division members can access them whenever necessary.

Furthermore, explanations of the Purchasing Basic Vision and Basic Policy are included as part of introductory training when personnel are assigned to the Purchasing Division, for thorough understanding by all members.

### Introductory training for FY2017

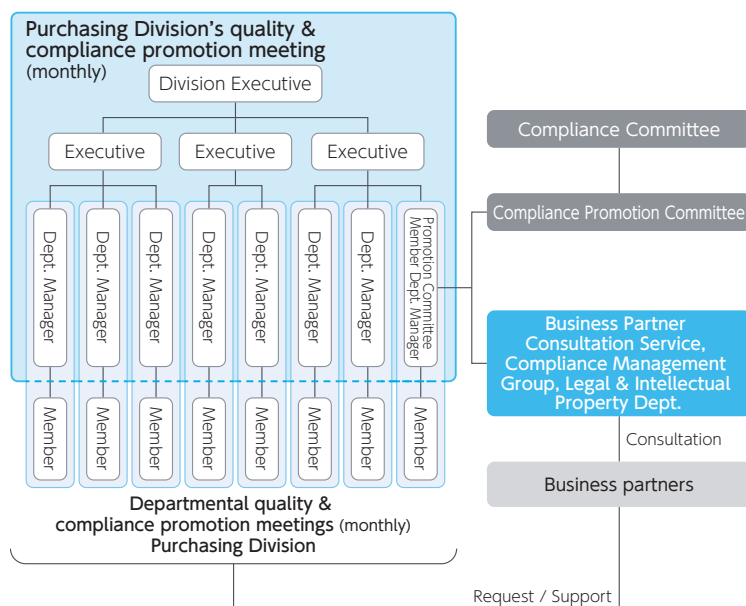
- ▶ Sessions implemented: 1
- ▶ Target: FY2017 new recruits (7 persons)
- ▶ Details: Instructions on the entire Purchasing Division Compliance Guidebook (29 pages), including the Purchasing Basic Vision and Basic Policy

## Purchasing Promotion System

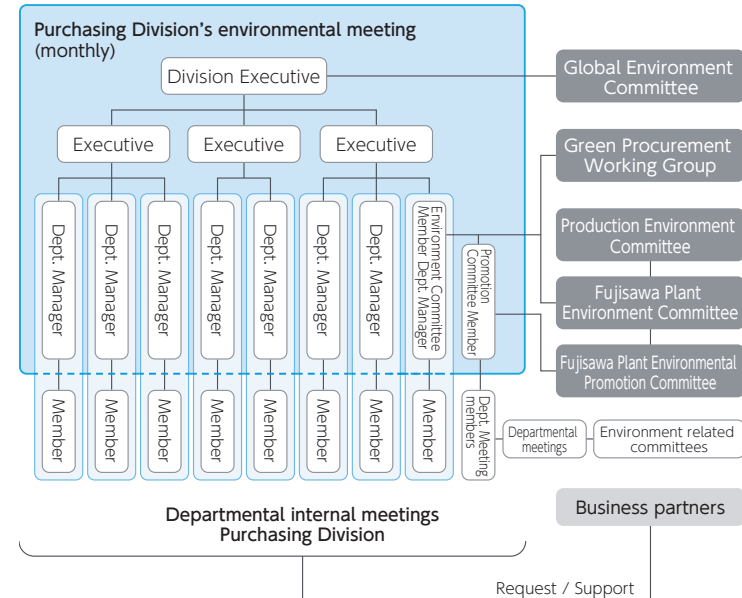
The Purchasing Division holds both Quality and Compliance Promotion Meetings and Environmental Meetings once a month. Information from these committees is passed onto all the departments within Purchasing Division. The Purchasing Division's policy on activities related to compliance and the environment is determined at these meetings.

We have also established a Business Partner Consultation Service within our Legal & Intellectual Property Department's Compliance Management Group, providing impartial consultations for our business partners on compliance related matters.

### ◆ Compliance promotion system



### ◆ Environmental management system

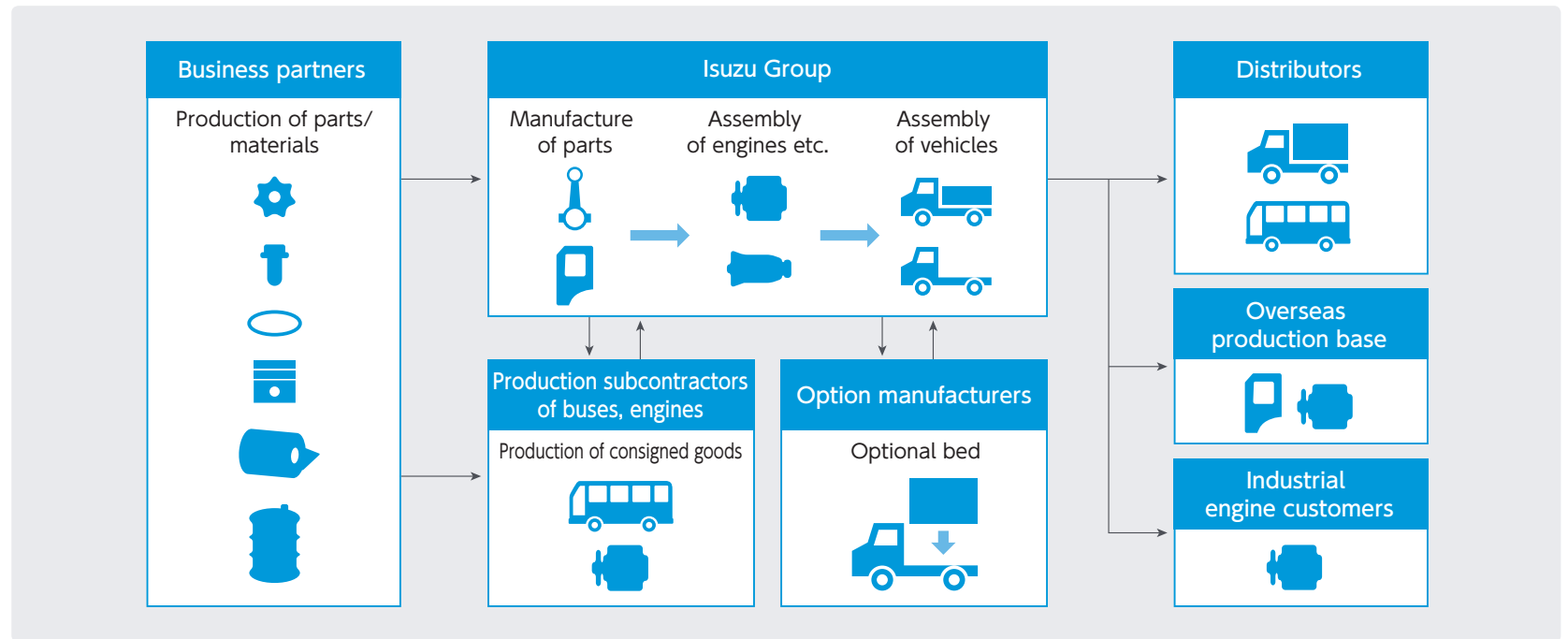


## Isuzu Supply Chain

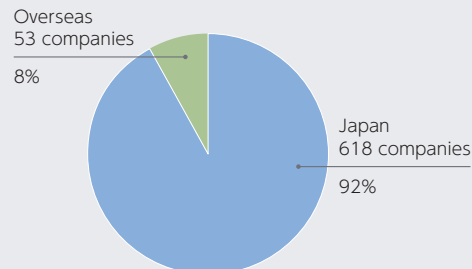
Isuzu chooses its suppliers according to a fair and equitable selection process regardless of whether in Japan or overseas. In our procurement activities, we keep in mind building win-win relationships with our business partners, so we can work to enhance our corporate competitiveness.

A total of 671 companies in Japan and abroad are business partners of Isuzu. About 90% of these partners are based in Japan. In terms of transaction amount, the procurement of parts makes up about 80% of the total.

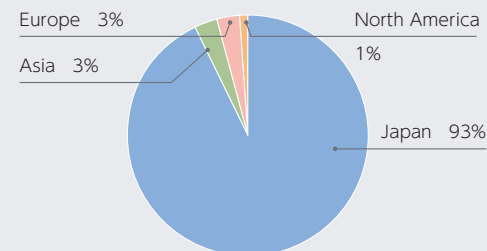
The delivery quality and market quality of our business partners are monitored, and if declines in quality are recognized, the applicable companies are selected to be companies subject to management or observation, and instructions on quality improvement are given. Where suppliers do not show tangible improvement, we conduct an on-site audit with them at the time of the direct supply contract renewal assessment, implemented every three years, to verify their quality management system operations. With new business partners, we conduct an on-site audit before starting business and verify the effectiveness of their quality management systems.



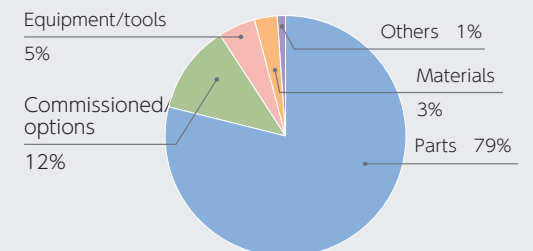
### ◆ No. of partner companies



### ◆ Value of trade (by regions of partners' localities)



### ◆ Transaction amount (by item)



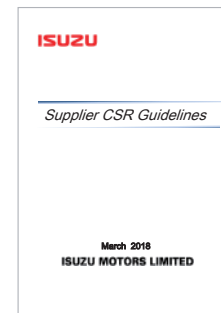
## Isuzu Supplier CSR Guidelines

Isuzu has established the Isuzu Supplier CSR Guidelines, which summarize the requests we have for our business partners concerning our CSR activities, corporate vision, procurement basic vision, and so on. These guidelines were developed based on the Supplier CSR Guidelines issued by Japan Automobile Manufacturers Association, Inc. and the CSR Guidebook by Japan Auto Parts Industries Association. (Drawn up March 2018)

The major points reviewed in the Isuzu Supplier CSR Guidelines published in March 2018 are as follows:

- ▶ Added provisions concerning the handling of conflict minerals\*

\* Conflict minerals: The minerals mined in and around the Democratic Republic of the Congo (cassiterite, wolframite, coltan, and gold ore), which are used to finance militant forces.



Isuzu Supplier CSR Guidelines  
[http://www.isuzu.co.jp/world/csr/supplychain/pdf/isuzu\\_csr\\_guideline.pdf](http://www.isuzu.co.jp/world/csr/supplychain/pdf/isuzu_csr_guideline.pdf)

### Requests for our Business Partners

Our business partners are expected to deploy activities in accordance with the Isuzu Supplier CSR Guidelines. Even new business partners are requested to carry out initiatives in accordance with these Guidelines when contracts are made.

Surveys on environmental matters and risk management were implemented in fiscal 2017. Interviews on the status of initiatives were directly held with certain business partners and the conditions of production sites were confirmed.

- ▶ Environmental survey: conducted with 365 companies (respondents: 326; response rate: 89.3%)
- ▶ Risk management survey: conducted with 330 companies
- ▶ Hearing and production site visits on environmental and risk-management practices: 7 companies

We will continue to implement similar activities in fiscal 2018.

We organized the Isuzu purchasing policy briefing in March 2018, which explained the Action Plan for Proper Management of Type Molds announced by METI in July 2017, calling for the understanding and cooperation of our business partners in our efforts to reduce redundant metal molds and jigs.

## Overview of Isuzu Supplier CSR Guidelines

We aim to carry out procurement activities with full consideration for human rights and work environments.

### 1) Safety and Quality

- (1) Supply of products and services to meet consumer and customer needs
- (2) Supply of appropriate information related to products and services
- (3) Assurance of safety regarding products and services
- (4) Assurance of quality regarding products and services



### 2) Human Rights and Labor

- (1) Elimination of discrimination
- (2) Respect for human rights
- (3) Prohibition of child labor
- (4) Prohibition of forced or compulsory labor
- (5) Handling of conflict minerals
- (6) Wages
- (7) Working hours
- (8) Conversations and discussions with employees
- (9) Safe and healthy working environments



### 3) Environment

- (1) Environmental management
- (2) Reduction of greenhouse gas emissions
- (3) Prevention of environmental pollution regarding air, water, earth, etc.
- (4) Resource conservation and waste reduction
- (5) Chemical substance management



### 4) Compliance

- (1) Legal compliance
- (2) Compliance with competition laws
- (3) Anti-corruption
- (4) Management and protection of confidential information
- (5) Export transaction control
- (6) Protection of intellectual properties



### 5) Information disclosure

- (1) Disclosure of information to stakeholders



### 6) Social contributions

- (1) Harmony with local communities



### Isuzu Green Procurement Guideline

Isuzu has established the Isuzu Green Procurement Guidelines, which introduce our Charter on the Global Environment and summarize the environment related requests we have for our business partners by type of industry. (Last revised: October 2017)

We promote the understanding of this Isuzu Green Procurement Guidelines among our business partners, who are expected to lead environmental initiatives in compliance.

The major points reviewed in the Isuzu Green Procurement Guidelines published in October 2017 are as follows:

- (1) Updated the URL of IMDS
- (2) Changes made to the procedures to register personnel responsible for environmental initiatives

The Isuzu Green Procurement Guidelines are published on the company website and shared through the Isuzu Supplier's portal system to promote them among our business partners.



Isuzu Green Procurement Guideline  
[http://www.isuzu.co.jp/world/csr/supplychain/pdf/isuzu\\_green\\_procurement.pdf](http://www.isuzu.co.jp/world/csr/supplychain/pdf/isuzu_green_procurement.pdf)

### Requests for our Business Partners

#### Evaluation of Environmental Management Systems

Our business partners are expected to report the conditions of their environmental management systems through surveys. We are aware that promoting awareness of environmental initiatives is extremely important, and we will continue these activities in the future.

In FY2017, we revised the Environmental Management Self-Evaluation Report and requested that our 365 business partners conduct self-assessment. The responses obtained from 326 partners are summarized below:

#### [Main evaluation items]

- ▶ Environmental management systems
- ▶ Compliance with related environmental laws and regulations
- ▶ Promotion of energy-saving activities
- ▶ Reduction of water consumption
- ▶ Reduction and appropriate treatment of waste
- ▶ Reduction of emissions of regulated chemical substances
- ▶ Managing environmentally hazardous substances
- ▶ Reduction of CO<sub>2</sub> emissions and packaging/shipping materials in logistics

#### [Response rate]

- ▶ 89.3% (326 out of 365 companies)

#### [Actions in response to the results]

- ▶ Correction of misunderstandings of designated operators under the Energy-Saving Act (10 respondents)
- ▶ Request to develop an environmental management system, including obtaining relevant certification (13 respondents)
- ▶ Verification of business partners who are not active in pursuing initiatives (10 respondents) ... to be implemented during FY2018

### CO<sub>2</sub> Reduction Activities in the Supply Chain

The Isuzu Group is taking action to identify and reduce CO<sub>2</sub> emissions over the total supply chain. We have started initiatives to identify these emissions using calculation procedures based on guidelines from the Ministry of the Environment. We also plan to organize seminars on environmental activities for business partners during FY2018, with the aim to promote our support for CO<sub>2</sub> emissions reduction by presenting good practice cases. We will continue activities to improve our environmental performance in the future.

## Communication with Business Partners

Isuzu intends to strengthen communication with its business partners through briefing sessions and meetings. We also pay close attention to communicating respectfully with our business partners on a daily basis.

- ▶ Procurement policy briefing      once/year (March)
- ▶ Production briefing                2 times/year (April, October)
- ▶ Quality policy briefing            once/year (April)
- ▶ Briefing on Green Procurement   once/year (October)
- ▶ Isuzu Kyowakai\* (regular general meeting)   once/year (May)
- ▶ Isuzu Kyowakai (joint committee meeting)   once/year (July)
- ▶ Isuzu Kyowakai (managers' social gathering)   once/year (October)
- ▶ Isuzu Kyowakai (1st to 6th subcommittees)   4 times/year (for each subcommittee)
- ▶ Publication of Environmental News        2 times/year (September, March)

\* Isuzu Kyowakai: A cooperative association composed of Isuzu's business partners.

## Establishment of Business Partner Consultation Service

We have established a Business Partner Consultation Service within our Legal & Intellectual Property Department's Compliance Management Group,



Procurement policy briefing



Production briefing



Quality policy briefing



Briefing on Green Procurement



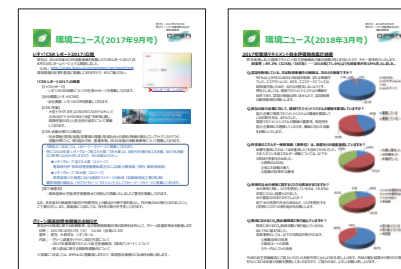
Isuzu Kyowakai (regular general meeting)



Isuzu Kyowakai (joint committee meeting)



Isuzu Kyowakai (managers' social gathering)



Environmental News

providing impartial consultations for our business partners.

Contact information, reception times, and other details related to this service were provided once again at the procurement policy briefing held on March 23, 2018.

## Future Initiatives

Surveys on the status of initiative execution by our business partners revealed that there are large differences in execution status depending on the business partner. In order to improve the overall execution level, we will hold interviews on execution status and check the conditions of production sites, while also continuing to gain an understanding of the level of execution through surveys, and we will apply these results to future activities.

By introducing examples of improvements achieved from these interviews and surveys, we will promote the activities of our business partners.

We will review the content of the Isuzu Green Procurement Guidelines and Isuzu Supplier CSR Guidelines as necessary while also continuing activities to raise awareness of these guidelines.

# A Third-party Opinion



Professor, Takasaki City University of Economics

## Takeshi Mizuguchi

This year, Isuzu has set forth nine key issues (materialities) for the company. This is an achievement because it means that the discussions continuing since 2015 have come to a form of conclusion. This year's CSR report is also the first to include a dialogue with stakeholders. I am certain that Isuzu has been proactive in obtaining feedback from various stakeholders, such as customers and suppliers, through our daily operations, and this dialogue with external experts is particularly beneficial because the opinions come from a broad swath of society. I hope that this initiative will continue in the future. The content of the dialogue is also valuable.

As the theme is on the nine key issues, the dialogue section shows an overall picture of the company's various initiatives. However, the remainder of the CSR report is not very different from last year's report in its structure, which I had not expected. I had the impression that it only listed many points. It is not a bad practice to provide a lot of information, but it does make it difficult to highlight what is important.

For example, toward the beginning of the passages where key issues are introduced, there are mentions of improving the productivity of the logistics industry and

enhancing physical distribution flow. But then these topics are not developed in the rest of the report. Although the KPIs for these topics are still to be developed in the future, I assume that the company is already engaged in addressing them in some ways. The deployment of the Isuzu operation assisting system Mimamori is one such initiative. I would have liked to see some mention of these efforts in relation to the key issues for Isuzu. This point is not about how the report is edited, but that it can express Isuzu's determination in addressing their key issues.

One of the issues is about tackling poverty. A wonderful example is the company's initiative in the Philippines, supporting the education of car mechanics, where young people from less privileged backgrounds receive vocational training. In my opinion, the report does not give this initiative the treatment it deserves. I would be interested to learn if it will be further developed or rolled out to other countries and regions.

The year 2018 saw many powerful hurricanes, storms and floods throughout the world. In Japan, too, many areas were affected by intense torrential rains in the Western part of the country, as well as Typhoon Jebi, which hit the Kansai region, and other weather events. In October, a new report was issued by the Intergovernmental Panel on Climate Change (IPCC), alerting the world of the forecast that the average global atmospheric temperature would rise by 1.5°C as early as 2030. There is no doubt that debate on the use of fossil fuels will intensify in the future. In the dialogue, it is also mentioned that Isuzu will develop a system for the mass production of EV trucks by 2020, which has also been reported in newspapers. This is not covered in the pages about Isuzu's environmental initiatives. The dialogue also points out that diesel engines are a favored option, comprehensively speaking, for heavy-duty trucks to carry heavy weight over long distances. While this point is also important, it is not explained further in the text that follows. I suggest that the time is ripe for Isuzu to acknowledge these topics and give them the treatment they deserve.

## Response to the third-party opinion

### Corporate Communications Department CSR Promotion Group

We would like to express our sincere appreciation for Professor Mizuguchi's valuable opinions on Isuzu Group's CSR activities, which he provided for the third year in a row.

This year, we launched our new Mid-Term Business Plan and identified nine key issues (materialities) for Isuzu to pursue. We also organized an opportunity to have a dialogue with stakeholders, and we made good progress in our initiatives taking into account their current and past opinions. Concerning the structure of this CSR report, as it was pointed out in his review, the content is comprehensive but it does not reflect our approaches to the key issues, partly due to the fact that the business plan and the identification of materialities took place in parallel with the preparation of the report. We intend to organize our subsequent CSR reports to be more focused and relevant to our activities, and be more relevant to the KPIs and key issues.

To address the points made in the review, our support initiative in the Philippines involving the auto mechanic training center is in its 10th year, and we are beginning to see results in some promising talents who showed excellent performance in the engineers competitions held in the Philippines (which is

equivalent to our National Skills Competition). High-performing students are able to find job opportunities both inside and outside of the Philippines, which helps to fight poverty. Equally importantly, this initiative is significant in addressing one of our operational challenges: to secure excellent talents. Therefore, the Isuzu Group as a whole is determined to continue this effort.

With regards to the high-profile key issue of climate change, we are aware of its significance to us as a manufacturer dealing in diesel engines as our core business. We took the first step last year in the form of our Isuzu Group Charter on the Global Environment, laying out our approaches to new initiatives addressing climate change and other environmental problems. At present, we are deliberating internally to flesh out these initiatives. We will continue these efforts so that we will be able to have more specific measures and policies in place from the next operating year.

In October, we launched a new internal forum, the Social Competence Promotion Meeting, involving all divisions. We hope that this forum will make our CSR activities more effective, which will help us engage in establishing KPIs for the key issues and bolster activities in underperforming areas.

Professor Mizuguchi has once again provided us with a wide variety of valuable opinions this year. We will take these views into consideration and diligently make ongoing efforts to resolve social issues so that we can live up to the trust and expectations of our stakeholders we have with our stakeholders.



# GRI STANDARDS INDEX

GRI Standards	Disclosures		Medium of publication
GRI 101: Foundation 2016			
General Disclosures			
102: General Disclosures (2016)	102-1	Name of the organization	Corporate Profile <b>(P.04)</b> [WEB] Corporate Profile > About Isuzu > Corporate Profile [WEB] Investor Relations > Fact Book
	102-2	Activities, brands, products, and services	Corporate Profile <b>(P.04)</b> [WEB] Corporate Profile > About Isuzu > Corporate Profile [WEB] Investor Relations > Fact Book [WEB] Product Lineup [WEB] Distributors Network [WEB] Corporate Profile > About Isuzu > Global Business - Products -
	102-3	Location of headquarters	Corporate Profile <b>(P.04)</b> [WEB] Corporate Profile > About Isuzu > Corporate Profile [WEB] Investor Relations > Fact Book
	102-4	Location of operations	Corporate Profile <b>(P.04)</b> [WEB] Corporate Profile > About Isuzu > Group companies (Japanese only) [WEB] Corporate Profile > About Isuzu > Global Business - Overseas Subsidiaries Offices -
	102-5	Ownership and legal form	Corporate Profile <b>(P.04)</b> [WEB] Corporate Profile > About Isuzu > Corporate Profile [WEB] Investor Relations > Fact Book
	102-6	Markets served	Corporate Profile <b>(P.04)</b> [WEB] Investor Relations > Fact Book [WEB] Corporate Profile > About Isuzu > Global Business - Overseas Subsidiaries Offices - [WEB] Corporate Profile > About Isuzu > Global Business - Results -
	102-7	Scale of the organization	Corporate Profile <b>(P.04)</b> Respect for Employees > Utilization of Diverse Human Resources > Basic Idea <b>(P.50)</b> [WEB] Corporate Profile > About Isuzu > Corporate Profile [WEB] Investor Relations > Fact Book
	102-8	Information on employees and other workers	Corporate Profile <b>(P.04)</b> Respect for Employees > Utilization of Diverse Human Resources > Basic Idea <b>(P.50)</b> [WEB] Corporate Profile > About Isuzu > Corporate Profile [WEB] Investor Relations > Fact Book [WEB] Securities Report (Japanese only)
	102-9	Supply chain	Supply Chain Management > Activity Reports > Isuzu Supply Chain <b>(P.75)</b>
	102-10	Significant changes to the organization and its supply chain	Editorial Policy <b>(P.02)</b>

## GRI STANDARDS INDEX

GRI Standards	Disclosures	Medium of publication
	102-11 Precautionary Principle or approach	Compliance > Management Approaches > Internal <b>(P.63)</b> Compliance > Management Approaches > Isuzu Group <b>(P.64)</b> Quality > Product Quality Improvement > Initiatives for higher product quality <b>(P.38)</b> Environment > Management Approaches > Isuzu Group's Charter on the Global Environment <b>(P.18)</b> Environment > Management Approaches > Isuzu Group Environmental Promotion Scheme <b>(P.19)</b>
	102-12 External initiatives	Message from the President <b>(P.03)</b> [Dialogue] Key Issues for Isuzu to Address <b>(P.10)</b>
	102-13 Membership of associations	Isuzu CSR > Isuzu Group Stakeholders <b>(P.07)</b>
	102-14 Statement from senior decision-maker	Message from the President <b>(P.03)</b>
	102-15 Key impacts, risks, and opportunities	Message from the President <b>(P.03)</b> Isuzu's CSR Activities > Basic Ideas <b>(P.06)</b> [Dialogue] Key Issues for Isuzu to Address <b>(P.9)</b> <b>[WEB]</b> Securities Report (Japanese only)
	102-16 Values, principles, standards, and norms of behavior	Corporate Profile <b>(P.04)</b> Social Contributions > Management Approaches > Initiative Policies <b>(P.13)</b> Environment > Management Approaches > Isuzu Group's Charter on the Global Environment <b>(P.18)</b> Quality > Management Approaches > Basic Ideas <b>(P.37)</b> Compliance > Management Approaches > Basic Ideas <b>(P.63)</b> Supply Chain Management > Management Approaches > Basic Ideas <b>(P.72)</b>
	102-17 Mechanisms for advice and concerns about ethics	Compliance > Management Approaches > Internal <b>(P.63)</b> Compliance > Management Approaches > Isuzu Group <b>(P.64)</b>
	102-18 Governance structure	Corporate Governance > Corporate Governance System (Board of Directors and Audit Committee) <b>(P.68)</b> <b>[WEB]</b> Securities Report (Japanese only)
	102-19 Delegating authority	
	102-20 Executive-level responsibility for economic, environmental, and social topics	Environment > Management Approaches > Isuzu Group Environmental Promotion Scheme <b>(P.19)</b> Quality > Management Approaches > Total quality assurance system <b>(P.37)</b> Compliance > Management Approaches > Internal <b>(P.63)</b> Risk Management > BCP Initiatives <b>(P.71)</b> Supply Chain Management > Management Approaches > Purchasing Promotion System <b>(P.74)</b>
	102-21 Consulting stakeholders on economic, environmental, and social topics	
	102-22 Composition of the highest governance body and its committees	Corporate Governance > Corporate Governance System (Board of Directors and Audit Committee) <b>(P.68)</b>
	102-23 Chair of the highest governance body	Corporate Governance > Corporate Governance System (Board of Directors and Audit Committee) <b>(P.68)</b>

## GRI STANDARDS INDEX

GRI Standards	Disclosures	Medium of publication
	102-24 Nominating and selecting the highest governance body	Corporate Governance > Corporate Governance System (Board of Directors and Audit Committee) <b>(P.68)</b> <b>[WEB]</b> Securities Report (Japanese only)
	102-25 Conflicts of interest	
	102-26 Role of highest governance body in setting purpose, values, and strategy	Environment > Management Approaches > Isuzu Group Environmental Promotion Scheme <b>(P.19)</b> Quality > Management Approaches > Total quality assurance system <b>(P.37)</b> Compliance > Management Approaches > Internal <b>(P.63)</b> Risk Management > Basic Ideas <b>(P.71)</b> Risk Management > BCP Initiatives <b>(P.71)</b> Corporate Governance > Corporate Governance System (Board of Directors and Audit Committee) <b>(P.68)</b> Supply Chain Management > Management Approaches > Purchasing Promotion System <b>(P.74)</b>
	102-27 Collective knowledge of highest governance body	
	102-28 Evaluating the highest governance body's performance	Corporate Governance > Corporate Governance System (Board of Directors and Audit Committee) <b>(P.68)</b> <b>[WEB]</b> Securities Report (Japanese only)
	102-29 Identifying and managing economic, environmental, and social impacts	Environment > Management Approaches > Isuzu Group Environmental Promotion Scheme <b>(P.19)</b> Quality > Management Approaches > Total quality assurance system <b>(P.37)</b> Compliance > Management Approaches > Internal <b>(P.63)</b> Risk Management > Basic Ideas <b>(P.71)</b> Corporate Governance > Corporate Governance System (Board of Directors and Audit Committee) <b>(P.68)</b>
	102-30 Effectiveness of risk management processes	
	102-31 Review of economic, environmental, and social topics	
	102-32 Highest governance body's role in sustainability reporting	
	102-33 Communicating critical concerns	Compliance > Management Approaches > Internal <b>(P.63)</b>
	102-34 Nature and total number of critical concerns	
	102-35 Remuneration policies	Corporate Governance > Remuneration for Directors and Audit & Supervisory Board Members <b>(P.70)</b> <b>[WEB]</b> Securities Report > Status, etc. of corporate governance (Japanese only)
	102-36 Process for determining remuneration	Corporate Governance > Remuneration for Directors and Audit & Supervisory Board Members <b>(P.70)</b>
	102-37 Stakeholders' involvement in remuneration	Corporate Governance > Remuneration for Directors and Audit & Supervisory Board Members <b>(P.70)</b>
	102-38 Annual total compensation ratio	
	102-39 Percentage increase in annual total compensation ratio	
	102-40 List of stakeholder groups	Isuzu CSR > Isuzu Group Stakeholders <b>(P.07)</b>
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	102-43	Approach to stakeholder engagement	Isuzu CSR > Isuzu Group Stakeholders <b>(P.07)</b> A Third-Party Opinion <b>(P.79)</b>
	102-44	Key topics and concerns raised	Isuzu CSR > Isuzu Group Stakeholders <b>(P.07)</b> A Third-Party Opinion <b>(P.79)</b>
	102-45	Entities included in the consolidated financial statements	Editorial Policy <b>(P.02)</b>
	102-46	Defining report content and topic Boundaries	Isuzu CSR > Initiatives to Identify Key Issues <b>(P.08)</b>
	102-47	List of material topics	[Dialogue] Key Issues for Isuzu to Address <b>(P.10)</b>
	102-48	Restatements of information	
	102-49	Changes in reporting	
	102-50	Reporting period	Editorial Policy <b>(P.02)</b>
	102-51	Date of most recent report	Editorial Policy <b>(P.02)</b>
	102-52	Reporting cycle	Editorial Policy <b>(P.02)</b>
	102-53	Contact point for questions regarding the report	Editorial Policy <b>(P.02)</b>
	102-54	Claims of reporting in accordance with the GRI Standards	
	102-55	GRI content index	GRI Guidelines Index <b>(P.80)</b>
	102-56	External assurance	
<b>Material topics</b>			
103:Management Approach(2016)	103-1	Explanation of the material topic and its Boundary	[Dialogue] Key Issues for Isuzu to Address <b>(P.10)</b>
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
201:Economic Performance (2016)	201-1	Direct economic value generated and distributed	<b>[WEB]</b> Annual Report <b>[WEB]</b> Securities Report (Japanese only)
	201-2	Financial implications and other risks and opportunities due to climate change	Environment > Management Approaches > Business Risks and Opportunities Posed by Climate Change <b>(P.19)</b>
	201-3	Defined benefit plan obligations and other retirement plans	Respect for Employees > Improving Employee Satisfaction > Basic Ideas <b>(P.57)</b> <b>[WEB]</b> Annual Report
	201-4	Financial assistance received from government	
202:Market Presence (2016)	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	
	202-2	Proportion of senior management hired from the local community	
203:Indirect Economic Impacts (2016)	203-1	Infrastructure investments and services supported	
	203-2	Significant indirect economic impacts	Environment > FY 2017 Activity Results (Isuzu) > Environmental accounting <b>(P.35)</b>
204:Procurement Practices (2016)	204-1	Proportion of spending on local suppliers	Supply Chain Management > Activity Reports > Isuzu Supply Chain <b>(P.75)</b>

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	205-2	Communication and training about anti-corruption policies and procedures	Compliance > Activity Reports > Compliance Education <b>(P.66)</b> Supply Chain Management > Activity Reports > Isuzu Supplier CSR Guidelines <b>(P.76)</b>
	205-3	Confirmed incidents of corruption and actions taken	
206:Anti-competitive Behavior (2016)	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	
301:Materials (2016)	301-1	Materials used by weight or volume	Environment > FY 2017 Activity Results (Isuzu) > Business activity and environmental load <b>(P.36)</b>
	301-2	Recycled input materials used	Environment > FY 2017 Activity Results (Isuzu) > Discharge reduction activities <b>(P.33)</b>
	301-3	Reclaimed products and their packaging materials	Environment > FY 2017 Activity Results (Isuzu) > Discharge reduction activities <b>(P.33)</b> <b>[WEB]</b> About recycling Isuzu Vehicles (Japanese only)
302:Energy (2016)	302-1	Energy consumption within the organization	Environment > FY 2017 Activity Results (Isuzu) > Business activity and environmental load <b>(P.36)</b>
	302-2	Energy consumption outside of the organization	
	302-3	Energy intensity	
	302-4	Reduction of energy consumption	Environment > Activity Reports > Initiatives for the environment in production activities <b>(P.23)</b> Environment > FY 2017 Activity Results (Isuzu Group) > CO <sub>2</sub> emission reduction activities <b>(P.29)</b> Environment > FY 2017 Activity Results (Isuzu) > CO <sub>2</sub> emission reduction activities <b>(P.31)</b>
	302-5	Reductions in energy requirements of products and services	Environment > Activity Reports > Initiatives for environment in product development <b>(P.21)</b>
303:Water(2016)	303-1	Water withdrawal by source	Environment > FY 2017 Activity Results (Isuzu) > Water usage reduction activities <b>(P.33)</b> Environment > FY 2017 Activity Results (Isuzu) > Business activity and environmental load <b>(P.36)</b>
	303-2	Water sources significantly affected by withdrawal of water	
	303-3	Water recycled and reused	
304:Biodiversity (2016)	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Environment > Environmental Communication > Conservation of biodiversity <b>(P.27)</b>
	304-2	Significant impacts of activities, products, and services on biodiversity	
	304-3	Habitats protected or restored	Environment > Environmental Communication > Conservation of biodiversity <b>(P.27)</b>
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	

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	305-2	Energy indirect (Scope 2) GHG emissions	
	305-3	Other indirect (Scope 3) GHG emissions	Environment > Activity Reports > Environmental Initiatives in Logistics Processes <b>(P.20)</b> Environment > FY 2017 Activity Results (Isuzu Group) > CO <sub>2</sub> emission reduction activities <b>(P.29)</b> Environment > FY 2017 Activity Results (Isuzu) > Business activity and environmental load <b>(P.36)</b>
	305-4	GHG emissions intensity	Environment > FY 2017 Activity Results (Isuzu Group) > CO <sub>2</sub> emission reduction activities <b>(P.29)</b>
	305-5	Reduction of GHG emissions	Environment > Activity Reports > Environmental Initiatives in Logistics Processes <b>(P.20)</b> Environment > FY 2017 Activity Results (Isuzu Group) > CO <sub>2</sub> emission reduction activities <b>(P.29)</b> Environment > FY 2017 Activity Results (Isuzu) > CO <sub>2</sub> emission reduction activities <b>(P.31)</b>
	305-6	Emissions of ozone-depleting substances (ODS)	Environment > FY2017 Activity Results (Isuzu) > Initiatives to Control Chlorofluorocarbon Emissions <b>(P.31)</b>
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Environment > FY2017 Activity Results (Isuzu) > Proper Management of Emissions and Wastewater <b>(P.32)</b>
306:Effluents and Waste (2016)	306-1	Water discharge by quality and destination	Environment > FY2017 Activity Results (Isuzu) > Proper Management of Emissions and Wastewater <b>(P.32)</b> Environment > FY 2017 Activity Results (Isuzu) > Water usage reduction activities <b>(P.33)</b> Environment > FY 2017 Activity Results (Isuzu) > Business activity and environmental load <b>(P.36)</b>
	306-2	Waste by type and disposal method	Environment > FY2017 Activity Results (Isuzu Group) > Waste Reduction Activities <b>(P.30)</b> Environment > FY 2017 Activity Results (Isuzu) > Discharge reduction activities <b>(P.33)</b> Environment > FY 2017 Activity Results (Isuzu) > Business activity and environmental load <b>(P.36)</b>
	306-3	Significant spills	
	306-4	Transport of hazardous waste	Not applicable
	306-5	Water bodies affected by water discharges and/or runoff	Environment > FY2017 Activity Results (Isuzu) > Proper Management of Emissions and Wastewater <b>(P.32)</b>

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308:Supplier Environmental Assessment (2016)	308-1	New suppliers that were screened using environmental criteria	Supply Chain Management > Isuzu Green Procurement Guidelines <b>(P.77)</b>
	308-2	Negative environmental impacts in the supply chain and actions taken	Supply Chain Management > Activity Reports > Isuzu Supplier CSR Guidelines <b>(P.76)</b>
401:Employment (2016)	401-1	New employee hires and employee turnover	Respect for Employees > Utilization of Diverse Human Resources > Initiatives toward new employment <b>(P.51)</b>
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Respect for Employees > Utilization of Diverse Human Resources > Promoting the Role of Old People (Post-Retirement) <b>(P.51)</b> Respect for Employees > Utilization of Diverse Human Resources > Promoting Work-Life Balance <b>(P.52)</b> Respect for Employees > Improving Employee Satisfaction > Welfare Benefit System <b>(P.57)</b>
	401-3	Parental leave	Respect for Employees > Utilization of Diverse Human Resources > Promoting Work-Life Balance <b>(P.52)</b>
402:Labor/Management Relations (2016)	402-1	Minimum notice periods regarding operational changes	
403:Occupational Health and Safety (2016)	403-1	Workers representation in formal joint management-worker health and safety committees	Respect for Employees > Labor-Management Relations > Major Labor-Management Forums in Practice <b>(P.58)</b>
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	
	403-3	Workers with high incidence or high risk of diseases related to their occupation	
	403-4	Health and safety topics covered in formal agreements with trade unions	
404:Training and Education (2016)	404-1	Average hours of training per year per employee	Respect for Employees > Personnel Development > Education/training scheme <b>(P.54)</b>
	404-2	Programs for upgrading employee skills and transition assistance programs	Respect for Employees > Utilization of Diverse Human Resources > Promoting the Role of Old People (Post-Retirement) <b>(P.51)</b> Respect for Employees > Personnel Development > Education/training scheme <b>(P.54)</b>
	404-3	Percentage of employees receiving regular performance and career development reviews	Respect for Employees > Personnel Development > Performance Evaluation System <b>(P.56)</b>
405:Diversity and Equal Opportunity (2016)	405-1	Diversity of governance bodies and employees	Corporate Profile <b>(P.04)</b> Respect for Employees > Utilization of Diverse Human Resources > Basic Idea <b>(P.50)</b> <b>[WEB]</b> Securities Report (Japanese only)
	405-2	Ratio of basic salary and remuneration of women to men	
406:Non-discrimination(2016)	406-1	Incidents of discrimination and corrective actions taken	
407:Freedom of Association and Collective Bargaining (2016)	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Supply Chain Management > Activity Reports > Isuzu Supplier CSR Guidelines <b>(P.76)</b>

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409:Forced or Compulsory Labor (2016)	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Supply Chain Management > Activity Reports > Isuzu Supplier CSR Guidelines <b>(P.76)</b>
410:Security Practices (2016)	410-1	Security personnel trained in human rights policies or procedures	
411:Rights of Indigenous Peoples (2016)	411-1	Incidents of violations involving rights of indigenous peoples	
412:Human Rights Assessment (2016)	412-1	Operations that have been subject to human rights reviews or impact assessments	
	412-2	Employee training on human rights policies or procedures	
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	
413:Local Communities (2016)	413-1	Operations with local community engagement, impact assessments, and development programs	Social Contribution <b>(P.13)</b> Harmony with Local Communities <b>(P.59)</b>
	413-2	Operations with significant actual and potential negative impacts on local communities	
414:Supplier Social Assessment (2016)	414-1	New suppliers that were screened using social criteria	Supply Chain Management > Activity Reports > Isuzu Supplier CSR Guidelines <b>(P.76)</b>
	414-2	Negative social impacts in the supply chain and actions taken	Supply Chain Management > Activity Reports > Isuzu Supplier CSR Guidelines <b>(P.76)</b>
415:Public Policy (2016)	415-1	Political contributions	
416:Customer Health and Safety (2016)	416-1	Assessment of the health and safety impacts of product and service categories	Quality > Product Quality Improvement <b>(P.38)</b> Quality > Service Quality Improvement <b>(P.40)</b>
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417:Marketing and Labeling (2016)	417-1	Requirements for product and service information and labeling	
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