

Governance



Corporate Governance

Basic Approach

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

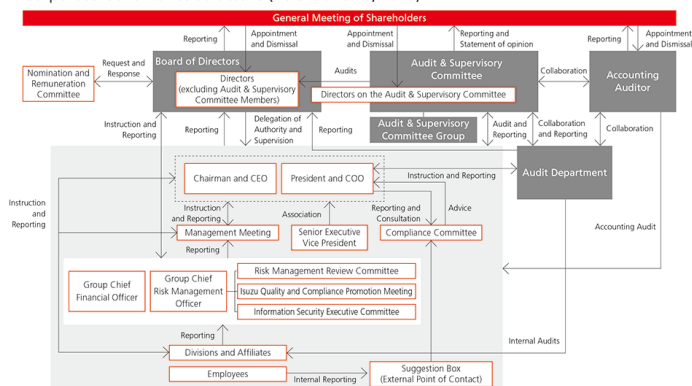
Furthermore, we believe that the fundamental purpose of corporate governance is to respect the perspectives of, and build constructive relationships with, all of our stakeholders, and to that end we endeavor to ensure fairness and transparency in our corporate affairs through timely and appropriate disclosure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

Management Structure

Isuzu is a company with an Audit and Supervisory Committee. We have a Board of Directors and an Audit and Supervisory Committee to act as statutory meeting structures to resolve, supervise and audit the execution of our main business activities. In addition to these statutory meeting structures, the Management Meeting deliberates on important policies and plans, conducts business management and executes other overall business activities. We also have advisory bodies and meeting structures to facilitate supervision and decision-making on business execution.

The outline of our corporate governance structure is as follows (as of June 28, 2023).

Corporate Governance Structure (As of June 28, 2023)



Board of Directors

The Board of Directors lives up to the mandates and confidence of shareholders and, for the purpose of consistently enhancing our corporate value, makes important decisions and conducts supervision on issues that concern our business management. In principle, the Board of Directors holds monthly meetings and may also hold extraordinary meetings on an as-needed basis to deliberate and make decisions on necessary agenda items.

Currently, the Board of Directors consists of 13 directors. The Board is chaired by Masanori Katayama, Chairman CEO, and Representative Director. Five of the 13 directors are independent outside directors.

Audit and Supervisory Committee

The Audit and Supervisory Committee follows the audit plan that it established, and audits and supervises the Board of Directors' decision making and directors' execution of business. Currently, the Audit and Supervisory Committee is composed of five directors who serve as Audit Committee Members. To strengthen the auditing and supervisory functions of the Audit Committee Members and to enable them to collect information daily, share information at important internal meetings, and fully cooperate with the accounting auditors and the internal audit division, three members (Makoto Anayama, Kenji Miyazaki, and Masao Watanabe) have been selected as Standing Audit and Supervisory Committee Member. The Committee is chaired by Makoto Anayama, a director and a Standing Audit and Supervisory Committee Member. Of the five Audit and Supervisory Committee members who are directors, three are independent outside directors. All five members are selected members of the Audit and Supervisory Committee.

Nomination and Remuneration Committee

In addition to these statutory organizations, Isuzu has a Nomination and Remuneration Committee, an arbitrary organization on corporate governance that is designed to strengthen the independence, transparency and objectivity of the function of the Board of Directors involved in the nomination of candidate officers, selection of executives, decisions on officers' remuneration and other processes. Isuzu's Nomination and Remuneration Committee consists of five members, including two internal directors (Masanori Katayama and Shinsuke Minami) and three outside directors (Mitsuyoshi Shibata, Kozue Nakayama, and Makoto Anayama). The chairman is Masanori Katayama, who holds the positions of Chairman, CEO, and Representative Director. The Committee deliberates and gives opinions on the questions it receives.

Executive Officer System and Management Meeting

By separating supervision and business execution, Isuzu is building a rapid decision-making and execution system through improvements in the deliberations in the Board of Directors, the supervisory organization, and the proper transfer of power from the Board of Directors. We also have executive officers and executives to take responsibility for a rapid decision-making and execution structure and for business execution in the areas of their assignment. The Management Meeting, consisting of Masanori Katayama, the Representative Director, Chairman of the Board, and CEO; Shinsuke Minami, the Representative Director, President, and COO; various Executive Vice Presidents (EVPs), group CxOs, and executive officers, is chaired by Shinsuke Minami and deliberates on issues concerning our business management and execution within the scope of power transferred from the Board of Directors.

Group CxO System

To further strengthen governance, we appointed the following CxOs. These officers have supervisory authority Company-wide over specific areas across different divisions and Group companies.

- Group CFO (Chief Financial Officer)
- Group CRMO (Chief Risk Management Officer)

Corporate Governance

Initiatives

Governance Themes

As corporate governance has been strengthened in Japan in recent years, Isuzu has endeavored to reform its governance. In June 2021, we shifted to a company with Audit and Supervisory Committee. We will remain committed to strengthening our governance and enhancing our corporate value.

Term	115th	116th	117th	118th	119th	120th	121st	122nd
Year Ended	March 2017	March 2018	March 2019	March 2020	March 2021	March 2022	March 2023	March 2024
Outside Directors (Women)	2 (0)	2 (0)	2 (0)	2 (0)	2 (1)	5 (2)	5 (2)	5 (2)
Officer Compensation	Introduced performance-linked stock-based compensation system	Decide the upper limit of the annual Amount of Directors' bonuses						
Advisory Committee				Establishment of Nomination and Remuneration Committee				
Separation of Execution and Supervision					Revise approval standards and rules	Shift to a company with Audit and Supervisory Committee	Appoint CCO	Appoint CEO and COO
					Appoint CxOs	Delegate important decision-making on the execution of company business to Directors		
Improving the Functioning of the Board of Directors				Launch the Effectiveness Assessment		Ratio Independent of Outside Directors: 1/3 or more		
						Setting the agenda for management strategy		
						Creation of Skills Matrix		
						Initiation of Institutional Shareholder Engagement		

Board Effectiveness Assessment

Isuzu conducts an annual evaluation and analysis of the effectiveness of the Board of Directors to improve its operations. The following is a summary of the evaluation and analysis for FY2023 (ended March 31, 2023).

- Process of analysis and evaluation for FY2023
Isuzu conducted an evaluation focusing on the separation of "execution" and "supervision" status resulting from the organizational changes implemented two years ago, as well as the performance of the monitoring function of the Board of Directors. Questionnaires targeting all directors and interviews conducted by a third-party organization were carried out and the results were analyzed. Additionally, countermeasures for the issues identified through the analysis were devised, and a report was presented to the Board of Directors in May 2023 for evaluation and confirmation of future initiatives.
- Summary of evaluation results (strengths)
Isuzu's Board of Directors evaluated and confirmed the following three points as strengths.
 - We are steadily, proactively, and urgently working on establishing and enhancing the governance structure. The "delegation of authority to the Management Meeting" and the "strengthening of the Board of Directors' supervisory function" are being progressed effectively.
 - To enhance understanding of the agenda, there is a well-established practice of conducting pre-briefing sessions and distributing materials in advance for outside directors.
 - The Board is composed of a balanced team of members with diverse backgrounds, qualifications, and skills.
- Summary of evaluation results (challenges)
Isuzu's Board of Directors identified the following four points as challenges to enhance the Board's monitoring function.
 - Enhancement of appropriate agenda setting and discussions
 - Enhancement of reporting on internal control status, including the risk management structure.
 - Sharing the opinions of each stakeholder with the Board of Directors
 - Enhanced discussion of cost-of-capital strategies and business portfolios.
- Major issues in FY2022 and progress of initiatives for FY2023.

Major issues in FY2022	Progress of initiatives for FY2023
(1) Enhance discussions with an awareness of the diverse opinions of shareholders and stakeholders	<ul style="list-style-type: none"> The voices and opinions of various stakeholders such as employees, business partners, shareholders, and investors were shared with the Board of Directors as needed. In particular, the sharing of the contents of financial reports and the provision of result updates have been strengthened. We will systematically capture and share the opinions of various stakeholders, taking into account IR/SR activities and ESG-related discussions, and engage in discussions accordingly.
(2) Enhanced discussion of cost-of-capital strategies and business portfolios	<ul style="list-style-type: none"> Efforts have been made to enhance the content of the performance explanations provided by the Group CFO. In particular, the content of the "CFO Message" in the Integrated Report has been discussed to move toward the desired direction. We will further enhance discussions on cost-of-capital strategies and business portfolio.
(3) Enhancement of reports to the Board of Directors (reports on risk management, compliance, and nomination and remuneration.)	<ul style="list-style-type: none"> Throughout the year, discussions on Risk Management and Compliance were conducted, leading to an improvement in the monitoring function of the Board's execution status. Taking into account the rapidly changing environment, we will strive to enhance reporting and clarify the main points of discussions.

Corporate Governance

Officers' Remuneration

Basic Principles

The following are Isuzu's basic principles on remuneration for directors and executive officers.

1. Contribute to sustained growth of Isuzu and enhancement of its corporate value, and facilitate the sharing of value with shareholders.
2. Remuneration should be at the level necessary and appropriate for securing and keeping talented human resources with due consideration to the economic environment, market trends and the levels of remuneration in other companies.
3. The amount of remuneration should reflect the performance of the Company and the individual as well as his/her job responsibilities and positions.
4. The process for deciding remuneration should be objective, impartial and transparent.
5. Our officer remuneration system and the amounts of payment to officers should be periodically reviewed whenever the Mid-Term management plan is updated and with consideration of factors such as the economic environment, the levels and systems of remuneration for officers in other companies and the status of Isuzu's use of the system.

Remuneration for Directors (excluding Audit and Supervisory Committee Member)

Remuneration for directors (excluding the directors that are Audit and Supervisory Committee Member and outside directors) includes basic compensation, bonuses linked with the degree of achievement of the single-year consolidated performance target and the amount of remuneration that is based on the performance-linked stock compensation plan linked with the degree of achievement of the management indexes aimed within the period of a Medium-Term management plan. Methods for evaluating each officer's performance and deciding the officers' bonuses and the performance-linked stock compensation plan go through a procedure of consultation and provides opinions to the optional Nomination and Remuneration Committee, of which independent outside directors occupy the majority. In this procedure, the president fulfills his accountability and thereby secures the objectivity and impartiality of remuneration for officers.

Details of Remuneration and Non-monetary compensation	Basic compensation		Decided on the basis of the standard amounts that is predetermined for different positions and the evaluation of individuals' performance.
		Bonus	<ul style="list-style-type: none"> • Linked to the degree of achievement of performance targets for a single fiscal year • A performance-linked coefficient in the range of 0% to 200% will be determined that represents the degree of achievement of consolidated operating income compared with the target in a single fiscal year, and bonuses will be determined by multiplying this coefficient by basic remuneration, which is the standard amount for the relevant position, and by the percentage of base pay (40%; 50% for the president and representative director).
	Performance linked compensation	Share based compensation	<ul style="list-style-type: none"> • Linked with the degree of achievement of the target during the period of a mid-term management plan. • Apply the weighted average to the degree of achievement of target values, including consolidated sales, consolidated operating profits and consolidated return on equity (ROE) in the proportion of 35%:35%:30%. Multiply it with the coefficient of the degree of growth of shareholder's value, etc.^{*1} to calculate the performance-linked coefficient within a range between 0% and 225.6%. Combined with this, use the standard amounts by position, which is the basis of basic compensation, and the component ratio (0.30 for president and 0.50 for Chairman) and assumed stock prices^{*2} to decide the points to give. <p>^{*1} Determined on the basis of the result of comparison between Isuzu's total shareholder return (TSR) and the growth rate of TOPIX (dividends included) during the relevant period</p> <p>^{*2} The average of the closing price of regular transactions of Isuzu shares in TSE on each day of the month before the month during which the relevant period started, with the exception of the days on which no transaction was closed (truncated to the closest whole number).</p>
Method for deciding the proportion	Basic compensation: Bonuses: Share-based compensation = 1.00:0.40:0.30 (1.00:0.50:0.50 for president and Chairman) (Assuming that the performance target is fully achieved)		
Policy regarding the time of payment	Basic compensation	Monthly compensation (1/12 of basic compensation is paid monthly)	
	Bonus	Paid in July after the degree of achievement of the single-year (individual/Company) performance target is determined.	
	Share-based compensation	Paid in July after the degree of achievement of the performance target stated in the mid-term management plan and the TSR coefficient in comparison with TOPIX are determined.	
Procedure for deciding re-entrustment	Basic compensation	Evaluation of individuals' performances is re-entrusted to the president after the Board of Directors' resolutions.	
	Bonuses and share-based compensation	Automatically calculated on the basis of the degree of achievement of the target, standard amount and coefficients. The amounts depend solely on the Company's performance and thus involve no scope for discretion.	

Corporate Governance

Remuneration for Outside Directors

Remuneration for outside directors consists of basic compensation only, in view of their roles and independence. Each director receives the fixed amount only and the remuneration involves no fluctuation that may result from performance evaluation and so on.

Compensation for Directors Who Are Also Audit and Supervisory Committee Member

The amount of remuneration for directors who are Audit and Supervisory Committee Member consists of basic compensation only, in view of their roles and independence. It is decided through discussion by the directors who are members of Audit and Supervisory Committee Member with consideration of factors such as the number of directors, economic environment, market trends and the levels of remuneration in other companies, within the range of the upper limit approved at the General Shareholders Meeting.

Total Remuneration Amounts and Other Payments to Directors

Classification	Total amount of compensation (million yen)	Amount of remuneration, etc. by type (million yen)				Number of eligible officers
		Basic compensation	Bonus	Remuneration based on the performance-linked stock compensation plan, etc.	Non-monetary compensation	
Directors (excluding Audit and Supervisory Committee Member and outside directors)	663	336	183	142	142	7
Audit and Supervisory Committee Members (excluding outside directors)	68	68	-	-	-	2
Outside officer	94	94	-	-	-	5

* This figure includes one director who retired as of the conclusion of the 120th General Shareholders Meeting held on June 28, 2022.

Policy on Cross-shareholdings

Isuzu believes that holding its business partners' shares on the assumption of long-term transactions is an effective means of building a stable relationship and should lead to the enhancement of its corporate value over the medium and long terms. To confirm the reasonability of holding business partners' shares, the Board of Directors annually performs an examination from two different aspects: it conducts a quantitative evaluation of each issue in terms of criteria such as whether the benefit of holding the shares at least equals the capital cost, and a qualitative evaluation of the significance of the shareholding, among other aspects. Consequently, any shares that we no longer see a reason to hold will be swiftly reduced. In executing our voting rights as a shareholder, we respect, as a shareholder with individual trade relations, the aims and intentions of the proposals and resolutions submitted from share issuer. If we see a risk of damaging a share issuer's value during the process of a dialogue with the share issuer or examination of a resolution; however, we will request the withdrawal or review of the resolution and will take action for each resolution, which may involve abstaining from the right to execute our voting rights.

Compliance

Basic Approach

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

Basic Policy for Compliance

1. Winning the trust of our customers

We aim to win the trust of 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 does business based on fair and free competition. We also maintain sound and standard 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 as well as society as a whole, and ensure timely, appropriate, and fair disclosure of our corporate information.

4. Respect for employees

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

5. Contributing to environmental conservation

We actively work on environmental conservation not only through our business activities, but also as a resident of the planet 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

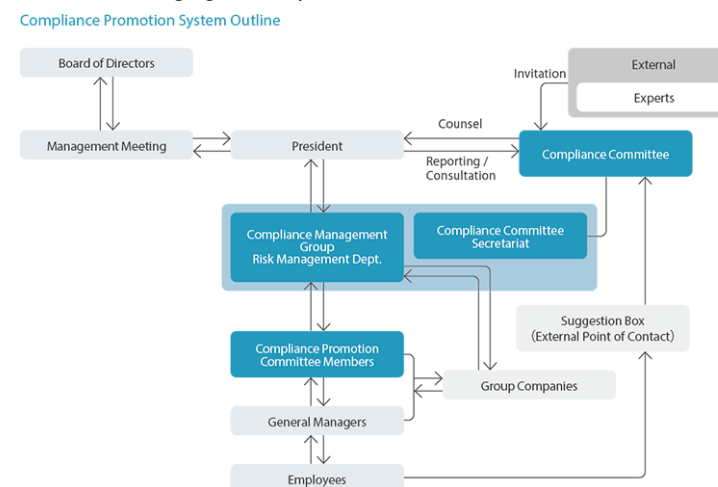
We respect the cultures and customs of nations and regions and contribute to their development

Management Structure

Compliance Committee

The Compliance Committee has been established as an advisory body to the President to ensure the openness and transparency necessary to promote compliance, and to strengthen Isuzu's compliance by receiving objective advice and guidance on policies and systems for compliance activities, confirmation of the operational status of each consultation counter, and other matters. This Committee is composed of seven members, including external experts (such as university professors and lawyers) appointed as committee members, as well as three Executives. The committee meets every three months. The Committee is also informed of the content of reports and consultations received at each consultation desk and oversees specific measures and their progress.

> Compliance Committee Meeting Agenda (Japanese)



Compliance

Establishment of an Employee Consultation Service

Isuzu has established three consultation counters for internal reporting and consultation on compliance: a workplace counter (under the supervision of supervisor, an intra-division counter under the supervision of division managers), and a Company-wide counter (under the supervision of the Compliance Management Group, Risk Management Dept.), etc.

These contact points act as impartial receivers of information and serve not only in cases of clear violations of laws and regulations or internal rules but also for consultations on matters that appear suspicious and as a contact point for inquiries regarding internal rules and laws and regulations related to business operations.

Additionally, a suggestion box (External Point of Contact) has been set up at an external law firm as a contact point in the event that, for whatever reason, it is difficult to consult or resolve a problem through the internal consultation service. The internal and external consultation offices accept consultations and inquiries by e-mail, fax, telephone, and letter. In accordance with the Whistleblower Protection Act, the names of individuals who provide information and the content of such information are treated as confidential information and are protected to ensure that individuals will not be treated unfairly within the Company.

To familiarize staff with these consultation services, we distribute a Compliance Guidebook and Compliance Card to all employees, which includes contact information for each consultation service and the suggestion box. Additionally, Isuzu informs employees of each contact point through posters and other means. The Compliance Management Group of the Risk Management Dept. serves as the secretariat for matters reported or discussed at each contact point and works to confirm the facts and make improvements.

In FY2022, there were 46 cases (9 cases related to the Company and 37 cases related to Group companies) that were reported to or consulted on by the external consultation service. The requests received through the internal and external consultation services were handled appropriately, and we confirm that there have been no serious compliance violations. The status of compliance efforts and the number of consultations and serious violations are reported to the Board of Directors.

Business Partner Consultation Service

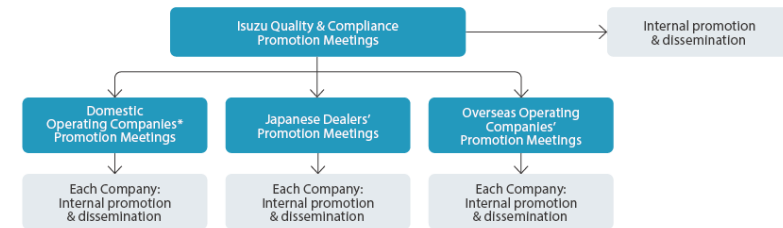
We also have a Business Partner Consultation Service within our Risk Management Depts. Compliance Management Group to provide our business partners with impartial consultations on compliance-related matters.

Isuzu Group Compliance Promotion System

Isuzu Quality and Compliance Promotion Meetings are held monthly, attended by compliance promotion committee members of the different divisions. The meetings are committed to the prevention of compliance risks through the sharing of information among divisions and the reporting of activities. Isuzu has also built a Group-wide system to prevent compliance risks. Domestically, we hold regular compliance promotion meetings attended by companies of the Isuzu Group, in an effort to promote the sharing of information and related activities. In our overseas locations, we share information with contact persons of the Isuzu Group companies periodically and make efforts to prevent compliance risks. Particularly in Thailand, home to one of Isuzu's main overseas bases, we regularly hold joint compliance promotion meetings of the Isuzu Group companies based in Thailand to facilitate the sharing of information and related activities.

In the event that a serious problem occurs, we will promptly receive reports from the company in accordance with the Group-wide management rules and will work with the company to resolve the problem.

Outline of the Compliance Promotion System in Isuzu Group



* Related companies in Japan except Japanese dealers

Compliance

Initiatives

Activities to Address Group-wide Issues (in Japan)

In Japan, we identify Group-wide issues and make Group-wide efforts to resolve them. For example, regarding efforts to eradicate drunk driving, as part of the automobile industry, Isuzu is raising the awareness of every single employee and makes ongoing efforts to discourage its employees, their families, friends and acquaintances from drunk driving or letting anyone else do so as the keywords. More specifically, we collect written pledges to eradicate drunk driving and hold regular seminars with the aim of renewing employees' awareness about the dangers inherent in drunk driving and the graveness of the social responsibilities that it entails.

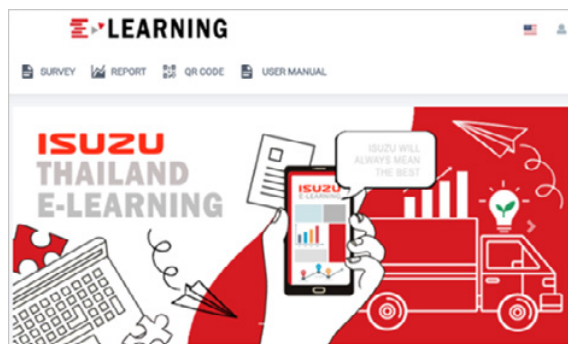
We also consider that building good human relations in the workplace is important for preventing harassment. For example, we organize regular workshops for managerial-level and general employees to deepen their understanding of the significance of regular, bidirectional communication between supervisors and subordinates.

Compliance Surveys (Japan)

We conduct compliance surveys every other year within the Company and annually within Group companies to monitor the spread of compliance awareness and uncover compliance risks. The survey results are reported to the managers and compliance officers of Isuzu Group companies and are applied to the companies' activities. The FY2023 survey covered about 11,000 employees of Isuzu Group companies and included questions on topics such as compliance training and guidance, overtime work, finding facts about harassment and awareness of drunk driving.

Activities of Overseas Group Companies

In Thailand, home to one of our major overseas locations, Isuzu follows the compliance activity plan. For example, we organize hierarchical workshops and e-learning and put up posters to raise awareness about the need to eradicate drunk driving and about compliance. Isuzu supports the promotion of compliance activities by holding regular compliance promotion meetings jointly with Group companies in Thailand to confirm progress and provide advice.



e-learning

Compliance Training

Isuzu provides its employees and Group companies with compliance education via classroom lectures and online in an effort to raise their awareness about compliance even more. With consideration of the COVID-19 situation, training programs and lectures were held online in FY2023. In this way, we take appropriate measures to prevent infections.

Training themes (examples)

- Basic compliance training for new employees
- Compliance training for new managers
- Training for new officers transferred to Isuzu Group companies
- Education on the Act Against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors
- Anti-Drunk Driving Seminar
- Compliance training for mid-career recruits
- Training for new directors
- Harassment prevention training for managers
- Education on the authorized exporter declaration procedure



Anti-Drunk Driving Seminar (video streaming)

Publication of Compliance Guidebook and Compliance Cards

In January 2006, Isuzu issued and started distributing a Compliance Guidebook which is a compilation of codes of conduct to communicate the basic attitudes and principles required of all officers and employees of Isuzu. Similarly, members of divisions are given division-specific compliance guidebooks that compile cases of potential compliance incidents that may occur from daily work within a division or department. These guidebooks are reviewed every year and are updated to reflect any amendments to relevant laws and regulations and to encourage a better understanding among employees. Our employees are encouraged to always carry a compliance card containing information that is written in these guidelines, including Isuzu's policy on its compliance efforts, guidelines on compliance-related behavior and contact details of in-house and external consultation resources (helpines).

Overseas Business Guidelines

Isuzu's business activities are worldwide. To be able to pursue its business while respecting the laws, business customs, and religious/cultural values of different countries and regions, we have created a set of overseas business guidelines and conduct business properly.

Anti-bribery Initiatives

We have a code of conduct on entertainment and gifts as stated in our Compliance Guidebook. We make thorough efforts to ensure that all Isuzu officers and employees are informed of the code of conduct. Guidelines on entertainment- and gift-related conduct set forth more specific instructions. In FY2023, the same approach outlined above applies to foreign officials as well. No fines or other actions have been taken by the regulatory authorities in connection with this matter.

Compliance

Prevention of Anticompetitive Practices

In its Compliance Guidebook, Isuzu requires all of its officers and employees to thoroughly comply with the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade and the Act Against Delay in Payment of Subcontract Proceeds, Etc. to subcontractors. Periodically provide education on the Act Against Delay in Payment of Subcontract Proceeds, Etc. to subcontractors. and other related subjects whenever necessary in thorough pursuit of compliance with the laws.

Tax Policy

Isuzu Group regards tax payment as an important duty of a corporate citizen. To contribute to society through appropriate tax payment, we have established this tax policy and applied it to our Group companies.

- **Compliance with Laws and Regulations**
We will correctly interpret tax laws and related guidelines of all countries and regions where we conduct business activities, and pay appropriate taxes in accordance with their intent.
- **Prohibition of Tax Avoidance**
We will not engage in tax avoidance activities that deviate from the intent and purpose of tax laws and regulations.
- **Appropriate Transaction Pricing and Profit Sharing**
In transactions with foreign affiliates, we will set prices that take into account arm's-length prices and pay appropriate taxes in accordance with the reality of local business activities.
- **Healthy Relationships with Tax Authorities**
We build good relationships with tax authorities in Japan and abroad based on a correct understanding of tax laws and regulations.
- **Tax Transparency**
We will strive to disclose tax information to all stakeholders in a timely and appropriate manner.
- **Governance**
The Group CFO will establish a governance structure to effectively ensure that proper tax operations of the Group are conducted in accordance with this tax policy.

Risk Management

Basic Approach

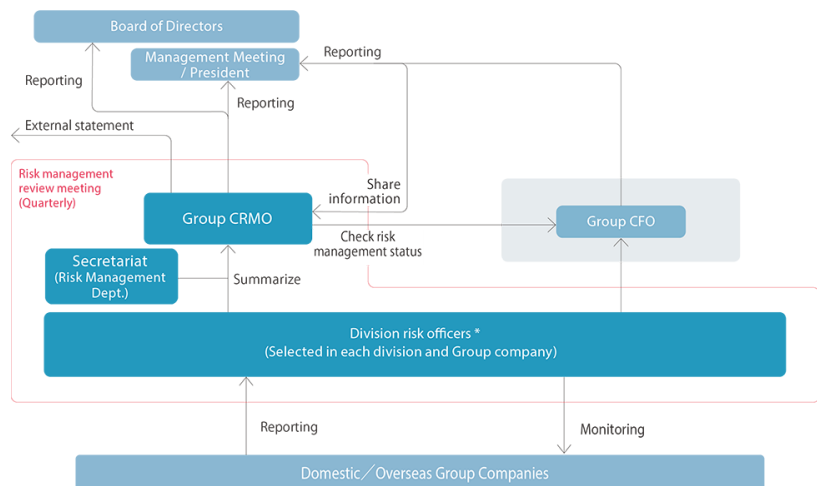
In a rapidly changing business and operating environment marked by increasing uncertainty, Isuzu has established a risk management framework by appointing a chief risk management officer (CRMO) to oversee the risk management structure within the Group. The CRMO regularly identifies and assesses risks in the Group's management and business operations and strives to manage them in an appropriate manner, making particular efforts to reduce them.

Management Structure

The Isuzu Group CRMO holds quarterly risk management review meetings to assess the progress of risk countermeasures in business execution departments and group companies, as well as to address emerging risks. Additionally, these meetings provide instructions for enhancing risk countermeasures and continuously reviewing the awareness of key risks that impact management.

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

Management Structure

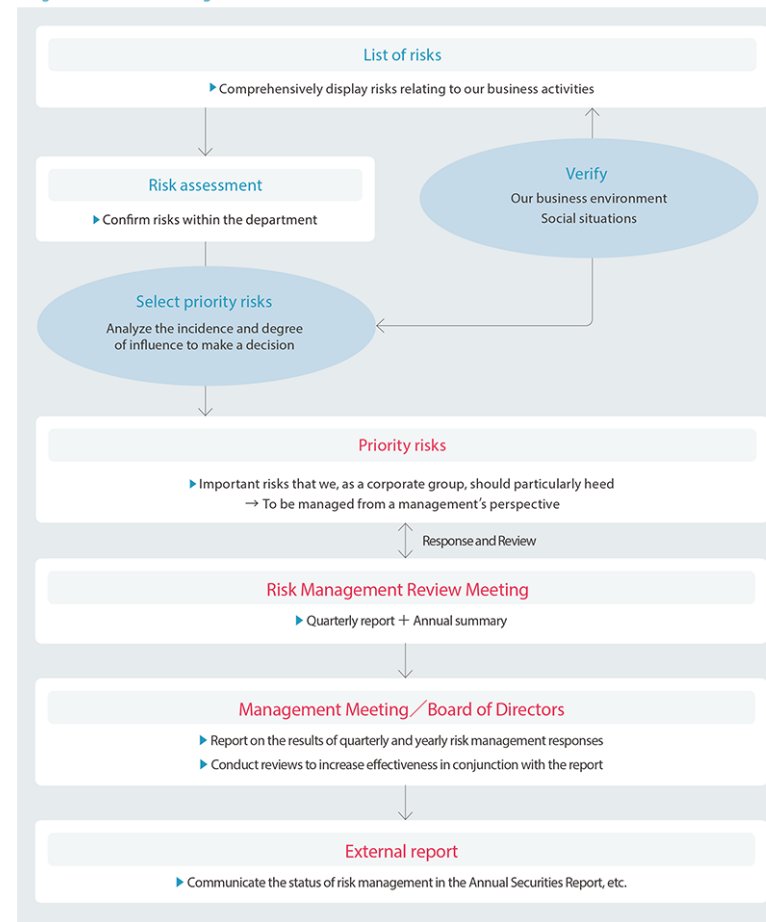


* In addition to risk management review meetings, separate meetings are held to liaise between the secretariat and members.

Risk Management Process

Isuzu comprehensively identifies risks related to its business activities, conducts risk assessments, selects priority risks that require special attention as a company, and formulates and implements response plans and other measures. Additionally, through monitoring, periodic reviews, management reporting, and external dissemination of information on the status of management, we strive to appropriately manage and reduce risks by reviewing priority risks and their countermeasures.

Diagram of Our Risk Management Process



Risk Management

Risks Associated with Business and Others

As risk factors pertaining to Isuzu Group's business operations, the following are the risk factors in the development of Isuzu Group's operations that relate to the business information, financial information and other information stated in the annual securities report and that may materially affect the judgment of investors. These forward-looking statements are based on the future mentioned in this document are based on Isuzu Group's assessment as of the end of March 2023.

Risk item	Action
Risks attributable to global economy, financial market or automobile market	
(1) Fluctuation in economic situations and aggregate demand in major markets	<ul style="list-style-type: none"> ■ Accurately identify prospects of economic situations and demand ■ Disperse markets to sell our products
(2) Competition in the automobile market	<ul style="list-style-type: none"> ■ Achieve improvements in terms of product performance, safety, fuel efficiency, environmental impacts, prices and after-sales service among others ■ Continuously develop, manufacture and sell competitive products and provide after-sales service for such products
(3) Fluctuations in exchange and interest rates	<ul style="list-style-type: none"> ■ Encourage local production ■ Utilize derivatives including forward exchange contract transactions
Risks associated with business operations	
(4) Reacting to phenomena such as technological innovations and changes in business models	<ul style="list-style-type: none"> ■ Set up permanent departments to swiftly address technological and social changes and promote multiple projects all across the Isuzu Group
(5) Research and development	<ul style="list-style-type: none"> ■ Develop new technologies and products through the prediction of market needs and prioritization of R&D fields ■ Obtain new technologies and products through alliance and cooperation with parts manufacturers
(6) Joint ventures and other forms of alliance	<ul style="list-style-type: none"> ■ Discuss the necessity for partnership formation based on a broad range of information, such as management conditions and governance of a joint venture partner or an alliance partner and other important non-financial information
(7) Reliance on specific channels in sales and supply	<ul style="list-style-type: none"> ■ Maintain relations with major clients and find new clients to disperse risks
(8) Delays and shortages in procurement of materials and parts and soaring procurement costs	<ul style="list-style-type: none"> ■ Keep regularly updated on production capacity and credit risks of suppliers and the quality and costs of products etc ■ Confirm the status of human rights due diligence efforts, compliance with laws and regulations, and climate change issues in the supply chain
(9) Compliance reputation	<ul style="list-style-type: none"> ■ Build preparedness for preventing violations of laws and for taking action in the event that a compliance-related problem is identified ■ Set up a compliance committee consisting of learned individuals from the outside (e.g. attorneys)

(10) Product defects	<ul style="list-style-type: none"> ■ Follow strict quality control standards in manufacturing products ■ Find failure-related information early and share it through the Quality Assurance & Customer Satisfaction Improvement Committee, discuss quality improvements across the Isuzu Group and supervise the operation of Group-wide quality management practices ■ Purchase of product liability insurance
(11) Information security risks faced by an IT society	<ul style="list-style-type: none"> ■ Appoint a person responsible for handling information security risks and set up an organization specialized in information security ■ Implement safety measures aimed to maintain and improve our information security by, for example, protecting personal and confidential data, keeping data and systems available and preventing falsification of data ■ Conclude agreements with alliance partners on information security
(12) Risks concerning protection of intellectual property	<ul style="list-style-type: none"> ■ Promote efforts to protect intellectual property
(13) Securing and retaining excellent talent, generating results, etc.	<ul style="list-style-type: none"> ■ In the new personnel system, the following enhancements: <ul style="list-style-type: none"> • Establishing job descriptions and compensation systems to secure talent suitable for the job. • Creating an attractive workplace environment that supports self-directed career development. • Initiatives to support the growth of subordinates through ensuring frequent dialogue opportunities between superiors and subordinates. ■ In accordance with the Isuzu Group Human Rights Policy, educational and awareness-raising activities to heighten human rights awareness among executives and employees, as well as initiatives for Human Rights Due Diligence.
(14) Legal restrictions etc.	<ul style="list-style-type: none"> ■ Gather information about legal restrictions and related issues from different countries, especially Japan, the United States, Thailand, China and Europe ■ Make investments and develop new technologies and products in preparation for changes in legal restrictions
(15) Risks latent in international activities and overseas expansion	<ul style="list-style-type: none"> ■ Keep updated on the following risks in different countries. <ul style="list-style-type: none"> • Fluctuation of political and economic situations • Unilateral changes in policies on permission, authorization and other issues and direct or indirect expropriation of the Isuzu Group's assets • Restrictions on imports, exports, and technology transfers • Restrictions on the control and transfer of information and data • Restrictions related to the use and procurement of facilities, software, cloud services, and contractors that pose security risks. • Potentially negative effects on taxes • Restrictions on money transfer and redemption • Difficulty to recruit and secure human resources • Underdeveloped technological and social infrastructure (e.g. electric power, water and sewage, roads, ports) • Social confusion resulting from terrorism, warfare, natural disaster, economic sanction and other factors

Risk Management

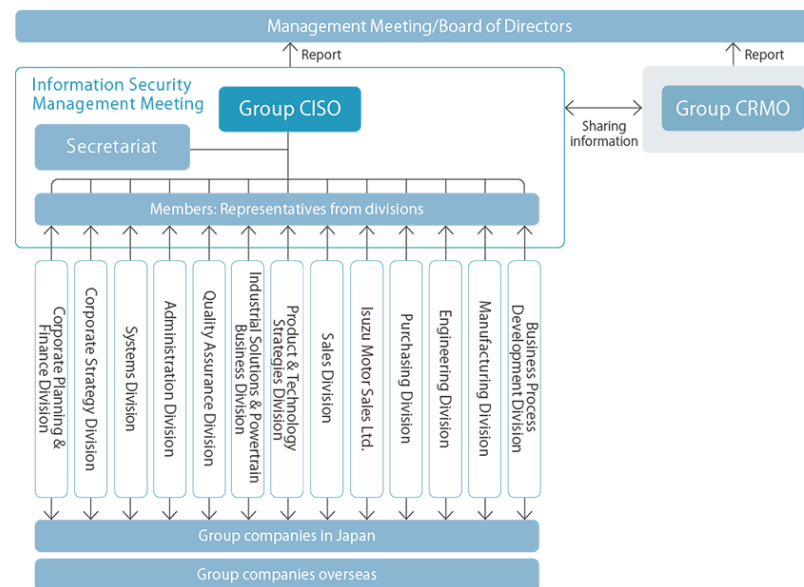
<p>(16) Disasters, etc.</p>	<ul style="list-style-type: none"> ■ Periodically inspect all equipment for prevention of disasters ■ Formulate action plans in case a disaster or any other problem occurs, and provide training based on the plans ■ Formulate preventive and action plans against new types of influenza and other unknown infectious diseases, and provide training based on the plans ■ At an early stage, use outside consultants and other resources to obtain global information on new types of influenza and other unknown infectious diseases ■ Properly stockpile masks and other necessary supplies
<p>(17) Climate change</p>	<ul style="list-style-type: none"> ■ Formulation of the Isuzu Environmental Vision 2050 ■ The Sustainability Committee manages the identification and assessment of the following risks, as well as the progress of countermeasures: <ul style="list-style-type: none"> • Consideration and analysis of the specific impact on products, services, and business activities based on multiple long-term environmental scenarios • Measures considering the degree of impact on the business with respect to risks/opportunities such as the transition to a decarbonized society, the increase in natural disasters due to climate change, and the depletion of water resources • Disclosure of climate change-related information in accordance with the framework recommended by the TCFD (Task Force on Climate-related Financial Disclosures) ■ Enhancement of business continuity posture ■ Development, market introduction, and production system establishment of GHG-free products, and decarbonization across the entire value chain.

* For details of these risk items, also see our annual [securities report](#).

Information Security

Isuzu established the Group Information Security Policy under the leadership of the Group Chief Information and Security Officer (CISO) from April 2020 to March 2023 and is promoting Group-wide information security management across Isuzu and its consolidated subsidiaries.

Information Security Management Structure (Until March 2023, planned revisions from April 2023)



At our company, we are establishing and providing education on the information security management structure and standards within the Isuzu Group. We have developed standards for information security not only for IT systems that manage internal confidential information but also for products, plants, and IT system cybersecurity. We have implemented these standards in sequence. We participate in J-Auto-ISAC*, which collects and analyzes information on automobile cybersecurity and records issues detected in the industry. Moreover, we have established a system to develop and manufacture automobiles with cybersecurity in mind. These activities are conducted with reference to the Ministry of Economy, Trade and Industry's Cyber Security Management Guidelines, the international regulation UN-R155 adopted by the World Forum for Harmonization of Automotive Standards (WP29) of the United Nations Economic Commission for Europe, and international standards such as ISO21434, ISO27001, and NIST SP800-171. Regarding automotive cybersecurity and systems that impact automotive cybersecurity, we comply the international standards on automotive cybersecurity, which came into effect in July 2022. Furthermore, based on the aforementioned standards, we conduct an annual review of operational status and continue to advance information security management and improvements.

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