

**ISUZU**

# Sustainability Report 2021



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## GRI Standards Index

## Editorial Policy

This year, Isuzu Group decided to issue a sustainability report for the first time. The report aims to communicate to stakeholders the Isuzu Group's medium- to long-term business strategies, the business foundation that supports them, and the Group's initiatives to solve social issues through our business. Through this report, we hope to offer a deeper understanding of the management's objectives for the company, and provide a tool to engage in dialogue with the company.

<b>Scope of Report</b>	<p>The report covers financial and non-financial information of the Isuzu Group in Japan and overseas, centered on Isuzu Motors Limited (non-consolidated).</p> <p><small>* In this report, "Isuzu" refers to "Isuzu Motors Limited" alone, and the "Isuzu Group" refers to the entire Isuzu Group including Group companies.</small></p>
<b>Period Covered</b>	<p>In principle, the report covers activities from April 1, 2020 to March 31, 2021; however, some content covers activities that occurred subsequent to the reporting period.</p>
<b>Publication Information</b>	<p>Published August 2021 (Next report: scheduled for August 2022)</p>
<b>Referenced Guidelines</b>	<p>GRI Sustainability Reporting Standard</p> <p><small>* Unified international guidelines formulated by the GRI (Global Reporting Initiative), an international NPO, in an attempt to improve the quality, reliability, and comparability of the content of CSR reports</small></p>
<b>Inquiries about the Report</b>	<p>Isuzu Motors Limited Sustainability Promotion Department Sustainability Planning Group TEL +81-3-5471-1384</p>

### Status of the Publication

Publication	Content
<a href="#"><u>Integrated report</u></a>	Provides stakeholders with a deeper understanding of the Isuzu Group's management strategies and initiatives to create value for society on a sustainable basis.
<b>Sustainability Report (this report)</b>	Describes our activities in the fields of environment, society, and governance to help provide a comprehensive understanding of the Isuzu Group's ESG initiatives.
<a href="#"><u>Annual Securities Report (Available in Japanese only)</u></a>	Produced in accordance with Article 24, paragraph 1 of the Financial Instruments and Exchange Act. Please click here for detailed information on the Company's financial status.
<a href="#"><u>Corporate Governance Report (Available in Japanese only)</u></a>	Describes Isuzu's basic approach to corporate governance and its systems, in accordance with Japan's Corporate Governance Code. Please Refer to it in tandem with this report for information on organizational design, operational status, etc.



## Isuzu Corporate Vision and Mission

### 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

### Isuzu Corporate Mission

#### Trust, Action, Excellence

A global team delivering inspired products and  
services committed to exceeding expectations

##### PRODUCTS

Explore genuine needs and  
create products and services  
with strong appeal

##### CONDUCT

Be responsible,  
dedicated, and agile

##### ORGANIZATION

Achieve goals through  
global teamwork

Isuzu continues to provide innovative products and services to our customers in the field of commercial vehicles (CVs), light commercial vehicles (LCVs), and diesel engines. We supply customers around the world with a wide range of products, from light-duty pickup trucks and their derivative passenger pickup vehicles (PPV) to heavy-duty buses, trucks, tractors, and engines used to power various kinds of industrial machinery. In addition, by offering a full range of after-sales services to complement our product sales, we support vehicle operation throughout the whole product lifecycle, making us a part of the social transportation infrastructure.

We contribute to the creation of rich and satisfying lifestyles around the world by supporting the transport of goods. To fulfill this social responsibility, Isuzu will further refine its accumulated manufacturing technologies and tackle key social issues such as climate change countermeasures, aiming to be the Isuzu that is chosen and trusted by customers around the world.





## Message from the President

The Isuzu Group has long built relationships of trust with our stakeholders and delivered innovative products and services in the development and manufacture of commercial vehicles and diesel engines. Going forward, we aim to continue providing value to society based on the relationships of trust we have cultivated over many years.

In this chapter, the president introduces the Isuzu Group's value creation vision and strategies for sustainable growth.





#### Message from the President

Enabling Rich and Safe Lives for People Around the World

## Becoming a Corporate Group that Contributes to Society Through Innovation

**Masanori Katayama**

President and Representative Director

As COVID-19 spreads around the world, we once again have realized the importance of logistics as a social infrastructure that supports economic activities and daily life. As a commercial vehicle manufacturer, the Isuzu Group (hereafter called Isuzu) strongly recognizes its mission to provide a stable supply of vehicles and uptime support for everyone involved in the logistics industry.

The world is moving quickly to overcome not only the current COVID-19 pandemic, but also various social issues so that we can continue to live in a sustainable society in the future. At Isuzu, we aim to contribute to the creation of a sustainable society by engaging with a range of social issues such as realizing a carbonneutral society, and making every effort to support our customers' *transportation needs*.



## Changes in the External Environment and the Isuzu Group's Responsibility

The environment surrounding the automotive industry is changing rapidly with a speed and drastically with a destructive power that we have never experienced. As president, I have a stronger sense of crisis than ever before.

Amid a growing global sense of crisis over climate change, the tidal change towards carbon neutrality is the greatest long-term change in the external environment that Isuzu must confront. In Japan, the debate has shifted from the direction of aiming for virtually zero greenhouse gas emissions in 2050 to discussion of specific actions, with a target of 46% reduction from the 2013 level by 2030. Every industry must make an all-out effort, and Isuzu recognizes this as one of the highest priority tasks.

In a society aiming for virtually zero greenhouse gas emissions, Isuzu aims to achieve carbon neutrality using a scientific approach based on life-cycle assessment (LCA\*).

A characteristic of commercial vehicles is that their largest environmental impact occurs during the use process. However, if we prioritize reducing this impact while increasing the environmental impact of other processes such as manufacturing, we will not be able to achieve overall carbon neutrality. This is a challenging long-term task, but in order for Isuzu to continue being a corporate group needed by society, we must boldly strive to carry through ambitious targets and fulfill our social responsibility.

(Note) \*LCA: A method for aggregating and analyzing the environmental impact of a product, covering from the mining of raw materials to manufacture, use, and disposal.

## Our Previous Mid-Term Business Plan, Strongly Focused on CASE, Set the Stage for the New Mid-Term Business Plan

In the previous Mid-Term Business Plan, we considered the auto industry's profound transformation that occurs only once in a hundred years as an opportunity, and developed aggressive initiatives with a strong orientation towards CASE technologies. We built an alliance structure with partners that are leaders in various fields, collaborating and refining our capabilities through friendly competition to strengthen the foundation of our core businesses and increase profitability. At the same time, we sowed seeds for the future, aiming to acquire the strength and endurance to realize innovation.

As a result of our initiatives under the previous Mid-Term Business Plan, Isuzu is on track to reach a level where we can secure annual consolidated net sales of 2.5 trillion yen or more, and have also laid the groundwork for the future by forming strategic alliances and other measures. Although the expectations for carbon neutrality are beyond our assumptions, and the impact of COVID-19 has changed our lifestyles, I am confident that we have successfully laid the foundation for our new Mid-Term Business Plan.

## Carbon Neutral Strategy and Contributing to Logistics Evolution

In the new Mid-Term Business Plan (FY2022 ending Mar., 2022 to FY2024 ending Mar., 2024) announced this fiscal year, Isuzu formulated its Carbon Neutral Strategy. In 2022, we will begin mass production of lightweight battery electric vehicles (BEVs) and validation testing of heavy-duty fuel cell vehicles

(FCVs). At the same time, over the next several years we will select the optimal electrification technologies for commercial vehicles, with the aim of beginning mass production and sales by the 2030s. Moreover, in areas that cannot be addressed by electrification, we will continue to develop more efficient and highperformance internal combustion vehicles, and promote the use of carbon-neutral fuels to create a full lineup of carbon-neutral vehicles by 2040.

In addition, in the current Mid-Term Business Plan, we set out to Contribute to the logistics evolution as a commercial vehicle (CV) manufacturer. On the front line of truck logistics, which supports the economy and daily life, customers face a range of issues including labor shortages due to falling birthrates and aging populations. To help solve these issues in our role as a commercial vehicle manufacturer, we will accelerate initiatives aimed at putting connected services and autonomous driving to practical use.



In connected services, we aim to contribute to improving customers' productivity and decarbonization by strengthening connected services such as uptime support and fleet management. In autonomous driving, we will accelerate technology development in collaboration with our alliance partners and promote validation testing to support early commercialization. In the fields of autonomous and unmanned driving, in addition to technological development, changes in societal rules are also required, such as revision of the road system operation. These challenges are difficult for automobile manufacturers to achieve alone, and therefore we plan to resolve them in cooperation with governments, society, and customers.

We also believe we need to determine what kind of changes digital transformation (DX) will bring to logistics and distribution, and make the best use of them. The spread of the fifth-generation mobile network (5G) will realize a level of communication capacity that enables communication between things, which is expected to spark significant changes in numerous fields.

For example, even if the COVID-19 pandemic subsides, in preparation for a possible future pandemic outbreak, there may be an accelerated movement towards a contact-free society that reduces human intervention to a minimum and assumes the automating of processes as the norm. In logistics, there are many



Highway validation test for truck platooning

processes that rely on human labor, which previously made it difficult to move to a contact-free operation. However, DX may offer new possibilities, and has the potential to dramatically change the status of logistics and distribution. By continuing to evolve connected solutions, we will build a structure that can respond to the innovations in logistics in the future.

### Solving Social Issues Through Innovation

In our current Mid-Term Business Plan, we set *Carbon neutral strategy* and *Contribute to logistics evolution as a CV Manufacturer* as the two pillars of innovation. The reason for our focus on innovation is because we believe it is impossible to keep up in an age of technological innovation simply through an extension of our past experience and conventional technology changes. We see this era of change as an opportunity to grow. Now is the time for us to become a corporate group that can proactively advance innovation. Isuzu must transform into a corporate group that can use innovation to solve the social issues it has presented as its materiality issues. Failure to do so will leave us unable to justify our reason of existence to society, causing us to lose vitality as an enterprise, and the ability to grow sustainably. As president, I have expressed a sense of crisis regarding Isuzu's sustainability in the new Mid-Term Business Plan.

Our ability to realize innovation relies on *expanding our existing businesses and improving their profitability*. We will steadily increase our profitability by continuously strengthening the foundations for growth that we built during the previous Mid-Term Business Plan, making full use of it and adding collaborative synergies through our alliances. In the CV business, we will realize



Heavy duty trucks: UD Trucks Quon and Isuzu GIGA

maximum effects from our alliance with UD Trucks in the areas of products, sales, and after-sales services, aiming to strengthen and expand our business. In the light commercial vehicle (LCV) business, we will utilize our business locations in Thailand, India, and South Africa to promote joint development and cooperation with various alliance partners to drive innovation in manufacturing.

### Evolving Business Management from ESG Perspectives

Anticipating the further diversification and globalization of our stakeholders, we are strongly aware of the need to transform our corporate structure, culture, and management in order for us to continue to be a company respected by the global community. We have therefore included the concept of Evolving business management from ESG perspectives as a core pillar of the new Mid-Term Business Plan. While benchmarking ourselves against global companies, we will focus on the following prioritized policies: *Emphasize shareholder value, Improve governance and disclosure, and Become a corporate group that creates innovation*.

In emphasizing shareholder value, we will enhance capital efficiency, targeting an ROE of 15% in five years.





We have also set out to maintain an average dividend payout ratio of 40% during the period of the new Mid-Term Business plan, considering stock buybacks in a flexible manner.

We included Improve governance and disclosure because we recognize that our alliances with global companies depend on mutual trust, and that collaborating on equal terms requires Isuzu to aspire to the same level of business management as global players. To this end, we are taking measures to increase management transparency, such as transitioning to a company with an audit and supervisory committee and strengthening disclosure of non-financial information. By strengthening our governance to an even higher level, I feel that our business management has become even more streamlined than I anticipated.

We decided on *Becoming a corporate group that creates innovation* because we consider creating innovation that contributes to society is the very purpose for a company's existence. Internally, I constantly urge our colleagues to *approach innovation by starting with an ideal vision for the future and backcasting from there*. I believe that continually aiming for our ideal vision will lead to the creation of innovation. It is important to always be willing to change, and making decisions on your own initiative. In this era of great transformation, I want us to be a corporate group that proactively makes changes and continues to evolve.

### Contributing to Enriching People's Lives as a Commercial Vehicle Manufacturer

As expressed in our corporate vision, our goal as a company is to support our customers around the world, thereby enriching people's lives. Isuzu does not hold all of the keys needed to enrich the lives of people around the world, but we are able to do so by providing social infrastructure in the form of trucks.

We are confident that contributing to logistics through our business will enrich people's lives and society, albeit indirectly.

Moreover, when we contribute to logistics, it is important to maintain good relationships with customers who are directly involved in logistics. I believe that commercial vehicle manufacturers do not sell trucks to customers, but rather sell *Trust* in securing the uptime of trucks.

However, it is not easy to build this *Trust*. Only when the concept of *Trust* is instilled in employees who interact with our customers on the front line, and is translated into action, can we begin to earn the *Trust* of our customers.

### The Value of Isuzu Today and Future Vision to be a Globally Competitive Commercial Vehicle Manufacturer

I believe that it is important for Isuzu to be an organization in which each and every employee can clearly explain their aspirations and commitments about what kind of corporate group we are, what we are trying to achieve, and which direction we are heading. I also want those who are interested in joining Isuzu as employees to understand and share our thinking and key concepts. I would like those who invest in Isuzu to have a full understanding of the company before they decide to invest. To this end, we will increase communication about our views and current status as much as possible going forward.

I also believe that it is necessary for us to go beyond the Mid-Term Business Plan and share Isuzu's views with the general public at various opportunities. The new Mid-Term Business Plan has set out numerical targets for 2026 that represent our vision for the company as a *commercial vehicle manufacturer that can compete at the global level*. I also feel we successfully presented the road map to lead us there. In addition, we are currently conducting internal discussions to establish our *Pole Star*- our unshakable long-term vision of what Isuzu aims to become in the future. We are thinking deeply about the meaning of Isuzu's existence and how we can contribute to society, and are aiming that this will eventually lead to an unwavering corporate mission.

I ask all our investors and stakeholders to continue supporting Isuzu going forward.

## Message from the Chairperson of the Sustainability Committee

### Evolution of Sustainability Management in Mid-Term Business Plan

We are working to help solve social issues through our business activities, leveraging our strengths as a commercial vehicle manufacturer, guided by our corporate vision: *Isuzu will always mean the best: A leader in transportation, commercial vehicles and diesel engines, supporting our customers and respecting the environment.*

Less than 10 years remain until 2030, the target year of the United Nations SDGs, and there are growing expectations and demands from investors and other stakeholders for ESG (Environmental, Social, and Governance) initiatives. As social issues surrounding us continue to diversify, the Isuzu Group recognizes that *accelerated trends towards electrification and decarbonization to achieve carbon neutrality as well as increased expectation for non-stop logistics infrastructure* driven by the spread of COVID-19 are important elements of the external environment for CV manufacturers.

In the light of this environment, the new Mid-Term Business Plan 2024 which begins this fiscal year, positions carbon neutrality and solving issues in the logistics industry as our axes for innovation. The Isuzu Group considers these initiatives for solving social issues through our business activities to be important for management going forward. We are committed to sustainability management that further evolves our current sustainability activities. In addition, based on these efforts, the Sustainability Committee discussed and reviewed the *social issues we want to solve through our business* which were formulated in 2018, to more appropriately express the Company's initiatives.



**Shinichi Takahashi**  
Executive Vice President and Director  
Chairperson of the Sustainability Committee

### Governance System for Promoting Sustainability

In April 2021, the Isuzu Group established the Sustainability Committee, expanding the functions of the previous Global Environment Committee to handle overall sustainability activities. Even as the Isuzu Group promoted company-wide activities to realize its *Global Environmental Charter*, we faced a growing need for an organization that comprehensively addresses the impact of increasingly diverse and complex social issues. We therefore strengthened the sustainability promotion structure to work towards realizing the *Isuzu Environmental Vision 2050* formulated in March 2020, while accelerating initiatives for human rights and diversity. Under this new structure, subcommittees for environmental and social issues are placed under the Sustainability Committee. In addition to deepening discussions and initiatives on environmental and social issues, this structure allows for broader discussions while deepening management engagement.



Expanded  
Functions



\* CN: Carbon neutral

### Isuzu's Key Challenges

Providing value to society	Relationship with SDGs	Cornerstones supporting value creation	Relationship with SDGs
Realizing a society in which people and goods can be transported safely, securely, and efficiently	3, 8, 9, 11	Improving technologies and providing reliable products and services	3, 9, 11
Balancing the global environment and economic development	7, 12, 13	Respecting employees and diversity	5, 8, 10
Enhancing lives and the economies in emerging countries	1, 8, 10	Win-win relationships with local communities and stakeholders	4, 8, 17
Sustaining lifestyles and the environment during disasters and emergencies	11, 13	Appropriate governance	16



## Message from the Chairperson of the Sustainability Committee

The Sustainability Committee makes decisions on management issues, business policy, and business strategies related to sustainability, as well as promoting company-wide sustainability activities on an on-going basis. In this way, the committee will reflect changing social trends and expectations of companies in our medium- to long-term business activities, and enhance the sustainable growth of society and the company. The roles of the Sustainability Committee and subcommittees are shown in the following table.

### Role of the Sustainability Committee

<b>Promotion of sustainability for the entire group.</b>	Recognize sustainability strategies as a management issue for the entire group and promote Isuzu's business policies, business strategies, and sustainability activities from a long-term perspective.
<b>Monitor progress of sustainability activities.</b>	Monitor progress on various business activities related to promoting Isuzu's corporate philosophy, medium- to long-term policies, vision, and sustainability.
<b>Gather and share external expectations and internal information.</b>	Constantly recognize society's expectations based on changing social trends and promote awareness internally.

### Roles of each subcommittee

<b>Business CN Promotion Subcommittee</b>	Promote cross-department activities to achieve carbon neutrality in 2050, focusing on production activities which are the group's main source of CO <sub>2</sub> emissions, to achieve carbon neutrality in the Isuzu Group's business activities.
<b>Product CN Promotion Subcommittee</b>	Promote various activities that contribute to the carbon neutrality of products, including decarbonization technologies and energy, to achieve well-to-wheel (WtW) carbon neutrality.
<b>Resource Recycling Promotion Subcommittee</b>	Promote waste reduction and recycling in all Isuzu business activities including products and services to achieve 100% recycling of resources.
<b>Environmental Management Promotion Subcommittee</b>	Promote environmental activities in coordination with group companies, focusing on environmental management measures such as ISO 14001 certification acquisition, environmental risk management, and biodiversity conservation.
<b>Social Promotion Subcommittee</b>	Examine various sustainability management issues such as ESG investment evaluation trends and promote activities to improve Isuzu's social evaluation.

## Activities Going Forward

As Isuzu engages in sustainability management under the new structure, from 2021 it started the following new initiatives to strengthen its existing sustainability efforts.

### 1. Endorsement of the TCFD Recommendations

Climate change is a major global issue, and it is important for companies to clarify climaterelated risks and opportunities for their businesses, and to appropriately reflect them in management. Isuzu recognizes climate change as a key environmental issue and has been promoting climate change countermeasures in its all of its business activities, products and services. We now recognize that more than simply disclosing the results of these activities, we need to implement strategic climate change countermeasures by considering climate change-related risks and opportunities from a perspective more in line with corporate management. Therefore, Isuzu decided to disclose climate change-related information in accordance with a framework based on the recommendations of the *TCFD (Task Force on Climate-related Financial Disclosures)* set up by the Financial Stability Board, and endorsed the recommendations in April 2021. By tackling climate change issues from a global perspective, and pro-actively disclosing information, we will uphold the trust of our stakeholders and further enhance our climate change countermeasures.

### 2. Participation in the United Nations Global Compact

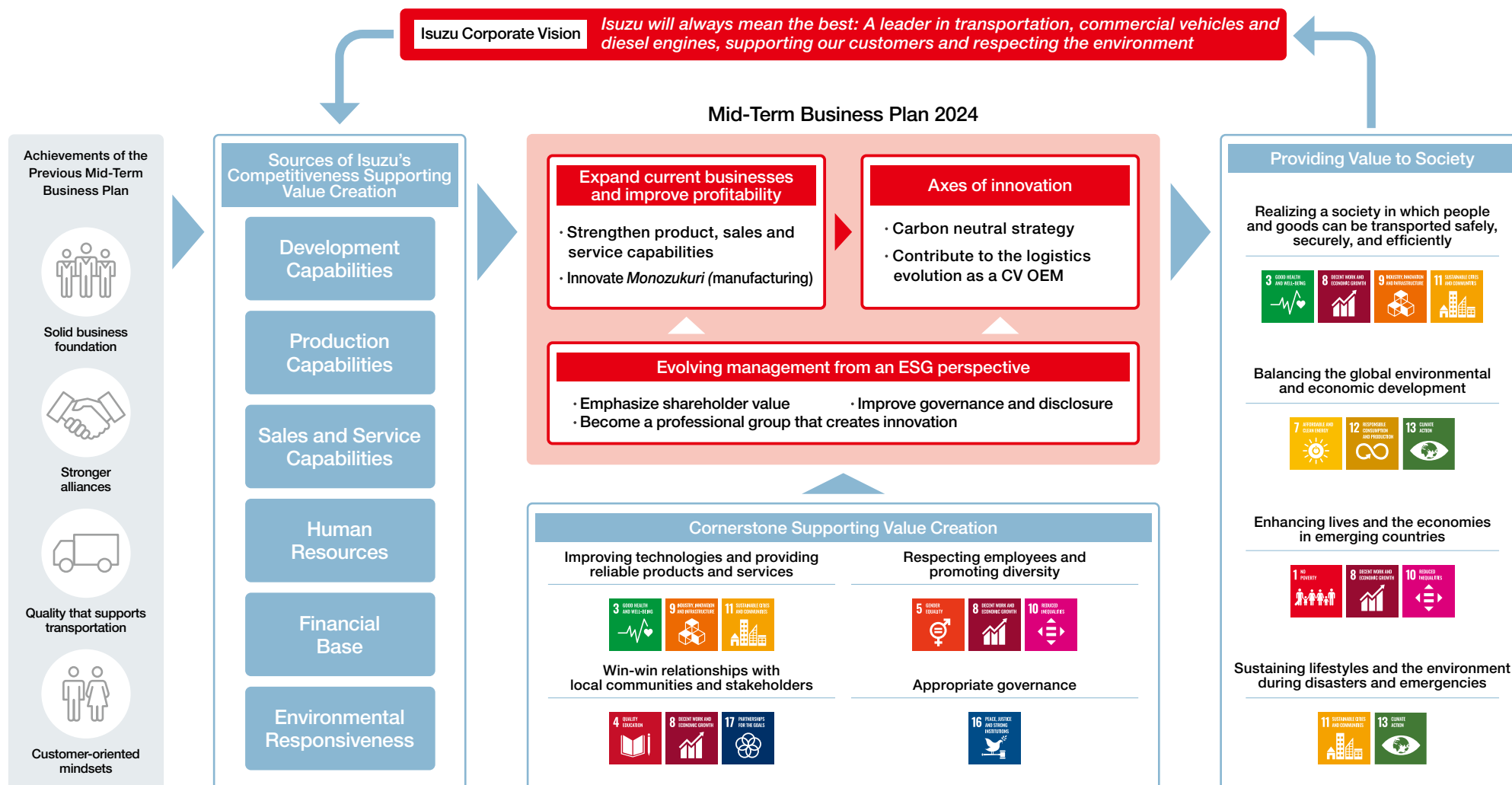
As a global company operating in over 150 countries and regions around the world, Isuzu joined the United Nations Global Compact in May 2021, in order to cooperate with the international community and contribute to the growth of a sustainable society. We will further enhance and strengthen our existing sustainability activities in line with the 10 principles of the United Nations Global Compact, which include *Human Rights, Labor, Environment, and Anti-Corruption*.

From this year, in an effort to strengthen human rights protection activities, we started including environmental and human rights considerations in our procurement activities by incorporating human rights due diligence in our supply chain management.

Going forward, we will continue to focus on the expectations of society and voices of our stakeholders, incorporate appropriate sustainability perspectives in our management and business activities, and strengthen our approach to achieving sustainable growth for society and the company.

## The Isuzu Group's Value Creation Story

The Isuzu Group will further strengthen its business foundation by 'Evolving management from an ESG perspective' and leveraging its accumulated competitiveness to expand existing businesses and improve profitability. Through innovation targeting carbon neutrality and the evolution of logistics, we will continue to provide value to society by supporting transportation.





## Building Relationships of Trust with Stakeholders

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

Key Stakeholders	Main Stakeholder Needs	Providing Value by the Isuzu Group	Main Opportunities for Dialogue and Information Disclosures
Customers	<ul style="list-style-type: none"> <li>Provision of valuable products and services that are safe, secure and environmentally friendly</li> <li>Accurate response and support</li> <li>Stable supply of products and services</li> </ul>	<ul style="list-style-type: none"> <li>Products and services that contribute to improving productivity and preventing traffic accidents</li> <li>Products and services that contribute to decarbonization</li> <li>Initiatives to increase service quality</li> <li>Supply chain-integrated quality control and BCP/BCM systems</li> </ul>	<ul style="list-style-type: none"> <li>Daily sales activities (sales and services)</li> <li>Isuzu Customer Center</li> <li>Customer satisfaction surveys</li> <li>Customer Information (Isuzu website)</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>Appropriate return of profits</li> <li>Timely and appropriate corporate information disclosure</li> <li>Maintaining and increasing corporate value</li> </ul>	<ul style="list-style-type: none"> <li>Provide stable and continuous dividends</li> <li>Strengthening decision-making transparency and accountability</li> <li>Management initiatives that contributes to the sustainable development of the environment and society</li> </ul>	<ul style="list-style-type: none"> <li>General Shareholders' Meeting</li> <li>Various reports and information disclosures (financial results presentation, annual securities reports, quarterly financial reports, etc.)</li> <li>Plant tours for shareholders<sup>*1</sup></li> </ul>
Business partners	<ul style="list-style-type: none"> <li>Fair and equitable selection and dealings</li> <li>Support for CSR activities</li> <li>Quality improvement and technological support</li> </ul>	<ul style="list-style-type: none"> <li>Procurement under fair and equitable competition both in Japan and overseas</li> <li>Dissemination of Supplier CSR Guidelines</li> <li>Supplier quality evaluation and improvement activities, promotion of joint R&amp;D</li> </ul>	<ul style="list-style-type: none"> <li>Daily purchasing activities</li> <li>Production briefings</li> <li>Procurement policy briefings</li> <li>Evaluation and questionnaire for suppliers</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Fair and equitable evaluation and treatment</li> <li>Respect for human rights</li> <li>Promotion of diversity</li> <li>Appointment, utilization, and development of appropriate human resources</li> <li>Promotion of work-life balance</li> <li>Consideration for occupational health and safety</li> </ul>	<ul style="list-style-type: none"> <li>Personnel evaluations based on individual work, role, ability to develop and level of achievement</li> <li>Promote active participation of diverse human resources and creation of comfortable working environments</li> <li>Promote skill acquisition and technology transfer through training</li> <li>Work style reforms to improve productivity</li> <li>Safety activities based on the Three Safety Principles and other concepts</li> </ul>	<ul style="list-style-type: none"> <li>Employee satisfaction (ES) surveys</li> <li>Labor-management council</li> <li>Reporting and consultation channels</li> <li>Helpline (Suggestion Box)</li> <li>Occupational Health and Safety Committee</li> <li>In-house newsletter</li> </ul>
Administration	<ul style="list-style-type: none"> <li>Complying with laws</li> <li>Payment of taxes</li> <li>Cooperation with various measures and policies</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of a Compliance Committee and other systems, promotion of internal awareness</li> <li>Participation in public-private sector joint projects</li> </ul>	<ul style="list-style-type: none"> <li>Dialogue through organizations such as the Japan Automobile Manufacturers' Association</li> <li>Dialogue through public-private sector joint projects</li> </ul>
Local communities	<ul style="list-style-type: none"> <li>Protecting and respecting local culture, customs, and nature</li> <li>Contributing to community development</li> <li>Preventing accidents and disasters in and around business sites, and responding to emergencies</li> </ul>	<ul style="list-style-type: none"> <li>Promote activities to protect local ecosystems</li> <li>Creating employment, supporting education, and interacting with local communities in areas where we have businesses</li> <li>Preventing violations of environmental laws and regulations, and accidents</li> <li>Contribute to transportation during disasters</li> <li>Social contribution activities aimed at coexisting with local communities</li> </ul>	<ul style="list-style-type: none"> <li>Participation in community events<sup>*2</sup></li> <li>Invitations to events at business sites<sup>*2</sup></li> <li>Isuzu Plaza<sup>*2</sup></li> <li>Hosting social studies excursions<sup>*2</sup></li> <li>Recruitment activities</li> </ul>

<sup>\*1</sup> Not implemented in FY2021 and FY2022 due to the COVID-19 pandemic. Implementation for FY2023 onward is yet to be decided.

<sup>\*2</sup> Not carried out or temporarily suspended in FY2021 due to COVID-19. Implementation in FY2022 under consideration, depending on the situation.

## A Third-party Opinion



Executive Fellow,  
Research Institute of Capital Formation,  
Development Bank of Japan Inc.

**Mr. Keisuke Takegahara,**

In this fiscal year, your corporate group has drastically changed its system of disclosure of non-financial data. The new integrated report has begun to encompass strategies and the value creation story which have been described in Part 1 of CSR Report until last fiscal year. Part 2 of the CSR Report, details of specific activities and achievements, is now covered by the Sustainability Report, which is treated as an independent medium. This opinion belongs to the latter, but concerns both since the two media are inseparable.

As far as the integrated report is concerned, I was impressed by how you have pushed forward with the integration of non-financial value and your management strategy, something you have been strongly aware of from the last fiscal year. This has added to the clarity of your value creation story. This is summarized in the message from the president to deliver the Group's value creation story. You emphasize two major pillars of your new medium-term management plan, "carbon neutrality (CN)" and "contribution to the evolution of logistics," which speak of your specific commitment and related plans. I get the impression that the message embodies the outside-in approach to synchronizing solutions to social issues with your growth scenario.

For CN, you announced a goal of establishing a full lineup that will work until 2040 to achieve the long-term vision by 2050. A new-age power train structure for commercial vehicles, characterized by the electrification of major models, the sophistication of internal-combustion engines and the use of CN fuel, is shown with 2030 as the milestone. This is supported by the "CASE-compatible" alliance which was built in accordance with the previous medium-term plan. The mechanism is very easy to understand.

In terms of contributing to the evolution of logistics, you have an approach unique to a commercial vehicle manufacturer, namely offering solutions to the labor shortage and many other challenges encountered in the worksites of truck logistics, through connected cars and automatic driving technologies. This is very convincing.

You focus on innovation and regard it as a common keyword. You also say that being a

group capable of achieving innovation is the purpose of the group's existence. This eloquently expresses the Isuzu Group's value creation story and the direction of "evolution into ESG-oriented management" to support your quest for that purpose.

Based on the above, the following diagram of the Isuzu Group's value creation story helps to deepen our understanding about the system and intention of the story. The establishment of the Sustainability Committee led to the development of an integrated promotion system. In addition, your support for TCFD, signing the United Nations GC, commencement of human rights due diligence and numerous other elements have been added to functions as the foundation of the value creation story. They are reinforcing the significant changes happening in this fiscal year.

As of the time of writing, the draft Sustainability Report, which has taken over Part 2 from past issues, is not significantly different from the previous issue. It conveys the editor's serious intent to take the wide-ranging CSR activities one by one and communicate their value to many different stakeholders. On the other hand, given the rapid and significant systematization of the integration report, the question of how to connect and link the two remains. Changing the structure without changing its content may work in providing integrated report readers with easy access while also utilizing the advantages of Sustainability Report. More specifically, a detailed explanation about the "source of competitiveness" and "foundation of value creation," components of the value creation story of your integrated report, may be regarded as a sustainability report. Making the two compatible with each other and linking them online may be worth considering. Many different approaches are conceivable. Examples are, among many others, reorganizing items of the Sustainability Report in accordance with the value creation story and inserting into the top of the report a table for comparison with the value creation story. In doing so, applying the TCFD framework, which was adopted in the recent climate change-related disclosure, to other expandable items may make the format look more unified and may be able to lead the way in standardizing the disclosure of non-financial information, which is likely to progress going forward.

The potential of the new information disclosure system that looks ahead to the next generation adds to our expectations for the future. This is a big challenge. But it will hopefully lead you to a commitment to continued improvement, the KPI for which is visualizing the value to offer to society through value creation; in other words, measuring the impact. This requires clarification of a long-term vision and goals relating to the elements that comprise value creation. Currently, Isuzu Environmental Vision 2050 and the medium-term goal based on the Vision are implemented. Showing similar mechanisms in other domains will be necessary. In advancing these efforts, the recently established Sustainability Committee is expected to play an important role. Hopefully this will be a good example of a governance function compatible with the times when materiality changes dynamically.

I look forward to Isuzu's progress going forward.

A Third-party Opinion

Response to the Third-Party Opinion

We would like to express our sincere appreciation for Mr. Keisuke Takegahara’s valuable opinions on the Isuzu Group’s ESG activities, which follow the opinions he provided last year.

This year, we created Isuzu’s first integrated report to disclose our financial and non-financial data in an integrated manner. The Sustainability Report is aimed at comprehensively disclosing our ESG activities supporting our value creation and, via the two media, to report the overall picture of our value creation to our stakeholders.

The integrated report describes, in a series of value creation stories, our intention to resolve social issues by creating innovation through “evolution into ESG-oriented management,” while utilizing the source of our competitiveness and the foundation of our value creation which have evolved on the basis of the medium-term management plan 2024. Mr. Takegahara had high regard for this. With that in mind, we will stay committed to improving the integrated report.

We take into consideration Mr. Takegahara’s opinion on the connection and linkage between the integrated report and the Sustainability Report, in reviewing the structure of the report and clarifying the relationship between the two.

Mr. Takegahara also pointed out the need to visualize long-term visions and goals concerning the elements of value creation, disclose KPIs and show the degree of improvement. We understand this is a huge and important challenge and will discuss procedures for disclosure and other related topics at meetings of the Sustainability Committee and other relevant organizations. Going forward, we will heed the opinions from Mr. Takegahara and work to develop an information disclosure system and raise the level of our ESG activities in an effort to live up to the expectations of our stakeholders.

Sustainability Dept.



# Environment

Global environment conservation is a business issue that is important for preserving the opulence of the planet and ensuring that it is sustainable and can be handed down to future generations. Based on this understanding, our operational activities reflect our consideration of the conservation of the global environment in all business domains.

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# Management Approaches

## Basic Mindset

For the Isuzu Group's basic mindset related to the environment, it established and is implementing the goals of pursuing its business activities in all areas with conservation of the global environment in mind, and developing and operating its environmental management system to reduce the burden on the environment in all of its business areas.

## Framework

### Vision Framework

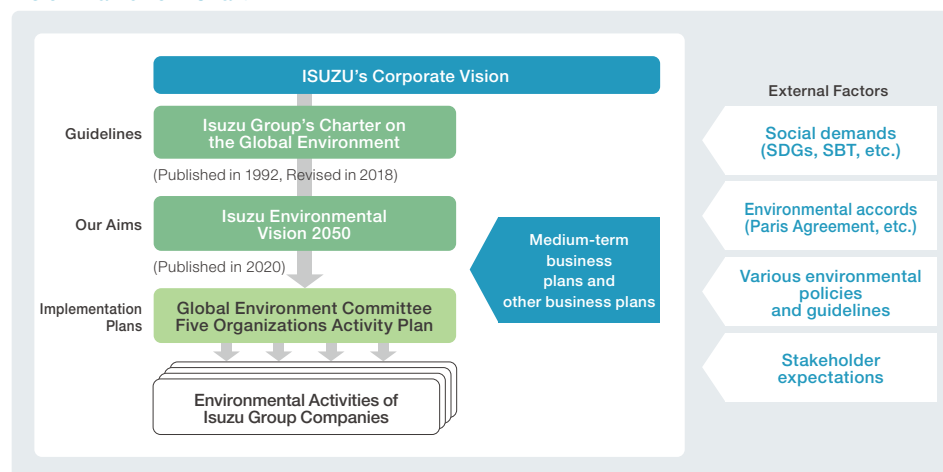
The Isuzu Group regards conserving the global environment and pursuing our business activities in all areas with an environmental awareness as important business challenge. To this end we have established the Isuzu Group's Charter on the Global Environment.

All Isuzu Group members use the Charter as a guideline when engaging in environmental activities. It was first published in 1992, and in line with dramatically changing societal trends and social demands, was revised in 2018.

In addition, in order to realize a sustainable society, and believing it is necessary to clarify the Isuzu Group's environmental aspirations from a longer-term perspective, in March 2020 we published our Isuzu Environmental Vision 2050.

By establishing and operating environmental management systems based on the framework for our Vision, the Isuzu Group will be able to contribute to the reduction of our environmental impact and help build a sustainable society through the promotion of environmental activities in all global business areas.

### Vision Framework Chart



## Isuzu Group's Charter on the Global Environment

All Isuzu Group members use the Charter as a guideline when pursuing environment activities.

### 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 future generations. In this regard, we pursue our business activities in all areas with an awareness of environmental conservation.

#### ► Reduced environmental burden for 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 burden of 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.

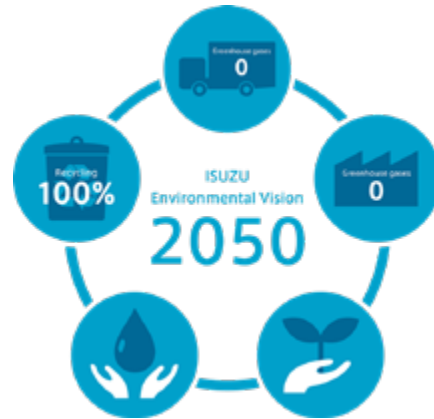
## Management Approaches

### Isuzu Environmental Vision 2050

#### Formulating Our Vision

In order for society to be prosperous and sustainable in 2050, and for Isuzu to continue to support transportation, in March 2020 the Isuzu Group published our Isuzu Environmental Vision 2050.

To help ensure a prosperous and sustainable society, each and every member of the Isuzu Group is committed to undergoing the challenge of achieving our Isuzu Environmental Vision 2050 together with our customers and partners.



#### Strategy Relating to Climate Change

Many different global environmental issues, linked to climate change, are significantly affecting our society and are critical issues that require urgent solutions. This awareness is common worldwide.

Based on this awareness, carbon-neutral strategies are rapidly being introduced in Japan and many other countries. A move toward a decarbonized society is gaining momentum worldwide.

Isuzu considers this as an opportunity for its growth and intensifies its commitment to the issue.

Isuzu performed scenario analysis and specified risks and opportunities on the basis of its long-term environmental scenario up to 2050, based on IPCC's climate scenario and the social economy scenario created by IPCC and IEA.

As a result, we renewed our awareness of the fact that global environmental issues such as climate change gravely affect the Isuzu Group's business activities and its products.

Countering climate change requires the satisfaction of tighter environmental regulations and the development of new technologies. The global climate change also leads to frequent natural disasters that are increasingly severe. They may seriously affect Isuzu's business activities. Meanwhile, the society is increasingly anticipating the creation of an innovation to help achieve a decarbonized society. Addressing the issue properly will lead us to new business opportunities.

To this end, the Isuzu Environmental Vision 2050 regards measures against climate change as one of the priority issues. We also have the Carbon Neutrality Plan for establishing, by 2040, a full lineup compatible with the transition to carbon neutrality, and for expanding the mass production and sales of electric vehicles over our major models in 2030.

### Long-term Environmental Scenarios

#### 4°C Scenario

▶ In the 4°C scenario, continued reliance on fossil fuel allows climate change to go unchecked. This entails the aggravation of natural disasters. People and nations scramble for availability of fossil fuel, limited resources. This gives rise to wider gaps and a trend toward anti-globalization, rendering international governance dysfunctional. In the scenario, progression of climate change brings about an undesirable society that is prone to disaster and economically stagnant.

#### 1.5°C Scenario

▶ In the 1.5°C scenario, regulations on GHG emissions are tightened and, because of technological innovation and other factors, the rise in temperature is kept at 1.5 degree C or smaller. This would make the society carbon-neutral. Tighter regulations and advance of technological innovation would greatly change our social and industrial structure.

Isuzu performed a scenario analysis based on IEA's scenario (e.g. 2DS/B2DS/SDS). The 1.5°C scenario would bring significant changes to Isuzu's products depending on their usage, and to our business activities.

#### ▶ Products

##### ● By type of vehicle

- For small commercial vehicles to support short-distance, small-quantity transportation, EVs and other next-generation, power-train vehicles are increasingly developed and offered.
- Electrification and other trends emerge in mid- to large-sized commercial vehicles.
- Internal-combustion engines will continue to play significant roles in mid- and large-sized commercial vehicles which support long-distance, large-quantity transportation.

##### ● Utilization of sustainable, decarbonized clean energy

- We need to develop and market power trains with much greater fuel efficiency and smaller energy loss than conventional ones and the products equipped with such power trains.

#### ▶ Service

- We are currently conducting a demonstration test of automatic driving, platooning and full-trailer trucks, all of which have become popularized.
- More efficient means of transportation become common.

#### ▶ Business Activities

- In production and other business activities, we transition to decarbonized clean energy.
- We thoroughly practice minimization of resource input and efficient use of emissions with an aim to achieve carbon neutrality.



## Management Approaches

### Risks and Opportunities

Risks brought by climate change are divided into transition risk and physical risks: the former accompanies a transition to a decarbonized society while the latter takes such forms as the aggravation of natural disaster and may exert physical impacts.

Classification	Risks	Opportunities	Action	Impact on our operations
<b>Transition-related</b> Risks and opportunities associated with transition to a decarbonized society	<ul style="list-style-type: none"> <li>Decrease in our market share due to delay in reacting to tighter environmental regulations</li> </ul>	<ul style="list-style-type: none"> <li>Increase in demand for zero-emission vehicles</li> </ul>	<ul style="list-style-type: none"> <li>Advance the efforts to establish a full lineup compatible with the transition to carbon neutrality</li> </ul>	Large
	<ul style="list-style-type: none"> <li>Increase in development and production costs for building compatibility with diverse power trains such as those for EVs and FCVs</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of open innovation</li> <li>Widespread use of reasonably priced clean energy</li> </ul>	<ul style="list-style-type: none"> <li>Utilization of alliance in pursuing efficient, collaborative development</li> <li>Switching to reasonably priced clean energy to achieve low-carbon operations and reduce costs</li> </ul>	Large
	<ul style="list-style-type: none"> <li>Shrinkage of market of internal combustion vehicles using fossil fuel</li> </ul>	—	<ul style="list-style-type: none"> <li>Using next-generation fuel (carbon-neutral fuel) to utilize existing internal-combustion technologies and infrastructure</li> </ul>	Large
	<ul style="list-style-type: none"> <li>Decline in our brand power due to the incapability to address diverse needs of logistics infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>Increase in needs for automatic driving, platooning and full-trailer trucks</li> </ul>	<ul style="list-style-type: none"> <li>Creation of logistics innovation contributing to carbon neutrality through co-creation with customers</li> </ul>	Large
	<ul style="list-style-type: none"> <li>Increase in energy costs and in reputational risks due to delays in the introduction of GHG reduction measures and renewable energy in our business operations overall</li> </ul>	<ul style="list-style-type: none"> <li>Early introduction of renewable energy to reduce costs and boost our corporate image</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of introduction of renewable energy</li> <li>Continued encouragement of energy-saving activities to reduce energy costs</li> </ul>	Moderate
<b>Physical</b> Risks and opportunities concerning phenomena such as the aggravation of natural disasters and depletion of water resources	<ul style="list-style-type: none"> <li>Damage to business operations due to the rising occurrences of abnormal weather (e.g. flood, typhoon)</li> </ul>	<ul style="list-style-type: none"> <li>Increase in demand for disaster-proof vehicles</li> <li>Expansion of needs for infrastructure services resistant to natural disasters</li> </ul>	<ul style="list-style-type: none"> <li>Providing disaster-proof vehicles</li> <li>Repair of flooded vehicles</li> <li>Expansion of BCP to strengthen our corporate culture</li> </ul>	Large

### In Pursuit of Our Vision

Isuzu Environmental Vision 2050 is not easy to achieve.

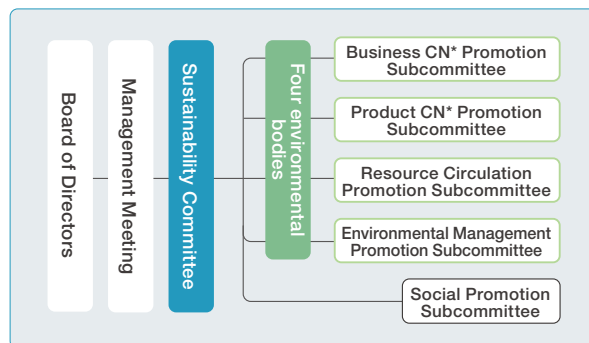
We will gather a variety of wisdom and new technologies and cooperate with customers and business partners to pursue, from the perspective of multi-stakeholder partnership, many different efforts to make our society rich and sustainable.

## Management Approaches

### Isuzu Group's Structure for Promoting Environmental Activities

The Isuzu Group has established four environmental bodies under the Sustainability Committee to facilitate environmental conservation activities in all of its business operations. These four bodies consist of Isuzu Group affiliate companies operating in environmentally relevant fields. They set and pursue their goals to resolve many different problems and improve their environmental activities. The Sustainability Committee, comprising members of senior management including representative officers from various fields, meets regularly to discuss and make decisions on diverse issues concerning environmental conservation in an effort to solve environmental challenges.

#### Composition of Sustainability Committee



#### Role of Four Environmental Bodies

<b>Business CN Promotion Subcommittee</b>	Focusing mainly on production activities, which are the group's main source of CO <sub>2</sub> emissions, the subcommittee promotes cross-divisional activities to achieve the 2050 carbon neutral goal, aiming to achieve carbon neutrality in the Isuzu Group's business activities.
<b>Product CN Promotion Subcommittee</b>	The subcommittee promotes various activities that contribute to the carbon neutrality of products, including decarbonization technologies and energy, aiming to achieve well-to-wheel carbon neutrality.
<b>Resource Circulation Promotion Subcommittee</b>	The subcommittee promotes waste controls and recycling activities in all Isuzu's business activities including products and services, towards achieving 100% recycling of resources.
<b>Environmental Management Promotion Subcommittee</b>	The subcommittee promotes environmental activities in coordination with group companies, centered mainly on environmental management measures such as ISO 14001 certification acquisition, environmental risk management, and biodiversity preservation.

\* CN: Carbon neutral

### Contributions to Sustainable Development Goals (SDGs)

For the Isuzu Group to help realize a prosperous and sustainable society, we believe that activities aimed at achieving the Sustainable Development Goals (SDGs) adopted at the UN summit are important. Isuzu will contribute to the achievement of the SDGs through the promotion of environmental activities and taking on the challenge of reducing environmental impacts.



#### Ensure healthy lives and promote well-being for all at all ages

- Target 3.9: By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.



#### Ensure availability and sustainable management of water and sanitation for all

- Target 6.3: By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.
- Target 6.b: Support and strengthen the participation of local communities in improving water and sanitation management.



#### Ensure access to affordable, reliable, sustainable and modern energy for all

- Target 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix.
- Target 7.3: By 2030, double the rate of improvement in global energy efficiency.



#### Ensure sustainable production and consumption patterns

- Target 12.4: By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.
- Target 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.



#### Take urgent action to mitigate climate change and its impacts

- Target 13.2: Integrate climate change measures into national policies, strategies and planning.
- Target 13.3: Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.



#### Conserve and sustainably use the oceans, seas and marine resources for sustainable development

- Target 14.1: By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and eutrophication.



#### Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

- Target 15.2: By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.



#### Strengthen the means of implementation and revitalize the global partnership for sustainable development

- Target 17.16: Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries.
- Target 17.17: Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.

# Climate Change

## Information Disclosure Based on the TCFD Recommendations

Isuzu is committed to the disclosure of climate change-related information in line with the framework recommended by the TCFD. For the specific recommended disclosure items, see the pages indicated below.

	Recommended disclosure item	Page
Governance	a) Explain the system for the organization's board of directors to supervise efforts to address climate-related risks and opportunities.	<ul style="list-style-type: none"> <li>● Isuzu Group's structure for promoting environmental activities</li> </ul>
	b) Explain the roles of management in the evaluation and management of climate-related risks and opportunities.	
Strategy	a) Explain the short-, medium- and long-term climate-related risks and opportunities identified by the organization.	<ul style="list-style-type: none"> <li>● Strategy relating to climate change</li> <li>● Long-term Environmental Scenarios</li> <li>● Risks and opportunities</li> <li>● Measures to address climate change (products and services)</li> <li>● Measures to address climate change (operational activities)</li> </ul>
	b) Explain the impact of climate-related risks and opportunities on the business, strategic and financial planning of the organization.	
	c) Explain the impact of many different scenarios such as the 2 °C scenario on business, strategic and financial planning.	
Risk Management	a) Explain the process the organization uses to identify and evaluate climate-related risks.	<ul style="list-style-type: none"> <li>● Isuzu Group's structure for promoting environmental activities</li> <li>● Long-term Environmental Scenarios</li> </ul>
	b) Explain the process the organization uses to manage climate-related risks.	
	c) Explain how the process the organization uses to identify, evaluate and manage climate-related risks is integrated into the organization's general risk management.	
Indicators and Targets	a) Disclose the indicators used to evaluate climate-related risks and opportunities in line with the organization's strategy and risk management processes.	<ul style="list-style-type: none"> <li>● Environmental performance data</li> <li>● Operational activities and environmental burden</li> <li>● Isuzu Green Procurement Guidelines</li> <li>● Isuzu Environmental Vision 2050</li> </ul>
	b) Disclose greenhouse gas (GHG) emissions and related risks in Scope 1, Scope 2 and, if applicable, Scope 3.	
	c) Disclose the goals the organization uses to manage climate-related risks and opportunities and its track record for the achievement of the goals.	



## Climate Change

### Measures to Address Climate Change (Products and Services)



**By 2050, we will aim for zero greenhouse gas emission(GHG) across the entire life-cycle of Isuzu Group products**

\*Zero GHG emissions: Net zero balance of emissions and carbon sequestration

#### Efforts to Achieve Carbon Neutrality

Amid the increasing need for measures to slow the progression of global climate change, the achievement of carbon neutrality is the highest-priority social issue. Isuzu is aggressively pursuing carbon neutrality.

The achievement of carbon neutrality, or the net zero balancing of GHG emissions and carbon sequestration, by 2050 requires that Isuzu successfully shift to carbon neutrality by shifting from fossil-fuels to carbon-neutral energy sources to power all of its new vehicles that will be available worldwide before that time. For that purpose, Isuzu is strongly pushing forward with its development of electric cars with a view toward mass production. We are conducting experiments for the introduction of BEVs and FCVs in society in an effort to identify the technologies that will enable us to achieve carbon neutrality. At the same time, we are preparing to introduce some of these products to the market.

We are assuming there will be situations where, for commercial vehicles, internal combustion engines will continue to be necessary. So we will continue to develop high-performance internal combustion engines as we prepare for future carbon-neutral fuels such as biofuels and renewable energy-derived synthetic fuels.

### Development and Diffusion of Next-Generations Vehicles

#### Light Electric Truck

In 2019, we started monitoring the use of the truck in home deliveries, deliveries from convenience stores and waste collection. The truck is being tested in terms of economic rationality and convenience and refined in preparation for the start of mass production in FY2022.



#### Heavy-duty Fuel Cell Truck

Collaborative development with Honda R&D Co., Ltd. began in 2020. The truck is being developed and will begin monitoring program in FY2022.



#### Light Hybrid Truck

Efforts to introduce Elf HEVs to the market are continuing. Combined with the most advanced diesel engine, the Elf HEV meets the 2016 exhaust gas regulations and achieves fuel efficiency 15% over the fuel efficiency standards established in 2015.



#### CJPT (Commercial Japan Partnership Technologies) established

In March 2021, Isuzu announced that it was collaborating with Hino and Toyota in commercial operations, including in the development of EVs and FCVs.

[https://www.isuzu.co.jp/world/company/investor/financial/results/assets/pdf/carbon\\_neutral.pdf](https://www.isuzu.co.jp/world/company/investor/financial/results/assets/pdf/carbon_neutral.pdf)

<https://www.isuzu.co.jp/world/company/investor/financial/results/assets/pdf/all.pdf>

## Climate Change

### Working Towards Next-Generation Fuels

Recognizing that carbon neutrality is the highest-priority social issue, Isuzu is accelerating its efforts to solve many problems in pursuit of a carbon-neutral society. We are actively working in Japan and overseas to commercialize many different technologies to domestically and internationally facilitate the shift to carbon neutrality. In particular, the electrification of automobiles is important. It is our highest-priority issue. Concurrently, the utilization of carbon-neutral (CN) fuels and other next-generation fuels in automobiles should also be addressed at the same level as electrification.

CN fuels are next-generation fuels made from hydrogen refined from renewable energy sources, and from carbon dioxide captured from the atmosphere or emitted from sources such as factories. In the process synthesizing CN fuels, they are refined using renewable energy. Government-led efforts to introduce CN fuels in society began as an important means of facilitating the shift to carbon neutrality. Society can expect the following benefits from the successful introduction of these next-generation fuels.

- ▶ Utilization of existing internal-combustion engine technologies
- ▶ Immediate contribution to the achievement of carbon neutrality as soon as it begins to be supplied (utilization in already available vehicles)
- ▶ Utilization of existing fuel supply infrastructure such as existing fuel stations

In preparation for the introduction of next-generation fuels in society, we will strongly push forward with our activities to accelerate the practical use and the spread of next-generation vehicles, including assessment and improvement of conformity and demonstration testing of vehicles in terms of performance, durability, reliability and other properties. Further, we will actively work with next-generation fuel manufacturers to identify issues and propose improvements regarding fuel quality and other matters.

Commercial vehicles serving people and their logistics needs, the products that Isuzu manufactures, are available in many different types and are used in many different situations and environments. Some of these vehicles may be hard to electrify. The utilization of CN fuel in these vehicles can accelerate the shift to carbon neutrality. Commercial vehicles are global products that are sold worldwide. Depending on national or regional situations, however, it may be difficult to switch to electric vehicles. In these situations, the use of already available vehicles will continue. In these countries and regions, the availability of CN fuels with the potential to leverage the existing fuel-supply infrastructure would effectively facilitate carbon neutrality.

This led Isuzu to set up a department in April 2021 to advance and accelerate the utilization of next-generation fuels and to push forward with the extensive activities above. In pursuit of a globally carbon-neutral society, Isuzu will encourage the use of next-generation fuels and will continue to support transportation.

### Streamlining Physical Distribution Flow

Streamlining logistics will involve the use of connected technology, automated vehicle platooning, and other technologies.

To date, Isuzu has aggressively participated in the government's truck platooning research program, under the belief that the streamlining of logistics would create solutions to social issues like the shortage of commercial truck drivers and the reform of drivers' work styles.

To meet the government's goal of commercializing semi-automated truck platoons by FY2021, we have developed a system combining Adaptive Cruise Control (ACC) and a Lane Keeping Assist System (LKAS).



Giga, an experimental heavy-duty truck

## Climate Change

### Measures Against Climate Change (Business Activities)



**Aiming for zero direct greenhouse gas (GHG)\* emissions from Isuzu Group business activities by 2050.**

\*GHG emitted directly from business activities: Scope1+Scope2

#### Use Less Energy

We will continue to implement energy conservation initiatives throughout our business activities and continue with our activities to reduce energy consumption by streamlining processes, reviewing and optimizing operational methods and visualizing the energy consumption at all of the Group companies.

We are producing substantial results throughout the Isuzu Group through our review of our conventional ways of using energy to identify more opportunities to conserve energy and deploying these solutions across our companies.

#### Efforts to Increase the Environmental Friendliness of Our Distributors' Sites

Isuzu is trying to increase the environmental friendliness of its sites through proactive efforts such as the installation of LED lighting and skylights and the introduction of reusable energy systems when renovating or building new sales bases. Our newly built sites employ an effluent treatment system using microorganisms to prevent environmental pollution which may result from the wastewater generated during vehicle maintenance or washing. We are promoting the transition to water treatment facilities that are more environmentally conscious than the existing ones.

#### Example of new environmentally friendly facility

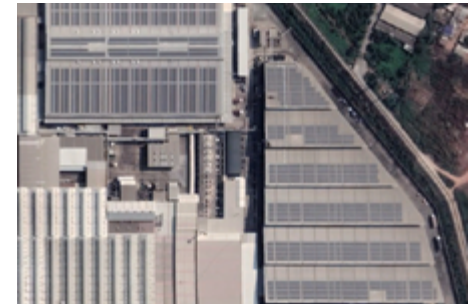


Niigata Isuzu Motors Ltd. Nagaoka Branch

#### Creating Clean Energy

To create clean energy through the active utilization of renewable resources, Isuzu Group's companies in Thailand are installing large photovoltaic power generation systems. Since FY2018, Isuzu Motors Company (Thailand) Limited (IMCT) and Isuzu Engine Manufacturing Co., (Thailand) Ltd. (IEMT) have installed solar panel systems with a total output of 2,750 kW.

Other Group companies in Thailand are also planning to introduce energy-saving equipment and photovoltaic power generation systems.



Isuzu Engine Manufacturing Co., (Thailand) (IEMT)

#### Switching to Clean Energy

We will switch to clean energy derived from renewable sources. Since FY2019 at both our Fujisawa and Tochigi Plants, Isuzu has utilized the Aqua Premium rate plan offered by TEPCO Energy Partner, Inc. where a portion of the electricity purchased is hydroelectric power. Through this plan TEPCO Energy Partner, Inc. sells the CO<sub>2</sub>-emission-free electricity that it generates hydroelectrically, offering an option for customers who want a portion of the electricity they purchase to be carbon-free.

Through this initiative, approximately 20 million kWh of both plants' annual electricity demand in FY2020 was from renewable hydroelectric sources. We are planning to continuously expand our use of clean energy.

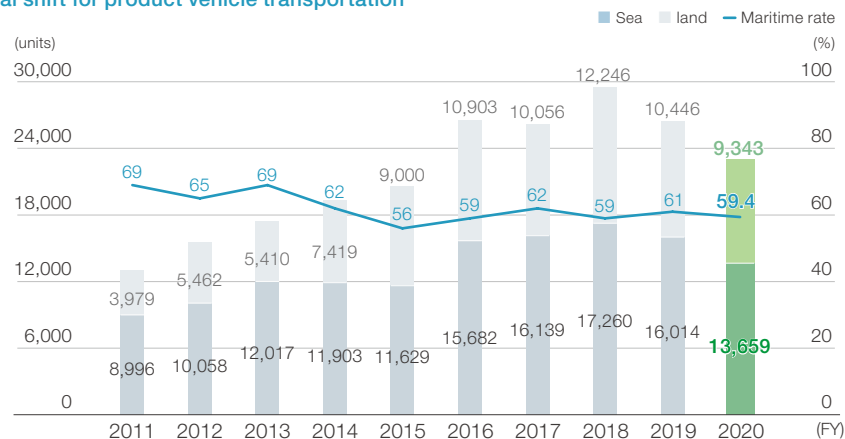


## Climate Change

### Reducing CO<sub>2</sub> Emissions in Logistics Processes

Isuzu is reducing the CO<sub>2</sub> emissions in its logistics processes at the target rate of 1% per year by reviewing the routes it uses to transport parts, promoting fuel-efficient driving during transportation, and adding more shipping routes to increase marine transportation (modal shift).

#### Modal shift for product vehicle transportation



### Main Initiatives for the Reduction of CO<sub>2</sub> Emissions

- ▶ Improved transportation efficiency as a consequence of efforts such as the thorough implementation of load-based truck transport management
- ▶ Increased use of returnable racks that can be folded during return
- ▶ Increased trailer transportation and increased container fill rates

In 2020, a new parts center was added next to the Tochigi Plant, centralizing all of the warehouses that had been scattered around the surrounding area. This centralized transportation between warehouses and improved logistics efficiency. Further, an elevated bridge was installed between two existing parts center warehouses enabling truck transportation to be replaced by automated tractors, which further reduced CO<sub>2</sub> emissions.

### Increasing "Container Round Use"

Isuzu works on the Container Round Use (CRU) system which diverts empty import containers to be used as export containers. The increase of CRU eliminates the need to transport empty containers, which reduces the CO<sub>2</sub> emissions from transportation and can also ensure the availability of containers. This helps to stabilize logistics.

### Organizing of Green Sales Activities in Japan

Isuzu distributors are doing all they can for the environment in every aspect of their business activities. They are continuously working to implement all possible environmental activities, including the selection of hybrid vehicles and other environmentally friendly vehicles for use as company cars, implementing Cool Biz and Warm Biz campaigns, and taking part in local area cleanup activities.

### Holding Fuel Efficient and Safe Driving Seminars

Considering the life cycle of Isuzu products, the majority of CO<sub>2</sub> emissions comes from product (vehicle) use. The Isuzu Group has been holding seminars on fuel-efficient and safe driving in Japan and overseas since 1995, to provide Isuzu vehicles' buyers with tips on fuel-efficient driving in accordance with the performance of their vehicles.



Safe and fuel-efficient driving practice

#### Seminar participation over the past 3 years

Fiscal year	Courses	Number of participants
FY2020	54	884
FY2019	115	1,535
FY2018	116	1,552

### FY2020 Energy-Saving Award

The Isuzu Group Energy-Saving & 3R Awards were initiated in FY2013 for the production-related companies of the Group. Entries detailing energy saving practices are collected from within the Isuzu Group, mainly within its production division, and the best ones receive awards. The entries are shared throughout the Isuzu Group so that they can be horizontally applied across the Group. The goal of the awards is to increase the momentum of the Group's environmental activities.

In FY2020, the Energy-Saving Award was not awarded.

## Resource Recycling



We aim for a 100% recycling rate of waste and scrap vehicles produced by the Isuzu Group's business activities by 2050.

### Promote Effective Resource Use

#### Reduced Packaging Materials

We make efforts as a Group toward reducing the amount of materials used through proper management and promoting shifts to returnable items as well as material recycling.

The Group as a whole is in the process of reviewing packaging methods to reduce packaging materials, and in FY2017 we began using the returnable racks that have become the global standard. This is gradually expanding from the ASEAN region and is being promoted worldwide in regions including India and Africa.



Returnable rack

### Promoting Rebuilding

We promote the rebuilding of used engines and parts to more effectively use the limited resources that we have. In the rebuilding of engines, used engines are disassembled, the parts are cleaned and inspected and worn parts are replaced with new ones before re-assembly. The Isuzu Group provides customers with genuine Isuzu E-PARTS that have been refurbished to meet the same inspection criteria that new parts straight off the production line must meet. This enables people to use products that are more eco-friendly that have the same high quality.



Rebuilding an engine



### Promoting Recycling

The Isuzu Group promotes recycling of the waste generated through its business operations through meticulous sorting on a daily basis and pursues activities to reduce and mitigate the generation of discharge, including by sorting out valuables from the discharge.

Domestically, we also recycle used-cars pursuant to Japan's Act on Recycling, etc. of End-of-Life Vehicles, as well as three designated items (ASR, air bags, and chlorofluorocarbon).

## Resource Recycling

### FY2020 3R Award

The Isuzu Group Energy-Saving & 3R Awards were initiated in FY2013 for the production-related companies of the Group. Entries detailing 3R practices improvement are collected from within the Isuzu Group, mainly from its production divisions, and the best entries receive awards. The details of the entries are shared and applied throughout the Isuzu Group. Through these awards, the Isuzu Group increases the momentum of its environmental activities for the future.

#### Using Rainwater to Reduce Consumption of Industrial Water (Isuzu Motors Limited)

Much of the equipment deployed in Isuzu's production divisions uses large quantities of industrial water. Many devices have water tanks storing 3,000 to 5,000 liters of water that is regularly replaced. A lot of water is also used to clean the floors within the plants every day. Water is a limited resource and using water requires the use of both energy and chemicals. Knowing this, we thought about using rainwater as a substitute in areas where it would not affect product quality.

To that point, rainwater had drained from the plant's roof through its gutters before being discharged. We devised a system to efficiently collect rainwater and installed it under the gutters on a trial basis. As a result, about 6,000 liters of rainwater were collected in a three-month period and were used to clean floors and other surfaces. The collected 6,000 liters of rainwater is equivalent to about 5 of the industrial water that the department using the rainwater collection system uses in the plant.

We were surprised at the large volume of rainwater collected. At the same time, we proved that adding more rainwater collection systems would reduce industrial water consumption.

The rainwater collection systems use versatile parts and are structured in way that is simple, low-cost, and maintenance-free, enabling them to be easily installed at Isuzu Group plants in Japan and overseas.

Enabling all of the Isuzu Group companies around the world to use rainwater in this way could lead to a significant reduction of resource consumption. In the past, we unconsciously let rainwater drain away. By beginning to see it as a valuable resource, we have discovered that it has great potential.



Awardees



## Environmental Risk Management



We strive for safe and secure operations and products throughout the Isuzu Group's value chain.

### Effective utilization of water resources

Isuzu's business activities entail the consumption of a large quantity of water in vehicle manufacturing, plant maintenance, effluent treatment and many other situations. Isuzu endeavors to conserve these finite water resources by, for example, encouraging the reuse of treated wastewater and the water used in processes and efforts to consume less water.

### Understanding and Responding to Water Related Risks

In recent years, climate change is increasing concern about the ability to secure water resources and about water-related risks such as flooding. In light of this, Isuzu began surveying water-related risks in FY2015 using Aqueduct, a global water risk evaluation tool. The survey showed that Isuzu faced no problems requiring urgent action in its use of groundwater or clean tap water. However, we also identified risks dependent on geographic and other conditions that could affect plant operations and supply chains in the event of torrential rains or extreme weather. In response to these findings, we are pushing forward with activities to reduce water resource consumption and to mitigate water-related risks in view of the risks faced in plant and business operations.

### Building a Society Free of Water Stress

The Isuzu Group contributes to building a society free of water stress, where all people can have access to safe water without concern.

### Isuzu Gives Water...for Life

Since 2013, 21 Isuzu Group companies in Thailand have been participating in the Isuzu Gives Water...for Life project. As of March 2021, the project has held 38 events. The goals of the project are to install water treatment systems and provide access to drinkable water at schools that are dealing with polluted water in outlying areas of Thailand. Through the project, teachers and students learn how to manage and maintain the system so they are able to sustainably secure access to drinking water. This program is a collaboration with Thailand's Department of Groundwater Resources and regional authorities.

The COVID-19 pandemic has threatened the continuation of the project, but the enthusiasm of the people involved and the representatives from the Isuzu Group has enabled the resumption of the project, starting with the efforts that are possible. We will continue to actively participate in these activities to pursue the achievement of the SDGs and the ideals that the Isuzu Group believes deeply in.



With the schoolchildren

## Thorough Chemical Substance Management

We take thorough measures to minimize the environmental risks associated with chemical substances used in our business activities and products.

### Managing Chemical Substances and Promoting Alternatives

Paints, component materials and other chemicals used in-house are carefully examined before they are adopted to ensure the safety of employees, reduce environmental risk and determine their suitability for use. We maintain a database of these materials. We use this data to make PRTR (Pollutant Release and Transfer Register) notifications and also encourage Isuzu Group companies to switch to substances with less environmental impact and review manufacturing processes to reduce the use of chemical substances. No chemical spills were reported in FY2020.

For chemicals contained in our products, from the design and development stages, we exercise great care when evaluating the chemicals contained in components and take action to meet the chemical substance regulations in the countries they will be used. Chemical substance regulations are tightening, and to address them we are utilizing the International Material Data System (IMDS). The IMDS is the automotive industry standard, a global system for the communication of data regarding the chemicals contained in products, to ensure that the chemicals contained in our products are controlled based on the data obtained from our business partners and to reduce the use of regulated chemicals.

### Activities to Control Emission of Ozone Depleting Substances

Isuzu promotes activities aimed at controlling the emission of ozone depleting substances by reinforcing the inspection of facilities using CFCs and installing non-CFC equipment during facility upgrades.

### Together with Our Stakeholders

We request that our business partners submit Environmental Management Self-Evaluation Reports which also include chemicals management data. We talk with our business partners to confirm the status of their chemicals management systems and exchange related information. In this way, we strive to improve chemicals management throughout our supply chain.

## Biodiversity Conservation



Based in the areas around the Isuzu Group companies' locations, we collaborate with NGOs and other stakeholders in preserving the biodiversity inherent in the local communities.

In FY2018, Isuzu formulated an Isuzu Group Policy on Biodiversity while referring to materials such as the Ministry of the Environment's Guidelines for Private Sector Engagement in Biodiversity and the Keidanren Declaration of Biodiversity. Based on this policy, the offices of each company within the Group conducts activities to help protect their unique regional natural environments and promote the conservation of biodiversity.

Since January 2020, we have endorsed the Keidanren Declaration of Biodiversity and have renewed our determination to work to conserve biodiversity through our business activities.

### Isuzu Group Policy on Biodiversity

#### Basic Vision

- ▶ We, the Isuzu Group, understand the relationship all of our business activities have with the ecosystem. We support action that helps achieve a sustainable society through a harmony of business activities and biodiversity.

#### Action Guidelines

- ▶ Each employee learns and has an understanding that our business activities are enabled by biodiversity and, at the same time, are affecting it.
- ▶ We engage in activities that reduce our impact on biodiversity and protect it in all of our business activities.
- ▶ We protect biodiversity from a global perspective, taking into account the diversity of local communities.
- ▶ We promote cooperation and collaboration with our stakeholders in order to improve our conservation activities.
- ▶ We contribute to local communities, placing valuing on communication and cooperation with stakeholders through disclosing information on activities and other initiatives.

### Promoting Biodiversity Conservation Efforts

We strive to conserve biodiversity around our business sites so that the sites work in harmony with the natural environment.

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

The results revealed that the forests were poorly cared for at both sites, which negatively impacted their function as habitats for local species. Consequently, the ecosystem was losing its equilibrium while invasive species were thriving.

In response to these results, volunteer employees began working on site maintenance in FY2016. Since then, efforts have continued to develop the areas for native species to thrive, and to restore the healthy forest environment.

A recent investigation has found that these efforts have helped to reduce invasive species at the sites and that the ecosystem is gradually regaining its equilibrium.

We will continue these initiatives in the future, leveraging expert opinions to restore the ecosystem to its natural state and even enrich it. In this way we will maintain an environment for Isuzu to continue its operations as it has always been.



Fujisawa Plant: Maintaining the site's forest (Left: Before, Right: After)



Tochigi Plant: Maintaining the site's greenery area (Left: Before, Right: During maintenance)

## Biodiversity Conservation

### Promoting Efforts to Protect Local Ecosystems

We promote efforts to protect regional ecosystems in local communities where we conduct business, working to conserve them along with their biodiversity. In addition, by encouraging these activities across the entire Isuzu Group, we will remain committed to protecting global biodiversity.

#### Watarase Reservoir Conservation Activities

Since 2016, Isuzu has been involved in conservation activities at the Watarase Reservoir near its Tochigi Plant. The Watarase Reservoir is the largest reservoir in Japan and has an important role in preventing flood damage in the area. Registered under the Ramsar Convention on Wetlands, the reservoir is inhabited by an abundance of flora and fauna, including endangered species. The biodiversity needs to be properly taken care of by humans in order to keep it enriched for future generations. Based on this understanding, volunteers from the Tochigi Plant continue activities such as cutting reeds, removing invasive species, and collecting garbage every year. The efforts have involved neighboring companies of the Isuzu Group. Eleven staff members from three companies participated in the Watarase Reservoir Invasive Plant Removal Activity sponsored by Tochigi City in October 2020 to help eliminate non-native species from the expansive reservoir area.



Participants in the invasive species removal activity

#### Participating in Activities to Develop Forests That Supply Water in Kanagawa Prefecture

Since FY2018, the Isuzu Fujisawa Plant has been participating in Kanagawa Prefecture's Forest Restoration Partner project. To protect the woodlands that are the source of the groundwater used by the plant, we continue with the work of preserving the Yadoriki Water Source Forest in Ashigarakami District.

Group companies at the Fujisawa Plant have also taken part in the effort starting in FY2019, with 64 employees and their families representing four companies participating in the conservation activities held in June and September 2019. While being reminded of the importance of biodiversity and preserving the forests that act as water sources, participants observed nature and helped thin neglected forest, helping return it to its natural state.

The activity was not held in FY2020 due to COVID-19.



Thinning the forest

### Promoting Sustainable Procurement

In sourcing raw materials, we take into account sustainability and the conservation of biodiversity. Isuzu has established the Isuzu Green Procurement Guidelines to promote environmental conservation activities in collaboration with our business partners. We ask them to engage in environmental conservation activities through annual production briefings and individual briefings.

Our production briefings in FY2020 took place in June and November (biannual). To prevent the spread of COVID-19, they took the form of distribution of handouts which explained topics such as our activity plan for the business period, results of evaluation of business partners' efforts based on the Environmental Management Self-Evaluation Report in the first half and requests on the creation of the report.

### Developing Human Resources to Build a Society in Harmony with Nature

The Isuzu Group pursues good environment-related communication with its various stakeholders, including its customers, business partners, the surrounding community, shareholders, investors and employees. To this end, we participate in environmental activities in the local communities around where we operate and release many environmental data.

Enhancing its environment-related communication, the Isuzu Group endeavors to obtain more understanding about its environmental activities in pursuit of continued improvements. By proactively sharing information within the Group, we develop human resources that will help build a society in harmony with nature.

#### Training Employees

Isuzu has been providing all employees with common educational programs on the environment since FY2016.

This environmental education initiative, covering all Isuzu employees, is held once every three years. It raises awareness of environmental issues among employees and promotes a better understanding of the company's environmental activities. The program combines e-learning and group training, reducing the CO<sub>2</sub> emissions generated by the transportation needs of participating employees.

Similarly, the introductory training programs for new and mid-career recruits includes this environmental education, where they learn the reasons behind Isuzu's environmental initiatives and consider what they should do as Isuzu employees.

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



Biodiversity Conservation

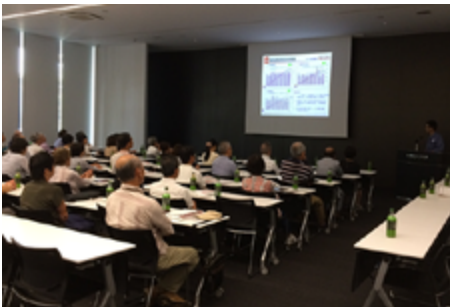
Presenting Our Environmental Initiatives to Members of the Local Community

Every year, the Isuzu Fujisawa Plant invites key members of local residents' associations from six neighboring areas. The visitors receive an explanation about the environmental initiatives of Isuzu and the Fujisawa Plant and take part in a tour of the assembly lines.

This annual event is a valuable opportunity to promote a better understanding of Isuzu's environmental initiatives and what we actually do for the cause, among people in the local community to whom we usually owe so much.

In October 2019, 46 local residents visited the plant and gave favorable responses, saying that the tour helped deepen their understanding about Isuzu's efforts. It serves as an important opportunity to improve communication with local people.

The annual plant tour was not held in FY2020 due to COVID-19.



A presentation on our environmental conservation activities

## Environmental Performance Data

### FY2020 Activity Results (Isuzu Group)

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

##### Medium- and long-term target:

[Japan] Bring total CO<sub>2</sub> emissions down to 460,846 tons-CO<sub>2</sub> or lower by FY2020

[Overseas] Each company pursues its own initiatives

##### FY2020 results:

[Japan] Total CO<sub>2</sub> emissions: 409,227 tons-CO<sub>2</sub>

We actively pursue mitigation of CO<sub>2</sub> emissions both in Japan and overseas, consistently meeting our targets. In FY2017, production-related companies of the Isuzu Group in Japan changed their target index to absolute volume, which is more suitable for showing the results of CO<sub>2</sub> reduction measures. In the first half of FY2020, energy consumption by the Isuzu Group overall decreased significantly given factors such as a shutdown of operations to prevent the spread of COVID-19. As our production recovered in the second half, the total CO<sub>2</sub> emissions from the production-related companies of the Isuzu Group in Japan were down approximately 9% compared to FY2019 and we achieved the target. We will continue our efforts to achieve our target by streamlining facility operations, selecting energy-efficient models whenever we introduce new facilities and consistently striving to reduce energy consumption.

#### Waste Reduction Activities

##### Medium- and long-term target:

[Japan] Bring total waste down to 81,684 tons or less by FY2020

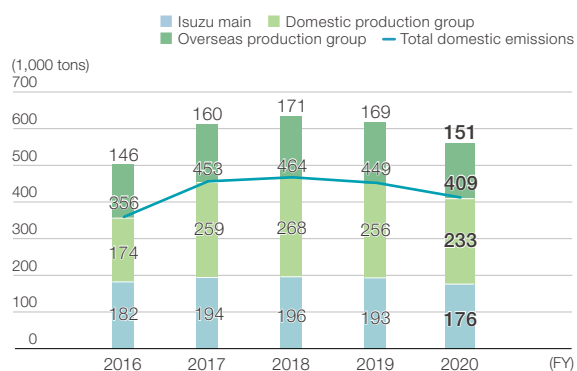
[Overseas] Each company pursues its own initiatives

##### FY2020 results:

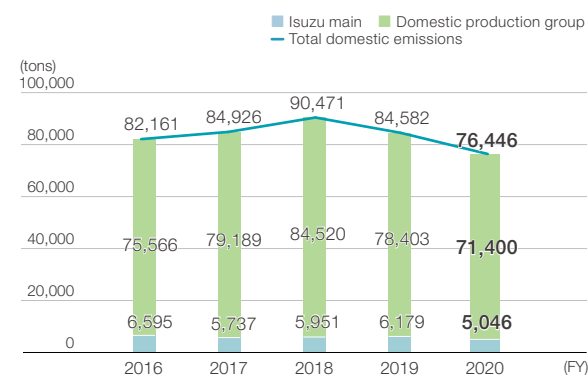
[Japan] Total waste generated: 76,446 tons

In FY2017, production-related companies of the Isuzu Group in Japan changed their target index to absolute volume, which is more suitable for illustrating the results of waste reduction measures. In the first half of FY2020, waste generation from our production activities significantly decreased given factors such as a shutdown of operations to prevent the spread of COVID-19. As our production recovered in the second half, waste generation from production-related companies of the Isuzu Group in Japan decreased approximately 10% compared to FY2019 and we achieved the target. We will step up our efforts to encourage recycling and review production methods for reducing waste generation in an effort to meet the targets.

[Japan & Overseas] Trends in CO<sub>2</sub> Emissions



[Japan] Trends in Waste Generation



## Environmental Performance Data

### FY2020 Activity Results (Isuzu)

#### Isuzu's Environmental Management Systems

In the past, Isuzu operated its environmental management systems on a site-by-site basis. With the revision of ISO 14001 in FY2015, the systems were integrated on a group-wide basis. In December 2016, we expanded ISO 14001 certification to all Isuzu sites, and shifted to ISO 14001:2015.

At present, Isuzu is carrying out uniform environmental initiatives at all sites. Moreover, all companies of the Group work together to reduce the environmental burdens resulting from our business operations and to bolster our environmental management.

All Isuzu Group companies with ISO 14001 certification have also finished updating their certification to the 2015 versions.

#### Violations and Accidents related to Environmental Laws and Regulations in FY2020

Isuzu had no violations or environmental accidents related to environmental laws and regulations during FY2020.

#### 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.

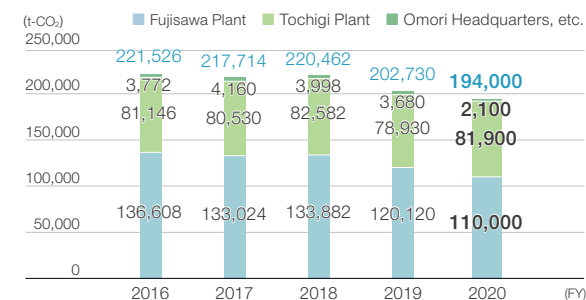
While this act requires business operators to report if their estimated leakage of chlorofluorocarbon exceeds 1,000 tons-CO<sub>2</sub>/year, Isuzu has verified that its leakage volume for FY2019 was lower than this level.

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

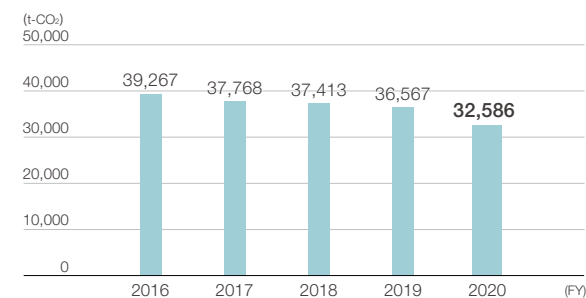
In efforts to reduce the energy consumption and mitigate total CO<sub>2</sub> emissions, both the Fujisawa and Tochigi Plants have put in place measures to enhance efficiency, such as reviewing the production conditions and streamlining production lines.

By promoting a modal shift in the distribution of parts and products and having all affiliate companies engaged in logistics work to improve transportation efficiency, we are striving to reduce our CO<sub>2</sub> emissions.

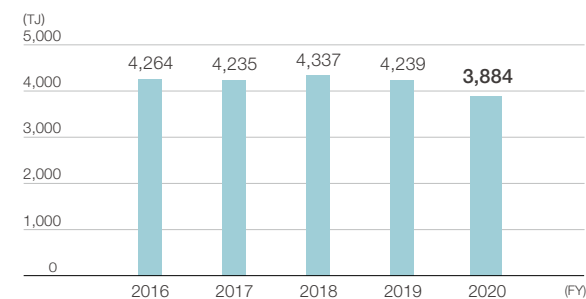
##### Trends in CO<sub>2</sub> Emissions from Energy



##### Trends in CO<sub>2</sub> Emissions from Logistics



##### Trends in Energy Consumption



## Environmental Performance Data

### Enhancement of Environmental Information Disclosure

#### Replies to CDP2020

With an aim of properly disclosing its measures on climate change, Isuzu has provided information since FY2016 to the CDP, an organization that evaluates corporate efforts related to climate change.

Isuzu received the highest score, A, in CDP2020 and, for the first time, has been included in the A list of companies fighting climate change. To our understanding, Isuzu was included in the A list because of its pursuit of CO<sub>2</sub> reduction throughout the product lifecycle from production to disposal. Based on this, in 2020 Isuzu was named to the Supplier Engagement Leaderboard, the highest rating in the CDP's Supplier Engagement Rating.

In addition to climate change, we also started taking initiatives on water security and forest management in FY2017 and FY2018, respectively. We extensively disclose our environmental management activities.

#### Third-party Audits of Environmental Data

As demand for transparency and reliability in environmental information grows, Isuzu has been conducting third-party audits of its environmental data since FY2017. The audits are performed in compliance with ISO 14064-3 for CO<sub>2</sub> and with ISAE 3000 for waste and water resources. We have completed verification for both. We will remain aware of the importance of environmental data and will disclose such data in a reliable manner.

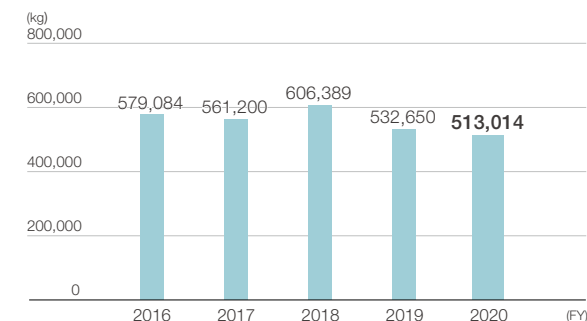
#### Participation in Project for Arrangement of Infrastructure for Environmental Information Disclosure

Since FY2016, Isuzu has been participating in the Ministry of the Environment's Project for the Arrangement of Infrastructure for Environmental Information Disclosure with the aim of promoting dialogues with investors and other stakeholders. 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 and other entities, helping us to promote our environmental initiatives.

#### VOC Emission Reduction Activities

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

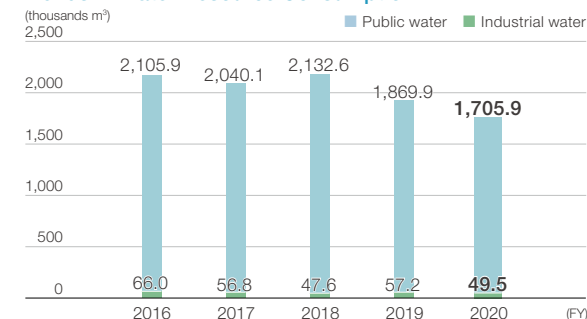
#### Trend in Total VOC Emissions



#### Water Consumption Reduction Activities

As the processes of vehicle manufacturing, plant maintenance, and effluent treatment consume a large volume of water, Isuzu engages in efforts to conserve these finite water resources, such as encouraging the reuse of treated wastewater and water used in processes and reducing the consumption of water.

#### Trends in Water Resource Consumption



\* Excluding Omori Headquarters

#### Managing Land Contamination

To prevent health hazards resulting from land contamination, Isuzu surveys land contamination conditions based on the Soil Contamination Countermeasures Act and ordinances whenever it performs construction of a certain scale or constructs a new building.

In FY2020, lead in excess of the standard value was detected in the soil when maintenance construction of existing buildings was commenced in the Fujisawa area in Kanagawa. We undertook procedures for conducting soil clean-up work in compliance with the law. Under the government's supervision, the soil clean-up work will be commenced in FY2021.

► Lead content: 650 mg/kg (legal standard: 150 mg/kg) \*No groundwater pollution detected

Isuzu will continue efforts to unfailingly investigate pollution in its construction projects and will take appropriate measures where necessary.



## Environmental Performance Data

### Proper Management of Emissions and Wastewater

By properly maintaining boilers and other smoke-generating facilities, we ensure that the amount of air pollutants from emissions such as NOx (nitrogen oxides) and SOx (sulfur oxides) is within regulatory standard values\*.

Further, wastewater from our factories is processed in a wastewater treatment facility before being discharged to sewer systems or public water areas. The discharged water is analyzed on a regular basis to ensure that it is within regulatory standard values.

\* Regulatory standard values are determined in accordance with laws or ordinances, whichever is stricter.

#### Fujisawa Plant: 8 Tsuchidana, Fujisawa City, Kanagawa Prefecture

[Air]

Item	Equipment	Regulation Value	Measured Value	
			Maximum	Average
NOx(ppm)	Boilers	60	26	21.8
	Metal melting furnaces	180	66	34.2
	Paint baking furnaces	230	121	105.5
Soot and dust g/Nm <sup>3</sup>	Boilers	0.3	0.005	0.005
	Metal melting furnaces	0.2	0.006	0.003
	Paint baking furnaces	0.2	0.002	0.002

\* 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	Regulation Value	Maximum	Minimum	Average
pH	5.8-8.6	8.0	7.2	7.8
COD(mg/L)	60	36.0	4.1	19.1
BOD(mg/L)	60	26.0	2.8	10.0
SS(mg/L)	90	10.0	2.0	5.1
Oil content(mg/L)	5	3.0	1.0	1.3

#### Tochigi Plant: 2691 Hakuchu, Ohira-Machi, Tochigi City, Tochigi Prefecture

[Air]

Item	Equipment	Regulation Value	Measured Value	
			Maximum	Average
NOx (ppm)	Boilers	150	53	24
	Metal melting furnaces	180	110	62
	Gas engines	600	191	191
SOx (Nm <sup>3</sup> /h)	Total volume regulation	14.5	0.6	0.3
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	Regulation Value	Maximum	Minimum	Average
pH	5.8-8.6	7.5	7.1	7.3
BOD(mg/L)	20	14.3	1.1	2.8
SS(mg/L)	40	6.8	1.2	1.4
Oil content(mg/L)	5	0.0	0.0	0.0

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

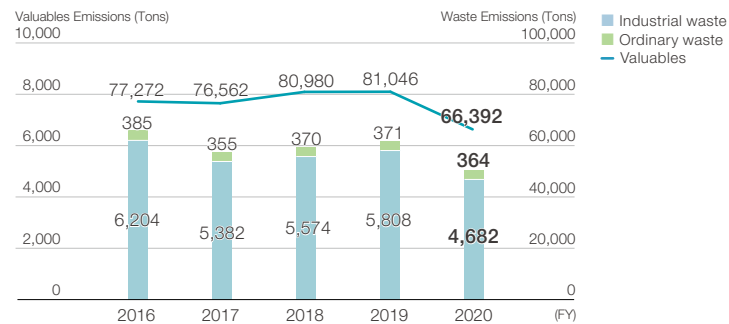
## Environmental Performance Data

### Waste Minimization Activities

#### Trends in Waste Production

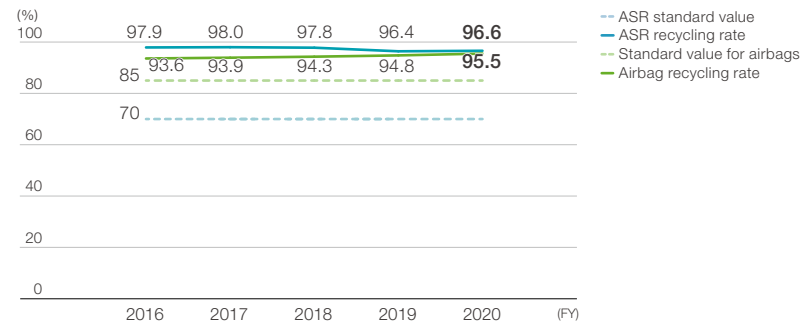
In addition to encouraging the effective use of waste generated from its business operations, Isuzu takes step to reduce and mitigate waste which includes valuable waste.

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



\* Excluding Omori Headquarters

#### Trends in Recycling Performance Based on Automobile Recycling



Recycling Isuzu Vehicles (Japanese only)

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



Initiatives Related to the Automobile Recycling Law (Japanese only)

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

## Environmental Performance Data

### Environmental Accounting

To conduct environmental activities efficiently and continuously, Isuzu has calculated the costs and effects of environmental conservation.

We have disclosed information with the aim of helping to make management decisions for carrying out efficient investments in environmental activities, and as an evaluation index for businesses as well.

#### Environmental Conservation Costs (Target Period: April 1, 2019 to March 31, 2020)

Total investment was 1,235 billion yen, a 5,393 billion yen decrease YOY.

Total expenses were 43,586 billion yen, a 4,051 billion yen decrease YOY. Details are shown in the table below.

(Unit: 1 million yen)

		Investment	Expenses	Major activities
Business area costs	Pollution prevention costs	0	110	Prevention of air, water and other kinds of pollution
	Global environmental conservation costs	4	610	Implementing energy-saving activities, climate change measures, etc.
	Resource recycling costs	7	488	Proper disposal of waste, development and improvement of waste disposal sites, etc.
Upstream/downstream costs		0	3,796	Encouraging the recycling of used automobiles, 3Rs for waste, etc.
Management costs		0	315	Promoting environmental management, updating systems for gathering information such as environmental data, etc.
R&D costs		1,224	38,223	R&D for eco-friendly products compliant with emissions regulations, etc.
Social activity costs		0	28	Supporting environmental conservation activities such as tree planting, donating to environmental conservation organizations, etc.
Environmental damage costs		0	16	Pollution load levy, conservation measures against soil and groundwater pollution, etc.
Total		1,235	43,586	

#### Environmental Conservation Effects(Period: April 1, 2020 to March 31, 2021)

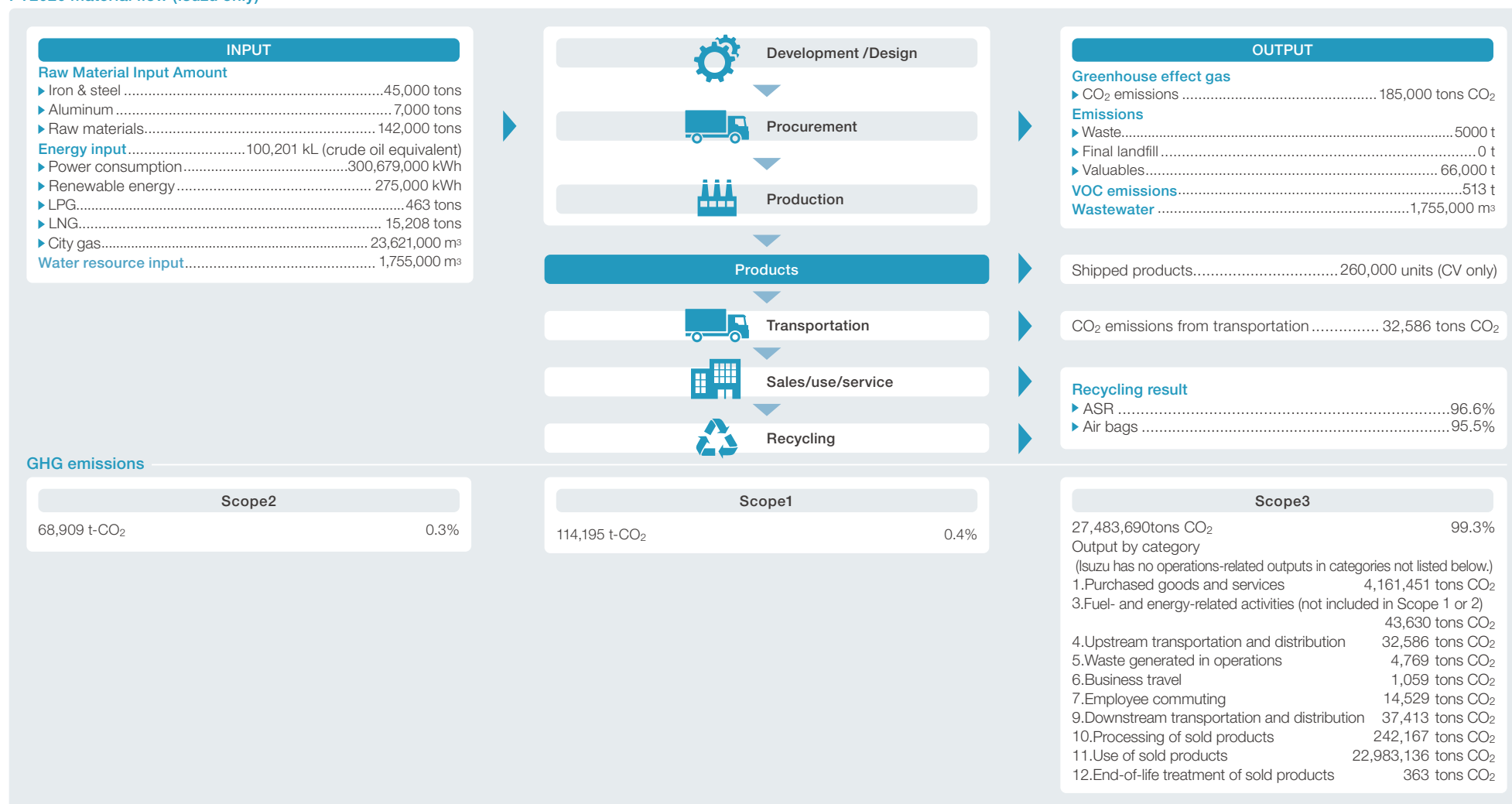
Category	Effect details	Effect
Economic effect (millions of yen)	Reduction in energy costs through energy conservation	10
	Profit on sale of valuables	1,063
Quantitative effect (tons)	CO <sub>2</sub> reduction (tons of CO <sub>2</sub> )	134

## Environmental Performance Data

### Business Activities and Environmental Hazards

Isuzu reduces the burden on the environment throughout the product lifecycle (development/design, procurement, manufacturing, logistics, product operation, and disposal). We track the effects with a focus on processes that have a greater environmental footprint. Since FY2018, we have calculated GHG emissions according to Scope 1, 2, and 3 of the Greenhouse Gas Protocol (GHGP) as well as for each of the Scope 3 categories. We have also obtained external third-party certification of our GHGP-based calculation results.

#### FY2020 material flow (Isuzu only)





# Quality

We earn the trust of our customers by providing products and services of high quality from many different perspectives so as to be able to contribute to solving social issues in the pursuit of enriching people's lives.

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Service Quality Improvement	45
Operational Quality Improvement	51



## Management Approaches

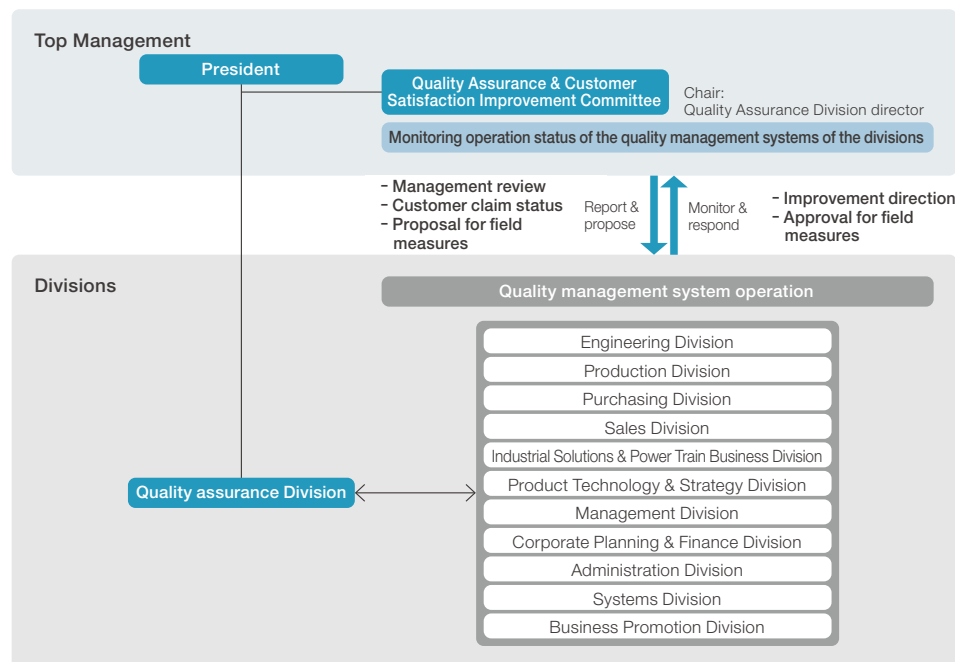
### Basic Policy

We gain the trust of our customers by providing products and services of high quality to our customers from various angles so as to be able to contribute to the solving of social issues toward the creation of a prosperous society.

### Group-wide Quality Assurance System

Isuzu builds the QA system illustrated below with the aim of fully meeting its social and quality responsibilities as a manufacturer. Led by the Quality Assurance Division, all companies of the Isuzu Group work together to enhance our product quality. The division director chairs a monthly meeting of the Quality Assurance & Customer Satisfaction Improvement Committee (Quality Assurance/CS Committee), where the senior management of all divisions discuss and share information on quality-related facts and CS improvement so that the Committee can monitor how the divisions operate their quality management systems. The outcomes are shared to drive forward the quality assurance activities of the business divisions.

#### Isuzu Quality Assurance System



### Improving Quality within Isuzu Group

By giving priority to quality in everything, we create products that fully satisfy our customers and contribute to society, aiming to grow as a corporate group rich in humanity. To ensure the quality of Isuzu's products and services, it is important that we work carefully in each of the different stages of the value chain surrounding our products and services. We build readiness to assure quality in each of the different stages, including development, procurement, manufacturing and market launch, and manage the process accordingly. Through this, Isuzu ensures that its products and services fully satisfy customers. In the event that a customer has trouble with an Isuzu vehicle, we are organizationally ready to provide service and service parts to facilitate a quick recovery. Isuzu always seeks to ensure that customers can feel secure about using Isuzu's products every day, and is committed to building long-term relationships of trust with customers.

Isuzu's quality policy is to create and deliver products and services that satisfy its customers. Staying true to this policy, all companies in the Isuzu Group work together in quality improvement activities. This is based on our belief that we can deliver better products and services to our customers by improving the quality of business operations of all divisions, including back-office divisions. More specifically, we communicate our quality policy and share quality manuals throughout the Isuzu Group in an effort to improve the quality of our daily business operations.

### Quality Management System (ISO 9001 and IATF 16949 certified)

All Isuzu offices have earned ISO 9001:2015 certification, an international standard of quality management. Moreover, components to be delivered to General Motors Company have obtained IATF 16949:2016 certification, the standard for the automobile sector. Isuzu has been striving to enhance its operational quality using such measures.

### Quality Activity Initiative Themes

Isuzu Group has identified and is working on the following issues in an effort to promote business activities aimed at improving quality in all of its business areas.

1. Product Quality Improvement
2. Service Quality Improvement
3. Operation Quality Improvement



## Product Quality Improvement

### Basic Mindset Behind Product Quality Improvement

Isuzu's mission is to support transportation, as well as the environment people live in and the production activities of society. To achieve this, a number of activities have been undertaken to improve quality in every stage from product development and manufacturing up to market operation.

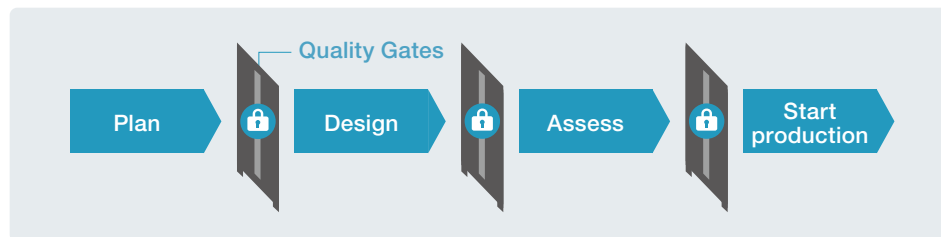
### Initiatives at the Development Stage

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 needed 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.



### Safety Technologies

The quest for even higher safety in trucks—which have close ties to people and society—is a priority theme that does not change with the times. This is especially so for heavy- and medium-duty trucks, which have high total vehicle weights, as the damage caused is even larger should an accident occur. Therefore, the latest and most advanced responses are always required.

In addition, trucks transport not only people, but also important goods. For example, even if an accident can be avoided by emergency braking when there is imminent danger, besides injury to people, there is still a high chance of causing damage to important goods such as when goods fall over.

At Isuzu, we install necessary safety features to prevent accidents and reduce damage according to the vehicle type.

- ▶ ELF (Japanese only) <https://www.isuzu.co.jp/product/elf/safety/>
- ▶ FORWARD (Japanese only) [https://www.isuzu.co.jp/product/forward\\_post/safety/](https://www.isuzu.co.jp/product/forward_post/safety/)
- ▶ GIGA (Japanese only) <https://www.isuzu.co.jp/product/giga/safety/>
- ▶ GALA (Japanese only) [https://www.isuzu.co.jp/product/bus/gala/safety\\_technology.html](https://www.isuzu.co.jp/product/bus/gala/safety_technology.html)
- ▶ ERGA (Japanese only) [https://www.isuzu.co.jp/product/bus/erga\\_rt/safety\\_driving.html](https://www.isuzu.co.jp/product/bus/erga_rt/safety_driving.html)



Pre-crash brake control that can also detect pedestrians and bicycles



Blind spot monitor that projects from the cab in four directions

## Product Quality Improvement

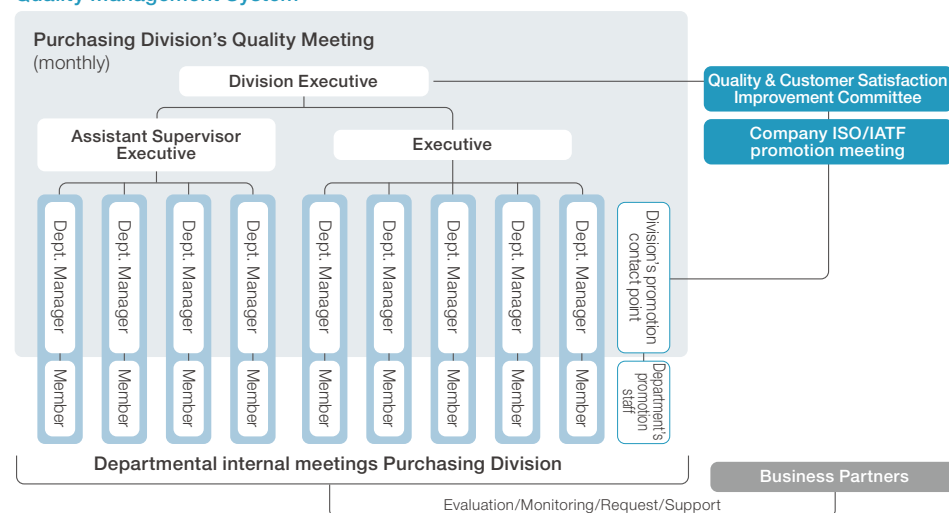
### Initiatives at the Procurement Stage

Many of the parts and other items used in Isuzu's products are purchased from external business partners. When quality problems occur in purchased products, significant inconvenience is placed on customers using our products.

It is important to provide our plants with a stable supply of quality items, and we build a quality assurance system for purchased products while building trusting relationships with our business partners. Going forward, we will continue to undertake quality improvement activities with our business partners and strive toward strengthening our supply chain.

Quality management of purchased products is carried out using the following system.

#### Quality Management System



Isuzu Group companies in Japan have a total of 671 domestic and overseas business partners. About 90% of these partners are based in Japan. In terms of transaction amount, the procurement of vehicle and engine parts makes up about 80% of the total.

To monitor the delivery quality and market quality of our business partners, we calculate a monthly evaluation score based on factors such as the number of defect occurrences, the number of defects, and the severity of defects. Business partners that do not meet a certain standard in their delivery quality evaluation scores are selected to be companies subject to management, and business partners that are close to becoming companies subject to management are selected as companies subject to observation. For these companies, we strive to improve delivery quality such as by holding quality meetings with them each month.

In FY2019, improvement in delivery quality was recognized, and approximately 90% of our business partners satisfied the delivery quality evaluation score requirements. While no companies were selected as companies subject to management, some were chosen for observation, and improvement activities were carried out for these business partners in an effort to elevate quality. In addition, we conduct an on-site audit for some business partners 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 our business relationship with them and evaluate the effectiveness of their quality management systems to see if they meet requirements for trading with us.

We are also making progress with creating a BCP/BCM system and carrying out measures to reconfirm our supply chain and minimize the time it takes to restart operations in the event of an emergency. By improving the speed of our initial response and cooperating with our business partners, we are working to facilitate rapid recovery and creating a system that minimizes the impact on Isuzu product sales.

 **Supply Chain Management**  
P73



## Product Quality Improvement

### Initiatives at the Manufacturing Stage

Isuzu's customers require products of different specifications, and therefore Isuzu's products are available in many different variations. This is a characteristic of Isuzu. Isuzu is constantly committed to the development of human resources and improvement of production systems as it seeks to improve the quality of its diverse products to the same, high level and make them globally available.

Isuzu systematizes and integrates its quality-first concept, methods and manufacturing knowhow into ISUZU *MONOZUKURI* (IM). IM is a production method implemented in every Isuzu manufacturing plant in Japan and overseas countries. The concept is "to produce Isuzu-badged products with the same concept for manufacturing and the same quality control system no matter where in the world they are manufactured." To homogenize variation at a high level based on IM, production line managers gather each morning before starting work and have a quality audit meeting. Based on quality, we share information and ensure that our production lines are always adaptable to changes.

With IM-based efforts to deliver quality assurance on a global scale, Isuzu endeavors to become a company trusted by every customer who needs Isuzu's commercial vehicles and diesel engines.

Further, Isuzu employees involved in production are provided with training on IM. We provide classroom and practical lectures on the basics of IM and practical application training for learners to develop the capability to utilize the knowledge and skills they obtained through basic training in their workplaces and to improve them depending on the situation.



Isuzu production line where IM has been introduced

### No. of employees who received the training in FY2020

- ▶ Total of 2,787: The group training in basic skills (hierarchical IM and TPM\* training) was cancelled due to COVID-19, but the practical training in technical skills was held.

\* TPM (Total Productive Maintenance) means reviewing production equipment and improving it to streamline manufacturing.



Manufacturing Quality(Japanese Only)

[https://www.isuzu.co.jp/world/company/sustainability/pdf/Manufacturing\\_quality.pdf](https://www.isuzu.co.jp/world/company/sustainability/pdf/Manufacturing_quality.pdf)

### 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

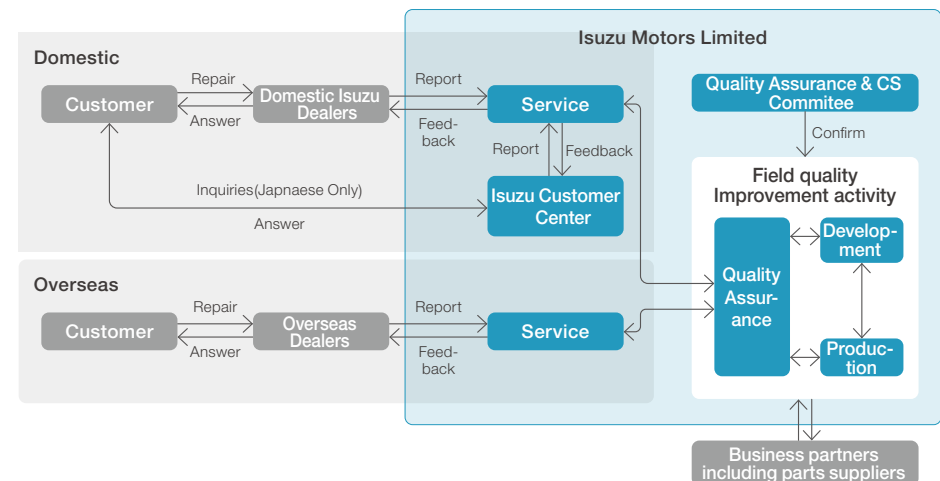
Taking advantage of the FQ management system\*, Isuzu collects quality information from markets then implements cause investigations and responds to issues promptly and accurately.

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." Our "Quality Improvement Newsletter" features and shares quality activities such as the status of field quality improvement activities, the status of verification activities for initial quality of newly-launched vehicles in Japan, and the status of ISO/IATF activities. Through this, we seek to improve quality awareness throughout the entire company.

\* 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. 51 for making improvements.

#### Field Quality Improvement Activity (FQ Management System)



## Product Quality Improvement

### Initiatives for Recall Campaigns

The aim of the recall system is to prevent defective vehicles from causing accidents and to ensure the safety and assets of our business partners and drivers. Based on an understanding of the aim and its philosophy, Isuzu conducts recalls as required by the Road Transport Vehicle Act, improvement measures, and service campaigns in an effort to ensure smooth operation of our customers' vehicles. We are always prepared to take prompt and appropriate actions from the customer's perspective, taking into consideration the diversification of users' circumstances.

#### ► Recalls

Where a vehicle may not be able to meet safety regulations for road transport vehicles (regulations to ensure vehicle safety or prevent pollution) due to a problem in design or the manufacturing process, the vehicle may be repaired free of charge upon notification to the Ministry of Land, Infrastructure, Transport and Tourism. This is referred to as a recall.

#### ► Improvement measures

Where a vehicle cannot be left as is for safety reasons or for the prevention of pollution even though it complies with safety regulations, the system allows the vehicle to be repaired free of charge upon notification to the Ministry of Land, Infrastructure, Transport and Tourism, as long as the problem is attributable to design or the manufacturing process.

#### ► Service campaigns

A service campaign allows a vehicle to which neither recall nor improvement measures applies to be repaired free of charge upon notification to the Ministry of Land, Infrastructure, Transport and Tourism, for the purpose of improving its merchantability and quality.

### FY2020 stats

	FY2016	FY2017	FY2018	FY2019	FY2020
No. of Recalls	11	23	15	19	11
No. of improvement Measures	0	2	0	3	0
No. of Service Campaigns	12	5	7	7	6

 [Recall Information \(Japanese only\)](https://www.isuzu.co.jp/recall/index.html)  
<https://www.isuzu.co.jp/recall/index.html>

## Service Quality Improvement

### Basic Mindset Behind Service Quality Improvement

Isuzu's mission is to support transportation, as well as people's living environments and the production activities of society. Consequently, it is important to ensure that our customers' vehicles keep working well and, if they don't, are quickly restored to working order. Isuzu provides standardized support both in Japan and overseas as part of its commitment to offering high-quality service.

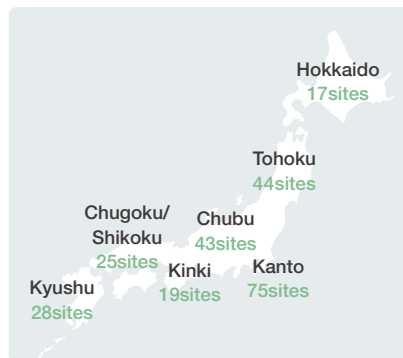
During the current COVID-19 pandemic, Isuzu's trucks have been playing an important role of supporting the availability of medical supplies and daily commodities. Isuzu is aware of its mission and social responsibility to, in any circumstances, unfailingly deliver the vehicles customers need and help them to keep running satisfactorily by providing after-sales service without delay.

### Thorough Service System

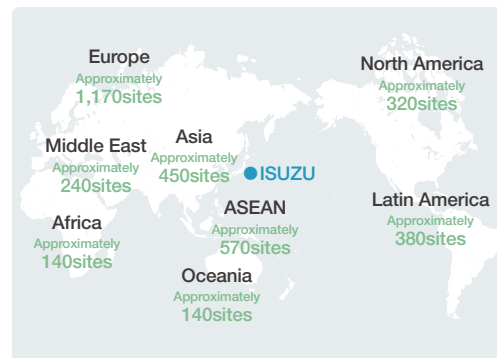
Isuzu is currently fully committed to post-delivery customer support.

Our customers always expect high quality. Isuzu pursues the establishment of high-quality, integrated service systems both domestically and internationally.

#### Service System (Japan)



#### Service System (Overseas)



### Parts Supply System

Isuzu delivers service parts in a timely and accurate manner to any place, leveraging its network of mother parts center (Tochigi, Japan) and regional parts centers in Japan and overseas.

In addition, Isuzu Linex Global Center commenced operations in April 2020. This is a state-of-the-art distribution warehouse designed to meet growing demand overseas for service parts. The new facility reinforces our readiness to supply parts to customers overseas. Moreover, the introduction of latest technologies has advanced the automation of in-warehouse work. Handling of heavy materials has been reduced in our in-warehouse work, which provides a better working environment for women and even elderly workers.



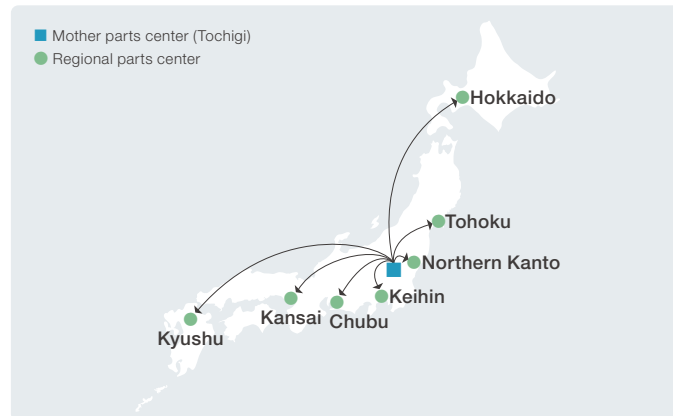
Isuzu Linex Global Center commenced operations in April 2020

## Service Quality Improvement

### Domestic

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

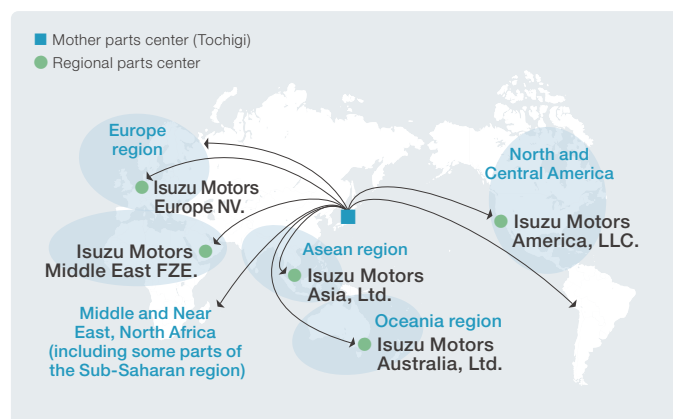
#### Parts Supply System (Japan)



### 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)



## Improvement of Maintenance Engineering

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

The Isuzu World Service Skills Competition (I-1 GP) gathers teams of servicing staff and engineers from different countries and regions across the world for competition in skills and knowledge to determine the world's best engineers. The international and interregional competition in skills and knowledge is aimed at improving service quality in their respective home fields so that Isuzu customers can enjoy the greatest satisfaction anytime, anywhere.

Every year, the winners of the preliminaries are invited to Japan for the final. Due to the global spread of COVID-19, however, I-1 GP could not be held in its regular form in FY2020. We therefore held the first-ever e-competition in service skills.

### 15th CV Division Competition (November 25 - 27, 2020)

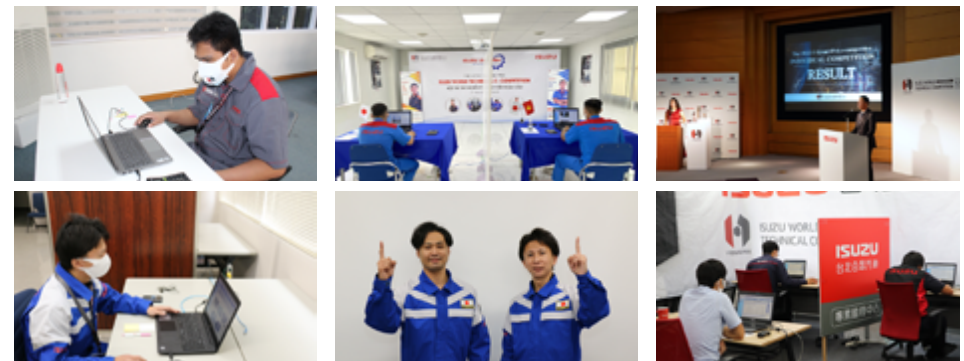
The CV Division of the 15th Isuzu World Service Skills Competition (I-1 GP) was held online.

Usually, contestants are divided into Categories A and B depending on the level of gas emission regulations applicable to the vehicles they sell. In the FY2020 I-1 GP, however, rather than being divided into categories, contestants competed in "technical knowledge" and "virtual diagnosis of failure" in their respective countries online. Contestants in FY2020 I-1GP were from 41 countries, the largest number in the history of the event. The total number of contestants were 80, which means two persons per country. Two of the countries only participated in individual matches.

\* Category A: Emissions regulation level Euro 5 or equivalent  
\* Category B: All contestants that do not fall under Category A

#### Results of the 15th I1-GP

- ▶ Group division: [1st] Taiwan, [2nd] Japan, [3rd] Philippines
- ▶ Individual division: [1st] Japan, [2nd] Taiwan, [3rd] Costa Rica



\* Some people are without a facial mask in the photos. They took their mask off only while being photographed.



## Service Quality Improvement

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

Isuzu holds an annual competition for workers to compete in the skills they accumulated through their everyday work.

The annual competition is aimed at improving the skills of after-sales staff, promoting training, increasing customer satisfaction and motivating and strengthening ties among the staff members engaging in Isuzu's after-sales service.

National Service/Parts Skill Competition was cancelled in FY2020 due to COVID-19. In its place, the Service/Parts Idea Competition was held. The new competition collected entries featuring ingenious ideas and tools for the activities that our after-sales staff use to enhance customer satisfaction, as well as good practices. Entries were divided into three categories including Adviser, Engineer and Parts.

#### Purpose

- ▶ The ideas for improving the skills of after-sales staff are shared through the competition. This should help to raise the level of service of our distributors around the country, not only in a specific location.

#### Number of Entries

- ▶ 228 in total (Gold: 3, Silver: 8, Bronze: 13 and Special Prize: 2)



### Training Employees of Isuzu Distributors

We offer training programs to the employees of the distributors that support the transport needs of our customers, so that they can brush up their skills in service operations and maintenance engineering and learn more advanced repair techniques.

#### FY2020 results

##### Education at the Isuzu Monozukuri Service Training Center

- ▶ For service engineers 7 courses 22 sessions No. of participants: 109
- ▶ For service advisors 3 courses 4 sessions No. of participants: 45

\* Due to COVID-19, the Monozukuri Service Training Center had to significantly reduce its training sessions. Nevertheless, distributors held training sessions for new service engineers on an in-house basis. Some of the training sessions for service advisers were held online.

#### Feedback from participants

- ▶ Many of the learnings from the training sessions can be immediately applied on site. This helped to raise my skill level. Also, this was an opportunity for me to deepen my learning about electricity, from the basics to failure diagnosis. I realized many things. (Service engineer of a distributor)
- ▶ The recent workshop was held online and we unfortunately could not communicate with people from other distributors. But I was able to receive the training at my own pace. As such, it was very fulfilling.
- ▶ They showed a video explaining plate repair from its basics. This was very easy to understand. It also gave me very useful tips for effectively shooting a video. It's practical, so I will put the skill into practice in the future. (Service adviser of a distributor)

#### No. of participants in the FY2020

- ▶ maintenance engineering workshop : 20

## Service Quality Improvement

### Customer Support

#### Various Support Programs, Including Fuel Efficiency and Safe Driving Seminars

Isuzu has been offering its customers seminars on fuel-efficient and safe driving since 1995. In recent years, we have been conducting demonstrations of key points for the use of vehicle devices and accident prevention, workshops on legal and regulatory trends and many other seminars based on customers' needs.

Within Japan, these seminars are conducted at seminar facilities named Isuzu Premium Clubs located on the premises of our Fujisawa Plant and ISUZU HOKKAIDO PROVING GROUND. The Clubs are equipped with test courses and are exclusive for our customers. Seminars are also conducted at distributors all over Japan. To date, we have held these seminars overseas for customers from 31 countries. We strive to help our customers in Japan and all over the world to use our vehicles in safer and more eco-friendly ways.



Safe and fuel-efficient driving practice

#### Customer Information

The Customer Information section of the Isuzu website draws the attention of users of Isuzu vehicles to accidents or failure risks from misuse or other problems.

The following pieces of information and advice have been added in FY2020.

#### ▶ Customer Information (FY2020) (Japanese only)

 [https://www.isuzu.co.jp/oshirase/index\\_2021.html](https://www.isuzu.co.jp/oshirase/index_2021.html)

#### ▶ Regular maintenance of relay valve for parking brake (Japanese only)

 <https://www.isuzu.co.jp/oshirase/pdf/210331.pdf>

#### ▶ What to do if a brake-lock lamp (red) is lit while a vehicle equipped with a brake-lock mechanism (air oil combined brake vehicle) is running (February 26, 2021) (Japanese only)

 <https://www.isuzu.co.jp/oshirase/pdf/210226.pdf>

#### ▶ Request for measures to prevent large vehicles' wheels from detaching (November 12, 2020) (Japanese only)

 <https://www.isuzu.co.jp/oshirase/201112.html>

#### ▶ Preload adjustment of hub bearing and replenishment of hub grease (October 8, 2020) (Japanese only)

 <https://www.isuzu.co.jp/oshirase/201008.html>

#### ▶ Precautions for use of resin grips in an older vehicle (September 24, 2020) (Japanese only)

 <https://www.isuzu.co.jp/oshirase/pdf/200924.pdf>

#### ▶ Handling of vehicles that may have been affected by submerging or flooding (September 8, 2020) (Japanese only)

 <https://www.isuzu.co.jp/oshirase/200908.html>

#### ▶ To bus companies: Operation of room air-conditioner: ERGA and GALA ventilation video added (August 7, 2020) / GALA ventilation video added (July 21, 2020) / ERGA ventilation video added (July 10, 2020) (Japanese only)

 <https://www.isuzu.co.jp/oshirase/200529.html>

#### ▶ Handling of vehicles that may have been affected by submerging or flooding (July 7, 2020) (Japanese only)

 <https://www.isuzu.co.jp/oshirase/200707.html>

## Service Quality Improvement

### Long Periods of Use

In recent years, along with changes in economic circumstances and other factors, our customers have tended to use their vehicles for longer periods and their mileage has been increasing. In many ways, unfailingly conducting inspection and maintenance can ensure the safety of a vehicle over a long period of use. Isuzu keeps a sufficient stock of periodic replacement parts on hand to prevent failures from occurring and to meet customers' needs for periodic maintenance. We will keep working on inspection and maintenance, also taking into consideration the way in which vehicles are used and their use over extended periods.

### Customer Center

Isuzu Customer Center (Japan) was established for the purpose of applying customer feedback to product quality improvement. Opinions received from customers are sent to the relevant internal and external departments and are applied to initiatives to improve product and service quality. Through internal training and other means, we provide opportunities for our workers to listen to customers' comments and acquire a customer-first mindset while also growing more capable of picking up on customers' needs.

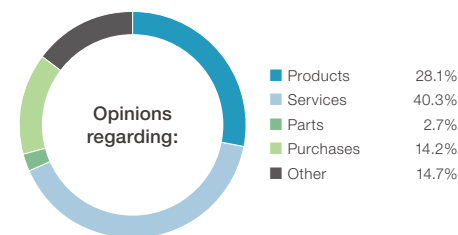
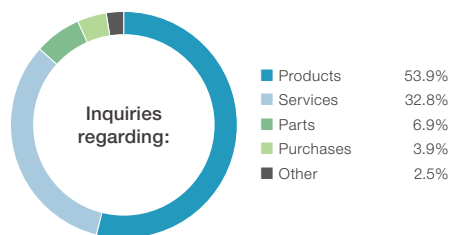
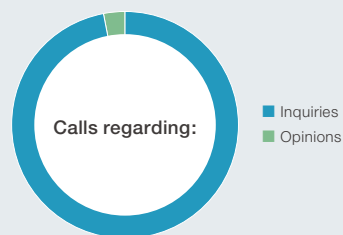
#### Customer feedback

▶ "I rented an Isuzu SUV in the Republic of Namibia. I am not a skilled driver and the road was unpaved. I felt uneasy when I started driving. But I gradually found myself enjoying it thanks to the good performance of the car. It was so sturdy that there were no problems while driving, which is a miracle considering the limitations in my driving skills. I am very thankful for having the opportunity to drive Isuzu's car. Thank you very much for making such a wonderful car."

Isuzu Customer Center receives many inquiries and feedback from overseas. This is a typical example of thank-you emails from customers who were able to safely enjoy driving on unpaved roads despite limitations in their driving skills.

Overseas, Isuzu's cars are often used in an environment far from that of Japan. Customer feedback renewed our understanding about occasional life-threatening risks that can arise from vehicle problems in areas with poor transportation infrastructure. Isuzu renewed its understanding about the importance of product quality and sent a thank-you message to the customer via the Customer Center.

### Isuzu Customer Center



## Service Quality Improvement

### Intangible Support

#### Mimamori (Telematics for Commercial Vehicles)

Isuzu has also put a great deal of energy into supporting commercial vehicles from intangible aspects. This is symbolized by Mimamori, our telematics system for commercial vehicles. It reads data from the vehicle's control computer and connects them via telecommunication to support driving and dynamics control.

Mimamori has a package of useful content that includes daily operation reports, a digital tachograph, labor management and other means of support of daily compliance with laws; a full-scale function for controlling dynamic states which is effective for keeping informed of a vehicle's position and condition; support for the practice of safe and eco-friendly driving; and various features effective for crew training. It also greatly contributes to streamlining customers' driving control.

#### PREISM (Advanced Genuine Maintenance Service Utilizing Vehicle Data)

PREISM, an advanced genuine maintenance service, provides predictive and preventive maintenance at Isuzu service centers before a malfunction occurs, based on condition data transmitted from vehicles. This helps to shorten the vehicles' downtime and maintain their operation.

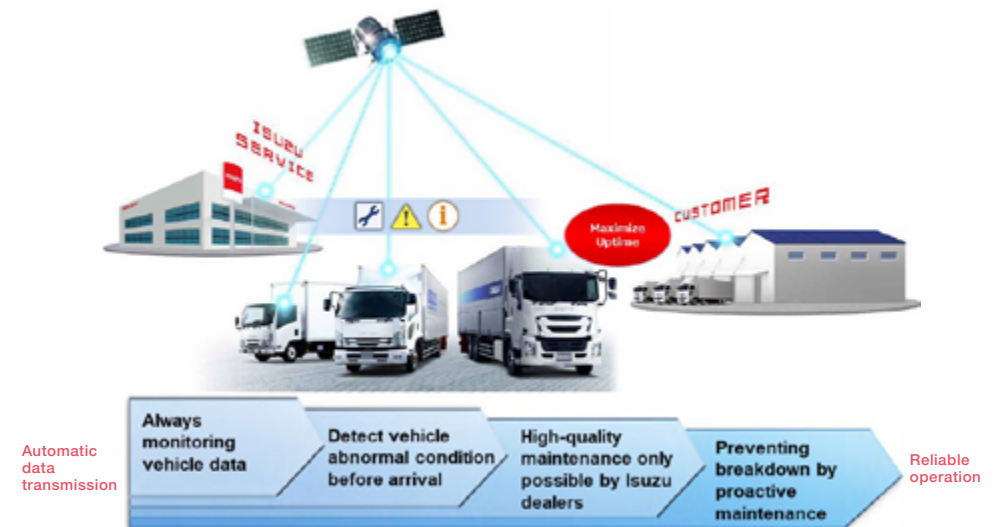
##### Prevention

- ▶ Servicing details and maintenance cycles differ depending on the status of use of the vehicle. However, PREISM tracks data on each vehicle's condition, thus enabling optimally predictive and preventive maintenance for each vehicle, which checks malfunctions.

##### Immediate repairs

- ▶ Even if a malfunction occurs, our Isuzu service centers can estimate servicing details from the malfunction data obtained prior to warehousing. Thus the vehicle's servicing time can be shortened. This can also reduce downtime and makes the vehicle's operation more secure.

The full lineup of the heavy-duty GIGA, medium-duty FORWARD, and light-duty ELF trucks comes with a data transmission terminal as a standard feature, providing PREISM to support stable operation of a customer's vehicle.





# Operational Quality Improvement

## Basic Mindset Behind Operational Quality Improvement

Isuzu's mission is to support transportation, as well as the environment people live in and the production activities of society. The quality of our products and services is derived from the work quality of each and every employee. Isuzu leverages efforts to raise awareness about quality and knowledge since we believe that enhancing the performance quality of each individual employee—and not just those divisions directly involved in product quality—creates the quality that meets customer needs.

## Education for Raising Awareness and Knowledge Among Employees

The foundation of work is the experience, knowledge (tools and methods), and skills possessed by each individual. But even with experience, knowledge and skills, it does not necessarily follow that the work will be done with good quality. For employees to maximize their skills and improve the quality of their work, it is essential that they remain motivated to do a good job. Isuzu provides employee education in both awareness and knowledge with the aim of improving operational quality.

### Discussions Among Employees

To raise awareness about operational quality, Isuzu is holding a series of discussions for employees to talk about doing a good job from the customer's perspective, using customers' telephone inquiries received by the Isuzu Customer Center and the annual Quality Month\* Message which is delivered from senior management to employees in November every year.

The aim of this Quality Month Message is for each individual to think over what it is to "do a good job," find some clues to making it happen and put it all into action. The message is made known to all employees through the Isuzu News, published monthly, and is discussed at each department.

\* 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.

### FY2020 results

#### Theme

- ▶ Assume changes and make a plan to pave the way for a good job to impress customers

#### Period:

- ▶ November to February; eligible persons: all employees; result: 7,156 participants with a participation rate of 95%

#### Reason for theme selection

- ▶ As a once-in-a-century technological innovation, growing awareness about SDGs and ESG, the rise in diversity brought by alliances and COVID-19 greatly influence the social economy, we need to prepare the next medium-term business plan. At the same time, each one of us is facing the need for new work style adapted to the "New Normal." Always be prepared to act "normally" in any contingency that may arise from a new way of doing a job. For this purpose, always foresee a process that will follow what you are doing now. Assume the best and worst prerequisites, together with the middle case, to widen your planning. In this way, you can pave the way for a good job and can consequently gain trust from customers and impress them.

## Stationing Young Engineers at Distributors

For the purpose of developing the customer- and field-oriented mindsets necessary for product development, young engineers are stationed for half a year at five distributors nationwide for on-the-job training. By experiencing customer interaction on the frontlines of a distributor's operations, the young engineers directly listen to customers' feedback and empirically learn about the difficulties faced by customers as well as what makes customers happy. The lessons will be practically applied to product development.

\* This OJT program was cancelled in FY2020 due to COVID-19.

## Quality Awareness Education for Isuzu Distributors

All Isuzu distributors in Japan undergo a quality awareness-raising program as part of the Isuzu Group, with the aim of raising quality awareness among employees. The program is designed for employees to learn about the importance of quality-related operations such as accurately and promptly sharing information, unflinchingly collecting defective parts, and collecting recalled products without delay.

### Number of locations where the training was held in FY2020:

- ▶ 23 place

## Operational Quality Improvement

### Improving Knowledge (Knowledge-enhancing Program)

Isuzu provides legal and regulatory training and QC training programs to add to employees' knowledge of product quality. The purpose of the legal and regulatory training programs is for employees to learn about the Road Transport Vehicle Act and about the recall system, thereby knowing more about laws that may concern the quality of Isuzu's products.

For QC training, we offer an entry-level QC course, a basic problem-solving course, a practical problem-solving course for quality improvement and a course for developing QC experts skilled in statistical analysis skills necessary for solving problems. The courses are aimed for employees to acquire problem-solving skills and practical skills for effectively encouraging quality improvement in the workplace.

#### Results

##### Road Transport Vehicle Act/recall system/QC training held for new employees

▶ 163 participants

\* Held online

##### QC Training I Experience problem solving through exercise with the use of QC methods

▶ 166 participants

\* Held online

##### QC Training II Experience problem solving more practically with the use of QC methods

▶ Not held

\* This requires trainees to gather in one place, and could not be held due to COVID-19.

##### QC Basic Course Develop QC experts

▶ 12 participants

\* Held online. Instructor invited from outside.

## Operational Quality Improvement

### Isuzu Technical High School

Isuzu Technical High School provides a one-year education and training program for our new technical employees ("trainees") who are high school graduates. The school aims to provide the basic knowledge necessary for Isuzu's technical employees and to develop future leaders and globally competent engineers. It also places importance on the knowledge, skills and attitude necessary for *monozukuri* (craftsmanship). The trainees who show very high aspirations in *monozukuri* enter the National Skills Competition to learn the results of their day-to-day technical training and further improve their skills.

Moreover, school instructors to guide the trainees are selected from our employees working in the field. This allows the instructors to review their own operational knowledge, and at the same time to learn how to develop talent. As a consequence, the instructors will also improve.

In addition to developing trainees into full-fledged workers, the engineers involved with the process should hone and hand down their skills. This should contribute to qualitatively improving Isuzu's products.



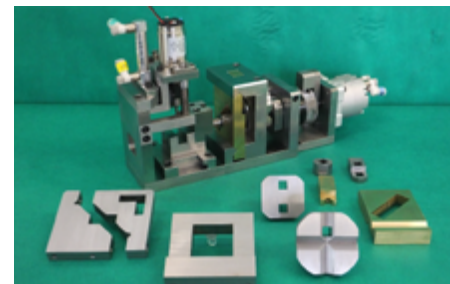
Training (left) and practical exercise (right) at Isuzu Technical High School



Bronze Prize and Honorable Mention winner performs automobile sheet metal work



Silver Prize and Honorable Mention winner performs mechanical device assembly



Mechanical device assembly performed by a Silver Prize and Honorable Mention winner



Automobile sheet metal work performed by a Bronze Prize and Honorable Mention winner

#### The 58th National Skills Competition (Aichi Prefecture, November 13 - November 16, 2020)

##### Mechanical device assembly

▶ 1 Silver Prize/ 1 Honorable Mention

##### Automobile Sheet Metal

▶ 1 Bronze Prize/ 1 Honorable Mention

6 participants from Isuzu Technical High School entered the competition. They earned upper prizes in the two work categories (mechanical device assembly and automobile sheet metal).



# Respect for Employees

We respect the human rights and diversity of our employees, and put in place an environment where they can show their skills to the fullest as well as work safely and comfortably so that Isuzu and its employees can grow together.

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# Management Approaches

## Basic Mindset

We respect the human rights and diversity of our employees, and put in place an environment where they can show their skills to the fullest and work safely and comfortably so that Isuzu and its employees can grow together.

## Promotion System

### Isuzu Only

For our HR policy initiatives, cases related to the HR policy are reported at the Management Meeting whenever they occur. Administration Division Meetings are held regularly so that divisions can share their initiatives and the progress being made. Administration Division Meetings are attended by an officer of the Administration Division, executives and department managers from the HR Planning Department, General Affairs & HR Department, Labor Department, and Legal Department.

## Initiative Themes for Respecting Employees

To make our policy of respecting our employees a reality, we have identified and are working on the following issues.

1. HR Policy

2. Initiatives for a Diversity of Work Styles

3. Work Health and Safety

4. Utilization of Diverse Human Resources

5. Personnel Development

6. Improving Employee Satisfaction

7. Labor-Management Relations



## Basic Mindset Behind HR Policy

Isuzu will continue working to improve both individual employees and the organization as a whole, with the aim of addressing the external environment — such as a shrinking and aging population, a reduction in the working population, and the implementation of laws related to work style reform — and the internal environment where the further utilization of diverse human resources including the older generation, women, and disabled people are the issues.

From a medium- and long-term perspective, we are beginning to discuss personnel management plans to help Isuzu to grow into a group of innovators in the midst of major reforms in the business environment.

## Human Rights

### Basic Policy

Isuzu's Basic Compliance Initiative Policy says “We create a safe and comfortable working environment that respects each employee's personality and character so that everyone can fully demonstrate their capabilities.” More specifically, our standards of behavior aim to make a safe, healthy and good environment to work, where employees' personalities and characters are respected and each one of them feels enriched and fulfilled. In particular, discrimination and/or harassment infringe(s) human rights and our policy clearly states our determination not to condone such acts.

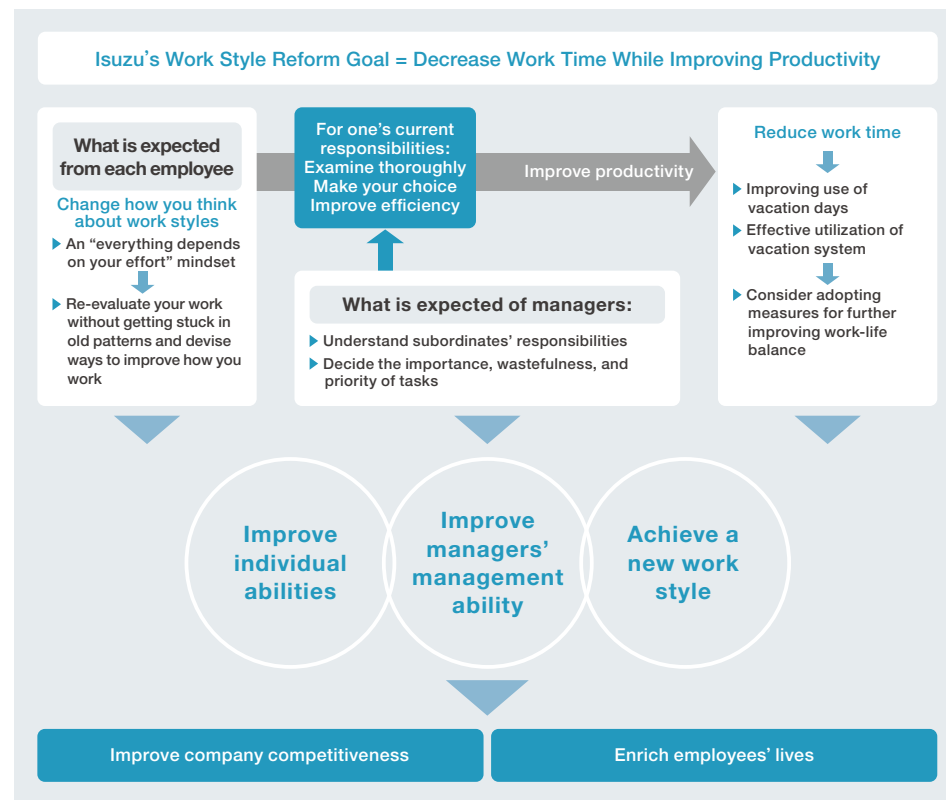
### Education and Awareness-raising Activities for Respecting Human Rights

Our training program for new employees involves the use of a compliance guidebook to teach them about human rights, aiming to ensure that they recognize the importance of respecting human rights. Moreover, Isuzu raises its people's awareness about human rights by communicating the practices relevant to the topics of the time.

## Work style Reform

### Basic Mindset Behind Work style Reform

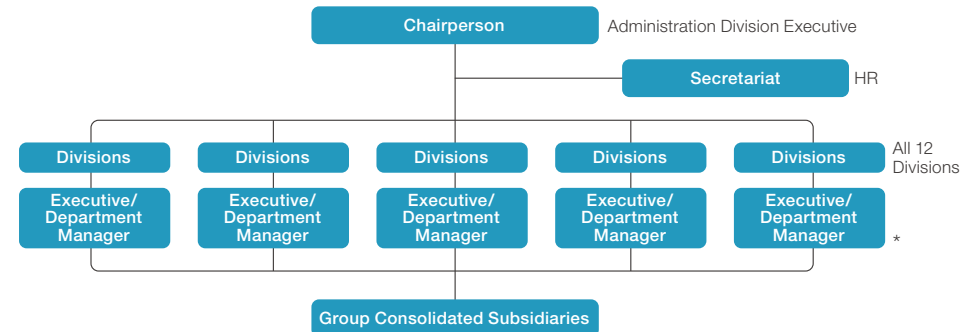
The basic mindset behind the work style reform that Isuzu is aiming for is “reducing work hours while improving productivity.” To successfully implement work style reforms throughout the company, we convene Work style Reform Promotion Meetings once every three months. At Work style Reform Promotion Meetings, we discuss new plans and measures from the perspectives of job satisfaction and ease of working, and swiftly expand them across the company.



### Work Style Reform Promotion Meeting System

Members of the Work style Reform Promotion Meetings are executives (assistant executives) of different divisions and representative department managers. Administration Division functions as a secretariat to organize the meetings. Isuzu Motors Labor Association attends as an observer, which adds more effectiveness to the efforts while the opinions of representatives from employees are also taken into consideration.

#### Work Style Reform Promotion Meeting System Diagram



\* When an Executive (Assistant Executive) or Department Manager member is absent, a substitute must attend

### Work Style Reform Promotion Meeting Activity Details

#### Promotion meetings held once every three months

- ▶ Each division shares examples of its initiatives
- ▶ Discussion of new initiatives

#### Implemented by executives/department managers representing all divisions as members of the Work Style Reform Promotion Meetings:

- ▶ Participate in promotion meetings and discussions
- ▶ Implement the details and decisions shared in promotion meetings within their divisions and promote initiatives

#### Set quantitative and qualitative targets in each division and promote initiatives

## Work Style Reform

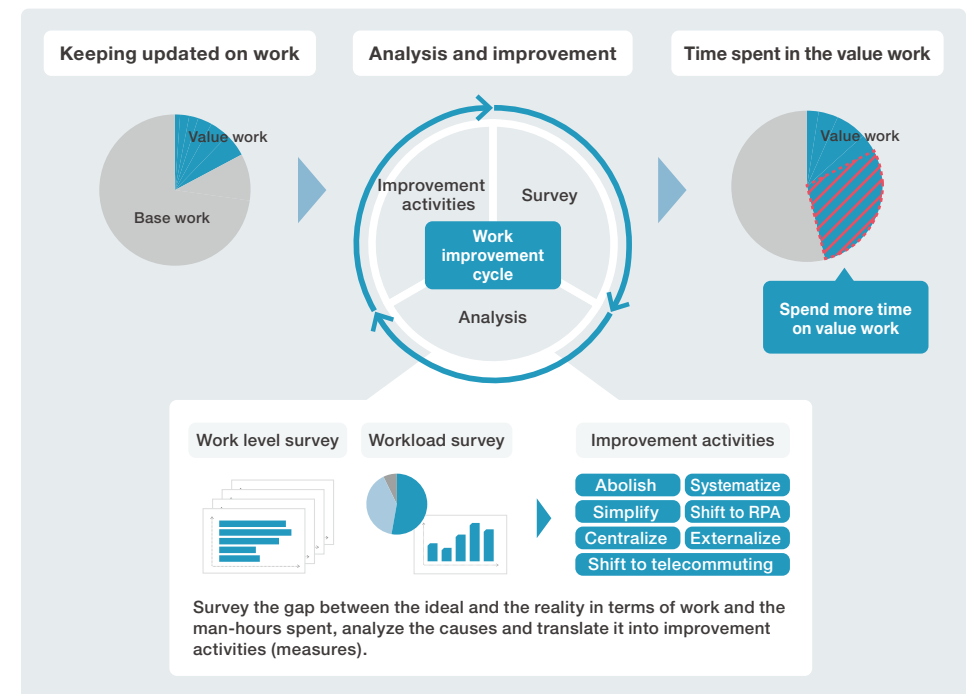
### Work Style Reform Promotion Meetings Initiatives and Measures

Job satisfaction		<b>Measures for improvement of individuals</b> <ul style="list-style-type: none"> <li>Measures for motivating the existing workforce</li> </ul>
Ease of working	Flexibility	<b>Introduction of diverse forms of working</b> <ul style="list-style-type: none"> <li>Telecommuting</li> <li>Relaxing limits on frequency of half-day offs/ two-hour breaks</li> <li>Satellite offices within operation sites</li> </ul> <b>Consideration of diverse forms of working</b> <ul style="list-style-type: none"> <li>Non-core flextime</li> <li>Working remotely</li> </ul>
	Reassurance	<b>Enhancement of welfare benefit services</b> <b>Support for parenting/nursing care</b> <b>Support for life after retirement (DC pension)</b>
Shift toward quality		<b>Implementation of work reforms/system reforms</b> <ul style="list-style-type: none"> <li>Shift toward streamlining/ leveling work</li> <li>Start reforming mission-critical systems</li> <li>Automation of routine tasks using RPA/AI</li> </ul>

### Efforts to Reduce Work Hours

Work style Reform Promotion Meetings analyze the base work\* of respective departments to automate and simplify it with the use of RPA and other means. The aim is more than just reducing work hours. We pursue improvements in productivity by appropriating the time saved by automation and simplification to the value work\*.

\* Base work: Regular work that is a function necessary for completing business and is performed within an existing framework.  
 Value work: The kinds of work that, if you focus on them, make your company more competitive and improve the company's performance.  
 Value work has high added value for the company.



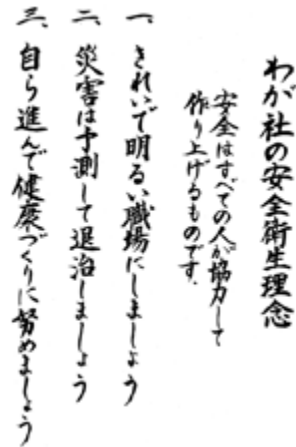
## Work Health and Safety

### Basic Mindset Behind Work Health and Safety

Our operational activities are based on employees' safety and health, in compliance with the Isuzu Health and Safety Philosophy.

The values are universal and remain unchanged at any time and in any environment.

### 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

### Our Policy for Safety and Health Activities

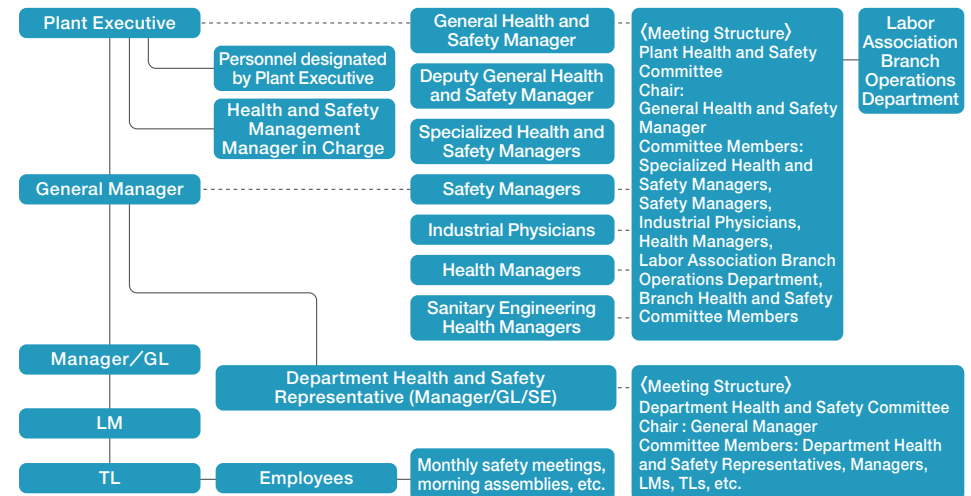
Each one of our employees goes back to the Isuzu Health and Safety Philosophy and gives utmost priority to safety in anything they do. We also work to raise our awareness about safety and health and encourage all employees to work together to ensure safety for all.

### Preparedness

A Health and Safety Committee meeting is held once a month at all operation sites to discuss topics such as employees' industrial safety, road safety, health management and workplace environment improvements. Committee meetings are also held on a departmental basis to smoothly share the discussions held at the Health and Safety Committee meetings. For our domestic subcontractors, we have organizations such as the Isuzu Safety and Health Cooperative Association consisting of our affiliates, and strengthen our cooperation by providing guidance on safety, health, fire control and disaster control through monthly corporate diagnoses.

In globalizing our operations, we also share information about occupational accidents that have occurred at our domestic and overseas affiliates, and provide guidance where necessary.

### Safety Control Systems at Our Domestic Sites



### Seamlessly Building Preparedness with Overseas Sites

Encourage the sharing of safety activities and building relations to share advice with each other

#### Review the shared information

Share accidents not accompanied by lost worktime and fire accidents without the intervention of public firefighters, as well as accidents accompanied by lost worktime.

#### Information to communicate

- Information about a disaster with greater significance should be followed by a report on related inspection results.
- Accidents that require some time for an analysis of the cause or discussion of countermeasures should be communicated in the form of a flash report.

#### Communicate information in a timely manner

Send information domestically and internationally at the same time.

#### Maintenance of information destination

Keep contact with HR/production technology planning and conduct maintenance on the information destination on a regular basis.

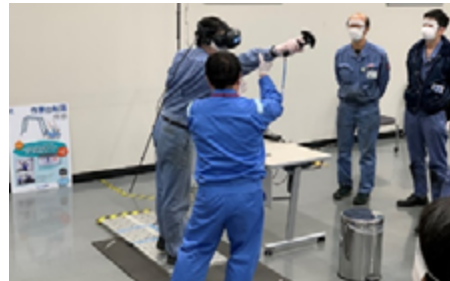
## Work Health and Safety

### Expand Experience-based Safety Training

Each workplace has a safety training center for employees to simulate disasters in relation to Isuzu's safety principles. Site workers simulate disasters at least once a year so that each one of them grows more sensitive to hazards. To prevent occupational accidents resulting from human error, we have introduced virtual safety training, a new approach to deepening employees' awareness about safety. Our hope is that virtual safety training will make it possible to check unsafe behavior that has remained undetected with tangible measures alone.



Workers learn at a safety training center



Workers virtually experience and learn about hazards with the use of VR equipment



An external instructor provides training through virtual experience of hazards

### Improving the Workplace Environment (1)

#### Site Patrol From Multifaceted Perspectives

Based on the idea that differences in job positions, departments, age etc. have nothing to do with safety, plant managers of Isuzu go on patrol around their plant and also speak with workers. Safety and health representatives are appointed from each workplace and mutually go on patrol. Similar patrol activities are also conducted by the Labor Association. They proactively sense and highlight hazards at their sites from many different perspectives.

The patrol activities are aimed to raise the level of safety and health by pointing out unsafe behavior and situations, identifying good practice being carried out and new findings, and expanding them throughout the company.



A plant manager goes on patrol

### Improving the Workplace Environment (2)

#### Use of Drones to Minimize the Risks of Falls That May Result from Work in High Places

Inspecting a roof using human workers entails difficulty with frequent inspection and the hazards typical of work in high places. This led Isuzu to introduce drone-based roof inspections.

Use of drones saves workers from having to climb up onto the rooftop, which adds to their safety and also makes it possible to increase the frequency of inspection and obtain more detailed images. As a consequence, it also helps to streamline work. In the future, drones will also be used to more accurately gather information in the event of a disaster.





## Work Health and Safety

### Anti-disaster and BCM Drills

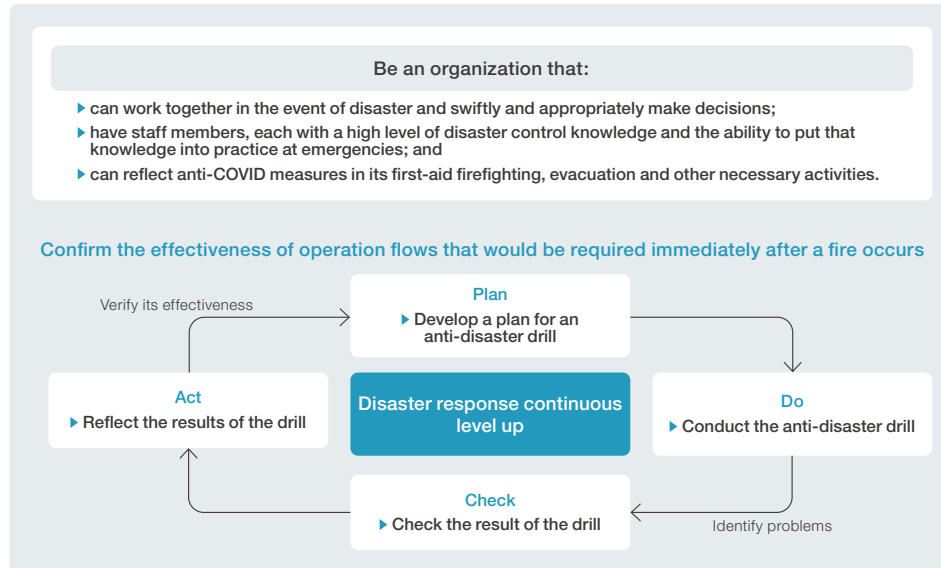
Our business sites assume many different risks of disaster and conduct anti-disaster and BCM (business continuity management) drills to ensure a quick and proper disaster response. For a drill, a task force is set up and the staff practice evacuation from their respective workplaces. A fire drill is conducted in spaces where a fire could break out.

We seek advice from outside consultants to minimize risks and pursue the establishment of a more practical flow of operations by following our measures against the spread of COVID-19.



Workers social distance from one another during an evacuation drill

#### Fire Prevention Diagram



### Maintaining and Promoting Employees' Health

Employees have regular and special health checks to stay healthy and prevent occupational diseases. Those with a medical finding receive individual guidance and/or recommendation for a hospital visit. We also help workers who have been ill to return from an absence and balance work and medical care. Our workers such as those working for very long hours may receive help on an individual basis. We also help our overseas expats to stay healthy. Our efforts to promote health also include the introduction of Healthy Menu items to the menu of staff cafeterias and measures against passive smoking.



A Healthy Menu item

### Anti-COVID Measures

Against the spread of COVID-19, Isuzu adds anti-COVID equipment to its offices and factories, implements awareness-raising activities and work to prevent infection. If someone has been infected, we would take quick measures and meticulously address the individual's situation in a thorough effort to prevent the spread of infection.



An example of anti-infection equipment in a staff cafeteria

### Push Forward with Mental Health-related Measures

Four kinds of mental health care including stress check (self-care), usual care (line care) based on office organization, specialized care (staff care) provided by occupational health staff and care provided by outside specialists (counselors and other consulting organizations) are utilized to support the entire process from preventive measures to reinstatement.

### Helping Employees Who Have Been Ill to Return to Work

Isuzu's support activities are designed for employees to feel secure about returning to work from recuperation. For example, follow-up activities will be continued through regular interviews by industrial physicians and public health nurses. EAP involves the use of rehabilitation facilities (outside facilities for supporting reinstatement) and also addresses individual cases.

## Work Health and Safety

### Efforts for Employees to Stay Healthy

With regard to the health management of employees and their families, Isuzu regularly analyzes receipts (medical expenses) and health check data to identify health issues that should be given priority and plans and implements healthcare services (data health plan).

(No. of people)

Priority Issues	FY2016	FY2017	FY2018	FY2019	FY2020
Specific healthcare guidance	657	796	766	839	1,003
Examinees of comprehensive checkup	5,595	5,823	5,868	5,814	4,821
Mental health counseling users	90	96	81	64	86
Users of round-the-clock telephone health consultation	170	148	146	115	99
Participants in recreation and sports events	844	250	2,439	2,301	—
Visiting the elderly to provide guidance*	9	10	12	11	7
Participants in health seminars*	36	36	171	132	1
Prevention of lifestyle-related diseases, gargle/ hand-wash recommendation campaign, walking challenge, etc	1,866	1,872	1,662	1,864	2,030
Users of training areas*	—	—	925	2,470	—
Gynecological exam	1,089	1,154	1,200	1,360	1,373

\* The numbers for recreation and sports events, visiting the elderly for guidance, health seminars and training areas have decreased significantly due to COVID-19.

### Main Health Issues Recognized

- ▶ Medical expenses per person for the treatment of lifestyle-related diseases are increasing significantly in people in their 40s and older.
- ▶ Low utilization rate of health checks (specified health checks) among household members (dependents) delays disease prevention.
- ▶ The rate of smokers among employees is much higher than the average, negatively affecting the progress of health maintenance and promotion.

These are the main health issues recognized by Isuzu as the insurer, and we provide healthcare services with a focus on responding to these issues. Health management, measures for mental health, and other health-related issues are handled by the Health Consultation Offices under the General Affairs & HR Department and the Labor Department.

## Utilization of Diverse Human Resources

### Promoting a Healthy Work-life Balance

Isuzu's employees are encouraged to take at least 18 days of annual paid leave. More specifically, the Work style Reform Promotion Meetings share data such as the length of annual paid leave taken at each division and examples of related measures, in pursuit of a corporate climate where taking annual paid leave is easy. Employees are also encouraged to set no overtime days (every Wednesday and Friday), telecommute or have flextime to balance their work and life.

#### Key Programs to Support Employees in Parenting and/or Nursing Care

			Program
Childbirth/parenting	Parenting leave program	Leave period	Until the end of the first April after the child's second birthday
		Allowance	Up to twice per child
	Leave for spouse's childbirth		Three days within a two-week period after the date of delivery
	Child nursing care leave	Eligibility	Employees caring for a preschool-age child
		Allowance	Five days per year for one eligible child Ten days per year for two eligible children
Nursing care	Short working hour system	Eligibility	Until the end of the first March after the child starts the third year of elementary school
		Others	(1) No upper limit for the number of applications made (2) The leave period may be shortened, extended or divided (3) The length of working time may be set in 15-minute increments
	Nursing care leave		The period during which care is required (up to 1 year cumulatively)
	Nursing care leave program		If constant caregiving is necessary (in-hospital or home care), the leave may be taken for: Five days per year for one person Ten days per year for two persons
	Short working hour system	Eligibility	The period during which care is required
		Others	The length of working time may be set in 15-minute increments

## Utilization of Diverse Human Resources

### Working Remotely

To prevent the spread of infectious diseases, our employees who can work flextime are currently permitted to telecommute irrespective of differences in their form of employment. We also have satellite offices in different areas so that employees can telecommute when they are out. Telecommuting involves reviewing our conventional work and how we do it. It also contributes to improvements in productivity.

### 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 450 female employees, of whom approximately 10% are at the management or executive levels. We have also obtained the highest level of Eruboshi certification based on the Act on Promotion of Women's Participation and Advancement in the Workplace. We will continue our efforts to develop, promote and empower female employees.

#### Action Plan for Promoting Opportunities for Female Employees

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

- 1) By the end of March 2024, make the number of female managers twice as large as it was in FY2014 when the target number of female managers was set.
- 2) Expand the telecommuting system (ensure that at least 50% of administrative and technical staff telecommute by 2024).

### Earning the Highest-level Eruboshi Certification Based on the Act on Promotion of Women's Participation and Advancement in the Workplace

This certification is awarded by the Minister of Health, Labour and Welfare based on the Act on Promotion of Women's Participation and Advancement in the Workplace to recognize companies that have achieved excellent results in promoting women in their workplaces. The certification is divided into three levels depending on the degree of achievement of criteria in five categories specified by the Ministry of Health, Labour and Welfare (hiring, continued employment, work hours and other work style issues, proportion of women in management positions and diversity of career courses). Isuzu fulfilled the criteria in all of the categories, earning Certification Level 3, the highest level.



### 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. Currently, about 700 retirees are reemployed at Isuzu.

### 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 menu items for those with religious dietary restrictions.

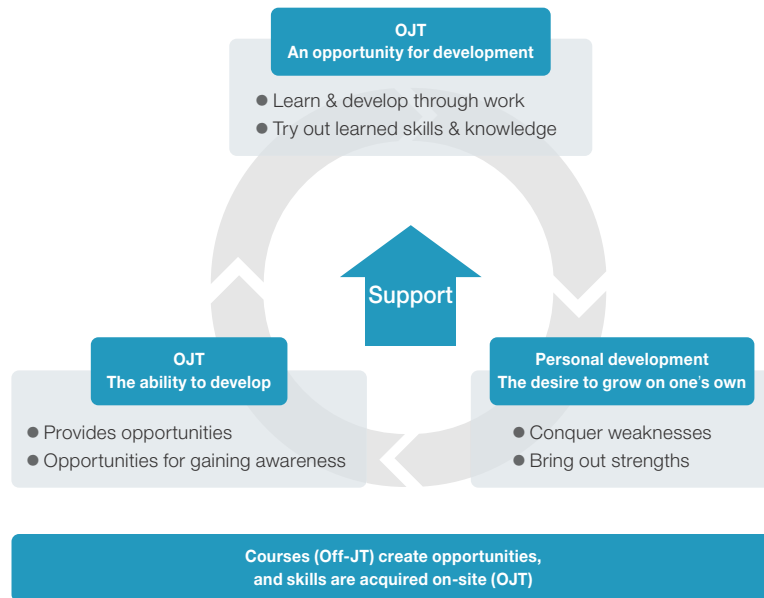
### Encouraging Employment of People with Disabilities

Isuzu encourages the employment of those with disabilities with a view to realizing a society where people, whether disabled or not, support each other and can enrich their lives. To constantly exceed the legal minimum employment rate of disabled people, Isuzu willingly employs them as either new graduates or mid-career workers. Isuzu also assigns employees with disabilities not only to administrative positions but to technical workplaces, taking into account their disabilities as well as aptitudes and wishes so that they can exhibit their abilities.

## Personnel Development

### Basic Mindset Behind Personnel Development

Isuzu considers that the core of human resources development is on-the-job training in which employees learn in their workplace. Off-the-job training consists of courses away from the workplace and is a way for employees to pick up skills their company needs and to identify the direction in which they should grow. This is based on the idea that every employee is required to think and act for themselves amid the intensification of changes and competition in the business environment. Isuzu has therefore examined and clarified the skills needed at each job level and built a substantial training system for employees to acquire the right skills at the right time.



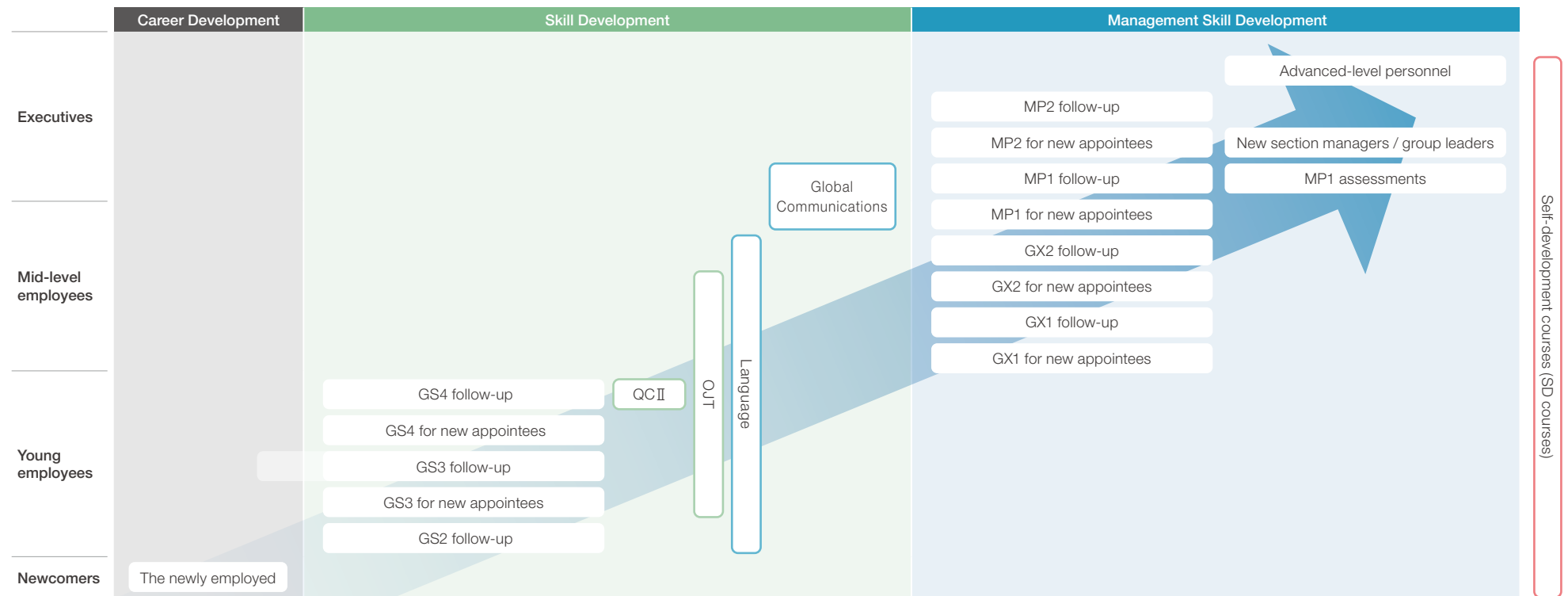


## Personnel Development

### Education/Training Scheme

Isuzu's training system comprises three areas: career development, skills development, and management capability development. Career development is aimed at training and enabling new employees and young employees to expand their own expertise and develop their career on their own. Skills development focuses on the abilities required at different job levels and positions and helps employees to improve their skills and acquire the knowledge and insight necessary to play a leading role globally. Management capability development is aimed at enhancing managerial skills and resourcefulness in order to develop the managers of the future.

#### Isuzu Training System (Admin & Technical Positions, Executives)



\* Thick-bordered boxes are training for selected employees or elective training

## Personnel Development

### Isuzu Technical Staff Training Programs

#### 《 Technical staff training programs by skill 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)	
					LM training program for new appointees		
					LM external training program		
				TL training programs 1 and 2 for new appointees			
				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				
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#### 《 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				
		Finishing skills	Machining skills				
		ENG assembly skills Assembly & disassembly	ENG assembly skills CESS & materials table				
		T/M assembly skills	F/D assembly skills				

\* Employees must take graded training programs in ( ) background color in order to be eligible for skill-based promotion/career advancement.

## Personnel Development

### 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. Each workplace undertakes training activities to pass on the special skills that are advanced and require significant experience. In addition, the Production Division as a whole provides systematic training to pass on skills.

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

2. Isuzu workers enter the annual National Skills Competition with the aim of acquiring the highest skills in Japan, and have won higher prizes for successive years.

##### ► FY2018

Silver Prize: Lathe (1 person)

Honorable Mention: Machine assembly (1 person)

##### ► FY2019

Silver Prize: Automobile sheet metal work (1 person)

Honorable Mention: Automobile sheet metal work (1 person), lathe (1 person) and machine assembly (1 person)

##### ► FY2020

Silver Prize: Machine assembly (1 person)

Bronze Prize: Automobile sheet metal work (1 person)

Honorable Mention: Automobile sheet metal work (1 person) and machine assembly (1 person)

3. We provide advanced skills training and leadership 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) are working with workplaces to run study sessions and practice sessions to support employees in acquiring qualifications.

##### Development Division

1. Every year we prepare career plans with career goals shared among superiors and subordinates, and implement training courses with varying curricula and OJT for employees to acquire skills according to their job level.
2. Isuzu provides advanced skills training at the Isuzu *Monozukuri* Service Training Center and in collaboration with external training institutions such as polytechnic centers.
3. Isuzu has established its own accreditation system for test vehicle driving with the aim of improving employees' driving skills.

### HR Performance Evaluation System

#### Personnel Development/Deployment Cycle

At Isuzu, the process from training to assignment, evaluation, and treatment is established as the talent development/deployment cycle. It is implemented as a mechanism that independently and systematically develops personnel.

#### Fair Evaluation and Treatment

Isuzu has a system for evaluating each employee in terms of criteria such as job performance, role, degree of contribution, skill improvement, and the extent to which he/she demonstrated his/her skills. The evaluation system helps to bring out the skills of each and every employee to the fullest and ensures that they are evaluated in a fair and equitable manner, without discrimination based on irrational reasons such as social standing, origin, race, beliefs, or gender. This leads to greater job satisfaction and motivation among the employees.

### Career Development Support

In addition to graded educational programs, Isuzu provides self-motivation career-improvement programs such as SD seminars, an online English conversation course and speed-learning programs.

## Improving Employee Satisfaction

### Basic Mindset Behind Improving Employee Satisfaction

Isuzu works intensely to improve employee satisfaction (ES) because we consider it to be a management issue in terms of CSR and human resource development. The ES survey is conducted periodically (every other year) to monitor changes in the 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 the 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 by the company according to a reserve fund 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, providing employees with systems that allow them to live rich, fulfilling lives after retirement.

#### Elective (Optional) Corporate Defined-contribution Pension

- ▶ No. of members 1,610 (as of March 31, 2021)
- ▶ Enrollment rate 18.2% (target group of 8,834 employees)
- ▶ Contributions in FY2020: 222,586,500 yen

#### Lifestyle Support System for Meeting Employee Needs

Category	Description
<b>Welfare Benefit System</b>	Company accommodation for unmarried employees, family accommodation, leisure facilities, employee savings program, employee stock ownership association, group insurance, mutual relief system, long-term commitment awards, etc
<b>Corporate Pension System</b>	Defined-benefit pension and defined-contribution pension

### Number of People According to Age Group distribution

Seminar Title	Target Group	Description
<b>Barairo seminar</b>	Employees who have turned 58	Providing information to prepare for retirement age and postretirement life planning
<b>Asunaro seminar</b>	Employees who have turned 50	Providing information on lifeplanning for middle-aged people and motivation for self-improvement
<b>Himawari seminar</b>	Employees who have turned 35, 40, and 45	Encouraging these employees to consider financial arrangements to support household management that leverages welfare benefit programs

#### Employee Stock Ownership System

The employee stock ownership association is a welfare benefit system that allows employees to regularly acquire shares in the companies where they work as part of asset formation. Investments are deducted directly from salaries and bonuses, and the association serves as the contact point for acquiring company shares. Incentives are given by the companies according to the contribution amount.

- ▶ No. of members 2,124 (including loan employees; as of the end of March 2021)

## Labor-Management Relations

### Basic Mindset Behind Labor-Management Relations

Isuzu makes an effort to create an environment that allows management and employees to work well together. Isuzu has established fair and sound labor-management relationships founded on mutual trust between management and employees, who cooperate in tackling challenges. In particular, when important management issues arise, the parties discuss and consider these matters while leveraging the labor-management forum, which is organized regularly.

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

### Major Labor-management Forums in Practice

#### Content of the Major Labor-management Forums

Labor-management Negotiations	Spring negotiations	<ul style="list-style-type: none"> <li>● Labor-management negotiation regarding overall life improvements</li> <li>● Topic: Wages, one-time payments, etc.</li> <li>● Corporate representatives: President and Division Executives</li> </ul>
	Autumn negotiations	<ul style="list-style-type: none"> <li>● Labor-management negotiation related to improvement of various labor conditions</li> <li>● Topic: Various labor conditions (systems and treatments)</li> <li>● Corporate representatives: Administration Division Executive, Acting Division Executive, executives, and department managers</li> </ul>
Labor-management Council	Central labor-management council	<ul style="list-style-type: none"> <li>● Isuzu's topmost labor-management council</li> <li>● Topic: Corporate management policies, productivity improvements, sales, accounting, funds, research and development, etc.</li> <li>● Corporate representatives: President and Division Executives</li> </ul>
	Specialist labor-management council	<ul style="list-style-type: none"> <li>● Conducts specialist labor-management council meetings related to production</li> <li>● Topic: Policies for initiatives related to production, productivity improvements, and state of progress</li> <li>● Corporate representatives: Officers, executives, and department managers related to production</li> </ul>
	Plant labor-management council (regional labor-management council)	<ul style="list-style-type: none"> <li>● Meetings held monthly at each plant</li> <li>● Topic: Details related to production, workplace environment, welfare and benefits, etc.</li> <li>● Corporate representatives: Plant executive, relevant department manager, etc.</li> </ul>
Labor-management forum		<ul style="list-style-type: none"> <li>● Facilitates information exchange between labor and management to complement the different labor-management councils</li> <li>● Conducted for Engineering, Purchasing, Sales, After-Sales, Industrial Solutions &amp; Powertrain Business divisions</li> <li>● Corporate representatives: Division Executives</li> </ul>

### Annual Schedule for Major Labor-management Negotiations and Council Meetings

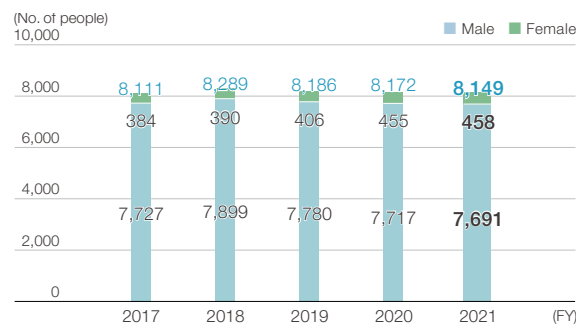
		First Half (April to September)	Second Half (October to March)
Company-wide event		► May: Announcement of financial information	► November: Announcement of financial information
Labor-management Negotiations	Spring negotiations		Mid-February to mid-March
	Autumn negotiations		Around November
Labor-management council	Central labor-management Council	Around mid-June	Around early December
	Specialist labor-management council	Around end of May	Around mid-November
	Plant labor-management council (regional labor-management council)	Toward the end of each month	
Labor-management forum		Mid-May to early June	Around November



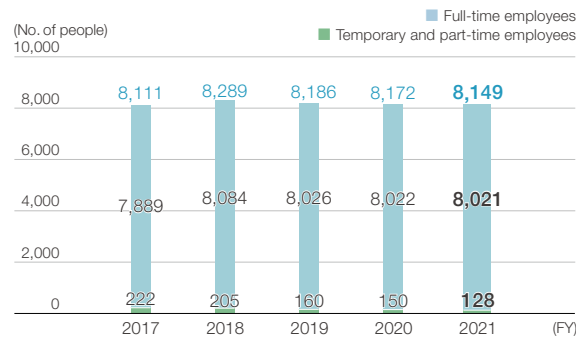
## Social Performance Data

### Employment Statistics

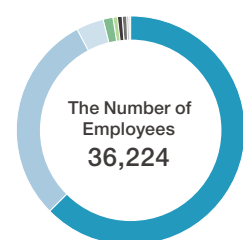
#### Trends in the Number of Employees



#### Number of Employees by Employment Type



#### Number of Employees by Region



Japan	62.5%
Asia	29.8%
Africa	3.9%
North America	1.4%
Europe	0.6%
Russia	0.6%
Middle East	0.6%
Australia	0.3%
Central and South America	0.2%

#### Number of People According to Age Group distribution

(No. of people)

	Up to 29	30 - 39	40 - 49	50 and over	Total
Male	1,407	2,001	1,999	2,284	7,691
Female	134	80	166	78	458
Total	1,541	2,081	2,165	2,362	8,149

#### Number of Managers

(No. of people)

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Male	1,408	1,405	1,377	1,384	1,337	1,355
Female	31	32	34	39	42	43
Ratio of women	2.15%	2.23%	2.41%	2.74%	3.05%	3.1%

#### Number of New Graduates Recruited

(No. of people)

	Gender	Joined in April 2017	Joined in April 2018	Joined in April 2019	Joined in April 2020	Joined in April 2021
Admin/technical worker (Bachelor/Master's degree)	Male	179	191	133	145	150
	Female	15	9	16	14	7
Admin/technical worker (College/high school graduate)	Female	24	12	5	2	6
Technical worker (High school graduate)	Male	123	117	66	79	89
	Female	2	4	1	2	4
Total		343	333	221	242	256

## Social Performance Data

### Employment of Non-Japanese Personnel

Joined in FY2016	7 (4 new recruits)
Joined in FY2017	4 (1 new recruit)
Joined in FY2018	1 (new recruit)
Joined in FY2019	2 (new recruits)
Joined in FY2020	4 (no new recruit)

### Personnel Turnover

(%)

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Personnel Turnover (including retirees)	0.97 (2.7)	0.75 (2.5)	0.96 (2.7)	1.21 (3.5)	1.74 (4.6)	1.52 (5.0)

### Rehired Retiree Numbers

(No. of people)

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Number of persons	578	627	648	661	624	692

## Training

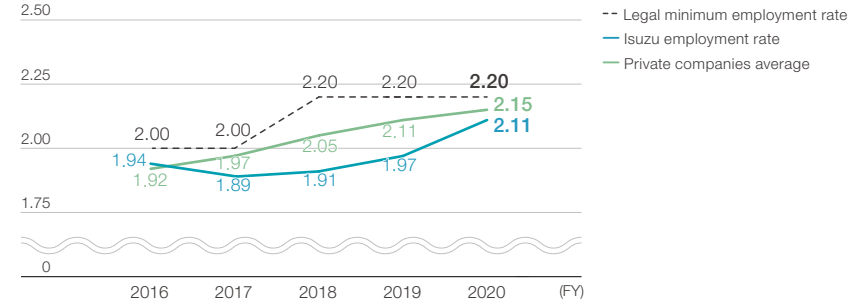
### Trends in Training Participation

\* Training participants/existing personnel

Employee category	Gender		FY2016		FY2017		FY2018		FY2019		FY2020
Administrative & technical positions/ Executives (No. of persons)	Male	53%	2,087 / 3,936	44%	1,777 / 3,997	43%	1,733 / 3,987	44%	1,766 / 3,996	42%	1,690 / 4,010
	Female	47%	165 / 353	41%	149 / 367	38%	145 / 383	40%	158 / 391	34%	135 / 398
Skilled workers (No. of persons)	Male	47%	2,059 / 4,417	56%	2,462 / 4,431	27%	1,192 / 4,392	26%	1,104 / 4,286	21%	868 / 4,153
	Female	59%	20 / 34	41%	15 / 37	32%	12 / 38	0%	0 / 39	13%	5 / 40

### Rate of Employment of People with Disabilities

(%)



\* As of the end of June each year

## Work-life Balance

### Employees Taking Parenting Leave and Similar Programs

(No. of people)

	Gender	FY2016	FY2017	FY2018	FY2019	FY2020
Parenting leave program	Male	2	3	7	13	20
	Female	27	26	34	34	33
Nursing care leave program	Male	2	3	3	4	0
	Female	1	0	0	1	0
Short working hour system	Male	0	0	5	17	4
	Female	30	34	29	23	27

# Supply Chain Management

We share our corporate vision of “Isuzu will always mean the best. A leader in transportation, commercial vehicles and diesel engines, supporting our customers and respecting the environment” with our business partners and cooperate with them while engaging in procurement activities. We conduct open and fair transactions and maintain mutual communication with the various business partners involved in our supply chain to build relationships based on trust.

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## Management Approaches

### Basic Policy

We share our corporate vision of “Isuzu will always mean the best. A leader in transportation, commercial vehicles and diesel engines, supporting our customers and respecting the environment” with our business partners and cooperate with them while engaging in procurement activities.

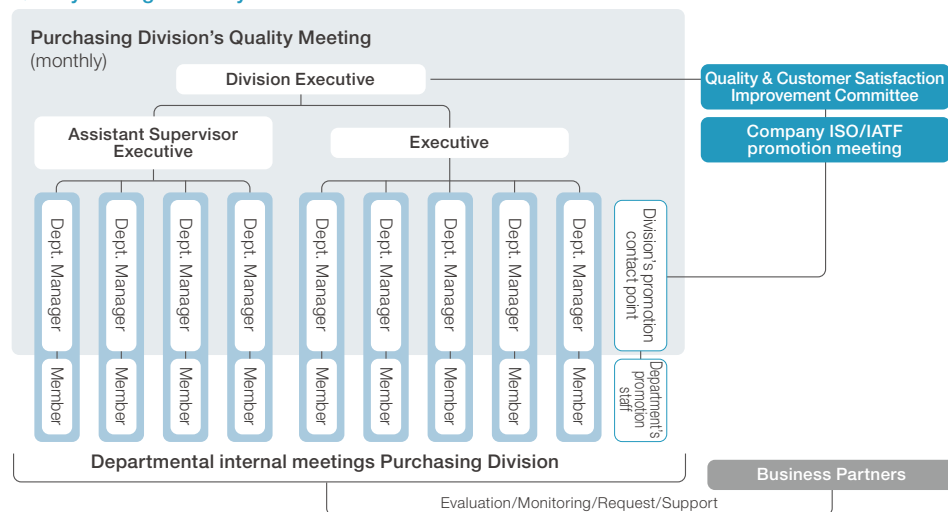
We conduct open and fair transactions and maintain mutual communication with the various business partners involved in our supply chain to build relationships based on trust.

### Purchasing Promotion System

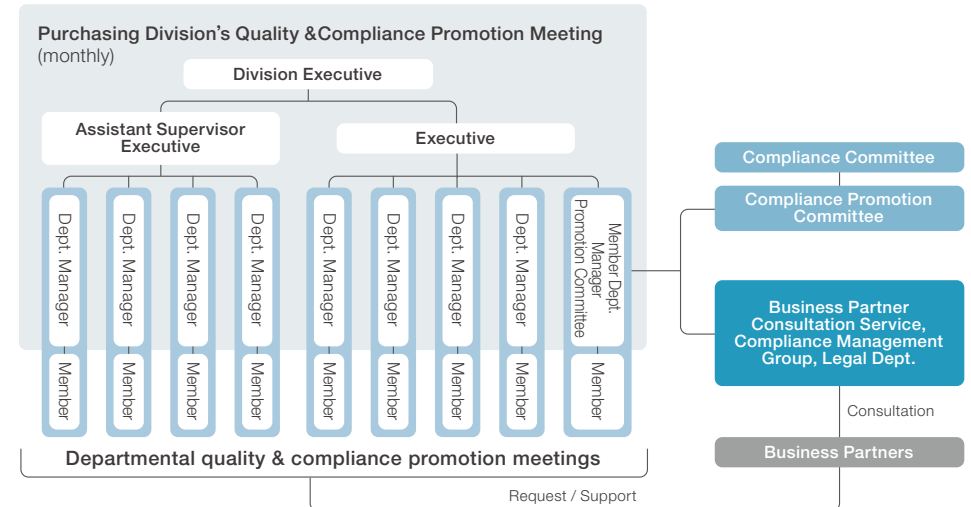
Isuzu holds a Purchasing Division's Quality Meeting once a month for reporting and discussion on topics such as the quality of the previous month's purchased parts, results of audits on new business partners and results of internal audits and external assessments related to ISO and IATF. The Purchasing Division holds a Quality and Compliance Promotion Meeting and an Environmental Meeting once a month each. Information from these committees is passed to all departments within the Purchasing Division. The Purchasing Division's policy on activities related to compliance and the environment is determined at these meetings.

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

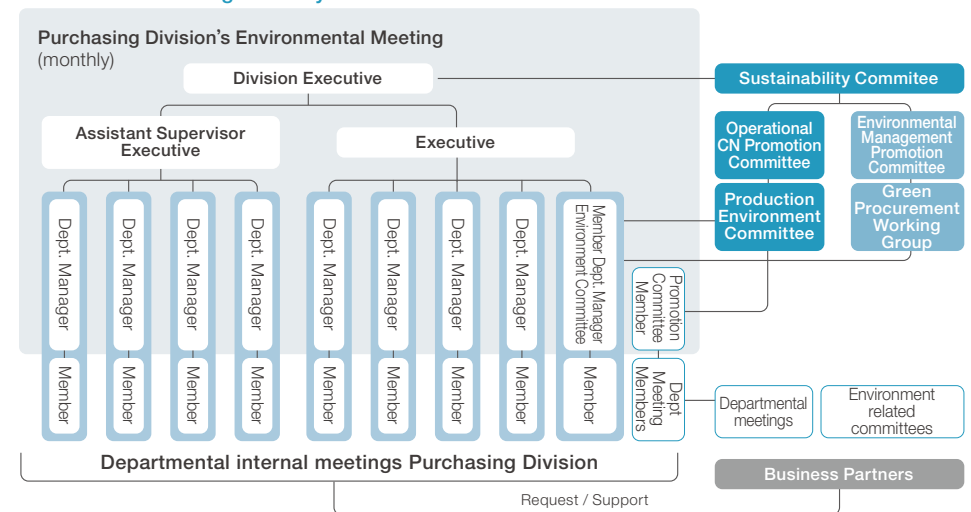
#### Quality Management System



#### Compliance Promotion System



#### Environmental Management System





## Management Approaches

### Basic Mindset Behind Procurement Activities

Isuzu recognizes that gaining the cooperation and trust of its stakeholders, including its business partners, in the areas of Isuzu's activity such as the environment, quality, compliance, and community/social contributions, is extremely important for earning the trust of society and contributing to the sustainable development of society as well as fulfilling its corporate social responsibility. To this end, it is working to address a variety of issues.

Many of the parts and other items used in Isuzu's products are purchased from external business partners. The occurrence of a quality problem in a purchased product may cause significant inconvenience to customers using our products.

Preventing such problems requires us to consistently secure good items. So Isuzu builds a system for assuring the quality of purchased products while forging relationships of trust with our business partners. Going forward, Isuzu will continue its quality improvement activities with its business partners and strive to strengthen its supply chain.

In addition, Isuzu established Purchasing Basic Vision and Purchasing Basic Policy in 1997 to show the basic direction of its procurement activities and maintain their consistency. Our Purchasing Basic Vision and Purchasing Basic Policy are thoroughly communicated to new recruits and, through introductory training, to transferees from outside the Purchasing Division.

#### Basic Purchasing Vision

We would like to support smooth production through procurement activities. To this end, we guarantee satisfactory quality as well as timely delivery and accurate quantities of purchased products, and we cooperate with the provision of new technologies through purchasing markets, contributing to company profits. We believe that these actions will help establish interactive communication built on mutual trust with our business partners.

(Established: July 1997, last revised: April 2008)

#### Basic Purchasing Policy

- 1 With quality as our first priority, Isuzu aims to build a system for creating and delivering products that satisfy its 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 its 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 so that it is 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 Basic Purchasing Vision and Basic Policy Among Purchasing Division Members

Our Purchasing Basic Vision and Purchasing Basic Policy are written in the Purchasing Division Compliance Guidebook which is available on our in-house database for viewing by members of the Purchasing Division at any time.

Explanation about our Purchasing Basic Vision and Purchasing Basic Policy was added to the introductory training for transferees to the Purchasing Division in FY2020. In this way, all employees of the division are thoroughly educated on the Basic Vision and Policy.

In addition, a seminar on the Act Against Delay in Payment of Subcontract Proceeds, etc., to Subcontractors and the Guidelines for Appropriate Trade in the Automobile Industry is held in an effort to encourage understanding about and compliance with the Act and the Guidelines which members of the Purchasing Division must know well.



## Activity Report

### Isuzu Supply Chain

Isuzu chooses its suppliers according to a fair and equitable selection process regardless of whether they are based in Japan or overseas. In our procurement activities, we pursue win-win relationships with our business partners and apply the same activities to our global supply bases to enhance our corporate competitiveness. Isuzu Group companies in Japan have a total of 666 domestic and overseas business partners. About 90% of these partners are based in Japan. In terms of transaction amount, the procurement of vehicle and engine parts makes up about 80% of the total.

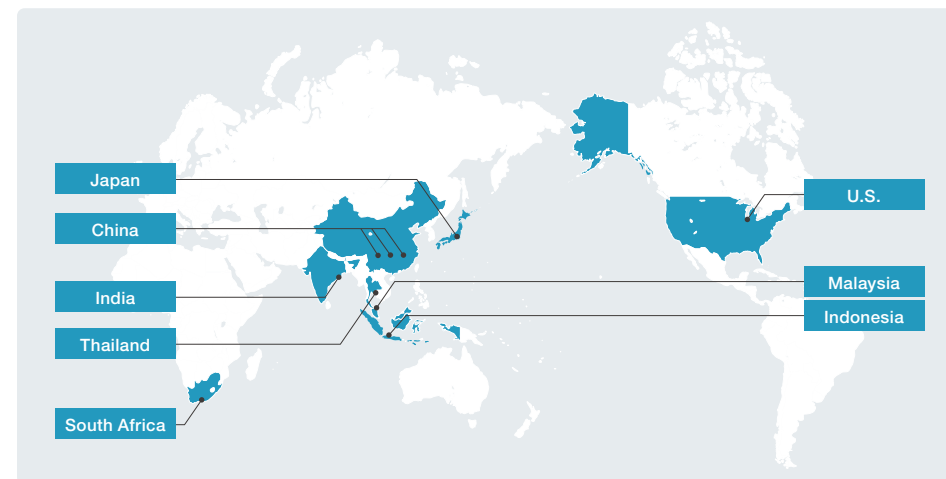
To monitor the delivery quality and market quality of our business partners, we calculate a monthly evaluation score based on factors such as the number of defect occurrences, the number of defects, and the severity of defects. If a business partner fails to meet a certain standard of quality in its delivery, it is categorized into "a company subject to management." A business partner that is close to becoming a company subject to management is considered as "a company subject to observation." We strive to improve delivery quality through efforts such as holding monthly quality meetings.

In FY2020, the quality of the deliveries improved and approximately 90% of our business partners attained the standard score of delivery quality evaluation. None of the business partners was determined to be a company subject to management by failing to attain a certain standard of quality evaluation. However, some fell within the definition of a company subject to observation. We joined these business partners in their improvement activities and encouraged them to strive for better quality.

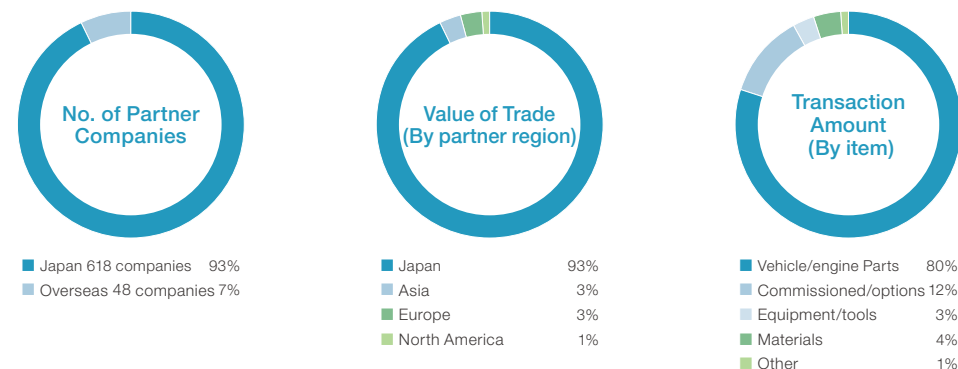
In addition, we conduct an on-site audit of certain business partners when they undergo a triennial assessment for the renewal of a direct supply contract, to keep updated on their quality management system operations. We conduct an on-site audit of our new business partners before starting business relationships with them and evaluate the effectiveness of their quality management systems to see if they meet requirements for trading with us.

We are also creating a BCP/BCM system and are working to review our supply chain and minimize the time it takes to resume operations in the event of an emergency. We are building a system to ensure that, in the event of a disaster or any other emergency, we would be able to take an initial response early, facilitate rapid recovery in cooperation with our business partners and minimize the impact on Isuzu product sales.

### Main Global Supply Hubs



### Transactions in Japan



## Various Guidelines for Business Partners

### Isuzu Supplier CSR Guidelines

Isuzu has established the Isuzu Supplier CSR Guidelines, which summarize our requests to our business partners regarding issues such as our CSR activities, corporate vision and Purchasing Basic Vision. These guidelines are based on the Supplier CSR Guidelines issued by Japan Automobile Manufacturers Association, Inc. and the CSR Guidebook by the Japan Auto Parts Industries Association. (Last revised in March 2018)

The main point of the review of the Isuzu Supplier CSR Guidelines, revised in March 2018

#### ► Addition of provisions concerning the handling of conflict minerals\*

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

### Requests to Our Business Partners

Our business partners are requested to follow the Isuzu Supplier CSR Guidelines. Our new business partners are requested to follow the CSR Guidelines when they conclude a contract with us.

The failure of a business partner to fulfill its corporate social responsibilities would significantly and adversely affect Isuzu's image and its production activities. For example, the occurrence of misconduct—such as falsification of inspection data or human rights-related problems—from our business partner would adversely affect Isuzu's image and, through actions such as discontinuation of supply of purchased parts, Isuzu's production activities. This would inconvenience the customers who use Isuzu's products. To avoid such risks, we ask our business partners to follow our CSR guidelines.

We can monitor our business partners in terms of quality on the basis of our monthly delivery quality and market quality evaluations. Because of the difficulties in monitoring environmental activities and risk management on a monthly basis, however, problems in risk management systems can be overlooked until an environmental accident or disaster occurs. We recognize the importance of proactively identifying the size of the risks our business partners have and encouraging the elimination, avoidance and reduction of the frequency of risks. We conduct annual surveys of our business partners' environmental activities and risk management. Those business partners that are found to be at high risk undergo an inspection of their production site and receive advice for improvements.

More than 90% of our business partners responded to the FY2020 survey. Infectious diseases and natural disasters are common risk factors that are important. Moreover, we have found that they are increasingly aware of the risks of fire and equipment failure.

Continuous follow-up has been shown to effectively foster improvements. So we will continue similar activities throughout FY2021.

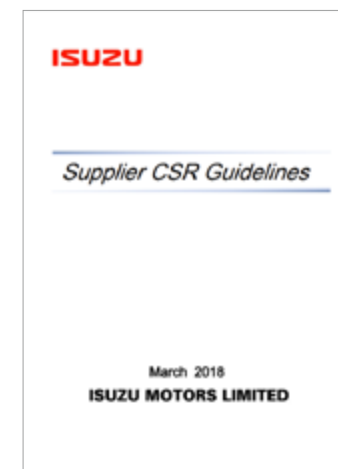
In principle, we request our Tier 1 business partners to manage and guide Tier 2 business partners and below. However, we visit Tier 2 business partners and below to audit special processes related to important security parts. Of course, business partners in Tier 2 and below

are also requested, through Tier 1 business partners, to comply with the Isuzu Supplier CSR Guidelines.

### Handling of Conflict Minerals

Isuzu considers the use of conflict minerals to be a serious problem in the supply chain as these minerals cause human rights infringements, environmental destruction, and illegal mining in conflict zones, and are used to finance militant forces. Isuzu CSR Guidelines require that conflict minerals not be used. Going forward, we will continue to ask our business partners not to use conflict minerals.

 [https://www.isuzu.co.jp/world/company/sustainability/supplychain/pdf/isuzu\\_csr\\_guideline.pdf](https://www.isuzu.co.jp/world/company/sustainability/supplychain/pdf/isuzu_csr_guideline.pdf)



## Various Guidelines for Business Partners

### 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 air, water, land, and other types of environmental pollution
- (4) Resource conservation and waste reduction
- (5) Chemical substance management



#### 4) Compliance

- (1) Legal compliance
- (2) Compliance with competition laws
- (3) Prevention of 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 Group 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)

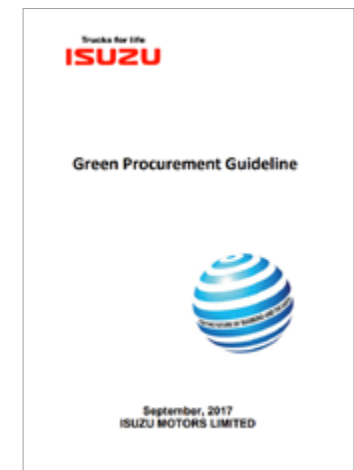
Through these Isuzu Green Procurement Guidelines, we obtain an understanding of Isuzu's environmental initiatives from our business partners, and at the same time request that they promote environmental activities. The major points reviewed in the Isuzu Green Procurement Guidelines published in October 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.

 [https://www.isuzu.co.jp/world/company/sustainability/supplychain/pdf/isuzu\\_green\\_procurement.pdf](https://www.isuzu.co.jp/world/company/sustainability/supplychain/pdf/isuzu_green_procurement.pdf)



## Various Guidelines for Business Partners

### Purchasing (Green Purchase Working Group)

#### Self-evaluation of Environmental Management Systems

By responding to a questionnaire, Isuzu's business partners are asked to report the facts about their environmental management systems. Isuzu recognizes the importance of raising awareness about environmental initiatives, and will continue their awareness-raising activities.

##### Main Evaluation Items

- ▶ Environmental management systems
- ▶ Compliance with environment-related 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 (revised question)
- ▶ Reduction of CO<sub>2</sub> emissions and packaging/shipping materials in logistics

##### Actions In Response to the Results

- ▶ In view of FY2019's survey results, we planned to keep focusing on chemical substance management in FY2020 and to visit our business partners' sites for inspection. In FY2020, however, the visits to business partners had to be cancelled after the declaration of state of emergency was issued by the government to prevent the spread of COVID-19. They will be resumed in FY2021. The visiting inspections in FY2021 will be based on this fiscal year's survey results and will see how the business partners clarify chemical substance management standards, manage their suppliers, prevent the addition of prohibited substances during manufacturing processes, and conduct in-house training. Information obtained from the visiting inspections of business partners actively working on chemical substance management will be applied to our future activities. We will also continue to provide advice to business partners who are doing less with regard to chemical substance management.

#### Environment Activity Seminars

In October 2020, Isuzu held an Environment Activity Seminar to improve its business partners' environmental activities. Held during the COVID-19 pandemic, the seminar ensured social distancing and followed the infection prevention guidelines. Thirty-seven persons participated from 36 business partners that are motivated to raise the level of their environmental activities. As with last year, we invited a speaker from Mizuho Information & Research Institute, Inc. to speak about laws, regulations and actions concerning chemical substances contained in products. Attendees from our business partners said they would fully apply what they learned to their environmental activities.

Three hundred and sixty-five of our business partners were asked to cooperate in the FY2020 self-assessment report on environmental management. The average score was close to last year's level. However, the response rate exceeded last year's figure, rising to a record high. We learned that environmental management activities were spreading among our business partners. The good news is that more of our business partners achieved their self-set targets in energy saving and reduction of water consumption and are working to request their own suppliers to strengthen environmental activities, reduce waste and control and reduce environmentally hazardous substances. We learned that they were becoming increasingly motivated to engage in environmental activities. Given these results, we will continue with our visits to business partners and environmental seminars in an effort to raise the level of environmental initiatives throughout our supply chain.

## Communication with Business Partners

### Communication with Business Partners

Isuzu is strengthening communication with its business partners through briefings and meetings. Today, meeting each other face to face is difficult due to COVID-19. We try to maintain communication by sending information with the use of web tools and the distribution of documents.

Also, we try to remain respectful in communicating with our business partners. We believe that interactive communication built on mutual trust with our business partners will strengthen our supply chain.

#### Main Opportunities for Communication with Business Partners

- ▶ Procurement policy briefing
- ▶ Production briefing
- ▶ Quality policy briefing
- ▶ Isuzu Kyowakai\*

\* Isuzu Kyowakai: A cooperative association comprising Isuzu's business partners

### Monitoring the Efforts of our Business Partners

Isuzu issues Supplier CSR Guidelines for the whole supply chain to work on human rights, labor and environmental issues. Through the guidelines, our business partners understand Isuzu's commitment to CSR and we share the efforts we want our business partners to make.

In 2021, we will begin monitoring our business partners' use of conflict minerals and their commitment to human rights. More specifically, our business partners are requested to fill in a self-assessment questionnaire and return it to Isuzu. In this way, we keep updated on the potential risks the business partners have and will conduct monitoring of factors that we judge as entailing a risk that should be removed. Training sessions will also be held as necessary.

### Intra-departmental Training

New employees and other employees newly assigned to the Purchasing Division receive introductory training on compliance and the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors. All division members are provided with e-learning on sustainability.

### Business Partner Consultation Service

We maintain a Business Partner Consultation Service in our Legal Department's Compliance Management Group. It offers impartial consultations to our business partners.



# Contributions to Local Communities and Society

Isuzu respects the cultures and customs of nations, regions, and communities, participates in local communities and society through our business activities, and works in harmony while actively contributing to their development.



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## Management Approaches

### Basic Policy

Isuzu respects the cultures and customs of nations, regions, and communities, participates in local communities and society through our business activities, and works in harmony while actively contributing to their development.

### Addressing Poverty

Poverty is a severe social problem not only in developing countries but in Japan, as well.

Isuzu leverages its expertise as an automotive manufacture and actively engages in philanthropy fueled by employee participation.

### Educational Support

Isuzu strives to provide educational opportunities including work experiences, environmental education, and artistic experiences from the perspective of the company's specialization of *MONOZUKURI*.

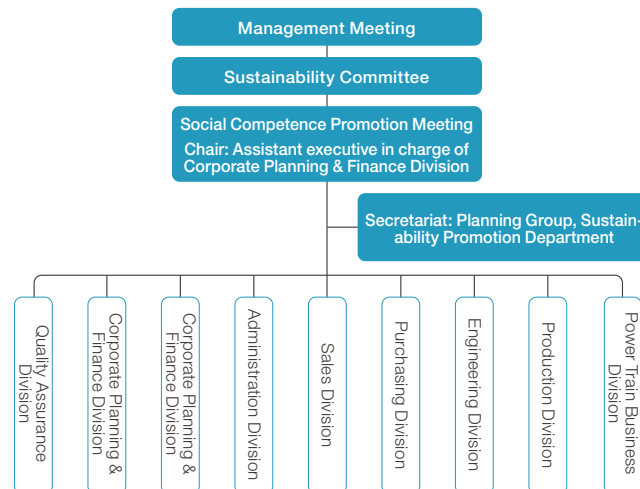
### Harmony with Local Communities

Isuzu is committed to social contribution activities in the areas where we operate, striving to win the trust of local communities and contribute to their prosperity.

### System

Isuzu holds Social Competence Promotion Meetings on a regular basis where committee members selected from each division of the company discuss new initiatives and measures to improve Isuzu's activities.

Social Competence Promotion Meeting Organization Chart



### Mechanisms to Encourage Employee Participation

While encouraging employee participation by using posters and companywide 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 that invite employee participation while engaging in coordination and cooperation with various groups.

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



## Addressing Poverty

### Support Program for Auto Mechanics Vocational School

In November 2008, Isuzu launched its unique social contribution project to celebrate its 70th anniversary. As part of the project, Isuzu has been involved in a program run by the Technical Education and Skills Development Authority (TESDA\*) of Tacloban City on the island of Leyte in the Philippines. In the program, Isuzu supports an automobile mechanic vocational school in training economically disadvantaged young people.

Going beyond financial support, Isuzu uses its know-how to assist with the training activities. More specifically, Isuzu sent instructors from Japan to establish Isuzu Juku, an initiative to support technical training. Based on this effort, the vocational school provides students with advanced maintenance skills in areas such as electricity, transmission, engines and braking, and also instills the mindset of 5S (seiri/sort, seiton/set in order, seiso/shine, seiketsu/standardize and shitsuke/sustain the discipline). Consequently, graduates from the vocational school are received favorably at their places of employment.

On October 31, 2020, the vocational school had the 17th graduation ceremony and a closing ceremony for enrolled students. The 19th entrance ceremony was held on March 31, 2021.

All 36 members of the 17th class of graduates passed their exams to acquire the NC4, the highest level of national certification for automotive mechanics in the Philippines, and found employment at Isuzu dealerships and other companies in November 2020.

The automobile mechanic vocational school has produced 317 graduates to date, including the 17th graduates. Many of them work at dealerships in the Philippines and overseas. Also, more graduates are coming to Japan for employment. From 2019 to the present, eight graduates have found employment at Isuzu dealerships in Japan. These graduates have been commended for their advanced technical capabilities. In fact, the vocational school has produced two I-1 Grand Prix\*\*2 winners. Graduates from the vocational school are equipped with advanced technical skills and mindsets for activities, and are highly regarded by their employers.

\*1 Technical Education and Skills Development Authority

\*\*2 Isuzu World Service Technical Competition (I-1GP) National and regional tournaments to determine the world's most skilled individual in servicing/engineering, where Isuzu's most talented service staff and engineers from many different countries and regions gather to compete in knowledge and technical skills with the aim of raising the level of service in these countries and providing the best service to Isuzu customers at any time and any place.



The 19th entrance ceremony



A student practices vehicle disassembly

#### Achievements at Competitions Worldwide

- ▶ I-1GP top three awards (CV 1st place in FY2015, CV 3rd place and LCV 2nd place in FY2016, and CV 1st place in FY2018)
- ▶ 1st place at TESDA's Philippine National Skills Competition in FY2017, participation in the FY2018 ASEAN competitionAchievements within the Isuzu Group
- ▶ Three graduates were accepted at Isuzu Motor Syutoken and MSTC in FY2018 and are working within the Isuzu Group.
- ▶ Six graduates were accepted at Isuzu Motor Syutoken and Isuzu Motor Kinki in FY2019 and are working within the Isuzu Group.
- ▶ 3rd place at the 2020 I-1 Grand Prix e-competition (two of the players are graduates from TESDA) Evaluations of the project in the Philippines
- ▶ Commended by TESDA Main Office and the Office of the President in FY2008
- ▶ Received the Kabalikat award (the highest TESDA award at the national level), and commended by President Arroyo at the Malacañang Palace in FY2009
- ▶ Received the Gold Award under the CSR education category from the Society of Philippine Motoring Journalists (SPMJ) in FY2017

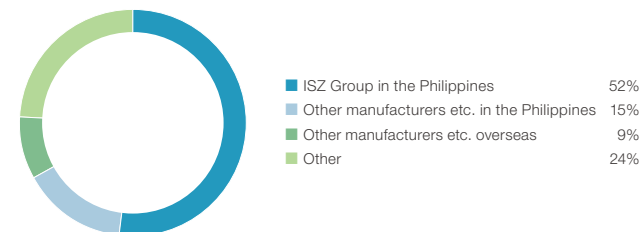


Winning the 3rd place at the 2020 I-1e-competition



These graduates work at Isuzu dealerships in Japan.

#### Employment of Graduates (as of April 2021)



## Addressing Poverty

### The Isuzu *Monozukuri* Workshops Held Online

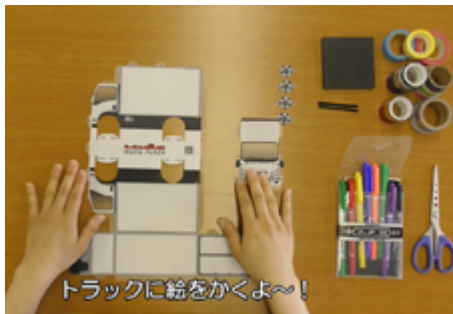
Isuzu cosponsored the Endo Community Center's online streaming of a PP (polypropylene) truck craft making workshop, which could be enjoyed at home even in the midst of the COVID-19 pandemic. Isuzu provided the Endo Community Center with materials and a video for PP truck craft making. Children made their PP truck and painted the body of the truck in the way they liked. This was a lot of fun for the children who had to stay at home during the summer vacation. The children's works were exhibited at Isuzu Plaza from September 29 to October 10 and each of the works received a prize from Isuzu's designers.



Children's works exhibited at Isuzu Plaza



Isuzu *Monozukuri* Workshop held online



Making a PP truck

### DeuSEL® Project Special Lesson Held at Elementary School

As in the past, DeuSEL® Project Special Lesson for fifth-year elementary schoolers was held in FY2020. (November 30, 2020: Sakado Elementary School in Kawasaki City, December 22: Shinagawa Gakuen in Shinagawa City, March 15: Higashi-Kashiwagaya Elementary School in Ebina City)

DeuSEL® Project Special Lesson is aimed for children to understand the preciousness of fuel and the global environment in the future through learning about the roles of trucks and buses in society. This is the sixth year of the Special Lesson's held in an elementary school. It has been well-received each year.

Representatives from Isuzu and Euglena Co., Ltd. gave explanation about DeuSEL®, before the pupils test-rode a DeuSEL® bus and watched euglena. The Q&A session was filled with honest questions that were unique to children but were also to the point. Representatives from Isuzu and Euglena faced a barrage of questions during the break and even after the lesson.

In FY2020, we considered cancellation of the DeuSEL® Project Special Lesson due to COVID-19. Ultimately, however, it was held just as in the past years, based on the idea that associating the knowledge obtained from a classroom lecture with real experience should deepen the children's understanding more. Strict preventive measures against infection were taken. (In addition to the measures taken in a regular lesson, the bus was kept ventilated at all times and the children were told to disinfect their hands and fingers when getting on and off the bus.)

COVID-19 resulted in the cancellation of many school events. DeuSEL® Project Special Lesson carries our wish to leave the children with the memory of a fun learning experience to the extent possible.



Children attentively listen to the teacher



Children test-ride a DeuSEL® bus

## Addressing Poverty

### Donations to Mt. Fuji Forestation Project

We take part in the Mt. Fuji Forestation Project with an aim to restore the rich forests and ecosystems of the Hokuroku area near Mt. Fuji which was registered in UNESCO as a Cultural World Heritage Site in 2013. Since FY2008, we have participated in forestation activities and have collaborated with relevant organizations such as OISCA-International and Yamanashi Prefecture Forestry Development and Production Cooperative. In FY2020, COVID-19 made it difficult for us to visit the forest. So we started donations to keep the project going.

### FY2020 “Children’s Forest’ Planning Support Project: Making Use of Secondhand Books” Activities

Children’s Forest, a project run by OISCA-International, supports children’s efforts to plant and grow trees at schools and in communities. The aim is for the children to develop a respect for greenery and a love of nature. Isuzu has been supporting the project since FY2015. Isuzu’s employees donate secondhand books for sale and the amount of their sales is appropriated to donations to the Children’s Forest project.

#### Number of Buyable Books (Past Three Years)

	FY2018	FY2019	FY2020
Isuzu Omori Head Office	162	100	160
Fujisawa	392	430	76
Tochigi	13	15	0
Total	567	545	236

\* The counting method was changed and the number of non-buyable books was excluded.

### Co-sponsoring the Kanagawa Philharmonic Orchestra Factory Event at Elementary Schools near the Fujisawa Plant

Isuzu co-sponsored the Orchestra Factory\* event held by the Kanagawa Philharmonic Orchestra at Fujisawa Municipal Katase Elementary School (January 19, 2021) and Fujisawa Municipal Zengyo Elementary School (February 25) in Kanagawa Prefecture.

This program, which is currently in its seventh year, aims to foster the pupils’ creativity and enrich their artistic sensibility by providing them with an opportunity to experience live music.

Isuzu will continue to give children exposure to the world of *monozukuri*.

\* Orchestra Factory: An event in which children can experience “the creation of something wonderful (i.e., music) through a unified group effort” by listening to live orchestral performances and performing with the orchestra members. The aim is for the pupils to imagine, by experiencing the music live, the act of manufacturing a product in a factory.



Children attentively listen to the live performance.





## Harmony with Local Communities

### Isuzu Plaza

#### Purpose of Establishment

The Isuzu Plaza was opened next to the Fujisawa Plant in April 2017 as part of the Isuzu Motors 80th anniversary project.

The Isuzu Plaza consists of three zones that include “supporting transportation,” “Isuzu’s *monozukuri*” and “the history of Isuzu,” so that people may feel the facility closer to them.

#### 1) Isuzu, a Leader in Transportation

The zone has a diorama that represents the relationship between people’s lifestyles and Isuzu. Visitors can also see and touch the latest trucks and buses.

#### 2) Isuzu’s Vehicle Manufacturing

Visitors can experience and learn how a truck is manufactured and delivered to a customer, a truck’s structure and mechanism and our commitment to the environment.

#### 3) History of Isuzu

Restored vehicles, the chronology of miniature model cars and contemporary documents let you trace back through the history of Isuzu.

The Isuzu Plaza also serves to bring the local people together through a number of activities, such as hosting social studies tours for elementary school students; organizing events, *monozukuri* workshop classes, and guided facility tours; and making its lobby registered for use in “cool sharing” (sharing air conditioning).

\* Some of these features are currently closed due to COVID-19.



Isuzu Plaza website

<https://www.isuzu.co.jp/plaza/index.html>



Outer view of Isuzu Plaza



Isuzu's vehicle manufacturing



Rotating exhibit section



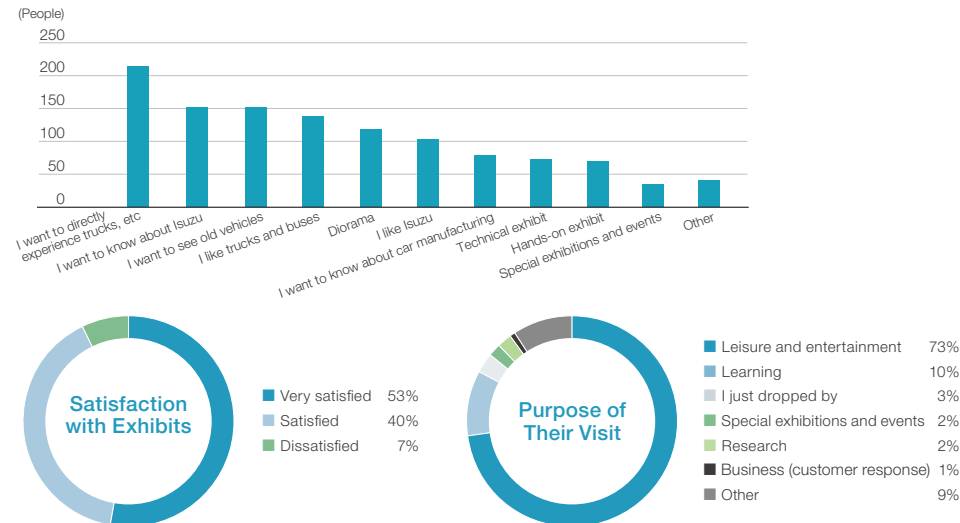
“Supporting life” section

#### Introducing and Promoting Social Contribution Activities Through Exhibitions

Starting from this fiscal year, exhibitions and events at the Isuzu Plaza introduce more of the social contribution activities of Isuzu. In this way, we obtain stakeholders’ understanding about Isuzu’s social contribution through its products and about our social contribution activities. This should motivate the Isuzu Group employees who engage in the exhibitions and events as we continue to promote our social contribution activities.

## Harmony with Local Communities

### Expectations and Visitor Target for Isuzu Plaza



#### Feedback from Visitors

##### [Impressions]

- ▶ They meticulously explained the details of the process of manufacturing a truck. That was very interesting.
- ▶ I liked how the facility lets children learn while playing. My child was very happy to see a big vehicle that we usually do not get to see up close.
- ▶ The facility looked very clean. Sufficient measures to prevent infection were taken.
- ▶ My child was looking at the experience-oriented exhibit when a person from the staff talked to him to explain how it works. It looked like my child enjoyed it very much.
- ▶ The way they interacted with us conveyed their personalities, rather than simply following the manual.
- ▶ The staff seemed very warm in dealing with the children. These elements may be associated with the company's image. I am very satisfied.

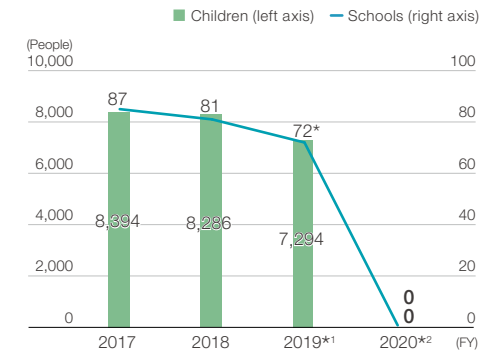
##### [Requests]

- ▶ They should be able to accept more bookings.
- ▶ Safety-related exhibits were fewer than expected. If it's designed for children, having an exhibit on, say, a truck's blind spots would be good.
- ▶ The diorama has spotlights casted on the parts with explanation. I liked the fact that the exhibits were easy to see even from a distance.
- ▶ It would be great if you offer short lectures and very specific explanation for both older children and adults to learn.

### Overview of Social Studies Visit

Every year since the opening of the Isuzu Plaza in April 2017, Isuzu has organized social studies tours that take fifth-grade elementary school students through the plaza and the adjoining Isuzu Fujisawa Plant. The social studies tours let children see, touch, think on, and deepen their understanding of the role of commercial vehicles and their production process, as well as issues concerning the environment and safety. Since March 2020, however, the Fujisawa Plant has been unable to welcome visitors due to COVID-19. The Isuzu Plaza has also stopped accepting visitors for its social studies tours.

### Social Studies Visit Data



\*1 Eleven schools and 969 persons cancelled their visits due to COVID-19.

\*2 Acceptance of visitors has stopped due to COVID-19.

### Social Studies Tours to be Available Online

In September 2021, the virtual social studies tours will start in full scale online. During the coronavirus pandemic, elementary schools have been unable to visit any places outside. Besides supporting such schools, the virtual tours will be aggressively promoted, serving as a new proposal to elementary schools with few opportunities to learn about the auto industry on a remote basis.



Diagram of a virtual social studies tour



A virtual social studies tour held at an elementary school



A virtual social studies tour held at Isuzu Plaza

## Harmony with Local Communities

### Measures to Control the Spread of COVID-19

Isuzu Plaza has adopted measures to prevent the spread of COVID-19 in compliance with the government's declaration of the state of emergency and priority measures for the prevention of infections as well as the guidelines on the prevention of the spread of COVID-19 at a museum, which were set by the Japanese Association of Museums. We strive to ensure that visitors can tour the facility in a safe and secure environment.

#### Main Actions:

- 1) Avoidance of Three Cs
- 2) Ensuring safety of visitors and staff
- 3) Facility management (cleaning, disinfection and ventilation)
- 4) Making preventive measures known widely and taken thoroughly

Isuzu Plaza was temporarily closed to control the flow of people during the periods specified by the declaration of the state of emergency. Even when the facility is open, visitors are accepted by advance booking only. Restrictions have been imposed on the number of entrances per hour. We controlled the capacity of the facility to ensure safety. In the building, visitors and staff are required to measure their body temperature, undergo health checks and wear a facial mask. Moreover, the facility is frequently disinfected and cleaned. Acrylic partitions are set up and ventilation and other measures against the spread of infection are sufficiently taken.



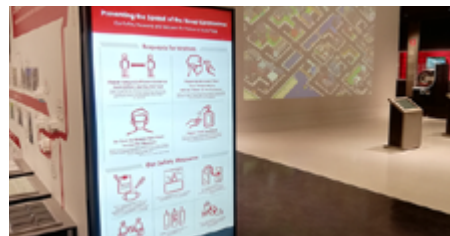
Temperature measurement and disinfection conducted at the entrance



An acrylic partition is set up and instructions on waiting are marked in front of the reception counter



The Miniature World can easily lead to crowding. Now, only a predetermined number of visitors may be allowed to enter at one time



Using a monitor to arouse visitors' attention

### Efforts to Enhance Customer Satisfaction

Isuzu Plaza has a goal of satisfying visitors and making them Isuzu fans. To effectively reflect visitors' feedback in the facility management and exhibitions, the booking data system was renovated in December 2020, the questionnaire has been reviewed and the ease of entering data into the system has increased. Based on feedback from visitors, we will continue improving the facility so that it will become even more popular.



Diagram of QR entry



This shows how a smartphone may be used for QR entry



Data entry screen for survey

## Harmony with Local Communities

### FY2020 TABLE FOR TWO (TFT) Program Results

At Isuzu, we introduce the Table For Two program (TFT) in the company canteens and cafe areas to encourage employees to have healthy eating habits and also participate in social contribution activities. This allows an employee to donate ten yen automatically by buying a Healthy Menu item or healthy drink or using the charity box. Then, the same amount of donation is added by Isuzu, making the total amount of donation per person 20 yen per time. Through an NPO named the Table for Two International, donations are appropriated for school meals for impoverished children in developing countries.



Onigiri action campaign

#### Donated School Meals (Equivalent)

	FY2018	FY2019	FY2020
Omori Head Office	13,133	11,225	7,011
Fujisawa	3,937	3,426	2,411
Tochigi	1,267	1,620	1,786
Total	18,337	16,271	11,208

\* The support of TFT extends to six countries, including Uganda, Ethiopia, Kenya, Tanzania, Rwanda, and the Philippines. Isuzu operates business in all of these countries.

### FY2020 Food Drive Results

Isuzu runs a food drive initiative. Employees bring from home food items close to the end of their best-by dates, and donate them to the Registered NPO Second Harvest Japan which distributes the foodstuffs to local charity groups and institutions. It can reduce food waste and also improve social welfare.



Foodstuffs collected within Isuzu

### FY2020 Eco Cap Results

Through the Eco Cap initiative, PET bottle caps gathered from Isuzu employees are recycled and profits are donated to charity to provide polio vaccines to children in developing countries.

#### Collected Caps

	FY2018	FY2019	FY2020
Omori Head Office	115,417	120,708	58,250
Fujisawa	750,160	795,200	534,000
Tochigi	293,417	263,625	247,042
Total	1,158,994	1,179,533	839,292

\* In FY2020, we donated 1,562 polio vaccines.

## Activities & Educational Support

### Donating Cakes to Orphanages and Similar Institutions

Isuzu donates cakes to local orphanages and similar institutions every Christmas season. In FY2020, we donated Christmas cakes and other gifts to kindergartens, preschools and orphanages in the Omori (where our head office is located), Fujisawa and Tochigi areas. The activity started in 1989 in the Omori area and 2007 in the Fujisawa and Tochigi areas.



Mr. Suzuki, mayor of Fujisawa City, (right) hands a letter of thanks.

### Isuzu Work Introduction is Held Online

On December 2 and 5, 2020, Isuzu held the Isuzu Work Introduction event at Shinagawa Gakuen school in Shinagawa Ward. The event, held as part of Shinagawa Ward's program named Shinagawa Dream Job, aims to get students interested in a profession, to think about their futures, and to learn how to achieve their dreams by directly listening to people from companies and communities who work in a variety of fields. Isuzu Work Introduction has continued since 2018 and this year marks the third holding of the event.

To prevent the spread of COVID-19, Isuzu Work Introduction in this year was held online for the first time instead of visiting a school. Joined by 133 first-year junior high school students, Isuzu Work Introduction showed a video explaining the corporate profile of Isuzu Motors on Day 1 and a video of the jobs of four staff members on Day 2. At the end of the event, a Q&A session was held with the use of the Teams video call feature. In the Q&A, students asked a series of questions through the screen. We felt it was a strong response. Through Isuzu Work Introduction, Isuzu gives the students opportunities to feel closer to “a company and its employees,” something they are rarely exposed to, encouraging them to continue to cherish their dreams.



Isuzu Work Introduction held online



## Activities & Educational Support

### Philanthropy Towards Preventing the Spread of COVID-19

#### Mask and Raincoat Donations to the Cities of Fujisawa and Tochigi

As part of efforts to aid the community in preventing the spread of COVID-19, Isuzu donated 12,000 masks and 120 raincoats to Fujisawa City and 10,000 masks and 100 raincoats to Tochigi City. Isuzu has production sites in both of these cities. For these efforts, Isuzu received letters of thanks from both of the cities.



Plant manager and a letter of thanks from the mayor of Fujisawa City



Ms. Okawa, mayor of Tochigi City, (center) presents a letter of thanks.

#### Distribution of Slightly Acidic Electrolyzed Water

To address shortages of alcoholic hand sanitizer and other supplies, Isuzu Techno and the Production Division collaboratively generate slightly acidic electrolyzed water to disinfect the Fujisawa Plant and distribute it to employees.

In April, around the time the national state of emergency was declared, the spread of COVID-19 caused shortages of hand sanitizers. Isuzu introduced a device to generate slightly acidic electrolyzed water, which is effective in eradicating bacteria, with an aim to encourage thorough disinfection and ensure safe operations at our plants. While exploring further ways to assist the community amid the COVID-19 crisis, the Isuzu Plaza also began distributing slightly acidic electrolyzed water to community residents on April 24, in response to requests from Fujisawa City – just like other facilities in Fujisawa do. This was very well-received by the locals. As of August 31, a total of 4,323 people had come. The Tochigi Plant also provided electrolyzed water to Tochigi City and distributed it in six different areas of the city from May 15. Also, this was very well-received by the locals. As of August 18, a total of 1,960 people had come.



Distributing slightly acidic electrolyzed water



Distributing electrolyzed water

#### Support for the Open COVID-19 Declaration Concerning Intellectual Properties

Isuzu has pledged its support for the Open COVID-19 Declaration concerning intellectual property. In doing so, Isuzu agrees, for a specified time frame and without seeking any consideration or compensation, not to exercise any patent, utility model, design, or copyright in its possession against any activities solely aimed to stop the spread of COVID-19, including diagnosis, prevention, containment, and treatment.

# Governance

Isuzu builds a solid foundation to support business activities and contributes to corporate value through proactive disclosure and explanation as a company that contributes to the creation of a prosperous society.

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# Corporate Governance

## Basic Policy

Isuzu's basic concept of corporate governance is to consistently increase profits and enhance our corporate value through our corporate activities. This cannot exclude efforts to build a structure for corporate governance, a framework that controls Isuzu's activities.

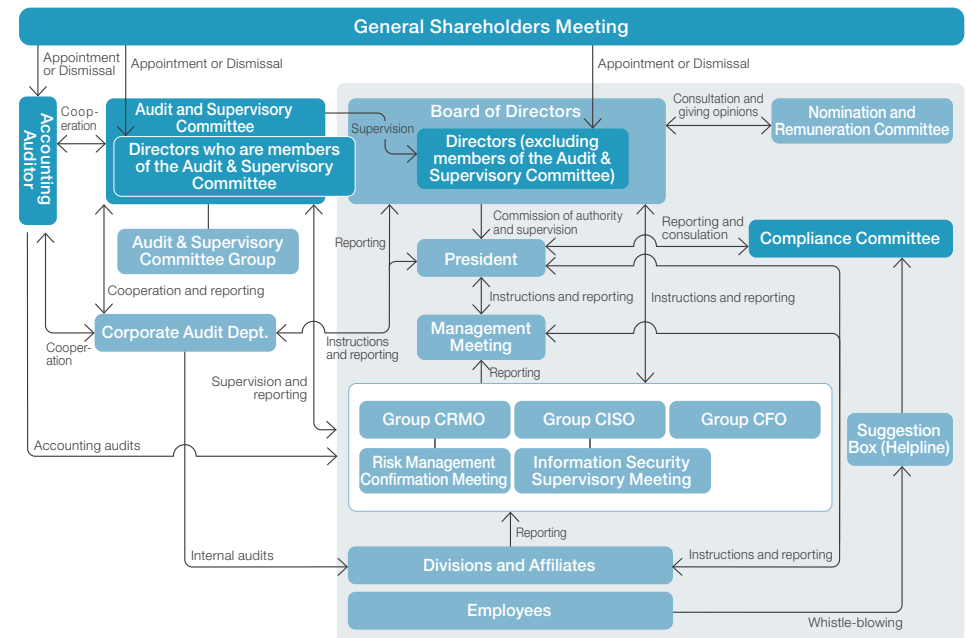
Isuzu considers its corporate governance to be basically aimed at respecting the standpoints of all Isuzu stakeholders and building smooth relationships. We strive to ensure the impartiality and transparency of our corporate affairs by properly disclosing important information at the right time. In particular, building an in-house structure and environment to protect the rights and interests of all stakeholders and ensure equality among stakeholders is an important part of corporate governance.

After a resolution passed at the 119th General Shareholders Meeting held on June 25, 2021, Isuzu shifted to a company with an Audit and Supervisory Committee which may entrust to an executive director a considerable part of important business execution in the Board of Directors. This will enable us, even in the midst of rapid changes in our business environment, to enhance the reasonability and speed in our management decision making. At the same time, deliberations and the supervisory function in the Board of Directors will be improved.

## Promotion Scheme

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.

### Corporate Governance System





## Corporate Governance

### <The 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 where they concern our business management. In principle, the Board of Directors holds monthly meetings and may also holds extraordinary meetings on an as-needed basis to deliberate and make decisions on important agenda items.

Currently, the Board of Directors consists of 13 directors: Masanori Katayama, Shin-ichi Takahashi, Shinsuke Minami, Koichi Seto, Tetsuya Ikemoto, Shun Fujimori, Mitsuyoshi Shibata, Kozue Nakayama, Masayuki Fujimori, Kenji Miyazaki, Tetsuhiko Shindo, Kanji Kawamura and Kimie Sakuragi. The Board is chaired by Masanori Katayama, president and representative director. Five of the 13 directors (Mitsuyoshi Shibata, Kozue Nakayama, Tetsuhiko Shindo, Kanji Kawamura and Kimie Sakuragi) are outside directors that are more independent.

### <The Audit & Supervisory Committee>

The Audit & 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 & Supervisory Committee consists of five directors: Masayuki Fujimori, Kenji Miyazaki, Tetsuhiko Shindo, Kanji Kawamura and Kimie Sakuragi. The committee is chaired by Tetsuhiko Shindo, a director and a full-time member of the Audit & Supervisory Committee. Three of the five members (Tetsuhiko Shindo, Kanji Kawamura and Kimie Sakuragi) are outside directors that are more independent.

All five members are selected members of the Audit & 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 four members including chairperson Masanori Katayama, president and representative director, and three outside directors (Mitsuyoshi Shibata, Kozue Nakayama and Tetsuhiko Shindo). Under the Board of Directors, the committee deliberates and gives opinions on the questions received.

### <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 (president and representative

director), division supervisors, Group CxOs (sectoral chief executives) and executive officers among others, is chaired by President Katayama and resolves and deliberates on the issues concerning our business management and execution within the scope of power transferred from the Board of Directors.

## 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.

	The 115th term Fiscal year ended March 2017	The 116th term Fiscal year ended March 2018	The 117th term Fiscal year ended March 2019	The 118th term Fiscal year ended March 2020	The 119th term Fiscal year ended March 2021	The 120th term Fiscal year ending March 2022
<b>Outside Directors (Women)</b>	2 (0)	2 (0)	2 (0)	2 (0)	2 (1)	5 (2)
<b>Officer Compensation</b>	Introduced Performance-linked Stock-based Compensation System	Decide the Upper Limit of the Annual Amount of Directors' Bonuses Advisory Committee Set up the Nomination and Remuneration Committee				
<b>Advisory Committee</b>				Establishment of Nomination and Compensation Committee		
<b>Separation of Execution and Supervision</b>					Revise Approval Standards and Rules	Shift to a company with Audit and Supervisory Committee
					Appoint CxOs (Sectoral Chief Executives)	Delegate Important Decision-making on the Execution of Company Business to Directors
<b>Operation of the Board of Directors</b>				Start the Effectiveness Evaluation		Ratio of Outside Directors: 1/3 or more

## Corporate Governance

### Points for 2020

Isuzu annually analyzes and evaluates the effectiveness of its Board of Directors for the purpose of improving the Board's function. The following is a summary of the analysis and evaluation for FY2020 (fiscal year ending March 2021).

#### 1. Process of analysis and evaluation for FY2020

We conducted a survey of directors and auditors and outsourced interviews to a third party for analysis. Results of the analysis were reported at the Board of Directors Meeting in April 2021 and their evaluation and future plans were shared.

#### 2. Summary of evaluation results

In sustaining our growth and enhancing our corporate value, Isuzu's Board of Directors shares an understanding about the necessity for strengthening its supervisory function and separating execution from supervision.

The Board has some unachieved goals to make it more effective. But it was concluded that the Board was steadily pursuing those goals.

##### (Status of resolution of goals recognized in FY2019)

"Greater clarification of topics that should be discussed in the Board of Directors Meetings" was one of the goals identified in the evaluation in FY2019 (fiscal year ended March 2020). As a solution to this, we reviewed the Board of Directors' discussion standards and partly transferred the Board's power to the Management Meeting in FY2020. In developing the medium-term management plan and other plans, the Board of Directors worked to improve its deliberations. For example, processes have been reviewed through multiple deliberations. Reporting from Group CxOs (sectoral chief executives) on business execution has also improved.

##### (Summary of FY2020 evaluation results)

The FY2020 evaluation confirmed the need for clarifying the roles of execution and supervision to speed up our action against changes in our business environment and against our business challenges. At the same time, the evaluation renewed our understanding that the Board of Directors should deepen its discussion of medium- and long-term strategies, which are a prerequisite for our business management, while our internal directors need to hone their business perspectives for greater operational ingenuity. We also understood the need for greater diversity to ensure profound discussion on the size and structure of the Board of Directors from a medium- and long-term perspective.

#### 3. Future plan

Isuzu's Board of Directors will be committed to the following plan with the aim of continuing to contribute to our sustained growth and the enhancement of our medium- and long-term corporate value.

- (1) Speeding up business management requires more separation between execution and supervision. By clarifying the roles of the Board of Directors and the Management Meeting, we will deepen discussion in the Board of Directors on our medium and long-term strategies and management issues and will also improve communication for both internal and external officers to deepen their understanding about the roles they expect each other to fulfill.
- (2) To enrich discussion in the Board of Directors, we will qualitatively and quantitatively improve the materials for use in discussion and will also work to build a good environment for discussion by, for example, securing sufficient time for deliberations.
- (3) To build an effective structure for supervision on the basis of our strategies and our business environment, we will take into consideration the expectations on, and roles of, the Board of Directors and discuss the required knowledge, experience, skills and diversity (e.g. gender, internationality, professional career, age) and will periodically examine the size and structure of the Board of Directors to optimize them.

\* With the 119th General Shareholders Meeting held on June 25, 2021, the ratio of independent outside directors to all members of Isuzu's Board of Directors exceeded one third.



## Corporate Governance

### Tax Policy

We will correctly understand tax laws and related guidelines and pay taxes properly in line with the aim of the laws and guidelines.

### Group CxO System

To further strengthen governance, we appointed the following CxOs on April 1, 2020. These officers have supervisory authority company-wide over specific areas across different divisions and Group companies.

#### Group CxOs

- ▶ Group CFO (Chief Financial Officer)
- ▶ Group CRMO (Chief Risk Management Officer)
- ▶ Group CISO (Chief Information & Security Officer)

### 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 medium-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 Members of Audit & Supervisory Committee and Outside Directors)

Remuneration for directors (excluding the directors that are members of the Audit and Supervisory Committee 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 at the sustained enhancement of corporate value 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, etc.	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"> <li>• Linked with the degree of achievement of single-year performance target.</li> <li>• The performance-linked coefficient, which represents the degree of achievement in a comparison between single-year results of consolidated operating profits and target, is set within a range between 0% and 200%. This is multiplied by the basic compensation and the component ratio (0.40 or 0.50 for president/chairperson), which is the standard amount of bonus by position, to decide the amount of bonus.</li> </ul>
	Share-based compensation	<ul style="list-style-type: none"> <li>• Linked with the degree of achievement of the target during the period of a medium-term management plan.</li> <li>• 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 chairperson) and assumed stock prices*2 to decide the points to give.</li> </ul> <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 chairperson) (Assuming that the performance target is fully achieved)	
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 medium-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 Members of the Audit and Supervisory Committee

The amount of remuneration for directors who are members of the Audit and Supervisory Committee consists of basic compensation only, in view of their roles and independence. It is decided through discussion by the directors who are members of the Audit and Supervisory Committee 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 Amounts of Remuneration and Other Payments to Directors and Auditors

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	
Directors (excluding outside directors)	699	388	294	15	9
Auditors (excluding outside auditors)	62	62	—	—	3
Outside officer	73	73	—	—	6

\* The table includes one director and one auditor who resigned with the end of the 118th General Shareholders Meeting held on June 29, 2020.

\* Isuzu has shifted to a company with an Audit and Supervisory Committee following the resolution passed in the 119th General Shareholders Meeting held on June 25, 2021.

### 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 voting rights as a shareholder, we respect, as a shareholder with individual trade relations, the aims and intentions of proposals and resolutions submitted from share issuer. If we see a risk of damaging an 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 Mindset

Isuzu has adopted 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.” Having Isuzu’s corporate value recognized by society and continuously accomplishing our corporate vision requires each one of our executives and employees 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.

Isuzu considers thorough compliance with laws as the highest priority in its business management. Isuzu developed the Basic Policy for Compliance, which went into effect in 2005, and strives to make it known and take root among all executives and employees. This 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 release information quickly and accurately to society and fulfill their accountability.

## Basic Compliance Initiative Policy

### 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

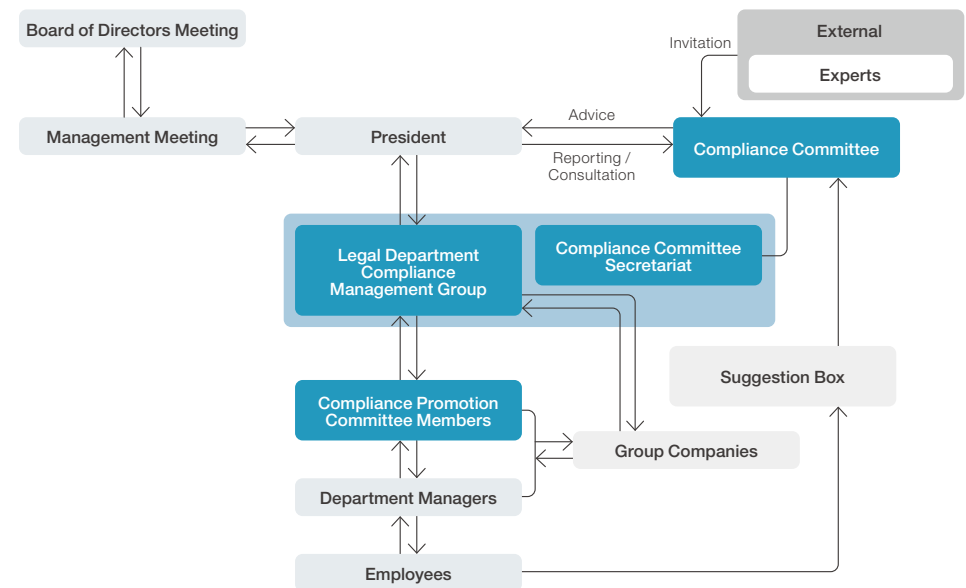
Isuzu proactively undertakes social contribution activities as a good corporate citizen.

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

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

## Internal

### Compliance Promotion System Outline



## Compliance Committee

Isuzu’s Compliance Committee is in place as the president’s advisory body 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 executives. Meetings are held every three months.

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

## Compliance

### Internal/External Consultation Resources (Suggestion Box)

Isuzu has three internal points of contact to receive whistle-blowing reports and provide consultations about compliance. They are available at the office level (office director), division level (division manager), and company-wide level (Legal Department's Compliance Promotion Group).

These points of contact receive information from a fair and neutral standpoint. They handle consultations on clear violations of laws, regulations or the company code of conduct; provide consultations on suspicious events relevant to legal compliance and company regulations; and receive inquiries regarding laws that concern our company regulations and work duties.

An external point of contact (suggestion box) is set up at an external legal office, as circumstances may make it difficult for the in-house consultation resources to accept consultations or provide solutions.

Whistle-blowing, consultations and inquiries are accepted by e-mail, fax, phone, or mail. The identity of the information provider and the content of the information are treated as confidential, so that no one would be treated disadvantageously within the company because of having blown the whistle or consulted.

To make the internal and external consultation resources known throughout the company, Isuzu distributes to all employees a compliance guidebook and compliance card in which the contact information of the consultation resources is written. Further, Isuzu Quality and Compliance Promotion Meetings, posters and other materials assist in our regular activities to make the consultation resources known among employees.

The Legal Department's Compliance Promotion Group functions as the secretariat to verify and address the whistle-blowing and consultations received by the consultation resources. In FY2020, the external consultation resource received 30 reports (6 cases concerning Isuzu and 24 concerning companies of the Isuzu Group). All reports brought to the in-house/external consultation resources are handled appropriately to verify the absence of any major legal violation.

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

## Isuzu Group

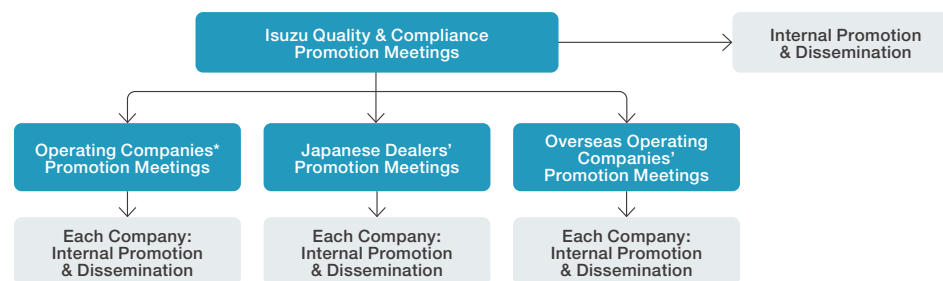
### Compliance Promotion System

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



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

In FY2020, the meetings were held with due consideration of the status of COVID-19 pandemic and with appropriate anti-infection measures taken.

## Compliance

### Initiative Policies and Results for FY2020

#### 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, 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, in an effort to eradicate drunk driving.

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 regularly conduct compliance surveys to monitor the spread of compliance awareness and uncover compliance risks. The survey results are reported to managers and compliance officers of Isuzu Group companies and are applied to the companies' activities.

The FY2020 survey covered about 11,300 employees of the Isuzu Group companies and included questions on topics such as compliance training and guidance, overtime work, finding facts about harassment and awareness about 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 keeps updated on the progress of the compliance activity plan and provides advice whenever necessary to support the activity, through Compliance Promotion Meetings jointly held with Isuzu Group companies in Thailand and through the regular exchange of opinions with local colleagues.



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 FY2020. In this way, we take appropriate measures to prevent infections.

#### Training themes (examples)

- ▶ Basic compliance training for new employees
- ▶ Compliance training for midcareer recruits
- ▶ Compliance training for new managers
- ▶ Training for new directors
- ▶ Training for new executives transferred to Isuzu Group companies
- ▶ Harassment prevention training for managers
- ▶ Education on the Act Against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors
- ▶ Education on the authorized exporter declaration procedure
- ▶ Drunk driving eradication campaign



Drunk driving eradication campaign (video streaming)



## Compliance

### 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 (help lines).

### 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. The same approach outlined above applies to foreign officials as well.

### Prevention of Anticompetitive Practices

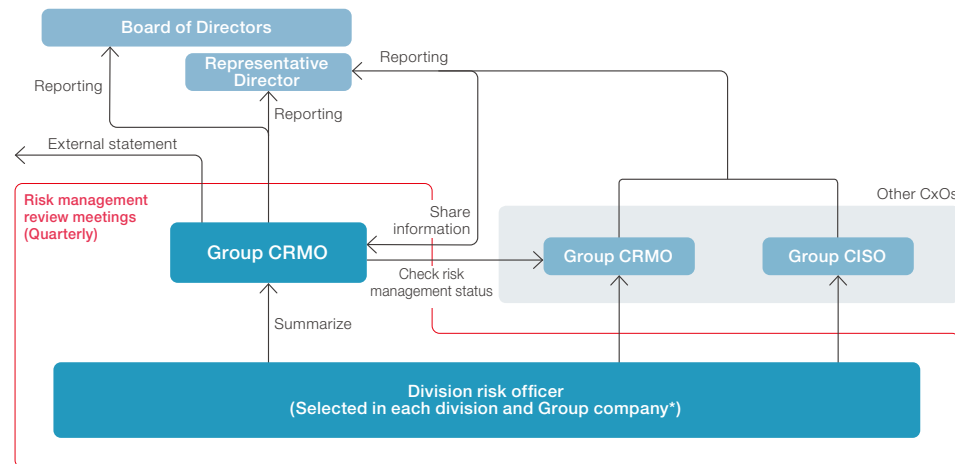
In its Compliance Guidebook, Isuzu requires all of its officers and employees to thoroughly comply with the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade and the Act Against Delay in Payment of Subcontract Proceeds, Etc. Periodically we inspect the relevant internal divisions'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

# Risk Management

## Basic Mindset

In 2020, the Isuzu Group shifted to a new risk management structure. A Group CRMO (Chief Risk Management Officer) is appointed and supervises risk management processes throughout the Isuzu Group. Group CRMO periodically identifies and evaluates risks in the management and execution of the Isuzu Group's business operations in an effort to properly control and in particular to reduce these risks. Risk Management Confirmation Meeting is held regularly to keep updated on the progress of measures against risks and the manifestation of risks and to tirelessly review measures and risk awareness. If a risk becomes manifest and turns into a crisis, Group CRMO assumes responsibility to form a task force and minimize the impact. In this way, Group CRMO plans and implements measures against risks. Results of the measures are reported to the management as appropriate. By doing so, the Group CRMO always takes comprehensive measures to manage risks.

## Management System

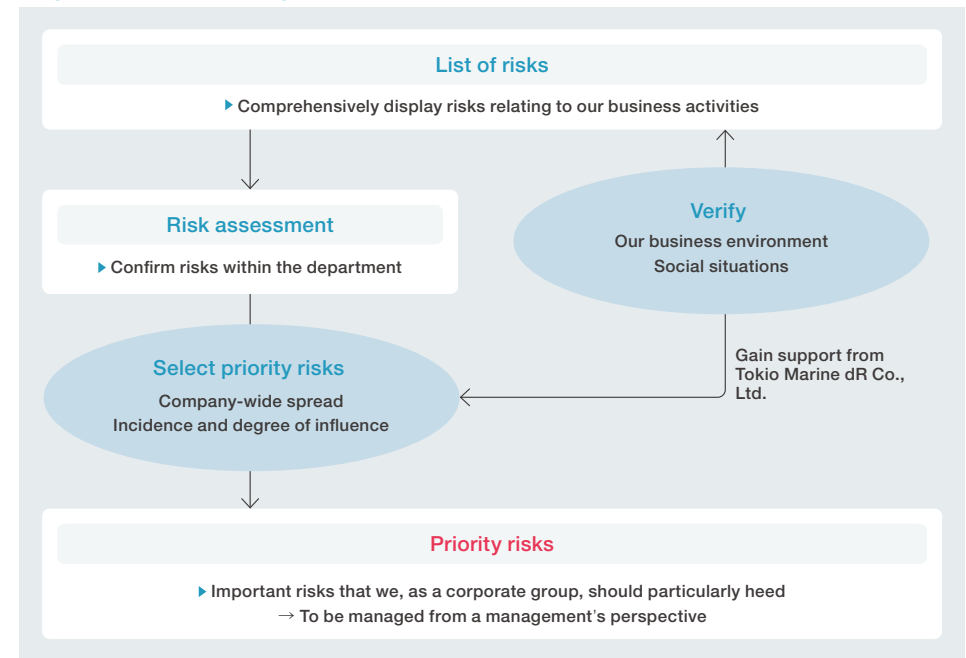


\* In addition to risk management review meetings, separate meetings are held to liaise between the secretariat and members.

## Risk Management Process

Isuzu comprehensively defines and assesses risks relating to its business activities before selecting priority risks that we, as a corporate group, should particularly heed.

### Diagram of Our Risk Management Process



## Risk Management

### Business and Other Risks

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 judgments of the Group as of the date of submission of the annual securities report (June 25, 2021).

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

(10) Product defects	<ul style="list-style-type: none"> <li>Follow strict quality control standards in manufacturing products.</li> <li>Find failure-related information early and share it through the Quality &amp; Customer Satisfaction Improvement Committee, discuss quality improvements across the Isuzu Group and supervise the operation of Group-wide quality management practices.</li> <li>Join products liability insurance.</li> </ul>
(11) Information security risks faced by an IT society	<ul style="list-style-type: none"> <li>Appoint a person responsible for handling information security risks and set up an organization specialized in information security.</li> <li>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.</li> <li>Conclude agreements with alliance partners on information security.</li> </ul>
(12) Risks concerning protection of intellectual property	<ul style="list-style-type: none"> <li>Promote efforts to protect intellectual property.</li> </ul>
(13) Secure and retain good human resources and ensure that performance is demonstrated	<ul style="list-style-type: none"> <li>Systematically recruit employees.</li> <li>Properly assign or reassign the right persons to the right positions.</li> <li>Operate the system concerning employees' education, training and career advancement.</li> <li>Properly use the personnel appraisal system.</li> </ul>
(14) Legal restrictions etc.	<ul style="list-style-type: none"> <li>Gather information about legal restrictions and related issues from different countries, especially Japan, United States, Thailand, China and Europe.</li> <li>Make investments and develop new technologies and products in preparation for changes in legal restrictions.</li> </ul>
(15) Risks latent in international activities and overseas expansion	<ul style="list-style-type: none"> <li>Keep updated on the following risks in different countries. <ul style="list-style-type: none"> <li>Fluctuation of political and economic situations.</li> <li>Unilateral changes in policies on permission, authorization and other issues and direct or indirect expropriation of the Isuzu Group's assets.</li> <li>Potentially negative effects on taxes.</li> <li>Restrictions on money transfer and redemption.</li> <li>Difficulty to recruit and secure human resources.</li> <li>Underdeveloped technological and social infrastructure (e.g. electric power, water and sewage, roads, ports).</li> <li>Social confusion resulting from terrorism, warfare, natural disaster, economic sanction and other factors.</li> </ul> </li> </ul>
(16) Disasters, etc.	<ul style="list-style-type: none"> <li>Periodically inspect all equipment for prevention of disasters.</li> <li>Formulate action plans in case a disaster or any other problem occurs, and provide training based on the plans.</li> <li>Formulate preventive and action plans against new types of influenza and other unknown infectious diseases, and provide training based on the plans.</li> <li>At an early stage, use outside consultants and other resources to obtain global information on new types of influenza and other unknown infectious diseases.</li> <li>Properly stockpile masks and other necessary supplies.</li> </ul>
(17) Climate change	<ul style="list-style-type: none"> <li>Formulate the Isuzu Environmental Vision 2050.</li> <li>Sophisticate our preparedness to continue our business operations.</li> <li>Develop and market GHG-free products.</li> </ul>

\*For details of these risk items, also see our annual securities report.

## Risk Management

### COVID-19

Isuzu continues to take measures to prevent infections while keeping its production and after-sales service operating with the aim of, as a commercial vehicle manufacturer, maintaining the social infrastructure for purposes such as transportation of medical supplies and daily commodities.

As one of our initiatives to contribute to local communities, Isuzu Hospital and other Isuzu-affiliated facilities are opened for use as COVID vaccination venues at the request from municipal governments.

As for products, our commitment to route buses includes industry-government-academia cooperation in the simulation of in-vehicle ventilation. Results of the simulation are available on our website<sup>\*1</sup>. Based on the results of the simulation, we took actions such as launching products for drivers to prevent droplet infection and adding optional aerosol filters which are equally effective to in-vehicle ventilation with open windows.

The COVID-19 pandemic is changing people's values. Despite this, we will endeavor to identify needs from customers and communities and promptly take action.

<sup>\*1</sup> A notice on the simulation of internal ventilation of a route bus

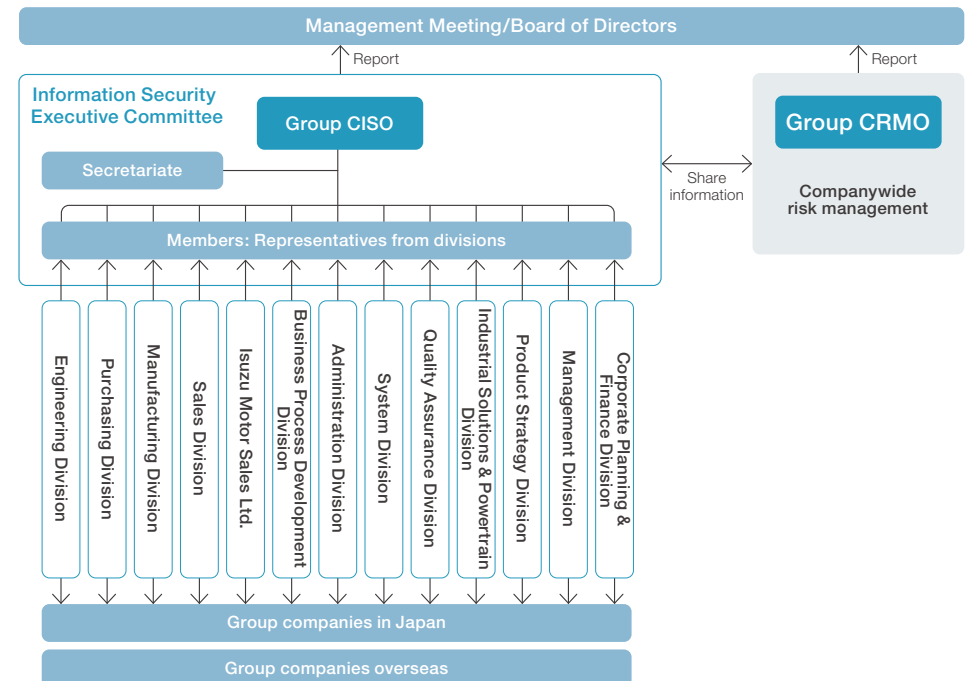
### Information Security

As the risks of information security become more serious, we are working to reinforce our information security under the leadership of the Isuzu Group CISO (Chief Information & Security Officer) across the Group.

To facilitate the management of our information security, we maintain the Isuzu Group Information Security Policy and lay out rules for companies of the Isuzu Group. Each of the rules is based on the Cybersecurity Management Guidelines provided by the Ministry of Economy, Trade and Industry, ISO21434, ISO27001, NIST SP800-171 and other laws, regulations and standards. Furthermore, we take part in Auto-ISAC<sup>\*2</sup>, an organization that has started operating in Japan and the United States and gathers and analyzes information on vehicles' cybersecurity. In this way, we are structurally growing capable of collecting and addressing the issues detected within the industry.

<sup>\*2</sup> Auto-ISAC: Automotive Information Sharing and Analysis Center, an automobile cyber security organization based in North America. Japan Automotive ISAC was established in Japan in February 2021.

### Information Security Management Structure



## GRI STANDARDS INDEX

GRI Standards	Disclosures		Medium of publication	ISO26000
GRI 101 :Foundation 2016				
General Disclosures				
102:General Disclosures (2016)	102-1	Name of the organization	<a href="#">WEB</a> Corporate Profile > About Isuzu > Corporate Profile <a href="#">WEB</a> Investor Relations > Fact Book	6.3.10 6.4.1-6.4.2 6.4.3 6.4.4 6.8.5 7.8
	102-2	Activities, brands, products, and services	<a href="#">WEB</a> Corporate Profile > About Isuzu > Corporate Profile <a href="#">WEB</a> Investor Relations > Fact Book <a href="#">WEB</a> Product Lineup <a href="#">WEB</a> Distributors Network <a href="#">WEB</a> Corporate Profile > About Isuzu > Global Business - Products -	
	102-3	Location of headquarters	<a href="#">WEB</a> Corporate Profile > About Isuzu > Corporate Profile <a href="#">WEB</a> Investor Relations > Fact Book	
	102-4	Location of operations	<a href="#">WEB</a> Corporate Profile > About Isuzu > Group companies (Japanese only) <a href="#">WEB</a> Corporate Profile > About Isuzu > Global Business - Overseas Subsidiaries Offices -	
	102-5	Ownership and legal form	<a href="#">WEB</a> Corporate Profile > About Isuzu > Corporate Profile <a href="#">WEB</a> Investor Relations > Fact Book	
	102-6	Markets served	<a href="#">WEB</a> Investor Relations > Fact Book <a href="#">WEB</a> Corporate Profile > About Isuzu > Global Business - Overseas Subsidiaries Offices -	
	102-7	Scale of the organization	Respect for Employees > Social Performance Data <b>(P.71)</b> <a href="#">WEB</a> Corporate Profile > About Isuzu > Corporate Profile <a href="#">WEB</a> Investor Relations > Fact Book	
	102-8	Information on employees and other workers	Respect for Employees > Social Performance Data <b>(P.71)</b> <a href="#">WEB</a> Corporate Profile > About Isuzu > Corporate Profile <a href="#">WEB</a> Investor Relations > Fact Book <a href="#">WEB</a> Securities Report (Japanese only)	
	102-9	Supply chain		
	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	ISO26000
	102-11	Precautionary Principle or approach	Environment > Management Approaches > Isuzu Group's Charter on the Global Environment (P.16) Environment > Report on Isuzu Group Activities > Isuzu Group Environmental Promotion Scheme (P.19) Quality > Product Quality Improvement > Initiatives for Higher Field Quality (P.43) Governance > Compliance > Internal (P.98) Governance > Compliance > Isuzu Group (P.99)	6.3.10 6.4.1-6.4.2 6.4.3 6.4.4 6.8.5 7.8
	102-12	External initiatives	Message from the President (P.04) Environment > Management Approaches > Contributions to Sustainable Development Goals (SDGs) (P.19) Environment > Isuzu Environmental Vision 2050 > Isuzu Environmental Vision 2050 (P.17)	
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