

**ISUZU**

# Integrated Report 2024

ISUZU MOTORS LIMITED



## Corporate Philosophy



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

Accelerate the future of Isuzu.

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



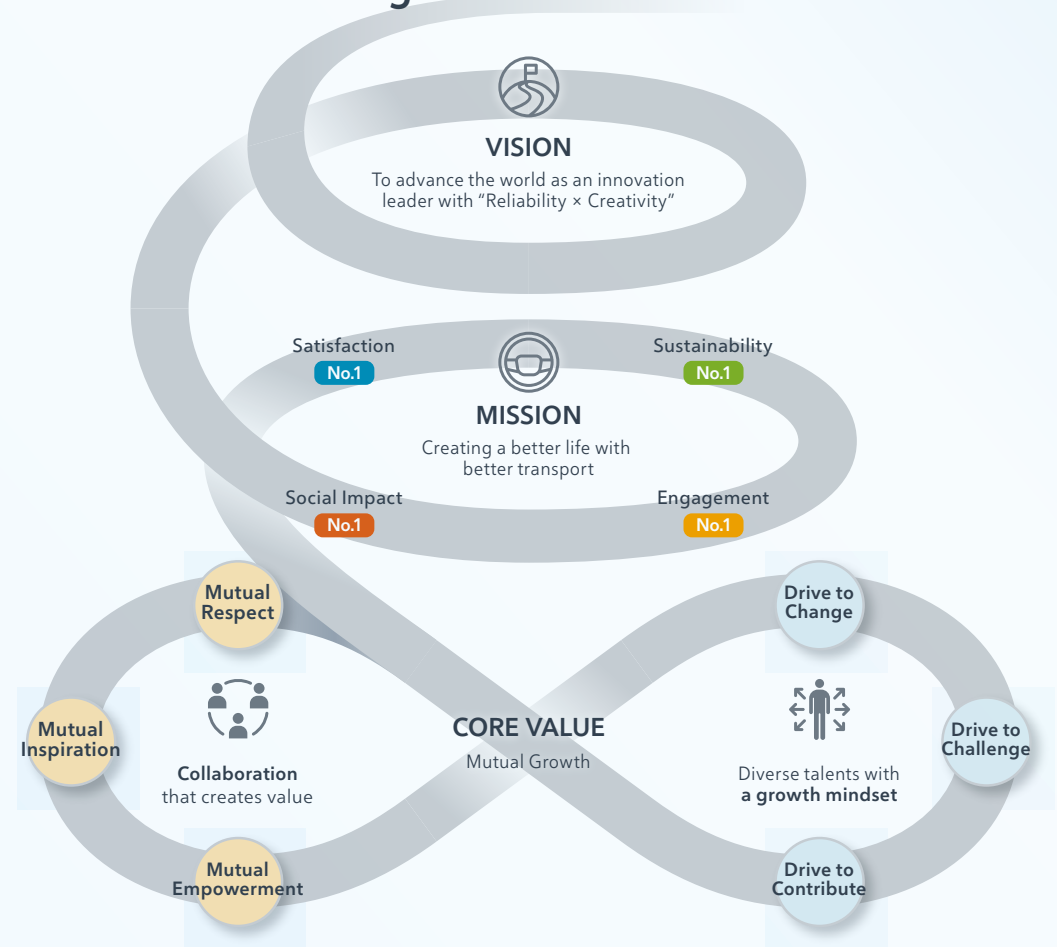
## Moving the World - for You



ISUZU  
IKIGAI



ISUZU  
IDEALS





Our purpose is Moving the World - for You.

Our vision is to advance the world as an innovation leader with "Reliability x Creativity."

In making our purpose and vision a reality and providing solutions to the issues facing our customers and society, simply underpinning transportation will not be enough.

It is essential that we create new businesses as a company that spurs innovation.

We aspire to be such a company through our new strategy,

Isuzu Transformation - Growth to 2030.

Our aim is to transform into a commercial mobility solutions company through

Isuzu Transformation - Growth to 2030.



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### Editorial Policy

ISUZU MOTORS LIMITED Integrated Report 2024 aims to describe to stakeholders the Isuzu Group's medium- to long-term business strategies, the business foundations that support them, and its business activities for solving social issues.

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

#### • Scope of Report

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

#### • Period Covered

Generally, this report covers the Company's business activities in fiscal 2024, the year ended March 31, 2024. However, information pertaining to Company activities before and after the reporting period is also featured.

#### • Time of Publication

Published in September 2024 (the next report is slated for issuance in September 2025.)

#### • Referenced Guidelines

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



#### • Forward-Looking Statements

Forward-looking statements, performance forecasts, and the Company's plans contained in this report are based on the latest available information at the time of publication and represent management's best judgments. Please note that actual results may differ materially from the abovementioned statements, forecasts, and plans due to various

factors, including but not limited to changes in economic conditions and product demand in major markets, fluctuations in exchange rates, changes in Japanese and international regulatory standards, and revisions to accounting standards and practices.

#### • Inquiries about the Report

Sustainability Department, Sustainability Planning Group  
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#### • Positioning of Published Documents



Financial Information ← → Non-Financial Information

# We will create new businesses and reform our management in our aim to evolve into a commercial mobility solutions company.

In April 2024, Isuzu unveiled its new medium-term management plan: ISUZU Transformation—Growth to 2030. Amid calls for solutions to the social issues facing the logistics domain, Isuzu aims to make reforms to its leadership and approach to organizational management and evolve into a purpose-driven community with a stronger desire to take on challenges. In doing so, the Company aims to achieve sustainable value creation by not only strengthening existing businesses but also creating new businesses with a view to the long term and rising to the challenge of being a provider of solutions.

# CEO

**Masanori Katayama**

Chairman and  
Representative Director, CEO

# Message

Lecture at Innovation Day



## CEO Message

### Meeting Society's Growing Expectations

A company is a public institution that benefits society. I often remind our employees of this. The primary mission of a company should not be to increase its own profits, but to provide value to society. Therefore, I believe that a company should only exist if it meets the expectations of society. Throughout our history, we have provided products and services that respond to the needs and challenges of our customers and society. One example of this is PREISM, a maintenance service aimed at satisfying our customers' need to keep their operations running. However, the environment surrounding commercial vehicles is undergoing a once-in-a-lifetime transformation. It is no overstatement to say that never before in its history has Isuzu been expected to play the role of a public institution that benefits society more than it is now. The expectation for Isuzu to create new products and solutions is rising. I feel a keen sense of this when I engage with customers and our many other stakeholders.

I believe that this expectation of Isuzu to create even more value is a result of our success in steadily implementing the measures of our previous medium-term business plan, Medium-Term Business Plan 2024, and solidifying our foundation for becoming a leading commercial vehicle company in both name and reality. In fiscal 2024, the final year of Medium-Term Business Plan 2024, we achieved all of our financial targets, posting net sales of ¥3.4 trillion, operating income of ¥293.1 billion, and ROE of 12.7%. Regarding our products and services, we implemented a full model change of our mainstay N-Series and F-Series models, launched mass-produced battery-electric vehicles (BEVs), unveiled BEV route buses, and commenced operation of our commercial vehicle information platform, GATEX. Through these efforts, I believe that we have laid a foundation for future growth that will enable us to further grow our existing businesses while addressing the challenges we expect to face in the future, such as achieving carbon neutrality and keeping pace with developments in connected, autonomous, shared & service, and electric (CASE) technologies.

As Japan faces pressing challenges, such as the "2024 issue"\* and the need to improve logistics efficiency and address labor shortages, Isuzu is increasingly fielding questions from customers wishing to know what kind of technologies and products the Company can provide in response to these challenges and telling us that they are looking forward to seeing the solutions that Isuzu has to offer. In addition, I believe that my appointment as chairman of Japan Automobile Manufacturers Association, Inc. is another indication of the fact that the logistics and commercial vehicle domains have become a central focus in the pursuit of solutions to issues that affect the entire automobile industry, and that Isuzu's role in this pursuit is becoming increasingly important.

I recognize that in order to meet these expectations, it is Isuzu's responsibility to clarify its long-term vision, identify what issues need to be addressed in the development of its future products and services, and deliver the solutions that will contribute to solving said issues. To this end, while keeping short-term profitability in mind, I believe that Isuzu should actively increase investments for the future and conduct business operations from a long-term perspective, which will ultimately lead to sustainable value creation.

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

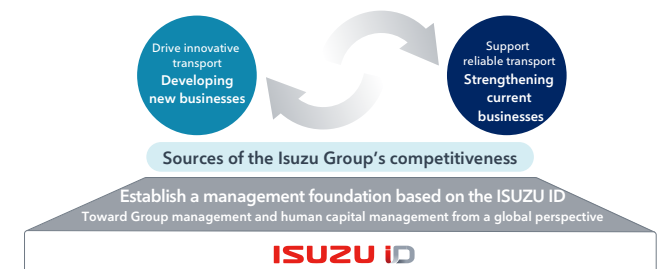
### Creating Value with a View to 2030

#### Evolving into a Commercial Mobility Solutions Company

In April 2024, Isuzu unveiled its new medium-term management plan: ISUZU Transformation—Growth to 2030 (hereinafter "ISUZU Transformation"). We have set 2030 as the final year of the plan and will continue to expand our business foundations over the next seven years. By putting in place a seven-year medium-term business plan through 2030, rather than a conventional three-year plan, we have indicated to those both inside and outside the Company our commitment to taking a

long-term perspective in responding to increasingly diverse needs and an ever-changing business environment. In ISUZU Transformation, we have set forth our vision of becoming a commercial mobility solutions company based not only on forecasts that consider the current business environment but also backcasting from where we want to be in 2030 in order to realize our corporate philosophy, the ISUZU ID. This is attributable to the fact that Isuzu faces two different types of market. The first is a market in which we respond to demand for vehicles—the market in which we are currently positioned. The second is a market centered on services and products that utilize next-generation technologies, such as autonomous driving and connected services.

For Isuzu to sustainably create value in both markets, it must change its business model. In providing solutions to the issues of improving logistics efficiency and addressing labor shortages that I mentioned earlier, it will not be enough for us to only offer products and services that focus on vehicles—or hardware—as we have done in the past. It will now be necessary to offer value in the form of solutions and services that utilize new technologies. Put simply, we need to focus on software as well as hardware. During ISUZU Transformation, we aim to achieve net sales of ¥6 trillion and an operating income ratio of 10% or more by further strengthening the revenue bases of our existing businesses so that we can develop and invest in new businesses with the profits earned from existing businesses.



## CEO Message

### Aiming to Resolve Social Issues by Pursuing New Businesses

A closer look at the two markets I mentioned earlier reveals two entirely different landscapes. In the first market—in which we operate our existing businesses—Isuzu has established a leading position in various vehicle categories, such as the light-, medium-, and heavy-duty vehicle categories in Japan; the low cab forward truck category in North America; and the light commercial vehicle category in Thailand. In overseas markets, there are certain needs and business areas that Isuzu has yet to tap into, such as the expansion of after-sales services and the development of existing connected services such as PREISM. Based on our current market share and customer base, we aim to monetize what has hitherto been a void in the market by rolling out to overseas markets our model for providing operational support for the entire life cycle of a vehicle, which combines the connected services and maintenance leasing that Isuzu has established in Japan. If we can establish such a business model, we will have room to expand our top line beyond what is currently apparent in our market share and revenue figures, and we expect that achieving ¥5 trillion in net sales as our baseline for 2030 will be well within our reach.

The second market differs from that of our existing businesses and is an entirely new venture for us. One might call it a “mobility” market rather than the traditional “commercial vehicle” market. What is clear is that we will shift the emphasis of providing added value from hardware to software in order to meet future customer needs, resolve social issues, and ultimately grow Isuzu itself. The market, however, has not yet fully taken shape, and I believe that the seven-year period through 2030 will be critical in determining whether or not we will be able to establish a system that can respond to such a shift. In my personal opinion, the current state of the mobility market could be likened to the original iPhone. Today, smartphones including the iPhone have evolved beyond their functions as telephones and portable computers to become devices that can be used for e-commerce platforms as well as a means of making cashless payments and trading digital currencies. When the original

iPhone was being developed, however, who could have envisioned how far-ranging the applications of smartphones would become? The same is true for today's autonomous driving and connected services. Various service models, such as mobility as a service, have been implemented, but the market is far from being fully defined. For example, if technology progresses to the point where, without human intervention, objects are able to communicate and execute tasks with other objects and vehicles with other vehicles, then the shape of the mobility market will change significantly.

However, with the need to offset labor shortages with autonomous driving and efficient transportation becoming ever more pressing by the day, we cannot simply wait for the market to take shape. As in the example of the original iPhone, Isuzu must take the lead in creating new products and services. The fact that Isuzu has set a target of ¥1 trillion in new businesses by the 2030s shows Isuzu's determination to shift its focus on added value from its conventional business model centered on hardware to software.

Commercial vehicles not only have a wide range of specifications and applications in various countries, regions, and industries but are also subject to various laws and regulations. In order to comply with such conditions and provide new products and services, it is essential that manufacturers understand how they are used and their various states when in operation. Isuzu has established a strong global client base, centered on Japan and the ASEAN region, and built a network of external business partners, such as vehicle body manufacturers. Over many years, Isuzu has leveraged this network to collect data on the state of vehicles when being operated under a wide variety of conditions as well on their maintenance status, and I am confident that our ability to propose optimal products and services based on this knowledge of how they are used is a strength of Isuzu and a major competitive advantage.

### — Evolving into a Purpose-Driven Community Called “Isuzu”

As I mentioned earlier, a company is a public institution that benefits society. As such an institution, Isuzu must meet the expectations of stakeholders and create value that contributes to resolving social issues while sustaining its own growth. That said, there are many challenging issues, such as the 2024 issue and the shrinking working population, that Isuzu cannot solve alone. For us to respond to these issues as a mobility solutions company, we will need to enlist outside support to supplement the technologies and human resources that Isuzu alone does not have in sufficient quantities. To this end, we must cease to be the closed-off corporate entity known as “Isuzu.” We must instead remove the barriers between the Company and the outside world and evolve into a purpose-driven community that shares objectives and values. As well as actively engaging in co-creation with our external partners, we aim to be an organization that can actively incorporate human resources from outside the Company. The ISUZU ID, which we formulated in May 2023, was the first step forward in this endeavor. By determining what Isuzu aims to accomplish in the future—something I often refer to as our “North Star,” which serves as a guidepost for the Company—we have identified the values that should be shared both inside and outside the Company.

However, it will take a considerable amount of time for Isuzu to evolve into a purpose-driven community in the truest sense. This is because the Company had the bitter experience of being unable to protect the employment of some of its staff during the management crisis of the early 2000s. I experienced firsthand the trauma of that time, which instilled in me the mindset that I must protect the employment of my staff at all costs, and I unintentionally constructed a thick shell between Isuzu and the outside world. Only when we break out of this closed-off shell known as “Isuzu” and become a group that is open to the outside world can we evolve into a purpose-driven community whose values resonate with external partners and other external stakeholders.

## CEO Message

### Human Capital Management: The First Step toward Becoming a Purpose-Driven Community

In order to realize the ISUZU ID and achieve its strategic business goals, Isuzu is promoting a transition toward human capital management and global Group management. To evolve into a purpose-driven community and break down the barriers between Isuzu and the outside world, we need to transform into an organization that can function in a sustainable manner, rather than depending on specific individuals. Instead of establishing duties and organizational structures in line with the attributes and abilities of specific individuals, we are transforming into a function-based organization that first defines duties and organizational structures and then assigns the right person to the right position in accordance with how well their skills align with the requirements. As a first step to achieving this transformation, in April 2024, we introduced a new personnel system and made reforms to our organizational structure with the aim of strengthening our management structure. The new personnel system, which was introduced for management at Isuzu, clearly defines job responsibilities and levels of authority, assigns human resources in line with established duties, and implements a fair evaluation and compensation system. By clearly defining duties, we will

dismantle the conventional seniority based evaluation and compensation system and promote the development of a system that enables employees with the ability and desire to take on challenges to be recognized without being restricted by their background or years of service. From April 2025, the new personnel system will be introduced to Isuzu on a Companywide basis before being gradually rolled out to Group companies.

With regard to organizational reforms, we newly established the positions of chief strategy officer (CSO) and chief monozukuri officer (CMzO), who, together with the chief operating officer (COO), directly support the CEO. In addition, we are working to further clarify the responsibilities and jurisdictions of the executive vice presidents (EVPs), who are the heads of each division, while strengthening and expediting management activities, including how the Management Meeting is run.

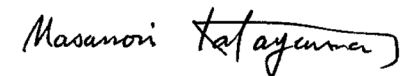
We introduced a system in which the EVP in charge of a division holds discussions with the relevant chief-level officer prior to submitting a proposal to the Management Meeting to ensure that it is consistent with the Company's overall strategy. The Management Meeting then discusses the impact of the proposal on other areas of the Company and makes a collective decision. This system has led to faster decision-making while developing discussions on management issues.

The management crisis of the early 2000s fostered a corporate culture at Isuzu in which the survival of the Company was paramount and stability was prioritized over taking risks. At the time, this was the best solution for the Company, but it is crucial that we dispel that culture in our pursuit of becoming an organization that takes on new challenges. In our efforts to spur innovation and create new businesses, it is critical that we identify where we are lacking and what our strengths are and engage in serious discussion about such matters. While I recognize that things will not change overnight, I will continue to promote the ISUZU ID throughout the Group.

### A Message to Our Stakeholders

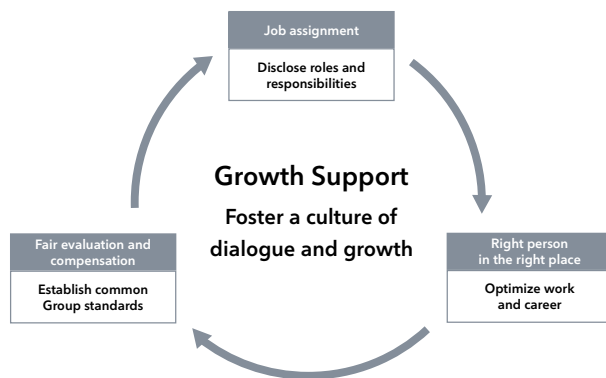
The automobile industry has long been at the core of Japan's competitive edge in manufacturing, employing millions of people, including those in peripheral industries such as materials. In the current environment of drastic change, companies have a responsibility to play their part in strengthening Japan's competitiveness by building a system of cooperation across industrial boundaries, rather than trying to survive on their own. As CEO of Isuzu—a leading commercial vehicle company—I will continue to lead Isuzu not only in achieving growth and creating sustainable value for the Company itself but also with a constant view to resolving issues in society and the automobile and logistics industries. Furthermore, for Isuzu to continue its operations, the support of our investors and other stakeholders will be indispensable. I will continue to make sincere efforts to disclose information and engage in dialogue with our stakeholders while striving to enhance Isuzu's corporate value.

September 2024



Masanori Katayama  
Chairman and Representative Director, CEO


#### Establish a Comprehensive Foundation for Human Capital Management



### Becoming an Organization That Takes on Even Greater Challenges

In conjunction with institutional reforms, we are working to familiarize employees with the ISUZU ID and transform ourselves into an organization that takes on new challenges. Following on from 2023, we held our second ISUZU Innovation Day in April 2024, and we undertook various other measures to promote the ISUZU ID over the past year, including at Group companies in Japan and overseas. Even so, I feel that we are only halfway through our transformation into an organization that takes on new challenges. It is essential that we continue our activities to this end, but I believe we are entering a phase in which we need to reexamine the substance of our activities, rather than just the form, to increase their effectiveness and impact.





**We will reinforce our existing**  
**businesses while creating new ones**  
**that will serve as the foundation for**  
**a new stage of growth for Isuzu.**

In order to realize our new medium-term business plan, ISUZU Transformation—Growth to 2030 (hereinafter “ISUZU Transformation”), we will enhance our profitability by strengthening existing businesses while pursuing the creation of new businesses. With our existing businesses at the core of ISUZU Transformation, we will establish a stable profit structure worldwide while aiming to enhance our earning power.

**COO**

**Shinsuke Minami**

President and  
Representative Director, COO

**Message**

## COO Message

### — Making Solid Preparations for Isuzu's Next Stage of Growth with Medium-Term Business Plan 2024

During the three-years of Medium-Term Business Plan 2024, which started in April 2021, Isuzu saw costs rise as it faced soaring material and logistics expenses, while at the same time feeling the impact of the depreciation of the yen and other factors that made for an unstable external business environment. Despite these circumstances, the effects of pricing measures, cost reduction activities, and efforts to expand after-sales services enabled the Company to achieve net sales of ¥3.4 trillion, operating income of ¥293.1 billion, and ROE of 12.7% in fiscal 2024, the final year of the plan, exceeding the final targets set in the previous medium-term business plan.

In addition to our strong top-line performance, we made steady progress in planting the seeds for future growth under our "axis of innovation" initiative—one of the pillars of Medium-Term Business Plan 2024. This initiative promotes the development of future technologies and services, with a focus on carbon neutrality and connected services. In addition to the introduction of battery-electric vehicles (BEVs) to the market in conjunction with the full model change of the N-Series, we began operation of our commercial vehicle information platform GATEX. Demonstration tests and technological developments throughout the three years of the plan have helped to clear the path toward 2030, particularly with regard to carbon neutrality. As we outlined in *ISUZU MOTORS LIMITED Integrated Report 2023*, we select the optimal power source for each vehicle type based on how the vehicle is used. For example, we are developing light-duty vehicles with battery-electric power sources, as they are mainly used over short distances. Heavy-duty vehicles, on the other hand, are being developed with fuel-cell power sources since fuel-cell batteries perform better in vehicles that carry heavy loads and travel long distances.

As part of our efforts to strengthen existing businesses, we launched key new models in Japan and North America, our main markets in

developed countries, and strengthened our sales and service networks, ensuring that we achieved our revenue goals as planned. Meanwhile, we saw steady progress in other regions, such as the ASEAN region, but not quite enough to be in a position to generate stable revenue streams. I think it is extremely important for the Company, including UD Trucks Corporation, to carefully address the challenges being faced on a region-by-region basis, such as how operation management is carried out, costs, and product lineups.

### — Paving the Way to Evolving into a Commercial Mobility Solutions Company

#### Launching ISUZU Transformation

In ISUZU Transformation, announced in April 2024, the Isuzu Group has set forth its vision for 2030 of transforming into a commercial mobility solutions company based on forecasts that take into account the achievements and challenges of Medium-Term Business Plan 2024 and the current business environment, and backcasts from the ISUZU ID and the projected future business environment. To achieve this transformation, it is essential that we shift from our traditional product-oriented approach to creating value by becoming more solution-oriented, allowing us to generate added value and revenues in new domains. The Company aims to expand its business through a two-pronged strategy: increase revenues by strengthening existing businesses and use the resources gained in doing so to invest in new businesses.

We will further strengthen our business foundations, aiming for a total sales increase of 180,000 commercial vehicles and light commercial vehicles to total 850,000 units or more in fiscal 2031 compared with fiscal 2024, and net sales of over ¥5 trillion. In the commercial vehicle business, we will further accelerate the creation of synergies through mutually complementary sales channels, service channels, and products with UD Trucks and achieve extensive global sales expansion, aiming to sell 450,000 units or more in fiscal 2031. In the light commercial vehicle business, we will expand into regions where demand is expected to grow, such as the Global South, aiming

to sell more than 400,000 units by fiscal 2031. We will also look to expand and grow the business by diversifying power sources and developing fundamental technologies for next-generation models.

By strengthening businesses across the Group and creating new businesses, centered on the three areas of autonomous driving solutions, connected services, and carbon-neutral solutions, we aim to achieve sales of ¥6 trillion and an operating income ratio of 10% or more by the fiscal year ending March 31, 2031.

#### Aiming to Build a Solid Revenue Base

The creation of new businesses will be crucial for Isuzu to achieve sustainable growth in the future. It is our existing businesses, however, that will provide the resources for making this happen, so we must ensure that we create a solid revenue base to support these new businesses. Currently, approximately 70% of Isuzu's sales are made outside of Japan, meaning its profit structure is affected by foreign exchange rates. Under the current historically weak yen, Isuzu is able to generate more revenues than it would without the tailwind of the exchange rate. I believe that it is essential, however, to enhance Isuzu's earning power to enable the Company to generate stable revenues, even if the yen swings to a stronger level.

In the commercial vehicle business, in which the vehicles we sell are used for a long time, it is important to solidify our revenue base by expanding after-sales services. In Australia, our after-sales customer service initiatives, which have been ongoing for more than twenty years, have contributed to an increase in revenues. The Australian commercial vehicle business maintained the number one position in terms of both sales volume and market share for 35 consecutive years.\* With these and other successful examples in mind, we will begin the overseas rollout of an operational support service that spans the total life cycle of a vehicle—a model that combines the connected technologies and high-quality maintenance services we have developed in Japan. Isuzu is building a system overseas in which it offers maintenance leases and provides visits

\* Between 1989 and 2023

## COO Message

to service centers and preventive maintenance before breakdowns occur. This system enables Isuzu to support customers every step of the way, from supplying vehicles to replacing them and helping add new vehicles to their fleet. This will provide added value to customers by allowing issues to be fixed before they lead to breakdowns, meaning their operations can continue without interruption. It also has the potential to encourage customers to choose Isuzu when replacing their vehicles if they are satisfied with the service and increase opportunities to provide after-sales services through regular service center visits.

Ultimately these efforts are also connected to part of our mission set forth in the ISUZU ID—to become No. 1 in customer satisfaction. Under ISUZU Transformation, the Group will promote maintenance leasing and the development of EVision, starting in North America, where demand for commercial vehicles is strong and calls for a transition to Electric Vehicles are also increasing.

Meanwhile, in Australia and the ASEAN region, the Company is currently working to develop and expand its maintenance leasing and after-sales networks, with a view to rolling out connected services in the medium term. Market conditions are particularly challenging in the ASEAN region, and the development of after-sales services, which can generate revenues from vehicles that are currently owned, is a task that needs to be approached both from the perspective of securing short-term revenues and building a business model for the medium to long term.

Light commercial vehicles, which are sold in the ASEAN region, are facing similarly challenging conditions to commercial vehicles. While current demand is slowing in Thailand, one of our key markets, latent demand remains, and we expect a recovery in demand over the long term in line with economic growth. In addition, we aim to strengthen our presence in the Global South. Demand in these regions is expected to increase as a result of economic growth, so we will bolster our sales networks and relocate and expand our production bases to build a supply system that can respond to demand.

### Building a System to Increase Vehicle Sales

Looking further down the time line of ISUZU Transformation, I believe that the Company will only achieve sustainable growth if it develops manufacturing capabilities and builds a supply chain with a production capacity of 1 million units by fiscal 2031. To this end, we will invest ¥1.6 trillion in existing businesses during the duration of ISUZU Transformation. Among other issues, I see improving the efficiency of our production and maintenance facilities and updating our equipment as a priority. First, we will increase our production capacity, which currently stands at 800,000 units. In Japan and Thailand, where our core sites are located, it is necessary to reduce manpower and improve efficiency in order to increase production capacity while coping with the expected shrinking of the workforce in the future. At Isuzu's flagship Fujisawa Plant in Japan and its Samrong Plant in Thailand, some equipment has been in operation for several decades. As such, we will focus investments on upgrading equipment, which will also improve efficiency.

At the same time, we will strengthen the foundation for increasing unit sales by creating further synergies with UD Trucks, which became a wholly owned subsidiary of Isuzu in 2021. There are three stages to our synergy creation. The first is to create synergies under our existing organizational structure. This entails the sharing of maintenance facilities and the joint development and sale of new tractor heads, as implemented under Medium-Term Business Plan 2024. The second stage is to create synergies through changes to organizational structures, and the third is to create synergies by extending the scope of our efforts to include the integration of organizations and products. Given the differences in the organizational cultures of Isuzu and UD Trucks, under Medium-Term Business Plan 2024, we limited ourselves to the first stage of synergy creation and concentrated on considering how best to execute integration in the future. This is because Isuzu, which is a Japanese company, and UD, Trucks a company that developed a European-style corporate culture under the umbrella of the Volvo Group, thought that a hasty merger would cause a major disruption. ISUZU Transformation goes a step

beyond Medium-Term Business Plan 2024, setting forth aims to unify sales and maintenance networks across Isuzu and UD Trucks' supply chains, as well as integrating the reporting lines of their various divisions. While retaining the brands of both companies, we seek to create a system of integrated development, production, and sales. At the same time, we are looking to realize the third stage of synergy creation under ISUZU Transformation. Specifically, we plan to jointly develop and launch a heavy-duty truck by 2028. Through the above measures, we aim to generate synergistic benefits amounting to more than ¥40 billion under ISUZU Transformation—a ¥26 billion increase from the ¥14 billion generated under Medium-Term Business Plan 2024.

### Priority Issues in the Software Domain

Using the resources generated from existing businesses, we will invest ¥1 trillion in innovation in the areas of carbon neutrality and autonomous driving, aiming to create new businesses with net sales of ¥1 trillion in the 2030s. I recognize that the creation of new businesses is a challenge that Isuzu needs to undertake in order to ensure its own survival. As well as creating businesses in the hardware domain, such as one that supplies electric vehicles geared toward realizing a carbon-neutral society, we are also working to create businesses in the software domain, such as solutions that promote efficiency and address labor shortages. Depending on their specifications and how they are used, it is possible that vehicles could be designed around autonomous driving and other software. To achieve this, I believe it is essential to create added value in terms of both hardware and software.

The current priorities for investing in innovation are the mass production of electric vehicles and the development of autonomous driving technologies. To realize our goal of providing electric vehicles in all vehicle categories—one of our solutions for becoming carbon neutral—we believe that we need to develop the technology needed to mass produce such vehicles by 2027. By 2030, we expect batteries and electric components to be produced using a combination of various

## COO Message

ready-made parts. To this end, it is essential that we assess and identify the optimal combination of batteries and components for each vehicle model and specification. At the EARTH lab., an electric vehicle development and testing facility that will commence operations in 2026, we will establish a system for evaluating components and systems and improving the performance of BEVs and fuel-cell vehicles.

In terms of developing autonomous driving technologies, although Isuzu has amassed data on the operating conditions and usage of commercial vehicles and has the necessary vehicle technologies, start-up companies in Japan and overseas are ahead of Isuzu in their development of autonomous driving control software. Naturally, Isuzu will develop its own software, but in response to the ever-increasing need for autonomous driving technologies, Isuzu should prioritize commercialization and offering solutions to social issues rather than focusing solely on developing technologies on its own. By actively collaborating with external partners, such as start-up companies, we will combine Isuzu's technology and assets with those of external partners, and we will continue to conduct demonstrations tests for new technologies and create new services with the aim of commercialization in 2027.

### ————— Taking a Fresh Approach to Human Resource Management That Will Serve as One of the Foundations of ISUZU Transformation

In order to underpin our business strategy and encourage employees to strengthen their expertise and take on new challenges, we will transform our approach to human capital management and undergo a shift to Group management that takes on a global perspective. As explained by the chairman and CEO, the first step toward this goal is to reform our human capital management. We will implement a new personnel system that first defines duties and then assigns the right people to the right positions, and establish a system to develop and recognize employees who are willing to take on new challenges.

Underlying the reform is the defensive approach that we have been adhering to for the last 15 years. Like Mr. Katayama, our CEO, I experienced firsthand the management crisis of the early 2000s, and I have always prioritized the survival of Isuzu and adhering to basic operational principles when leading the Company forward. While this has led to cost reductions and strengthened the financial position of the Company, I feel that it has also stifled the desire to take on new challenges, especially among current senior managers, who have not been afforded opportunities to take on new challenges. In order for Isuzu as a whole to be proactive in taking on challenges, it is essential to foster an environment in which leaders first take on challenges by themselves and then actively encourage their subordinates to take on challenges. Implementing the new personnel system starting with senior management was also based on this way of thinking.

In fostering a new corporate culture, it will be essential to not only put the personnel system in place but also thoroughly promote the ISUZU ID. One year has passed since the new corporate philosophy was formulated, and through various measures such as distributing information throughout the Company, I feel that employees are beginning to align their views toward realizing the ISUZU ID. One of my most memorable moments of the past year was when I visited the Fujisawa Plant in April 2024. When I visited the production site and talked to frontline employees, I was pleasantly surprised at how different this visit was compared with those in the past. It used to only involve reports on initiatives and a brief Q&A session, but this time I joined a discussion on what can be done to prevent accidents and make the workplace a more pleasant environment. In its aim to become No. 1 in employee engagement, as set forth in the ISUZU ID, the plant creates opportunities for such discussions on a daily basis, with team leaders actively working to create an environment of openness by taking the time to talk to each team member individually. I also saw firsthand that a culture is developing in which each individual is willing to take on challenges, embrace change, and contribute while respecting, trusting,

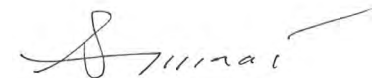
and inspiring others, embodying Isuzu's core value of mutual growth. That said, the reality is that the ISUZU ID cannot take root in every corner of the organization overnight. Going forward, we must continue to take measures to promote communication and help the ISUZU ID take root.

### ————— A Message to Our Stakeholders

For several years, the Company has been striving to manage its business with a greater awareness of capital markets and has been enhancing information disclosure and promoting corporate governance reforms, such as increasing the number of outside directors. As outlined in ISUZU Transformation, we intend to firmly present and realize the vision we aim to achieve and the strategies and investment paths that will lead to the realization of that vision. We believe that by continuing to steadily add to our revenues in line with our targets, we will be able to build relationships of trust with our investors and other stakeholders. Although there is still room for improvement, we will continue to actively disclose information and engage in dialogue.

As COO of Isuzu, I consider one of my key responsibilities to be building up the revenues that will be a foundation for future growth. In the future, we will invest the accumulated revenues and promote the creation of new businesses that will become a source of new added value. For this reason, it is imperative that we strengthen our current revenues. I will meticulously manage Isuzu's businesses operations, ensuring that the Company generates revenues and plants the seeds for the future growth.

September 2024



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

# Isuzu's History of Underpinning the Evolution of Transportation

## 1950s

## 1960s

## 1990s

## 2010s



Social Issues

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

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

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

Transportation needs diversify to include cutting-edge safety technologies, carbon neutrality, and CASE technologies

Isuzu's Countermeasures

### ► Diversification of lineup to include light- and heavy-duty trucks

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



N-Series/ELF TL 2-ton truck

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

### ► Expansion of global customer base

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



The Faster KB 1-ton pickup truck

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

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

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



PREISM

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

### ► Transition from underpinning transportation to creating next-generation transportation solutions

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



The N-Series EV launched in 2023

- 2019 Signs a comprehensive partnership agreement with Cummins Inc. to develop powertrains
- 2020 Signs an agreement with Honda R&D Co., Ltd. to conduct joint research on fuel-cell-powered heavy-duty trucks
- 2020 Concludes memorandum with the Volvo Group for a strategic alliance
- 2021 Establishes new company with Hino Motors, Ltd. and Toyota Motor Corporation to accelerate the promotion of the domain of CASE for commercial vehicles
- 2023 Executes full-model change of N-Series and F-Series trucks and adds electric vehicles to the N-Series lineup

For a more detailed time line, please refer to our website. <https://www.isuzu.co.jp/world/company/history.html>

# Vehicle and Product Lineup

## Commercial Vehicles

### • Light- and Heavy-Duty Trucks

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

### • Buses

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



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



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

## After-Sales Services

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

### • Connected services

**MIMAMORI:** Cloud-based fleet management service that remotely collects and analyzes vehicle operation information

**PREISM:** Advanced genuine maintenance system that utilizes remote data

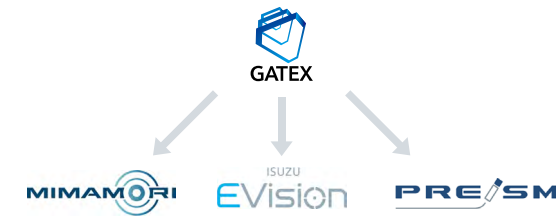
**EVision:** A comprehensive solutions program that supports customers in considering, introducing, and measuring the effectiveness of commercial electric vehicles

**GATEX:** A commercial vehicle information platform that serves as the basis for all of Isuzu's connected services

### • Maintenance services offered by our dealerships

**Leasing businesses**  
Maintenance leases, finance leases, and maintenance contracts

### • Used vehicle sales



Please see [page 29](#) for more information on Isuzu's connected services.

## Light Commercial Vehicles

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



Pickup truck D-MAX



PPV MU-X

## Powertrains

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



4LE2X



UM6HK1



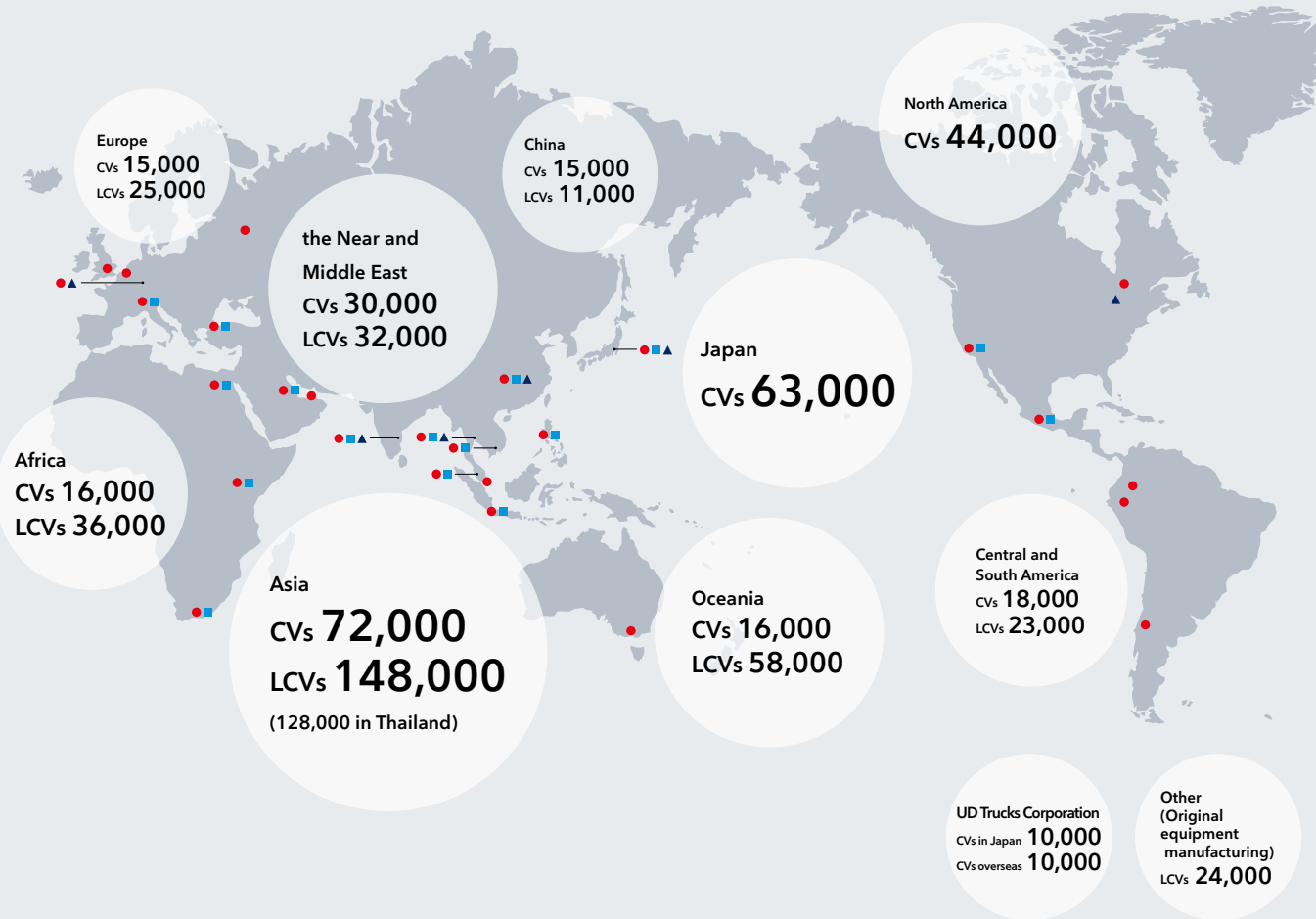
Please see our website for more information on Isuzu's connected services. <https://www.isuzu.co.jp/world/product/>

# Isuzu at a Glance

Areas of Operation  
Over **150** countries

Countries in Which Isuzu Holds No. 1 Market Share\*1  
**35**

Global Unit Sales\*2  
Approx. **670,000**



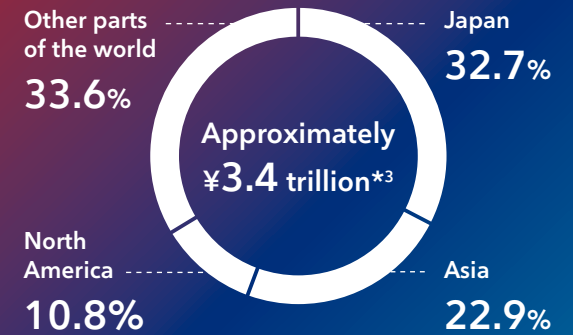
● Fiscal 2024 unit sales\*2 ● Sales site ■ Manufacturing site ▲ Development site  
CVs: Commercial vehicles such as light-, medium-, and heavy-duty trucks and buses  
LCVs: Light commercial vehicles such as pickup trucks

\*1 CY2023 results (January 2023–December 2023) Please refer to Isuzu's website for details regarding countries in which Isuzu holds the No. 1 market share.  
\*2 Figures include units delivered by knockdown shipment and assembled locally.

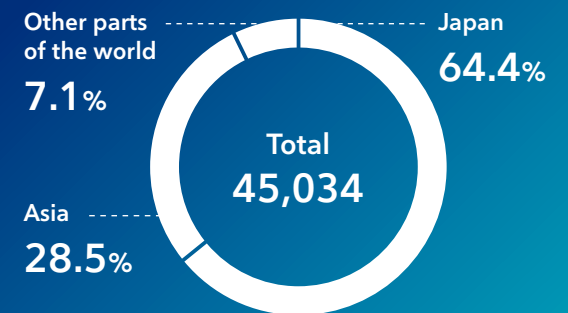
Founding  
**April 9, 1937**

Share Capital  
**¥40.6 billion**

## Net Sales



## Number of Employees by Region



\*3 Consolidated: ¥3,386.7 billion; non-consolidated: ¥1,318.0 billion

03

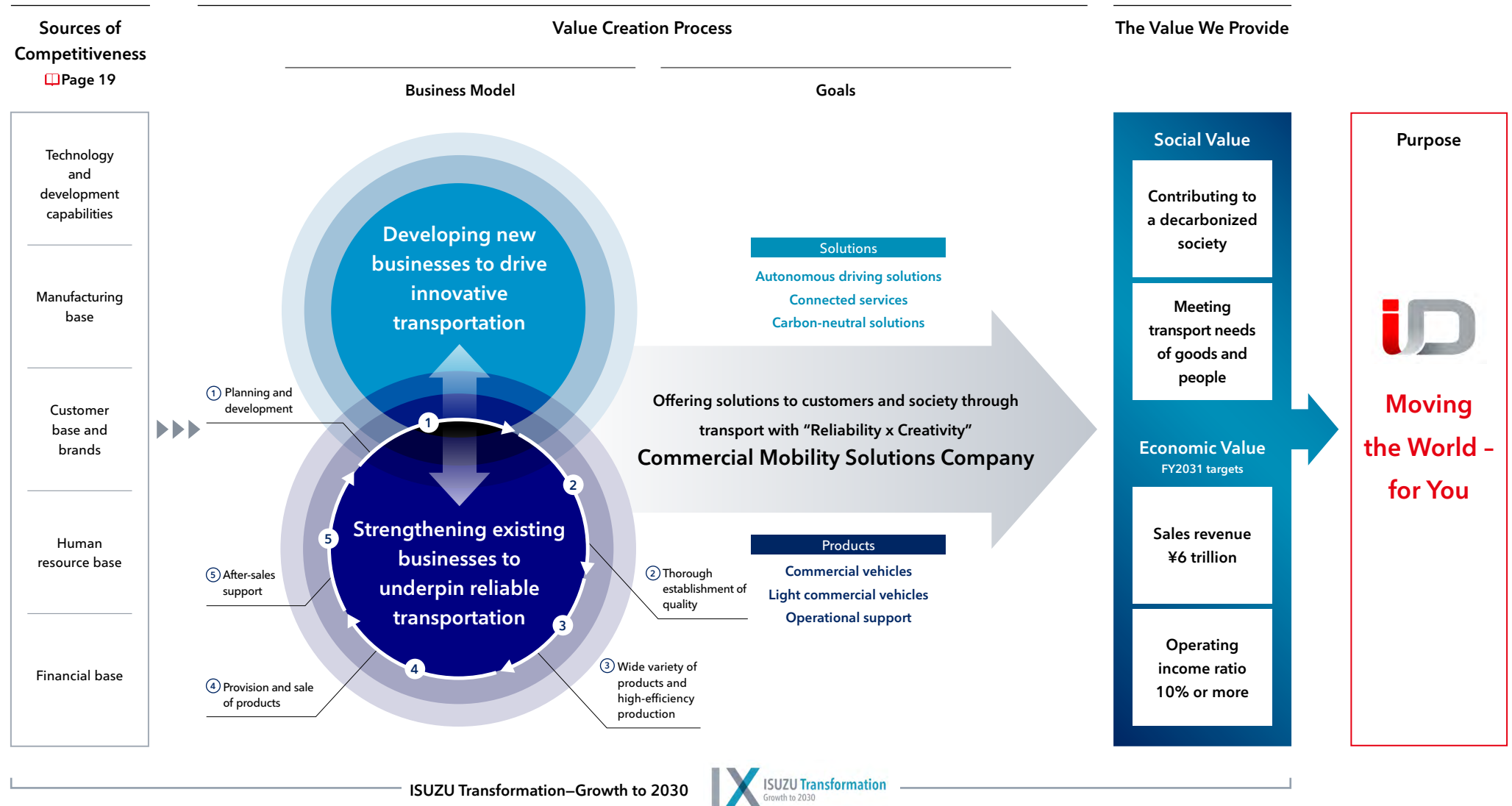
# The Value Creation Story of Isuzu

- 17 Value Creation Story
- 19 Sources of Competitiveness That Underpin Value Creation



# Value Creation Story

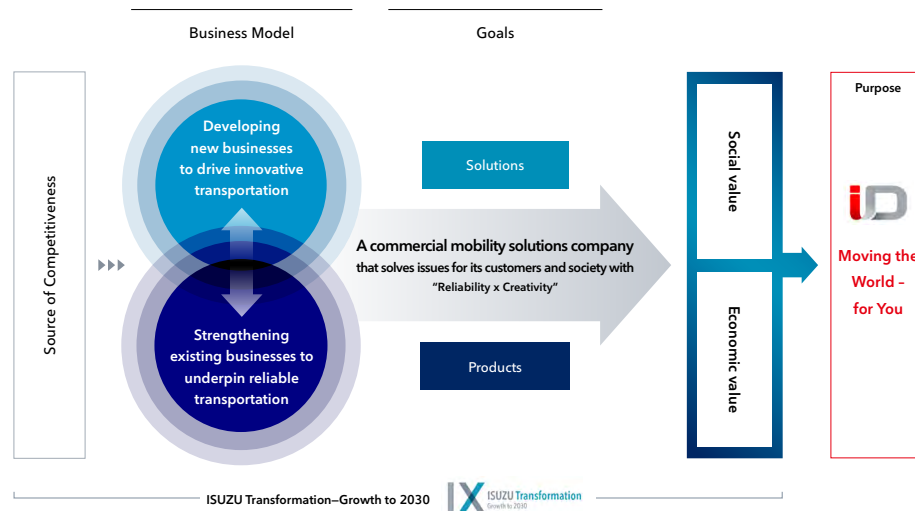
The Isuzu Group will continue to strengthen its existing businesses and take on new challenges. By pursuing these two goals to provide products and solutions, the Group will contribute to a decarbonized society and meet all manner of needs related to the transportation of goods and people, thereby "Moving the World - For You."



## Value Creation Story

### ► Isuzu's Value Creation Process

Isuzu's value creation process represents the business model we are building under our new medium-term management plan, ISUZU Transformation–Growth to 2030 (hereinafter "ISUZU Transformation"), and the vision we are aiming for. Our business model represents our policy of leveraging the five sources of competitiveness we cultivated through our business activities so far to expand profits by "strengthening existing businesses to underpin reliable transportation" while also "developing new businesses to drive innovative transportation." By combining and providing the new products and solutions created through these dual efforts, we will evolve into a commercial mobility solutions company, which is the aim of ISUZU Transformation. As a commercial mobility solutions company, we will aim to make the ISUZU ID a reality by providing both social and economic value.



### ► Value Chain as a Foundation for Value Creation

Isuzu is working to accumulate and elevate competitiveness at each stage of the value chain so as to create high-added-value products and services.

#### ① Planning and development

- Product planning that looks 10 to 20 years down the road
- Establishment of a specialized department to solve problems together with our customers and expansion of market-oriented product development
- Expertise for connecting market needs to next-generation products

#### ② Thorough establishment of quality

- A comprehensive understanding of the usage of a wide variety of commercial vehicles
- Incorporation of quality needs into manufacturing processes such as quality management activities and development processes

#### ③ Wide variety of products and high-efficiency production

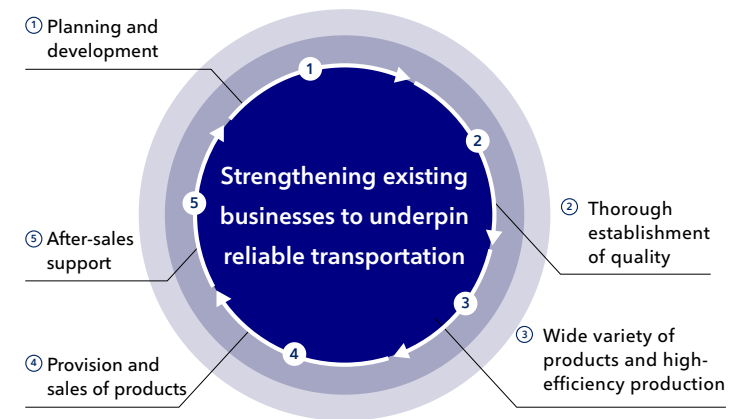
- Vehicle manufacturing technology that enables the efficient production of a wide variety of vehicle models, even in small quantities
- Manufacturing technology and expertise deployed in factories around the world

#### ④ Provision and sale of products

- Creation of a sales and after-sales support networks in over 150 countries

#### ⑤ After-sales support

- Provision of fleet management services based on remotely collected and analyzed vehicle operation information (MIMAMORI)
- Provision of advanced genuine maintenance using remote data (PREISM)



# Sources of Competitiveness That Underpin Value Creation

Isuzu has continued to respond to customer needs and social issues that have changed with the times. The competitive edge we have built up over the years will help us enhance our corporate value as we move forward. By continually strengthening our competitive edge, we will make our vision a reality.



## Technology and Development Capabilities

We provide products and solutions that solve issues for both our customers and society based on market-oriented product development that incorporates detailed needs and our advanced technological expertise. In addition, far from being a mere automobile manufacturer, we collaborate with a wide range of companies to organically combine diverse ideas and create new value.

**Development bases**  
Japan, Thailand, India, China, Germany, and the United States

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**R&D expenditures**  
¥123.9 billion

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**Collaboration framework**  
The Volvo Group, Cummins Inc., CJPT\*1 and numerous other companies in a wide range of fields



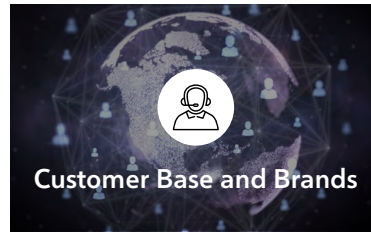
## Manufacturing Base

We possess vehicle manufacturing technologies that enable the efficient, high-quality production of a wide variety of vehicle models, even in small quantities. Based on the concept of "production that uses the same manufacturing philosophy and quality control at all factories anywhere around the world," we have compiled the expertise that enables the production of a wide variety of products in small lots into the Isuzu Monozukuri system, which we deploy at each of our global production plants.

**Production centers**  
30 Countries  
42 Centers\*2

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**Capital expenditures**  
¥128.6 billion



## Customer Base and Brands

We market our products in over 150 countries worldwide, with an emphasis on Asia, the Near and Middle East, and Africa. We are expanding our customer base by providing the right products and maintaining service networks that meet the needs of each country and region. For over 100 years since our founding, we have continued to stand by the side of working people and have built a strong brand that is trusted by our customers.

**Countries in which Isuzu has No. 1 market share**  
35 countries\*3

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**Service networks**  
Domestic: 251 locations  
Overseas: 3,750 locations

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**Brand value rating**  
Best Japan Brands 2024:  
55th (selected for 9th consecutive year)



## Human Resource Base

Isuzu's personnel have a customer-first mindset and are constantly striving to refine their skills, making them the driving force behind Isuzu's continued provision of high-quality products and services tailored to each country and region in which it operates. Essential to this is the growth of each and every employee, and we are committed to developing our human resources by providing a wide range of training programs, including comprehensive rank-based training and global education.

**Total number of employees**  
Consolidated: 45,034  
(29,017 in Japan; 16,017 overseas)

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**Rank-based training\*4**  
Total attendance hours: 170,633 hours\*5 (21 hours per person)



## Financial Base

Isuzu has established a strong earnings base and a well-balanced financial base that enables stable business operations and medium- to long-term growth investments. We aim to continuously enhance our corporate value by making the necessary investments to keep our business running and ensure future growth. We aim to steadily grow dividends while also being mindful of maintaining appropriate levels of equity capital that strike the right balance with our fixed assets.

**Net sales/ROE**  
¥3.4 trillion/12.7%

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**Shareholders' equity**  
¥1.5 trillion  
(Capital adequacy ratio 44.8%)

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**Issuer rating**  
R&I: A  
JCR: A+

Note: Results as of the end of the fiscal year ended March 31, 2024

\*1 Commercial Japan Partnership Technologies Corporation \*2 As of July 31, 2024 \*3 CY2023 results (January 2023–December 2023) \*4 Isuzu Motors (non-consolidated), including Isuzu Motor Technical School \*5 Total hours of participants

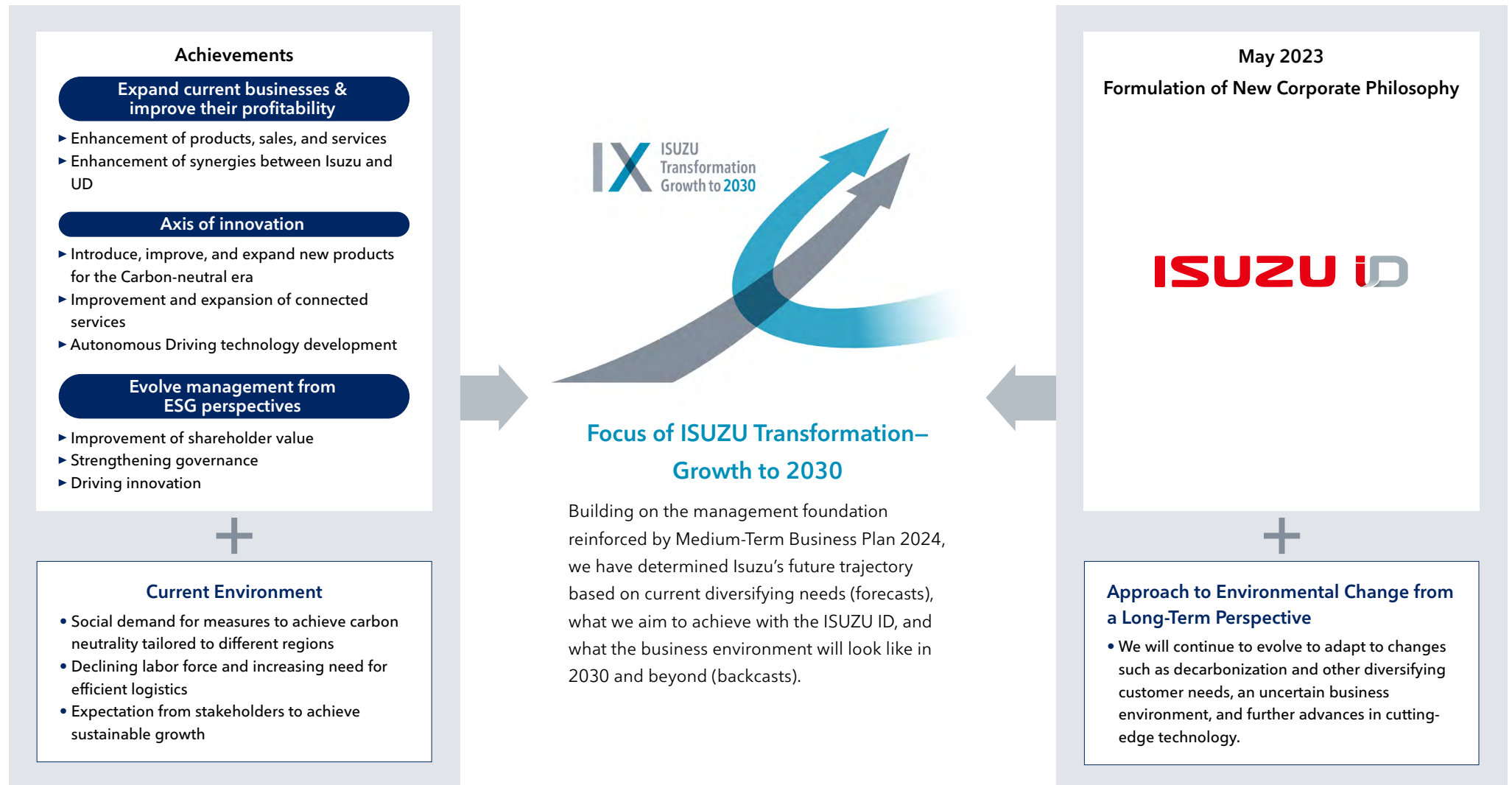
04

# Medium- to Long-Term Strategy

21	Positioning of Our New Medium-Term Business Plan	29	Expansion of Value Provided through the Evolution of Connected Services	41	CFO Message
22	Measures of the Previous Medium-Term Management Plan	30	Isuzu's Strategy to Achieve Carbon Neutrality	44	Special Feature: Aiming to Reform Our Business Models
23	Isuzu's New Medium-Term Business Plan: ISUZU Transformation—Growth to 2030	34	Strengthening of Existing Businesses to Underpin Reliable Transportation	49	The Kind of Production We Aim for under ISUZU Transformation
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26	Development of New Businesses to Drive Innovative Transportation	37	Initiatives for Growth in the Light Commercial Vehicle Business		
27	Autonomous Driving Solutions	39	Priority Market Strategies		

# Positioning of Our New Medium-Term Business Plan

By steadily implementing the measures of Medium-Term Business Plan 2024, which ran from fiscal 2022 to fiscal 2024, we have laid the foundation for becoming a leading global manufacturer. Aiming to expand on this foundation while achieving growth in the global market, we have formulated a new medium-term business plan, ISUZU Transformation–Growth to 2030.





# Measures of the Previous Medium-Term Management Plan

Under Medium-Term Business Plan 2024, Isuzu enhanced its product and service capabilities and responded to advancements in CASE technologies, guided by the three main pillars of expanding existing businesses and revenues, axis of innovation, and evolving management from an ESG perspective. As a result, the Company achieved net sales of approximately ¥3.4 trillion, exceeding its target.


**Expansion of Existing Businesses and Increase in Revenues**

► **Enhancement of product, sales, and service capabilities**

- Executed full-model changes of light- and medium-duty vehicles 
- Launch of new "D-MAX" pick-up truck with significant improvements 
- Established modular design concept I-MACS
- Introduced the ELF mio,\* a model with a vehicle weight of less than 3.5 tons, to the Japanese market


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

► **Enhancement of synergies between Isuzu and UD**


- Launched new jointly developed tractor models 
- Enhanced capabilities for mutual cooperation
  - Performed advanced genuine maintenance for both brands (service networks in more than 400 locations)
  - Mutually utilized logistics/parts depots and overseas offices
  - Mutually benchmarked work practices across the functions of each brand

**Axis of innovation**

► **Introduction, improvement, and expansion of new products for the era of carbon neutrality**

- Introduced light-duty, mass-produced battery-electric vehicles to the market
- Announced new electric vehicle products (battery-electric route buses and heavy-duty fuel-cell trucks) 

► **Improvement and expansion of connected services**

- Introduction of "GATEX," an information platform for commercial vehicles 

► **Development of autonomous driving technologies**

- Conducted autonomous driving demonstration tests

**Evolution of management from an ESG perspective**

► **Focus on shareholder value**

- Achieved dividend payout ratio of 40% or more and executed share repurchases

► **Strengthening of governance**

- Adopted the company with audit and supervisory committee organizational system
- Elected 5 outside directors out of 13 (incl. two women)

► **Transformation into a company that spurs innovation**

- Improvement of work environment for group employees (relocation of headquarters)

	Targets of Medium-Term Business Plan 2024 (Fiscal 2024)	Results (Fiscal 2024)
Net sales	¥2.8 trillion	¥3.4 trillion
Operating income	¥250 billion	¥293.1 billion
ROE	12.5%	12.7%
Dividend payout ratio	40% Mid-Term BP average	40.3% Mid-Term BP average



# Isuzu's New Medium-Term Business Plan: ISUZU Transformation–Growth to 2030

To provide solutions to various transportation-related social issues, the Company has formulated its new medium-term business plan, ISUZU Transformation–Growth to 2030 (hereinafter “Isuzu Transformation”), which aims to transform Isuzu into a commercial mobility solutions company in the global market by 2030. In pursuit of developing new businesses that will generate reliable and creative modes of transportation, we will accelerate our operations in the three areas of autonomous driving solutions, connected services, and carbon-neutral solutions as sources of new revenue in the future. By firmly driving forward these new businesses, with a focus on strengthening existing businesses across the Group, we aim to achieve sales of ¥6 trillion and an operating income ratio of over 10%.

## Management Policies with an Eye to 2030

### > Developing new businesses to drive innovative transportation Page 26

- **Autonomous driving solutions**  
Commercialize Level 4 autonomous driving in the fiscal year ending March 31, 2028
- **Connected services**  
Expand connected services to major overseas markets by 2028
- **Carbon-neutral solutions**  
Offer multi-pathway products, and roll out of peripheral businesses

### > Strengthening current businesses to underpin reliable transportation Page 34

- **Commercial vehicle business**  
Expand sales by increasing new car sales and enhancing after-sales support
- **Light commercial vehicle business**  
Expand sales to the Global South and develop technologies for future generations

### > Establishing a management foundation based on the ISUZU ID Page 51

- Shift toward Group management and human capital management from a global perspective



## Isuzu's Vision for 2030



Financial

- Sales **6 trillion yen** Operating income ratio **Over 10%**
- Growth investments for the 2030s
- Stakeholder returns

Business

- New vehicle sales **Over 850,000** units to support global logistics industry
- Deploy energy management business in multiple region utilizing battery as asset
- Achieve profitable level in autonomous driving solution business in both Japan and US

Organizational Foundation

- Establishing supply chain for **1,000,000** units
- Group management from a global perspective
- Human capital management

# Financial Policy and Growth Strategy under ISUZU Transformation

## Financial Policy

During Isuzu Transformation, we will place top priority on investing the ¥2.6 trillion that we deem necessary for business continuity and future growth. To ensure that such investments can be funded by operating cash flow, we will build a larger and more robust earnings base, targeting net sales of ¥6 trillion and an operating income ratio of 10% or more.

At the same time, we will aim for steady dividend growth in line with improved profitability by maintaining a dividend payout ratio of 40% and continue to execute share buybacks while being conscious of appropriate capital adequacy levels.

Taking into consideration global standards, we aim to improve capital efficiency (ROE target of 15% or more) by utilizing interest-bearing debt while maintaining our current level of financial soundness.

## Financial Policy during the Period of Isuzu Transformation

	Medium-Term Business Plan 2024 (FY2022–FY2024)		Current Medium-Term Business Plan (through FY2031)*		
<b>Profitability</b>	<b>FY2024</b> Net sales Operating income ratio ROE	<b>¥3.4 trillion</b> <b>8.7%</b> <b>12.7%</b>	<b>Targets for final year</b> Net sales Operating income ratio ROE	<b>¥6 trillion</b> <b>10% or more</b> <b>15% or more</b>	Proactively invest in innovation while leveraging DX in existing businesses to improve efficiency and ensure profitability
<b>Capital expenditures</b> <b>Research and development expenditures</b>	Cumulative total FY2024	<b>¥636.9 billion</b> <b>¥252.5 billion</b>	<b>FY2024–FY2031</b> Investment in innovation Investment in existing businesses	<b>¥1 trillion</b> <b>¥1.6 trillion</b>	Keep capital and research and development expenditures at the same level as or higher than the final year of Medium-Term Business Plan 2024
<b>Shareholder returns</b>	Cumulative dividends Share buybacks	<b>¥182.9 billion</b> <b>¥50 billion</b>	Dividend payout ratio (average) Continue share buybacks	<b>Maintain at 40%</b>	Aim for steady dividend growth Balance fixed assets and shareholders' equity
<b>Financial soundness</b>	Risk and insurance (issuer rating) Japan Credit Rating Agency, Ltd. (long-term issuer rating)	<b>A</b> <b>A+</b>	Maintain "A" rating		Utilize interest-bearing debt while maintaining financial soundness

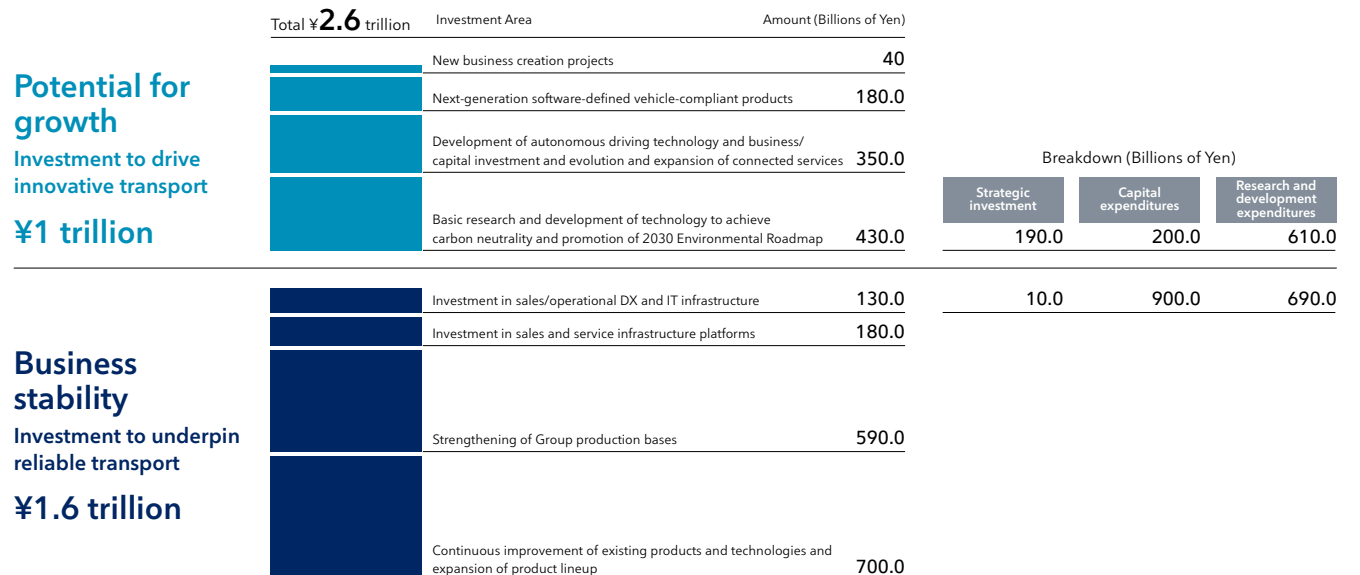
\* Assumed exchange rate 1 USD=140 yen

## Overview of Investments

During Isuzu Transformation, the Company will invest ¥1 trillion in innovation to establish three new business pillars—autonomous driving solutions, connected services, and carbon-neutral solutions. In addition, we will invest ¥1.6 trillion in maintaining and strengthening existing businesses in areas including product expansion, the reinforcement of production and sales bases, and IT infrastructure.

We will further accelerate investment in innovation while streamlining investment in existing businesses, thereby limiting increases in overall investment.

## Investment Overview for Fiscal 2024 to Fiscal 2031





# KPIs for Realizing Goals of the ISUZU ID

Under the ISUZU ID, our mission is to become No. 1 in terms of sustainability, satisfaction, engagement, and social impact. To this end, we have established seven areas and KPIs to be addressed under ISUZU Transformation. The Isuzu Group will work together to evolve both global transportation and Isuzu in order to deliver the expected results by 2030.

			Relation to the ISUZU ID (Mission)				Expected results through 2030
			No. 1 in Sustainability	No. 1 in Satisfaction	No. 1 in Engagement	No. 1 in Social impact	
Strengthen existing businesses	Strengthen "Reliability" "Transport"	<ul style="list-style-type: none"> <li>Expand products and services that sustain transport</li> </ul>		●		●	Unit sales Over <b>850,000</b> units
	Group carbon neutrality	<ul style="list-style-type: none"> <li>Promote efficient energy use</li> <li>Promote introduction and expansion of clean energy</li> </ul>	●				GHG emissions reduction (Scope 1+2) <b>50%</b> decrease compared to 2013
Develop new businesses	Product carbon neutrality	<ul style="list-style-type: none"> <li>Make xEV options available in all categories (trucks, buses, LCVs)</li> <li>Provide service solutions for the xEV era</li> </ul>	●	●			GHG emissions reduction (Scope 3) (Target to be set by FY 2027)
	Strengthen "Creativity" "Transport"	<ul style="list-style-type: none"> <li>Lead the way in addressing social issues by adding value and improving transport efficiency</li> </ul>		●		●	Autonomous driving services <b>FY2028-</b> Connected vehicles: Over <b>one million</b> units
Establish management foundation based on the ISUZU ID	Innovation by employees for a better world	<ul style="list-style-type: none"> <li>Create new businesses that address social issues (in-house recruitment and accelerator programs)</li> </ul>			●	●	Expand collaborative initiatives (startups, industry-academia collaboration)
	Embrace human capital management	<ul style="list-style-type: none"> <li>Improve employee engagement</li> <li>Promote employee self-development (establish new HR system)</li> <li>Safety operation</li> </ul>			●		Employee engagement percentage of positive responses Over <b>70%</b>
	Enhance brand value	<ul style="list-style-type: none"> <li>Become a brand that is cherished by society, customers, and employees alike</li> </ul>		●	●	●	Interbrand Best Global Brands Within Top <b>100</b>

## Development of New Businesses to Drive Innovative Transportation

Leveraging its strengths, Isuzu will take on the challenge of developing new businesses that provide solutions to issues facing its customers and society through new technologies, starting in the areas of autonomous driving solutions, connected services, and carbon-neutral solutions. We will steadily invest ¥1 trillion in innovation—the foundation for technology and service development—in an aim to contribute to revenues by 2030 and build businesses with net sales of ¥1 trillion by the 2030s.



### Autonomous Driving Solutions

- Begin phased launch of Level 4 autonomous driving truck and bus businesses that leverage Isuzu's strengths
- Aim to proceed with fundamental development of technology and services and begin monitoring and demonstration in 2026

Please see [page 27](#) for further details.



### Connected Services

- Provide new services to increase logistical efficiency
- Expand operational support services to major overseas markets such as North America and Australia by 2028

Please see [page 29](#) for further details.



### Carbon Neutral Solutions

- Develop technologies via multiple pathways and provide electric vehicles in all vehicle categories by 2030
- Fully introduce price-competitive battery-electric vehicles and develop peripheral businesses

Please see [page 30](#) for further details.

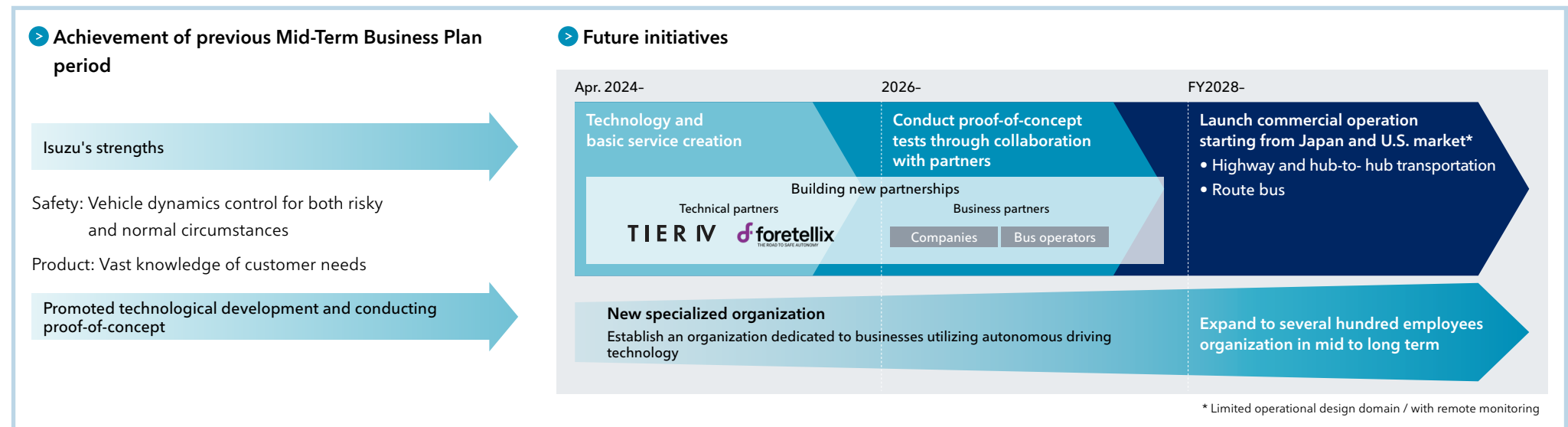


- Establish a system to identify latent needs of customers and society and link them to the starting of new businesses (in-house recruitment and accelerator programs)

# Autonomous Driving Solutions

In response to the "2024 issue"\* and other social challenges related to the transportation of goods and people, we will launch a truck and bus business in fiscal 2028 that utilizes Level 4 autonomous driving technology by leveraging our well-established strengths in vehicle control technology and our familiarity with how customers use our products. Building on the demonstration tests that we conducted up to the end of our previous medium-term business plan, we will commercialize the business in stages, starting with inter-hub transportation in Japan and the North America and route buses in Japan. Furthermore, we will establish a new specialized organization for business feasibility studies. In the medium term, we plan to expand the organization to include hundreds of members with the aim of achieving rapid commercialization.

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



## Major Demonstrations Conducted since the Previous Medium-Term Plan

### Expressways and Heavy-Duty Trucks

Isuzu is participating in the RoAD to the L4 initiative spearheaded by the Japanese government, in which it contributes to efforts geared toward the practical application and social implementation of Level 4 autonomous trucks on expressways from 2026 onward. The Company is also proceeding with the commercialization and market launch of a 2020 model GIGA truck equipped with active cruise control and a lane keeping assistance system, while researching autonomous driving technologies exclusively for heavy-duty trucks, with some of these technologies being utilized in the development of mass-produced vehicles.

### Low-Speed Driving and Parking at Ports

Isuzu is participating in the Ministry of Land, Infrastructure, Transport and Tourism's demonstration test project for the automation of incoming off-site trailers at ports. The Company is also verifying the safety of operating these incoming off-site trailers in restricted off-road areas in cooperation with manufacturers of heavy-duty trucks.

### Restricted-Zone and Urban Area Buses

In March 2022, Isuzu began a one-month demonstration test in a closed space along the connecting bus route between the domestic and international terminals of Fukuoka Airport, where operator-led autonomous driving of restricted zone buses in rainy weather has been ongoing since June 2023. In addition, demonstration tests of autonomous driving in urban areas were conducted on a route bus at Kitakyushu Airport in December 2023 and on a route bus in Hiratsuka City from January to February 2024.

## Autonomous Driving Solutions

### → Technology and Service Development during Isuzu Transformation

We have been acquiring autonomous driving technologies since the previous medium-term business plan. In April 2024, we embarked on a two-year endeavor to develop and establish basic services and technologies with an eye to commercialization in fiscal 2028, with monitoring tests set to begin in 2026. With the aim of increasing the pace of development as we move toward commercialization, we have been building collaborative systems with various business partners, and in fiscal 2024 we formed capital and business alliances with TIER IV, INC., which develops autonomous driving systems, and Gatik AI, Inc., which provides autonomous driving services in North America, and are developing technologies and services to be commercialized in the future.

#### Area of Initiatives: Route Buses

Isuzu entered into a business and capital alliance with TIER IV in March 2024 with the aim of commercializing autonomous driving in route buses in Japan and providing a service system for their operation in fiscal 2028.

TIER IV, the pioneering force behind the world's first open-source software for autonomous driving, Autoware, has been involved in proof-of-concept tests around the world, harnessing the software that facilitates the design and development of safe and reliable systems.

In 2019, Isuzu and TIER IV began looking into the automation of buses at Fukuoka Airport. The two companies will continue conducting demonstration tests for this purpose and are collaborating to develop autonomous driving systems and expand business initiatives in the route bus sector. Through the synergy of TIER IV's advanced technologies and Isuzu's extensive data and expertise in route buses, the companies will develop vehicles and systems compatible with Level 4 autonomous driving. Looking ahead, Isuzu envisions delivering comprehensive solutions to bus operators, offering route buses equipped with autonomous driving systems.



#### Area of Initiatives: Heavy Trucks for Trunk Line Transportation

With autonomous driving trucks that have been developed in-house, Isuzu is participating in the multi-brand collaborative demonstration tests that will begin in autumn 2024 as part of the Japanese government's RoAD to L4 initiative. Through the tests, we will confirm vehicle-to-infrastructure coordination, such as merging assistance and look-ahead tracking information, as well as acquiring data for autonomous driving. The test vehicle's autonomous driving controls have been developed as rule-based systems, which anticipate arrival and departure at transit areas, merging and splitting traffic on highways, and lane changes. In the future, AI will be used to develop systems that can respond safely and flexibly to a range of scenarios that occur on actual expressways.

#### Topic Partnership with Applied Intuition, Inc.

Isuzu has entered into a strategic partnership with Applied Intuition, Inc. with the aim of jointly developing Level 4 automated trucks, among other efforts. The partnership will span a maximum of five years, during which Isuzu will acquire cutting-edge automated driving technologies while developing the Level 4 automated truck designed for Japan's trunk lines. Specifically, in fiscal 2027, verification tests under the operational design domain\*<sup>1</sup> specified by Isuzu will be carried out to lay the groundwork for launching Level 4 automated driving businesses in fiscal 2028.



\*<sup>1</sup> Operational design domain refers to the conditions for operating an autonomous driving system. It ensures the safety of autonomous driving by suspending operation of the system unless it meets all road, geographical, environmental, and other conditions.

🌐 Please refer to the press release below for further details.  
[https://www.isuzu.co.jp/world/newsroom/details/20240827\\_1.html](https://www.isuzu.co.jp/world/newsroom/details/20240827_1.html)

#### Area of Initiatives: High-Speed and Inter-Hub Transportation in North America

In our pursuit of commercializing Level 4 autonomous driving for high-speed and inter-hub transportation in North America, we have formed a business and capital alliance with Gatik AI, which provides middle mile\*<sup>2</sup> autonomous driving services.

Gatik is the only company that provides autonomous middle mile logistics services in North America, using class 3 to 7\*<sup>3</sup> autonomous driving trucks to deliver goods safely and efficiently. The company is particularly focused on middle mile B2B\*<sup>4</sup> logistics for large companies, and in 2021 it also successfully completed fully driverless middle mile deliveries.

Isuzu and Gatik will collaborate in the development of an autonomous driving business as well as the design and development of a new chassis (redundant chassis) that ensures safety when equipped with an autonomous driving system. We aim to commence mass production of the new chassis resulting from joint design and development during the fiscal year ending March 31, 2028.



\*<sup>2</sup> Middle mile: Medium-distance and intermediate logistics that connect individual distribution centers and stores.

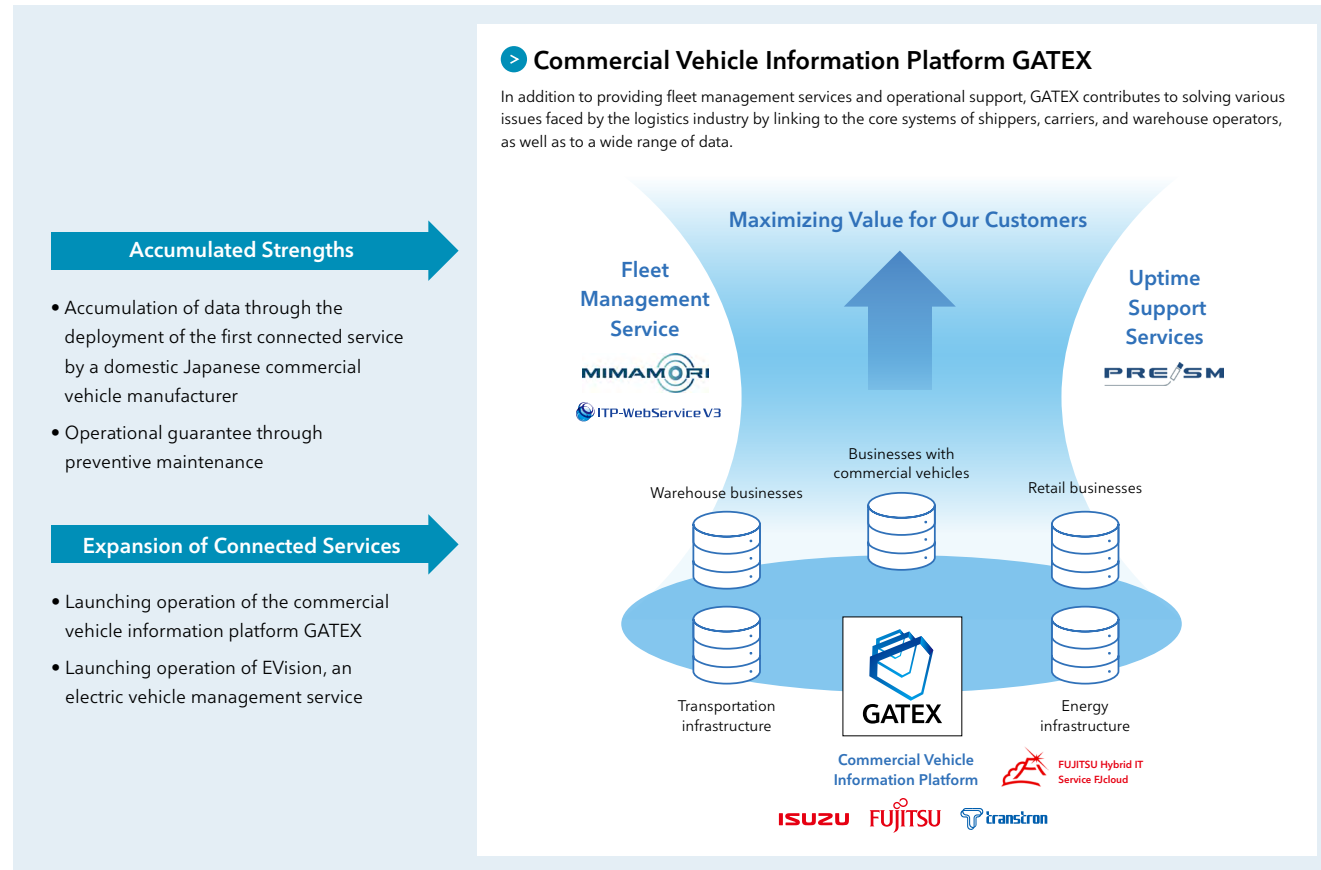
\*<sup>3</sup> Trucks in the United States are classified by gross vehicle weight, and classes 3 to 7 correspond to light to medium-duty trucks in Japan.

\*<sup>4</sup> B2B: Business-to-business

🌐 Press release: [https://www.isuzu.co.jp/world/newsroom/details/20240514\\_1.html](https://www.isuzu.co.jp/world/newsroom/details/20240514_1.html)

# Expansion of Value Provided through the Evolution of Connected Services

With ISUZU Transformation, we aim to evolve our services with the goal of streamlining logistics for shippers based on MIMAMORI, our fleet management service; PREISM, our uptime support services; and GATEX, our commercial vehicle information platform, which we currently provide. At the same time, we will gradually expand our uptime support service from North America to other overseas markets.



Forthcoming Initiatives

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Enhancement of Services

In response to the need to address labor shortages and streamline logistics, we aim to provide services that make transportation and delivery more efficient for carriers and shippers. To that end, we will link GATEX to a wide range of cross-industry data to create new services with our partners.

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Overseas Deployment of Uptime Support Services

We will pursue the overseas deployment of our uptime support services to meet overseas needs and fortify our overseas business foundation. In addition to rolling out the PREISM and EVision electric vehicle services to North America, we will deploy them in other major regions as well by 2028. We also aim to create region-specific services through the operation of GATEX as well as integrate the services of Isuzu and UD Trucks in the future.

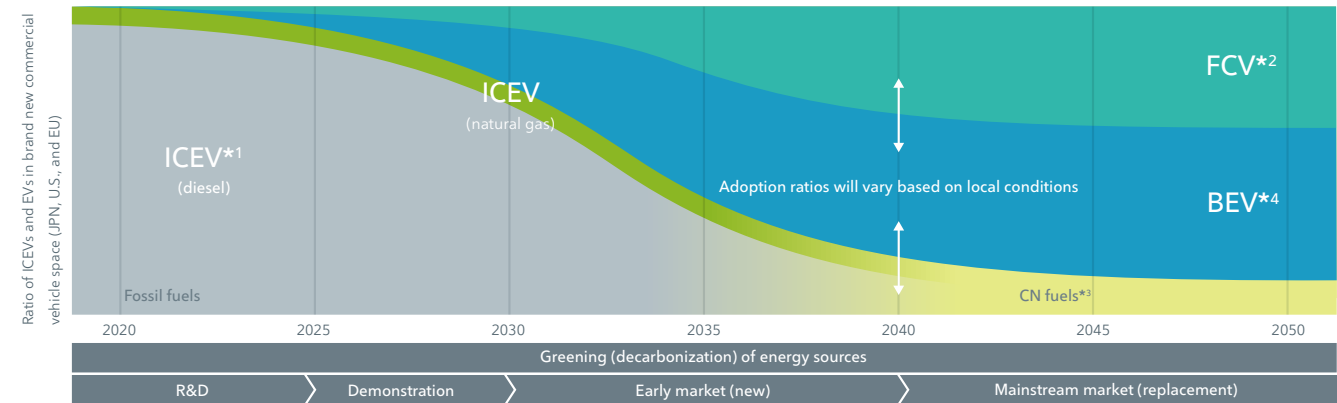
Isuzu has been a pioneer in providing connected services that support its customers' businesses, such as the MIMAMORI fleet management service and the PREISM uptime support services. In October 2022, GATEX, the commercial vehicle information platform developed by Isuzu, Fujitsu Limited, and Transtron Inc., went into operation. Based on information from approximately 650,000 trucks owned by Isuzu and Transtron (as of the end of March 2024), the two companies currently provide the largest connected service in the commercial mobility sector.

# Isuzu's Strategy to Achieve Carbon Neutrality

## Scenario for the Increase in Carbon-Neutral Vehicles

The prevalence of carbon-neutral vehicles cannot be assessed in a uniform manner, given that it varies depending on the social infrastructure in place in different countries and regions and how widely adopted the necessary energy sources are. However, based on various projected social changes, carbon-neutral vehicles are expected to gradually become more widely used, although the scale on which this will happen will vary according to regional and social trends. Of particular note is that both the initial costs of carbon-neutral vehicles themselves and their running costs are expected to decrease from 2030, at which point a period of widespread adoption of carbon-neutral vehicles is expected to begin as consumers switch over to new vehicles.

### Projected Carbon-Neutral Vehicle Expansion



\*1 ICEV (internal combustion engine vehicle): Vehicles powered by fuels such as diesel, gas, and CN fuels

\*2 FCV (fuel-cell vehicle)

\*3 CN fuels: Carbon-neutral fuels such as biofuels and synthetic fuels derived from renewable energies

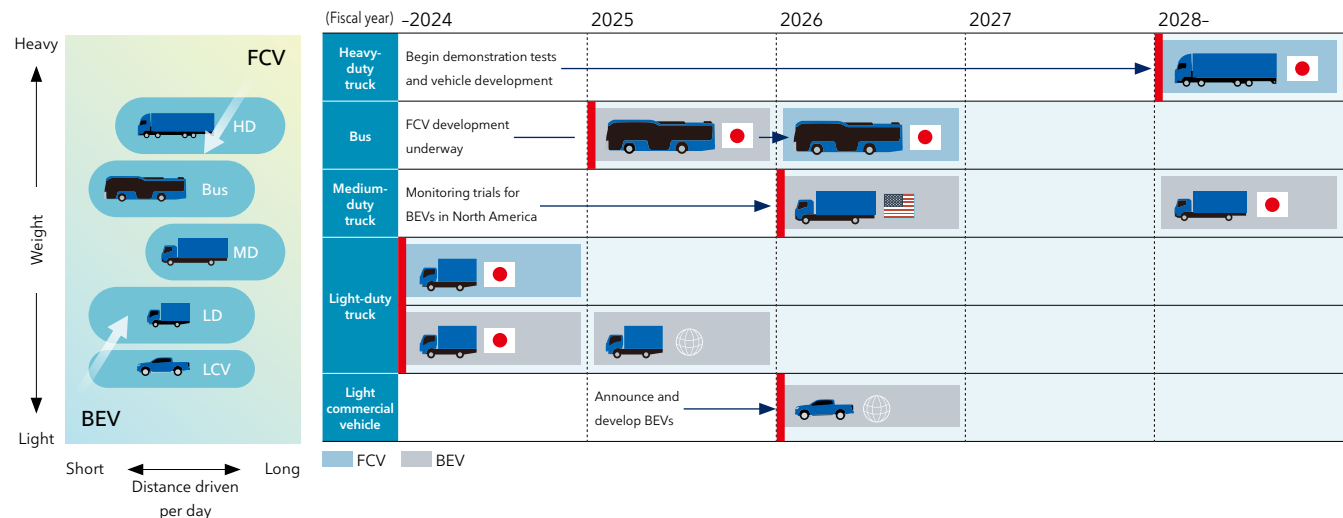
\*4 BEV (battery-electric vehicle)

## Isuzu's Multi-Pathway Strategy

Aiming to develop products that are tailored for optimal use in their target countries and in line with regional and social trends, Isuzu is pursuing a multi-pathway approach to technology and product development.

For example, we believe battery-electric power sources to be most suitable for light-duty vehicles, half of which have a daily range of 100 kilometers or less, with battery-electric power sources being most suited to heavy-duty vehicles with a range of up to approximately 400 kilometers and fuel-cell power sources as the best fit for heavy-duty vehicles with a range of 400 to 600 kilometers. Based on the results of the demonstration tests, we will enhance our vehicle lineup and establish a mass-production system that will enable us to offer electric vehicle (EV) options in all vehicle categories by 2030.








### Offering Electric Vehicle Options in All Vehicle Categories by 2030



## Isuzu's Strategy to Achieve Carbon Neutrality

### → Progress of Electric Vehicle Development

#### > Upcoming Initiatives for the Launch of Various Electric Vehicle Types

			Development Status	Upcoming initiatives
Light-duty truck	BEV		Sales underway in Japan and the United States	<ul style="list-style-type: none"> <li>Isuzu launched its first mass-market battery-electric light-duty truck in the Japanese market in March 2023. A version compatible with standard driver's licenses was also made available from January 2024.</li> <li>It was introduced in the U.S. market in August 2024 and is scheduled to be gradually rolled out to Europe as well.</li> </ul>
	FCV		Fuel-cell vehicles introduced to the market	<ul style="list-style-type: none"> <li>Isuzu is promoting the planning and development of a mass-market light-duty fuel-cell truck in collaboration with partners of Commercial Japan Partnership Technologies Corporation (CJPT).</li> </ul>
Medium-duty truck	BEV		Monitoring trials underway in North America	<ul style="list-style-type: none"> <li>Isuzu and Cummins Inc. have installed a Cummins electric system in Isuzu's F-Series (FTR) medium-duty commercial vehicles for the North American market, and both parties began monitoring the system for a major North American fleet customer in September 2022.</li> </ul>
Heavy-duty truck	FCV		Partnerships decided and start of monitoring runs	<ul style="list-style-type: none"> <li>Isuzu has selected Honda Motor Co., Ltd. as a development and supply partner for fuel-cell battery systems to be installed in heavy-duty fuel-cell vehicles, which are scheduled for launch in 2027.</li> <li>The two companies signed a joint research agreement on heavy-duty fuel-cell trucks in January 2020 and plan to start demonstration tests on public roads using monitored vehicles from fiscal 2024.</li> </ul>
Bus	BEV		Sales underway in Japan	<ul style="list-style-type: none"> <li>Isuzu launched the ERGA EV in Japan in May 2024.</li> </ul>
	FCV		Currently in development with an eye to market entry	<ul style="list-style-type: none"> <li>Isuzu is continuing discussions with Toyota for the development and launch of next-generation fuel-cell route buses based on the aforementioned large battery-electric route buses.</li> </ul>
Light commercial vehicle	BEV		New models unveiled	<ul style="list-style-type: none"> <li>Isuzu plans to launch new models in Northern Europe in 2025, starting with Norway. Expansion to other areas, such as the United Kingdom, Australia, and Thailand will depend on the individual situation of each country and region.</li> </ul>

## Isuzu's Strategy to Achieve Carbon Neutrality

### → Initiatives for Implementing Battery-Electric Vehicles

#### Establishment of the EARTH lab.

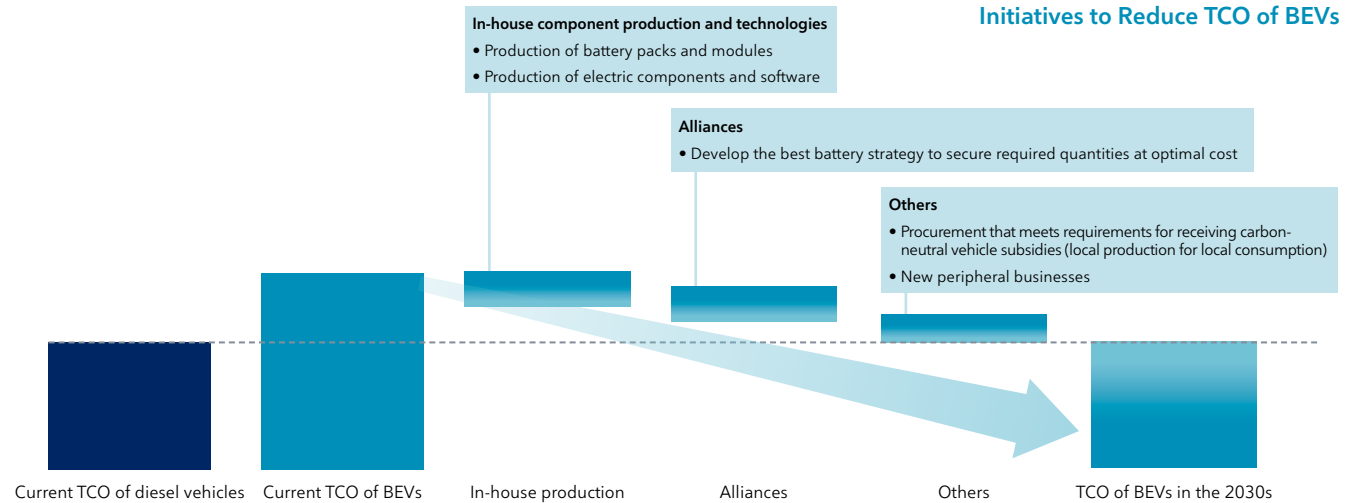
Isuzu has established the EARTH lab., a vehicle development and testing facility located within the Fujisawa Plant, to accelerate vehicle development toward the goal of offering EVs in all vehicle categories by 2030. We are aiming to commence operations there in June 2026. The facility employs testing and evaluation equipment for components such as batteries, motors, EV systems, and thermal management devices. By acquiring a deeper understanding of a battery's characteristics through the use of such equipment, we can achieve battery management that maximizes performance. The equipment will also enable us to optimize the functionality of EV components such as batteries and motors in their combined state, as well as to optimize the thermal management of the entire system. In addition, by utilizing the testing and evaluation facility for fuel-cell electric vehicle systems, we will be able to optimize advanced energy and heat management at the system level, contributing to improvements in cruising range and driving performance.



#### Reduction of Total Cost of Ownership

BEVs, which are expected to be the mainstay of carbon-neutral vehicles, currently have lower running costs than vehicles with internal combustion engines but a higher total cost of ownership due to their significantly higher purchase price. Looking ahead to the 2030s, when we expect BEVs to come into more widespread use, we aim to lower the total cost of ownership of BEVs to the same level as that of today's internal combustion engine vehicles by bringing all component and technology production in-house and utilizing battery-related strategies developed through alliances.

#### → TCO\* of Diesel Vehicles vs. TCO of BEVs (Conceptual Image)



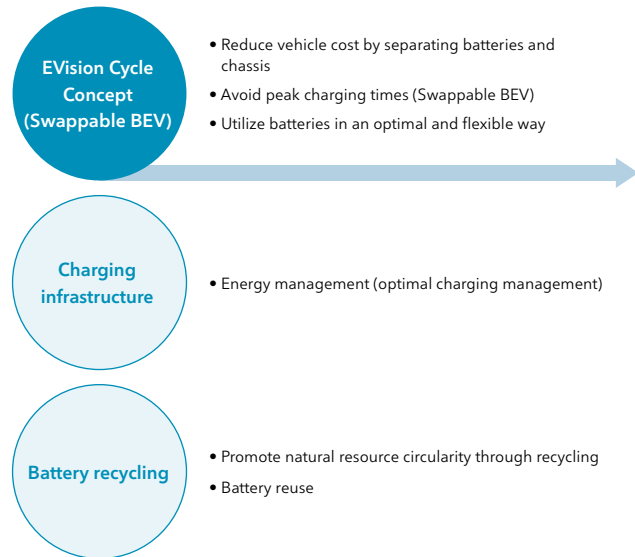
\*TCO: Total cost of ownership (including fuel and electricity costs)




## Isuzu's Strategy to Achieve Carbon Neutrality


### → Provision of Carbon Neutral Solutions

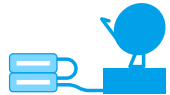
In anticipation of the popularization of BEVs, we aim to leverage batteries as an asset to the Company, extending their use beyond the scope of vehicle applications. Specifically, we envision batteries being used as emergency power sources and a means of storing energy in times of disaster, while serving as a source of electricity supply in countries and regions where power grids are underdeveloped. Based on this idea, we started looking into demonstration tests and social implementation in fiscal 2025, helping to drive the shift to carbon neutrality on a global scale.



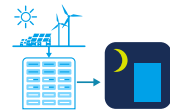
#### > An asset benefiting society

**EVision Cycle Concept** 


- Batteries are expected to be used not only for vehicles, but also as a power source during emergencies, renewable energy storage, or as a source of electricity in countries and regions where power grids are underdeveloped
- By collaboration with various range of partners across industries, we aim to conduct proof-of-concept tests in Japan by fiscal 2026 and expand to Thailand through CJPT-Asia collaboration 



Emergency power supply in case of disaster



Reducing the burden of electricity stockpiling



Electricity supply other than power grid

- Range extender unit as a precaution against the risk of BEV power loss

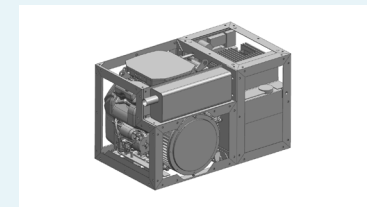
#### Topic 1 Launching the EVision Cycle Concept

For BEVs to become more widely adopted, we will have to overcome challenges such as the need to reduce recharging times, lower vehicle prices, and make effective use of batteries. Isuzu's proposed battery-swapping solution for EVs, the EVision Cycle Concept, employs a method in which a battery can be detached from the commercial electric vehicle and exchanged, enabling quick battery replacement and reducing the burden on the purchaser. In addition, by regarding batteries themselves as social assets we can expand the possibilities of battery utilization by enabling the transfer and storage of electric energy.



#### Topic 2 Considering the Use of Range Extenders

As the lithium-ion batteries used in BEVs fall behind conventional liquid fuels such as diesel in terms of energy density, BEVs face the constant risk of unexpected power shortages, such as when stranded in heavy snowfall or in the event of a disaster. To address this issue, we are developing a range extender unit equipped with a small power generator and are looking into solutions that will enable the charging of batteries, even in locations without charging infrastructure.



# Strengthening of Existing Businesses to Underpin Reliable Transportation

To steadily invest in innovation and reinforce our management foundation, we will further reinforce the Isuzu Group's business foundation, aiming for new vehicle sales of 850,000 units (up 180,000 units from fiscal 2024) or more and sales of ¥5 trillion or more by fiscal 2031.

**> Commercial Vehicle Business**

**New Vehicle Sales** Please see [page 35](#) for further details.

- Through product collaboration and dual sales channels between Isuzu and UD brands, we aim to expand worldwide sales volume
- Enhancement of products and services with ICE and CN multiple power sources

**After Sales Services** Please see [page 36](#) for further details.

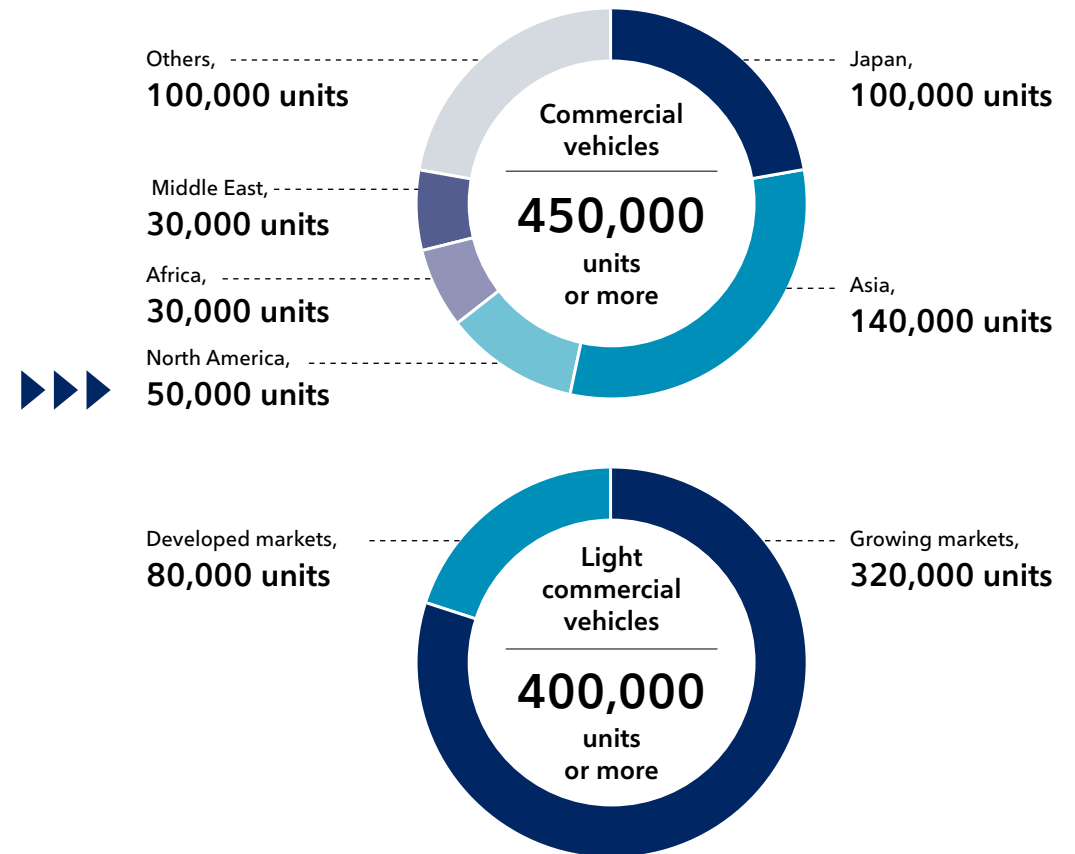
- Establishing a cycle to support customer uptime overseas and to develop businesses
- Establishment of optimal service network to support units in operation and maximizing Uptime

**> Light Commercial Vehicle Business** Please see [page 37](#) for further details.

- Sales expansion in growing markets by utilizing strong Isuzu brand value
- Providing multiple power source options tailored to specific use cases (high-efficiency ICE, PHEV\*, BEV)
- Collaborate with alliance partners on the development of core technologies for next-generation models

\* Plug in Hybrid Electric Vehicle

Unit Sales Targets (FY2031)

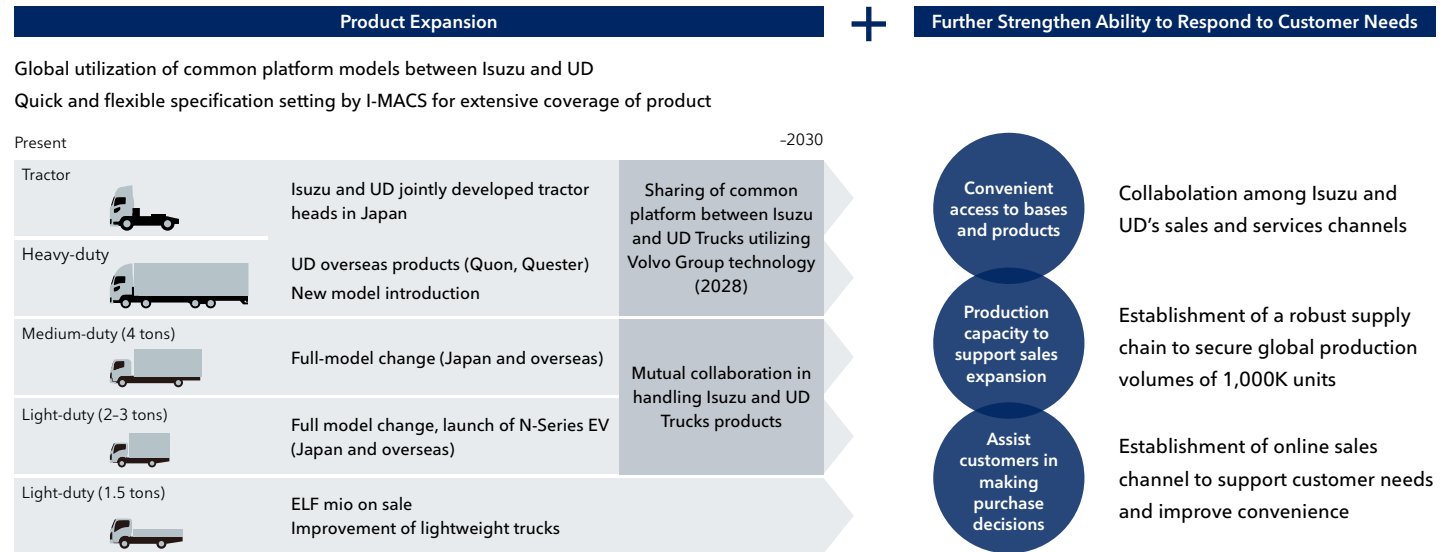


# Strengthening the Appeal of Commercial Vehicle Products

In Isuzu's commercial vehicle business, the products and sales and service channels of Isuzu and UD Trucks Corporation complement each other, and by further accelerating the creation of synergies within the Group, we will achieve comprehensive sales expansion at the global level.

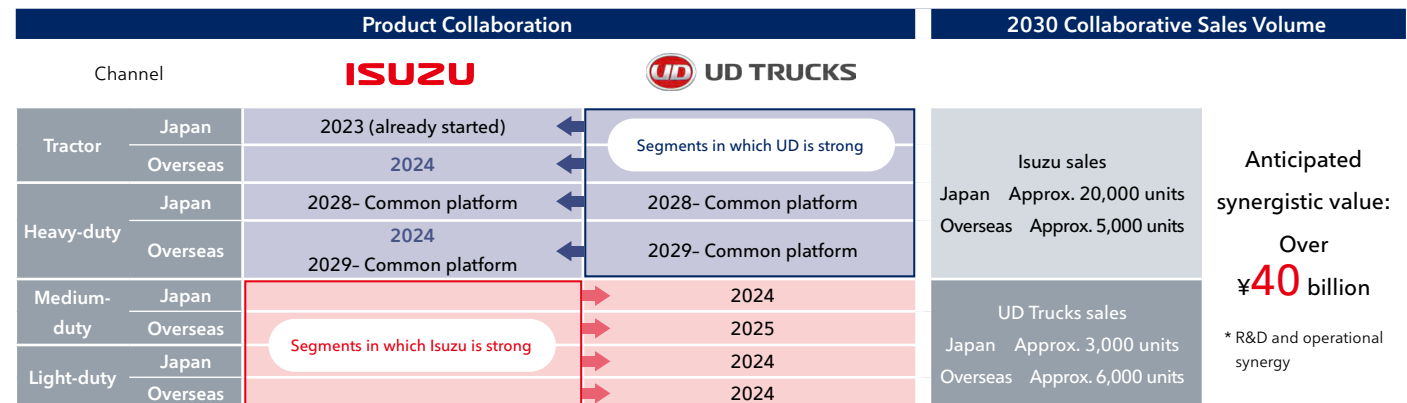
## Policies for Product Expansion and Enhancement of Response Capabilities

In addition to the global deployment of common Isuzu and UD Trucks models, we will be able to offer an unparalleled lineup with fast and flexible specification settings using I-MACS design. In addition, Isuzu and UD Trucks will strengthen their ability to respond to even greater customer needs by coordinating sales and service channels, building a one million vehicle-strong supply chain, and building online sales channels.



## Policy on Collaboration with UD Trucks

From 2024, the two companies will gradually expand product collaboration, with Isuzu expanding sales of UD Trucks-made heavy-duty trucks, and UD Trucks expanding sales of Isuzu-made medium- and light-duty trucks. This kind of collaboration between Isuzu and UD Trucks in areas such as development and operations is expected to generate synergies of more than ¥40 billion.



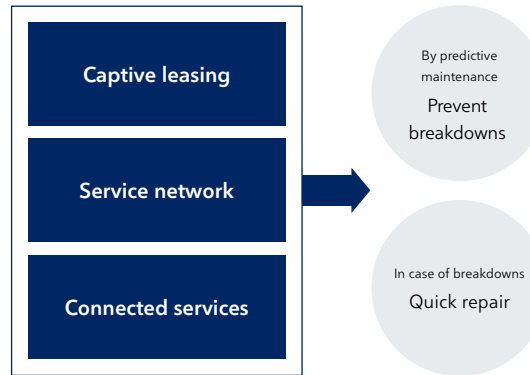
# Raising Profitability by Enhancing After-Sales Services

Looking ahead to the carbon-neutral era, we will take the total life cycle uptime support services that we have cultivated thus far and expand them overseas to meet regional needs, thereby further strengthening solid after-sales service revenue.

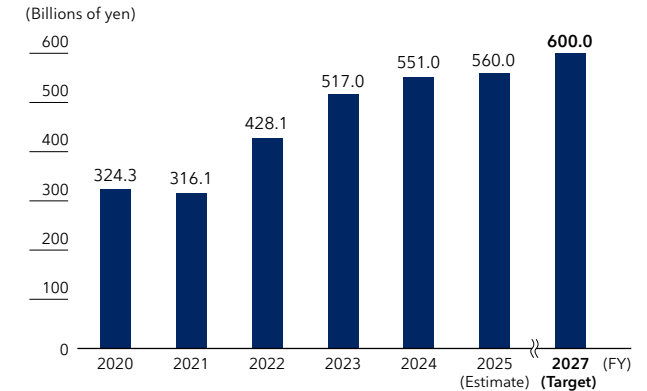
Starting in 2015

## The Uptime Support Service Model in Japan That Isuzu Has Worked to Assemble Thus Far

We have been working to meet our customers' service needs by strengthening our captive leasing, service network, and connected services. As a result, we have been able to provide high-quality maintenance services, such as preventing vehicle breakdowns through predictive maintenance and quickly repairing any breakdowns that do occur, thereby minimizing customer vehicle downtime.



## Sales Generated by After-Sales Services



Starting in 2024

## Deployment of Services Tailored to Regional Needs

We will take the total life cycle uptime support services that have been cultivated in Japan and expand them into major regions by 2028 to meet local needs. In North America, we will roll out the EVision program, which is necessary for the introduction of commercial battery-electric vehicles (BEVs), and we will also introduce maintenance leasing and overseas connected services for the first time. In Australia and the ASEAN region, we will pursue the deployment of maintenance leasing.

**Overseas Expansion of Programs Necessary for Commercial Electric Vehicle Adoption**

- Simulation of electric vehicle operation plan
- Charging and energy management proposals

Region	Regional Environment	Service Deployment
North America	With countries leading in BEV regulations, the shift to zero-emission commercial vehicles is accelerating	Maintenance lease and overseas connected services will be introduced for the first time along with the launch of BEVs in 2024
Australia	High market share/presence and high demand for maintenance leasing from commercial vehicle customers	Establishment of a maintenance leasing system and provision of services including standard UD Trucks maintenance packages
ASEAN Region	High market share/presence, and with the development of e-commerce, after-sales demand from commercial vehicle customers is also expanding	

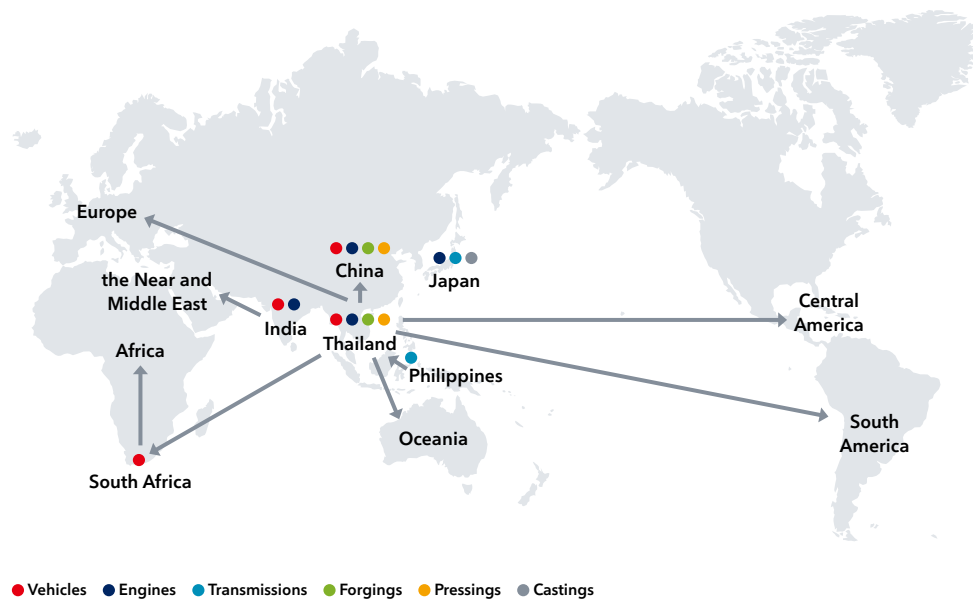
# Initiatives for Growth in the Light Commercial Vehicle Business

In the light commercial vehicle business, which is an important revenue base for the Company, we offer a lineup including the D-MAX one-ton pickup truck and the MU-X passenger pickup vehicle, which we sell in a total of more than 120 countries, including ASEAN countries, such as Thailand and the Philippines, and Australia and the Near and Middle East.

## Production System Based on Three Locations in Close Proximity to the Market

For light commercial vehicles, we have established a production framework consisting primarily of three bases: Thailand, South Africa, and India. For Africa, India, and the Near and Middle East, where demand for commercial use is strong, we utilize our production bases in South Africa and India, which are close to the markets, to enable prompt supply to the markets and to respond to their needs. Our facilities in Thailand, where we have our flagship plant, not only provide technical support to other bases but also function as a major development base, enabling us to develop and produce vehicles based on market needs.

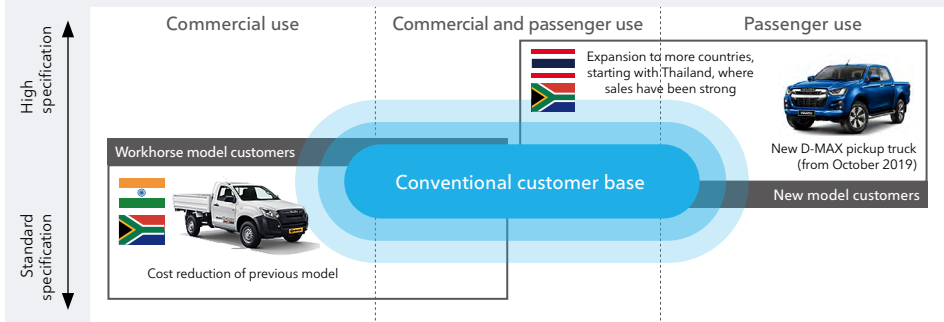
### Major Light Commercial Vehicle Production Bases and Deployment Areas



## Sales Strategies Tailored to Local Needs

In Thailand, in response to the expanding need for vehicles that are suitable for passenger use rather than commercial use, in 2019 we launched new models that can also be used for passenger use. At the same time, in India, South Africa, and the Near and Middle East, where there is strong demand for commercial and low-cost vehicles, we are implementing sales strategies that meet the needs of each region by offering cost-effective models.

### Expansion of D-MAX Pickup Truck Customer Base



### Topic: D-MAX Model Change

The full-model change of the D-MAX, carried out in 2019, improved fuel efficiency and safety while enhancing design under the concept of "Beyond the Pickup Truck" and the key words "bold," "emotional," and "smart," creating a lineup that also meets the needs of passenger vehicles. With the series of minor yet significant updates implemented in 2023, we not only revamped the exterior and interior design, but also added an advanced driver-assistance system and off-road modes to enhance safety, making it more appealing to passenger needs.



Since the full-model change, we have strengthened our customer base, achieving the No. 1 market share in Thailand for four consecutive years from 2020 onward.

## Initiatives for Growth in the Light Commercial Vehicle Business

### > Megatrends in Major Markets

#### Thailand

Demand is expected to shrink over the next two to three years due to stricter financing screening as part of the backlash from monetary easing. In the long term, sales are expected to grow due to ongoing latent demand, government support, and the growth potential of the Thai economy.

#### India, the Near and Middle East, and Africa

With Africa's population expected to grow by over 10% by 2030 and economic growth also expected in India and the Near and Middle East, demand for pickup trucks for commercial use is also expected to increase.

### > Initiatives Aimed at Steady Business Growth

In addition to sales expansion in Thailand, one of our main markets, we also aim to expand sales to countries in the Global South, including Africa and the Near and Middle East, and thereby achieve sales of more than 400,000 units by 2030. Notably, in Central and South America we will reinforce our sales channels and conduct feasibility studies on production plants, while in South Africa we will expand production by reallocating factories and commence knockdown production in Kenya. Through these and other such measures, we will fortify our sales and production framework to capitalize on demand.

#### Central and South America

- Sales channels enhancement
- Consideration of new production bases

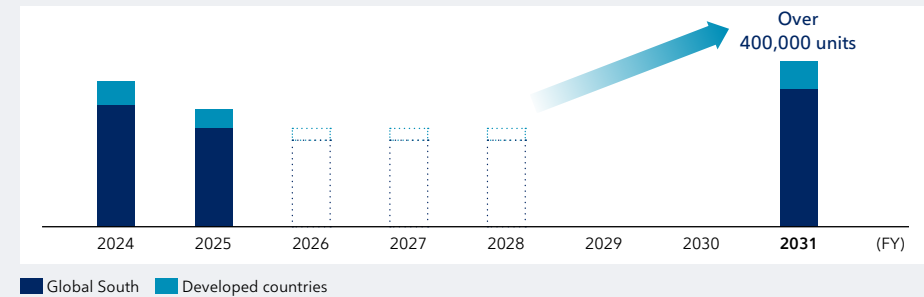
#### Africa

- Increase production by relocation of the South African plant
- Start of CKD\* assembly in Kenya

\* Complete Knock Down

### Solid Business Growth

Despite leveling off in the near-term, growth is expected due to sales expansion in ASEAN, the Near and Middle East, Africa, and Latin America.



### Initiatives toward 2030

To enable light commercial vehicles to meet various needs and use cases, such as decarbonization and connectivity, we will develop a variety of power sources, including high-efficiency engines, plug-in hybrid electric vehicles (PHEVs), and battery-electric vehicles (BEVs). In addition, through partnerships we will pursue the development of electric components, electrical and electronic architecture, and other core technologies required for the future.

#### Future Core Technologies

Promote development of core technologies for the next-generation through partnerships

#### Support for a Variety of Power Sources

Extensive power source line up to meet various use cases

- High-efficiency engines
- PHEVs
- BEVs

### Topic: First BEV Pickup Truck Prototype Unveiled

We unveiled a prototype of the BEV model of the D-MAX 1-ton pickup truck at the 45th Bangkok International Motor Show in Thailand. We will launch sales in parts of Europe, including Norway, in 2025 and will then expand to other areas, such as the United Kingdom, Australia, and Thailand, taking into account how cars are used and the status of infrastructure in individual countries and regions.



# Priority Market Strategies

## Japan

### Market Environment

- A shrinking working population and growing need for improved logistics efficiency due to the shortage of drivers arising from the 2024 workstyle reform legislation



Efficiency improvement is necessary to resolve labor shortage. Protect Japan's logistics and manufacturing industries by developing new businesses that utilize autonomous driving technology, and expand current businesses such as supply chain and infrastructure development

### Market

- Invest to strengthen sales functions and service infrastructure network to support expansion of new vehicles and fleets (205 billion yen)
- Create new businesses that resolve challenges facing the logistics industry, utilizing autonomous driving technology that only Isuzu, with its extensive expertise in vehicle use, can provide



### Monozukuri (Manufacturing)

- Establish a robust supply chain to secure global production volumes by utilizing generative AI to improve current infrastructure and re-structure current domestic monozukuri structure to prepare for labor shortage
- To resolve issues arising from 2024 workstyle reform legislation, improve operations based on the actual conditions of driver hours and loading rates, reduce driver workload, and promote proof-of-concept of autonomous driving (starting with our own logistics domain)

## North America

### Market Environment

- With countries leading in BEV regulations, the shift to zero-emission commercial vehicles is accelerating



As a pioneer for development of Isuzu's BEV business, actively invest in strengthening engineering and production capabilities in the US, starting with the launch of light-duty BEVs. Become leader in LCF\* market by concentrating on aftersales service

### Market

- Lead LCF\* BEV market by evolving into a business model that utilizes maintenance leasing and connected services in conjunction with the introduction of BEVs to the market
- As major logistics companies and shippers are entering into vehicle manufacturing and autonomous driving, create a business utilizing Isuzu's unique autonomous driving technology, in order to expand the added value of vehicle OEMs



### Monozukuri (Manufacturing)

- In order to locally procure BEV batteries and acquire autonomous driving technology, enhance Isuzu's engineering capabilities
- Increase production capacity to start light- and medium-duty BEV production



\* Low Cab Forward

## Priority Market Strategies

### ASEAN Region

#### Market Environment

- Expansion of emerging players using BEVs
- Working populations are expected to decline leading up to 2030, including in Thailand where Isuzu has facilities.



By providing products in multi-pathway, including xEVs, and pursue factory modernization and efficiency improvements to secure labor force, maintain and strengthen manufacturing and customer foundation

#### Market

- As emerging players expand into ASEAN with BEVs, Isuzu aim to maintain and strengthens customer foundation by using connected services, and maintenance leasing
- Provide products in multi-pathway, including xEVs



#### Monozukuri (Manufacturing)

- Actively invest in the LCV supply chain (32 billion baht), mainly in Thailand, to make firm the LCV business and increase production capacity
- Continue to invest in existing factories in ASEAN countries for greater efficiency, modernization, and increase worker satisfaction to secure labor force



### Strategic Regions

#### Market Environment

Demand is expected to expand sharply, driven by population growth from 2030 onward



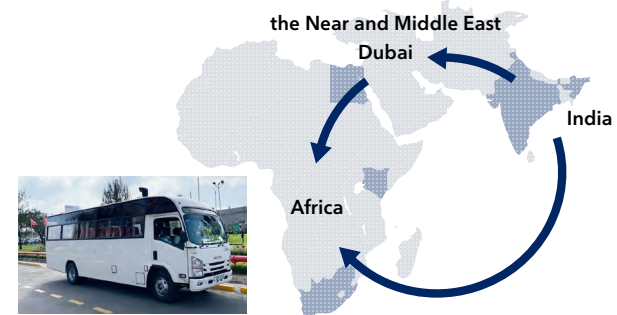
Positioning India and Africa as strategic bases for future growth, strengthening mutual collaboration for resources and sales channels across Isuzu Group especially with the Near and Middle East Base

#### Africa

- In preparation for the possibility of a rapid increase in demand due to population growth after 2030, enhance brand recognition and expand presence, leveraging current Monozukuri base in South Africa, Kenya, and Egypt
- Invest to increase LCV production capacity and invest to new CV plant in South Africa. Starting CKD assembly of LCVs in Kenya

#### India

- As an export base for LCVs and product development base for growing markets, UD R&D functions and local resources will be efficiently utilized





# CFO Message

## Steadily Improving Earnings and Investing for the Future

### Preface

#### ► Isuzu's New Medium-Term Business Plan: ISUZU Transformation—Growth to 2030

In its pursuit of providing solutions to various social issues related to transportation, Isuzu has formulated its new medium-term business plan, ISUZU Transformation—Growth to 2030 (hereinafter "ISUZU Transformation"). While focusing on strengthening existing businesses, we aim to become a commercial mobility solutions company in the global market by 2030 by focusing on our three new business pillars: autonomous driving solutions, connected services, and carbon-neutral solutions.

In this section, I will outline Isuzu's financial policy aimed at realizing the goals set forth in ISUZU Transformation and the initiatives the Company is undertaking through fiscal 2027, the halfway point of the plan.

My responsibility as Group CFO is to maximize corporate value by steadily building more robust revenue and financial bases and investing in growth for the future. In addition, from fiscal 2025, I have also assumed the role of chief strategy officer (CSO) to drive forward the business strategies outlined in Isuzu Transformation. To ensure the successful implementation of our medium- to long-term strategies, it is essential that they are underpinned by an appropriate financial strategy, and I aim to achieve prompt changes while maintaining a balance between the two.

### Financial Policy

Our financial policy will evolve based on four key elements: growth investments, financial soundness, shareholder returns, and profitability and capital efficiency.

In terms of growth investments, we aim to sustainably increase corporate value by prioritizing investments that are necessary for the continuation of business activities and future growth.

At the same time, as a company that operates businesses engaged in the manufacture and operational support of trucks—an essential part of social infrastructure—it is our responsibility to maintain financial soundness by underpinning the stability of such businesses while maintaining a financial base that enables flexible financing for investments in growth.

After comprehensively considering the balance between shareholder returns and internal cash reserves for securing growth investments and maintaining financial soundness, the Company will return profits to shareholders based on the level of profitability for each fiscal year while aiming to achieve steady dividend growth through its continued efforts to increase profitability. In addition, the Company will acquire treasury stock in a flexible manner based on factors such as its financial condition, cash flows, and expected future revenues.

From the perspective of emphasizing capital efficiency, we are aiming for ROE that exceeds the cost of shareholders' equity. In doing so, we will strive to improve profitability and strengthen cash management through measures that include increasing working capital efficiency. In addition, Isuzu



Director of the Board and  
Managing Executive Officer,  
CSO, Group CFO,  
EVP of Corporate Strategy  
Division,  
EVP of Corporate Planning  
& Financial Division,  
SVP of Chief for External Affairs

Naohiro Yamaguchi

## CFO Message

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

For a more detailed outline of Isuzu's financial policy and investment strategy under ISUZU Transformation, please refer to [□ page 24](#).

### Reflecting on Medium-Term Business Plan 2024

First, I would like to take a look back at Medium-Term Business Plan 2024 from a financial standpoint.

#### ▶ Achieving Net Sales and Operating Income Targets One Year Ahead of Schedule

We set quantitative targets for the third year of Medium-Term Business Plan 2024, fiscal 2024, the year ended March 31, 2024, of net sales of ¥2.75 trillion in net sales, operating income of ¥250 billion, and ROE of 12.5%, and we were able to exceed all of these targets. We also met our targets for net sales and operating income in the second year of the plan.

However, the business environment has changed significantly compared with the projections made at the time we formulated Medium-Term Business Plan 2024. Looking at market environments, the pickup truck market in Thailand experienced an unprecedented decline in fiscal 2024. However, buoyed mainly by a combination of robust sales in developed markets, such as Japan and North America, and favorable foreign exchange rates, we were able to achieve a significant increase in sales. As for our profitability, the historic rise in material costs, especially for steel products, had an unprecedentedly large negative impact. However, we were able to counteract these negative impacts to some extent by promoting activities to reflect them in our sales prices with the understanding of our customers. In addition, we believe that we were able to achieve our goals due to the combination of increased sales, cost reduction activities, and the positive impact of the yen's depreciation.

#### ▶ Maintaining a 40% Dividend Payout Ratio While Executing a ¥50 Billion Share Buyback

Regarding shareholder returns, we maintained a dividend payout ratio of 40% for all years during the period of the plan. In the third year of the plan, fiscal 2024, we also repurchased ¥50 billion of our own shares. Combined with dividends, total shareholder returns over the three-year period amounted to ¥232.9 billion, for a total return ratio of 51.3%. Compared with previous years, we were able to significantly increase shareholder returns.

#### ▶ No Issues with Financial Soundness

During the three-year period of Medium-Term Business Plan 2024, capital expenditures totaled ¥289.2 billion and research and development expenditures amounted to ¥347.7 billion. Although cash outflows averaged at the ¥210 billion level each year, they were fully covered by operating cash flow backed by strong business performance. In addition to shareholder returns, the Company is in the process of repaying interest-bearing debt, which was utilized in the acquisition of UD Trucks Corporation in 2021. Our year-end capital adequacy ratio was 44.8%, which gives me no cause for concern about the Company's financial soundness.

### Outlook for Fiscal 2025

For fiscal 2025, we are forecasting lower sales and profits, with net sales of ¥3.35 trillion, operating income of ¥260 billion, profit before extraordinary items of ¥275 billion, and profit attributable to owners of parent of ¥160 billion. The assumed exchange rate is ¥145 to US\$1.

#### ▶ Market Conditions in Thailand Remain Challenging

The pickup truck market in Thailand is expected to take some time to fully recover, given that the local financing situation has shown no signs of improvement. Although developed markets are resilient, we expect conditions in emerging markets to be difficult on the whole due to weak momentum in such markets.

#### ▶ Continuing to Reflect Ongoing Material Cost Increases in Our Pricing

In terms of profits, we expect material costs to continue to rise, although not as much as before. We will continue to sincerely respond to particularly strong requests from suppliers for price increases against the backdrop of wage hikes and other cost increases. We are continuing our efforts to reflect cost increases in selling prices, but we are forecasting a decrease in profit due to the fact that we have not been able to offset the impact of lower sales, mainly in Thailand.

#### ▶ Maintaining Dividends per Share and Executing a ¥75 Billion Share Buyback Despite Forecast Decrease in Income

We forecast profit attributable to owners of parent of ¥160.0 billion, a year-on-year decrease of ¥16.4 billion. However, this decrease in profit will be temporary due to current sluggish demand, and as indicated in ISUZU Transformation, we are steadfastly committed to our growth scenario through 2030. Based on the assumption that profits will grow again in the future, we will not reduce the dividend in line with the forecast decrease in income but will maintain the same dividend forecast as the previous fiscal year of ¥92 per share.

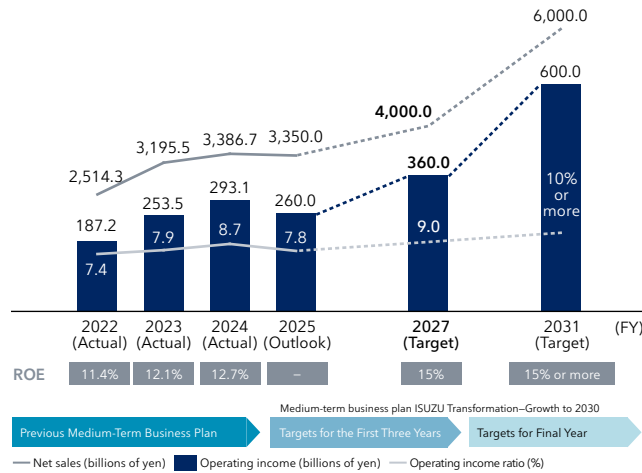
In addition, as announced in August 2024, the Company will execute a share buyback with a maximum value of ¥75 billion.

### Quantitative Targets for Fiscal 2027

In order to achieve the goals set forth in ISUZU Transformation for fiscal 2031 of net sales of ¥6 trillion, an operating income ratio of 10% or more, and ROE of at least 15%, we have set our goals for fiscal 2027, three years from now, as net sales of ¥4 trillion, an operating income ratio of 9%, and ROE of 15%. The assumed exchange rate is ¥140 to US\$1.

## CFO Message

### Quantitative Targets for Fiscal 2027



### ► Net Sales of ¥4 trillion and Operating Income Ratio of 9%

We consider ¥4 trillion in net sales for fiscal 2027 to be the minimum we must achieve to realize our ultimate goal of ¥6 trillion in net sales by fiscal 2031 under ISUZU Transformation. In 2027, the market for electrification will still be small, and we will work to ensure that we reach our goal by effectively leveraging our existing business technologies that we have built up to date and by strengthening sales, especially in emerging markets.

Although we expect an increase in growth investment expenses, such as development and amortization costs, we believe that we will be able to achieve an operating income ratio of 9% by reflecting cost increases in product prices and cost reduction activities while also being helped by increased net sales.

In terms of the outlook for the market in Thailand, we are assuming that the market environment will remain similar in fiscal 2027, as it was in fiscal 2024, and that it will take some time for the market to fully recover.

### ► Growth Investments of Approximately ¥1 Trillion over Three Years

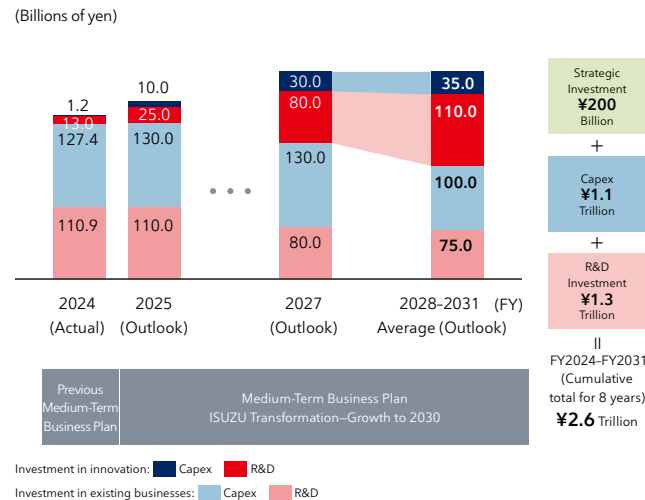
The investment plan in ISUZU Transformation sets forth a total of ¥2.6 trillion over the eight years through fiscal 2031. ¥1 trillion is allocated for investments in innovation and ¥1.6 trillion for investments in existing businesses.

In the three years through fiscal 2027, the Company will invest in innovation, including in electric, fuel-cell, and other vehicle technologies geared toward becoming carbon neutral; the introduction of various testing and evaluation facilities for the development of optimal systems and components for electric vehicles; the development of autonomous driving-related technologies; and investments aimed at acquiring and commercializing these technologies.

At the same time, we aim to sustain and expand our existing businesses by continuing to make investments in continuously improving existing products and technologies, strengthening domestic and overseas production bases, increasing the capacity of domestic sales and service bases, and making digital transformation-related investments.

Over the next three years, we expect to invest ¥300 billion in innovation and ¥680 billion in existing businesses, totaling almost ¥1 trillion. As we move toward fiscal 2031, we will further accelerate our investments in innovation while curbing our investments in existing businesses, thereby controlling the increase in the overall amount invested.

### Quantitative Targets for Fiscal 2027: Investment Plan



### ► Further Improving Capital Efficiency

In ISUZU Transformation, the Company indicated that it will maintain a dividend payout ratio of 40%, aim for steady dividend growth, be aware of appropriate capital adequacy levels, and continue to flexibly purchase treasury stock. In addition, the Company has set a target for ROE of 15% or more, with an eye on the global market, and will strive to improve capital efficiency.

In Medium-Term Business Plan 2024, we set our ROE target at 15% for fiscal 2026; however, we have revised this target, now aiming for fiscal 2027. To achieve this target, we will promote activities to optimize the level of shareholders' equity in addition to improving profitability.

### ► Utilizing Interest-Bearing Debt to Stay as Financially Sound as Possible

There is no change in our policy of maintaining a financial strength rating of "A" in terms of management stability while continuing to invest in growth and return profits to shareholders. At the same time, we will continue to utilize interest-bearing debt from the perspective of capital efficiency so that we can maintain our "A" rating.

## In Closing

As we contribute to a decarbonized society and address issues related to the transportation of goods and people, such as the "2024 issue," expectations for the commercial vehicle industry are higher than ever. Our response to these expectations is to evolve into a commercial mobility solutions company that provides solutions to the issues faced by customers and society through reliability and creativity, as stated in ISUZU Transformation. For this evolution to take place, it is essential that we achieve ISUZU Transformation's financial targets. I will continue to fulfill my responsibilities as Group CFO in achieving these targets.

# Special Feature

## Aiming to Reform Our Business Models

### Isuzu's Competitive Advantages and Strategies in Its Commercial Vehicle Businesses in Japan and Overseas

In order to realize the goals set forth in Isuzu's new medium-term business plan, ISUZU Transformation—Growth to 2030 (hereinafter "ISUZU Transformation"), we must further strengthen the business foundation and competitiveness of our existing businesses.



Source of Isuzu Group competitiveness

- Light-duty trucks
- Light commercial vehicles
- Collaboration with UD Trucks Corporation
- *Monozukuri*
- Customer base
- Financial base
- Operational support



## CASE 1

### Keeping Vehicles in Operation throughout Their Entire Life Cycle

#### Isuzu's Foundational Business Model for the Commercial Vehicle Business in Japan

In this section, we will take an in-depth look at the business model behind where it all began for Isuzu—its commercial vehicle business in Japan. We will delve into the Company's vision for the business while exploring the challenges it faces and the actions it must take to achieve its goals.

## CASE 2

### Shift to a Business Model That Breaks Away from Our Approach with a Focus on Selling Every Last Vehicle

#### Overseas Commercial Vehicle Business: Transforming into a Value Provider That Keeps Vehicles in Operation While Accelerating Overseas Expansion

This section outlines how we aim to create added value in overseas markets by strengthening our vehicle supply and after-sales services and how we will reinforce our competitive edge.

# CASE 1

## Keeping Vehicles in Operation throughout Their Entire Life Cycle

### Isuzu's Foundational Business Model for the Commercial Vehicle Business in Japan

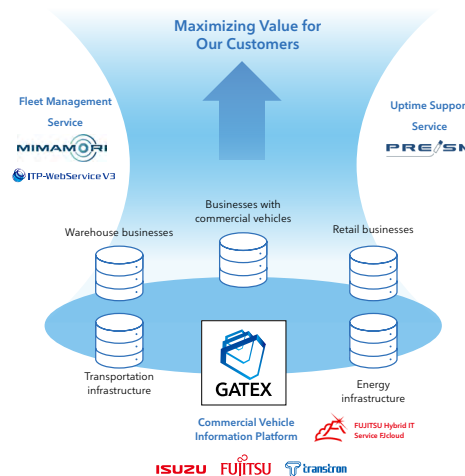
#### A Business Model That Enables Support for the Vehicle's Entire Life Cycle

In ISUZU Transformation, we set out our plan for the overseas rollout of a service that supports operations throughout the entire life cycle of a vehicle. At the heart of this is the business model and service expertise we have cultivated over many years of working with commercial vehicles in Japan.

Commercial vehicles are required to operate 24 hours a day, 365 days a year as tools for logistics. Centered on Japan, Isuzu has developed a business model for commercial vehicles that provides continuous after-sales support for the operation of vehicles by properly managing and tracking vehicle data, providing after-sales services to prevent breakdowns, and responding quickly in the event of a breakdown. This enables the Company to secure stable revenues, not only from the sale of new vehicles but also from the provision of parts and services, by encouraging customers to regularly visit service centers and maintain their vehicles over a period of ten years or more.

We have taken four main measures to enhance our after-sales support and establish the vehicle life cycle business in Japan: expanding our maintenance facilities, building vehicle databases, providing connected services, and offering maintenance leases. In order to minimize disruptions to our customers' operations when a vehicle breaks down as much as possible, it is necessary to have an abundance of service centers that can immediately accept a vehicle to be serviced. Since 1959, when Isuzu launched its system that turned auto repair businesses into designated Isuzu vehicle service centers under its dealerships, Isuzu has expanded its nationwide network of vehicle maintenance facilities. Isuzu currently has 250 service centers at 21 dealerships across Japan. If we include UD Trucks' service centers, the

Isuzu's Connected Services [Page 29](#)



network extends to over 400 centers nationwide. In addition, vehicle databases are centralized across Isuzu dealers, and information on vehicle inspections and breakdowns has been used to establish a system that allows customers to receive optimal maintenance and service based on their maintenance history, no matter which service center they visit in Japan.

Since 2004, we have stayed ahead of our competitors by providing our MIMAMORI connected fleet management service, which tracks the operation and usage of our customers' vehicles and provides timely and appropriate information. In 2015, the Company began offering PREISM, an uptime support service that utilizes remote vehicle data to manage the condition of vehicles and identify signs of breakdowns. The service performs predictive maintenance before vehicle breakdowns occur, providing added value to the customer by ensuring that the vehicle stays in operation. Additionally, in Japan, Isuzu Leasing Services Ltd. offers the PREISM CONTRACT maintenance lease, which packages together the latest connected services and advanced genuine maintenance services, providing full support throughout the vehicle life cycle and enabling customers to continue to introduce the latest Isuzu vehicles into their fleets at a fixed price.

Underlying these services is a commitment to always working closely with customers and responding sincerely to their needs. As a result of our continued efforts to meet customers' need to reduce disruptions to their operations caused by vehicle breakdowns as much as possible, fix issues before vehicle breakdowns occur, and make efficient use of their vehicles with peace of mind, we have been able to build a business model for the entire life cycle of vehicles based on maintenance and after-sales services in line with the way vehicles are used.

#### Investment in Facilities and Human Resources to Reliably Provide Services That Keep Vehicles in Operation

During ISUZU Transformation, Isuzu plans to not only increase vehicle sales and ownership but also launch various electric vehicles and create new businesses centered on automated driving and connected services in the Japanese market to help address social issues. We will strengthen our existing vehicle sales businesses by working together with UD Trucks to expand and complement each company's sales and service channels, and as part of our multi-pathway approach to carbon-neutral solutions, we will launch the ELF mio\*1 in July 2024, following the launch of the N-Series electric vehicles in 2023. In an industry first, Isuzu has created a new category of diesel vehicles that are compatible with noncommercial driver's licenses. The vehicles will help to address "the 2024"\*2 issue and meet a wide range of other needs, from those of the logistics industry at large to those of independent business owners—both of whom will require a more diverse workforce going forward.

On the other hand, the biggest challenge in increasing our top line is to secure and retain human resources, including maintenance staff. As the number of vehicles sold and owned increases, the demand for after-sales services will also increase proportionally, meaning it is imperative that we strengthen our

\*1 The N-Series is known as the ELF series in Japan.

\*2 The decline in transportation capacity and labor shortage due to an amendment to the Japanese Labor Standards Act limiting truck drivers' annual overtime to 960 hours, which took effect in April 2024.

after-sales service capabilities. With a view to increasing the number of vehicles sold and owned and further improving service levels, the commercial vehicle business in Japan plans to invest approximately ¥200 billion over the next three years to strengthen its sales capabilities and expand its service infrastructure network, including investment in human resources and improving working conditions. This investment, which is four times the scale of investments made in the past, will be allocated to upgrading state-of-the-art facilities that will improve employee safety and working conditions, strengthening our network of service centers, building systems to simplify and streamline work processes, and constructing facilities and maintenance networks with an eye to the connected, autonomous, shared & service, and electric (CASE) era. This will lead to both reduced maintenance times and improved employee safety and working environments.

Based on these strengthened systems, we will continue to be the brand of choice for our customers by providing more enhanced services to keep vehicles in operation while promoting leading-edge initiatives to resolve social issues.



### Our Sales Representatives in Japan Are the Driving Force behind ISUZU Transformation

It is no overstatement to say that our sales representatives in Japan hold the key to the success or failure of ISUZU Transformation. With regard to domestic sales, which account for about 30% of the Isuzu Group's total sales, our mission is to expand our top line in existing domains and implement leading-edge initiatives to resolve social issues. We believe that fulfilling these missions will directly lead to our underpinning of the transportation of people and goods in Japan.

To ensure that we carry out this mission successfully, we will actively invest on an unprecedented scale in all personnel involved in domestic sales, infrastructure centered on service centers at dealerships, and business reforms through digital transformation.

Through ISUZU Transformation, our sales team in Japan will become a part of social infrastructure that connects everyone involved in transportation and work, contributing to the creation of a vibrant and prosperous society in Japan.



**Hidekazu Noto**

Executive Officer  
SVP, Sales Division

## CASE 2

### Shift to a Business Model That Breaks Away from Our Approach with a Focus on Selling Every Last Vehicle

#### Overseas Commercial Vehicle Business: Transforming into a Value Provider That Keeps Vehicles in Operation While Accelerating Overseas Expansion

##### Structural Differences between the Commercial Vehicle Businesses in Japan and Overseas That Form the Basis of Overseas Commercial Vehicle Strategies

In our commercial vehicle business in Japan, after-sales services have become a stable source of revenues owing to the establishment of the life cycle business, while in our overseas operations, new vehicle sales are our main revenue source. Underlying this are the structural differences between our commercial vehicle businesses in Japan and overseas.

In Japan, Isuzu has the infrastructure in place to work with local dealers to centrally manage customer vehicle and maintenance information, which is also aiding in the development of connected services. In contrast, most dealers overseas are independent and have no capital relationship with Isuzu, and customer information is generally managed by the independent dealers themselves. This makes it difficult for Isuzu to centrally manage information or to provide optimal services by referencing maintenance histories across different dealerships. In addition, in some countries overseas, there are no regular opportunities for vehicle inspections and the value of after-sales services that keep vehicles in operation is not yet fully recognized compared with Japan.

##### Structural Differences Relating to Commercial Vehicles in Japan and Overseas

	Overseas	Japan
<b>Dealers</b>	Independent dealerships	Network of exclusive Isuzu dealerships
<b>Sales systems</b>	Independent systems for each dealership No data sharing between dealerships	Common sales system exclusive to Isuzu Effortless data sharing and utilization through a common customer database
<b>Vehicle Inspection Systems</b>	No vehicle inspection system; repairs carried out as necessary	Regular visits to service centers via a vehicle inspection system
<b>Connected services</b>	Fleet management telematics system available in select countries only	Equipped as standard for all vehicle types, enabling acquisition of vehicle data
<b>Leasing</b>	Programs set up by local finance companies only	Wide range of maintenance leases available through Isuzu Leasing Services Ltd.
<b>Used cars</b>	Used car businesses currently not under development	Developing used car business

Against this backdrop, we have yet to roll out our connected services or maintenance leases overseas,\* so our support services related to vehicle operation status and those that provide support throughout the entire vehicle life cycle are not as complete as they are in Japan, and there is significant room for further efforts.

Even in these overseas markets where the market landscape differs significantly from that in Japan, Isuzu has embarked on efforts with an awareness of the challenges it faces, guided by the premise of meeting the needs of customers in each region.

\* MIMAMORI is also available in some regions outside of Japan.

### Initiatives through the End of Medium-Term Business Plan 2024: Expansion of Customer Contact Points through Increased Proximity to the Market and Structural Reforms Focusing on After-Sales Services

Since the late 2000s, Isuzu has been strengthening its development and service systems in overseas markets. In particular, under the theme of increasing proximity to the market, Isuzu has expanded its network of dealerships and service centers that serve as points of contact with customers in countries around the world. The thinking behind this strategy is that vehicle development and a sales and after-sales support system that is fine-tuned to the needs of customers, which vary greatly from country to country and region to region, will ultimately help differentiate Isuzu from its competitors. We have established an extensive network of regional dealerships and sales offices, including after-sales centers in the Near and Middle East, to enable the prompt supply of parts across multiple countries and have been providing sales and technical support to local dealers. In addition, Isuzu has established a sales system in which sales representatives from the Isuzu headquarters visit customers directly in both rural and urban areas to directly take on their requests. Furthermore, in 2014, the Company established Isuzu Global CV Engineering Center Co., Ltd. (IGCE) in Thailand, a facility aimed at developing commercial vehicles for emerging countries. With IGCE, we have been able to identify market needs in emerging countries, speed up development, and bring to market products that meet those needs. These efforts have also led to the expansion of our revenue base, with sales in Asia and North America growing significantly from approximately ¥590 billion and ¥98 billion, respectively, in fiscal 2014 to approximately ¥940 billion and ¥240 billion, respectively, in fiscal 2023.

In addition, Isuzu has long regarded the goal of establishing an after-sales support system similar to Japan's in overseas markets as a key management issue. However, due to the abovementioned structural challenges in overseas markets, particularly in our main markets of the ASEAN region and North America, where most dealers are not consolidated and new vehicle sales are the only major source of revenues, both Isuzu and local dealers had a deeply rooted mindset of generating their earnings from new vehicles, and cooperation between the sales and after-sales support departments was weak.

With this in mind, since the start of Medium-Term Business Plan 2024, we began building an operational model that combines sales activities that focus on after-sales support and sales activities that focus on after-sales support and parts supply, while at the same time working to change the mindset of

our employees by changing our business model to break away from our approach with a focus on selling every last vehicle.

### Customer Needs Have Changed since the COVID-19 Pandemic

The recent COVID-19 pandemic has changed lifestyles in various ways around the world. One such change is the increased demand for e-commerce due to stay-at-home requests during the pandemic. The shift to e-commerce for everyday shopping has led to a sharp increase in the number of packages handled by logistics companies, as well as a rise in demand for goods to arrive on time.

As a result of these changes, there has been a significant increase in demand overseas for trucks—which are essential in dealing with the rapidly increasing volume of cargo and building and maintaining a delivery system without delays—to have access to a 24-hour support system for immediate repairs in the event of a breakdown and be constantly maintained to prevent breakdowns.

The ASEAN region, a major market for Isuzu, has been directly affected by this structural shift. In contrast to developed countries, the COVID-19 pandemic has led to a rapid increase in e-commerce, and demand for truck maintenance and after-sales support has never been higher. On the other hand, in North America and Australia, there is a growing need for added value, such as efficiency and autonomous driving, which is premised on keeping trucks in operation. In North America in particular, there is a pressing need to respond to calls for an efficient transport system that can be maintained with even a small number of drivers, as well as for the adoption and use of electric vehicles, due to the driver shortage and advancing electric vehicles regulations.



**Koji Nakamura**

Executive Officer  
SVP, Sales Division

### Optimizing Our Division to Strengthen Isuzu's Revenue Base

As senior vice president of the International Sales Division, my role is to develop plans for the appropriate allocation of personnel and resources and to ensure the expansion of existing businesses and launch of new businesses. In the long term, I anticipate the so-called "final frontier" of African countries will become an important market for Isuzu alongside the ASEAN region. I believe that the success or failure of our efforts under ISUZU Transformation will be a major factor in creating a foundation that will enable us to capture the future market expansion of these emerging countries.

We will continue to create added value and promote organizational reforms without jeopardizing Isuzu's greatest strength, the trust we have built up with our customers.

### Completion of the Cycle for Keeping Operations Running as Part of ISUZU Transformation

In response to the changes in the business environment brought about by the COVID-19 pandemic, Isuzu's meticulous efforts to build a sales and support system have become one of its major advantages over its competitors. In transforming the current changes in the external business environment into an opportunity for Isuzu, it is essential to further strengthen this advantage while simultaneously resolving structural issues.

Under ISUZU Transformation, we aim to complete the operational model for strengthening collaboration between sales and after-sales service divisions, an initiative that has been underway since Medium-Term Business Plan 2024. In addition, we plan to develop and expand connected services, focusing on developed countries such as North America and Australia, and to build a customer support model that spans the entire vehicle life cycle. Specifically, we aim to support customers from the time they introduce a new vehicle into their fleet to the time they replace it and introduce their next vehicle by horizontally expanding the regular vehicle servicing and preventive maintenance that utilizes connected services and the new vehicle sales model based on maintenance lease contracts that we have developed in Japan to overseas markets.

To achieve this, we must simultaneously promote two aspects of infrastructure development. The first is to standardize the quality of our after-sales service operations and the prices at which we supply parts. Under ISUZU Transformation, we will standardize our IT systems and service networks by country, and we will work to strengthen cooperation with dealers in each region to promote the establishment of an operational model that allows customers to receive the same quality of service at the same price, regardless of region or dealer.

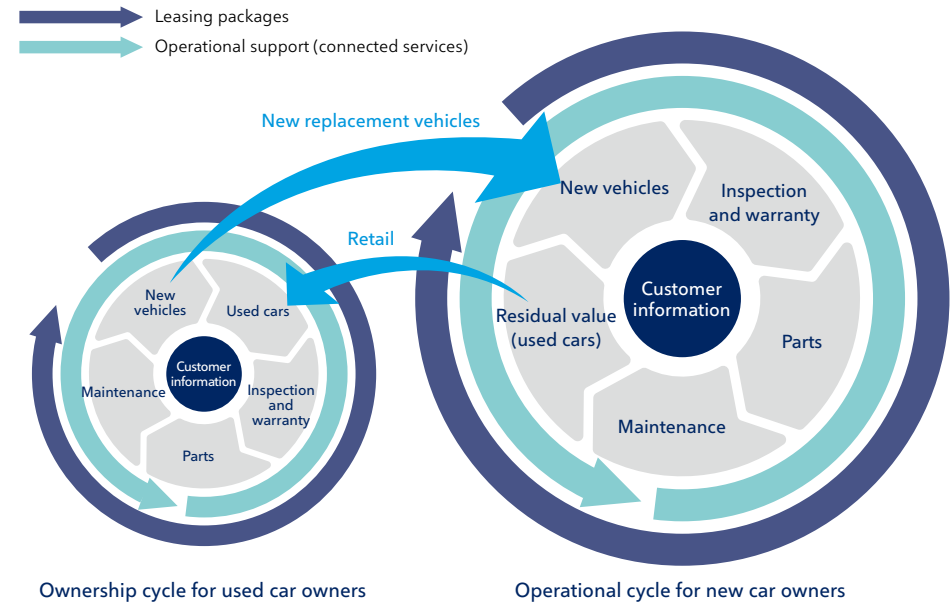
The second is the overseas expansion of connected services and maintenance leasing. In addition to keeping vehicles in operation, Isuzu will prioritize the expansion of PREISM, EVision, and its leasing packages in North America and Australia, where there is high demand for the introduction of electric vehicles. By providing maintenance and regular servicing that other companies do not offer, as well as effective operational solutions for the introduction and operation of electric vehicles, Isuzu aims to not only provide support throughout the entire vehicle life cycle but also to create even greater added value.

### Organizational Reforms Aimed at Becoming a Value Provider That Keeps Vehicles in Operation

In the Overseas Commercial Vehicle Division, we have implemented two organizational reforms in conjunction with the launch of ISUZU Transformation. The aim of the reforms is to transcend the boundaries between sales and after-sales services to promote a change in mindset to break away from our approach with a focus on selling every last vehicle and work toward becoming a value provider that keeps vehicles in operation.

The first reform involved transferring half of the employees in the service department, which oversees after-sales support for individual markets, to the sales department and redefining the role of overseas sales

### The Commercial Vehicle Business Model We Aim to Build



staff from supporting local sales companies and dealers with the aim of selling new vehicles to supporting sales companies and dealers with the aim of keeping vehicles in operation, including through after-sales support. As a result, it became essential for sales staff to acquire the skills and knowledge required for after-sales support and parts supply, while after-sales support staff needed to acquire the skills and knowledge required for sales. By having sales and after-sales support staff share knowledge and engage in business together in the same department, we aim to change the way we approach customers and dealerships, from simply selling vehicles and parts to focusing on keeping vehicles in operation, and then as a result of those efforts, selling parts and future vehicles to the customer.

The second organizational reform involved establishing a division that would be responsible for building a business model for the overseas expansion of connected maintenance leasing and for sharing knowledge in a centralized manner. The division brings together personnel with the necessary know-how in areas such as electric vehicles development, connected services, and leasing and is boldly working to get the overseas expansion of connected services and maintenance leasing on a growth trajectory by 2028.

Isuzu will continue to take on the challenge of becoming a provider that continues to earn the trust of and be chosen by its customers by building a system that applies the know-how it has built up in Japan to provide value that keeps vehicles in operation in overseas markets as well.



# The Kind of Production We Aim for under ISUZU Transformation

## To Achieve Our Vision for 2030

As the commercial mobility solutions company we aim to be under our new medium-term business plan ISUZU Transformation, we will strengthen our production bases, primarily in Japan and Thailand, through large-scale capital investment during the period of this plan so as to build a supply chain on the scale of one million units.

Notably, we will position our flagship factory, the Fujisawa Plant, as the pioneer among our production plants. We will establish a production framework there that can flexibly adapt to change, is highly competitive, and capable of stable supply. In addition, with decarbonization and securing human resources becoming crucial issues, we plan to achieve carbon neutrality in our production activities and put in place a human resource development system and working environment that will enable us to accomplish our vision.

### > Vision for Our Production Department

#### A Production Plant Endorsed by All Stakeholders

##### Flexible adaptation, high competitiveness, and stable supply

- Excellent scalability and streamlined production capacity
- Achievement of high-mix mass production SQDC\*1 with efficiency and short lead times

Satisfaction

No. 1

##### Coexisting with the local community and leading the way in harmony with the environment

- Leading in the achievement of carbon neutrality and a circular economy in production activities within the Group
- Production activities that use exclusively renewable energy; prevention of resource depletion

Sustainability

No. 1

##### A brain trust that acts, learns, and disseminates in an agile manner

- Proactive adoption of new technologies; core talent leading each area
- Consolidation of expertise and brand support using sophisticated Isuzu Monozukuri\*2

Social Impact

No. 1

##### A high level of engagement that promotes respect for individuals and fosters mutual contributions

- A place of growth where diverse specialization thrives and employees are encouraged to take on challenges
- Flexible working styles that can be adapted to different generations, genders, cultures, etc.
- A brand synonymous with a quiet, clean, safe, secure, and comfortable environment

Engagement

No. 1

\*1 SQDC: Production management indicators related to safety, quality, delivery time, and cost.

\*2 Isuzu Monozukuri: The systematization of Isuzu's manufacturing philosophy, methods, and production expertise. It is shared at plants around the world to develop a high level of uniform manufacturing.

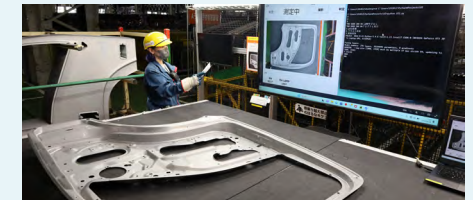
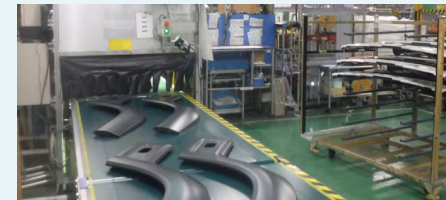
## Expanding Production Capacity through Capital Investment and Streamlining

In Japan, which is home to our key production bases, we will use our existing infrastructure to update aging facilities and acquire streamlined, scalable production capacity.

Furthermore, in recent years, as declining working populations have become an issue worldwide, labor saving and the streamlining of each process have become essential to the expansion of production capacity and the achievement of a stable supply. By proactively adopting automation technologies, we will steadily achieve high-mix mass production SQDC with mechanisms that rely on humans as little as possible.

### Topic 1 Imaging and Mechanics Technologies That Expand the Scope of Automation

As we look toward 2030, we aim to build an autonomous automation system that will determine the optimal division of roles between machines and humans in each individual process within the plant and thereby achieve higher productivity. In particular, with AI-driven imaging technology becoming more and more practical, we plan to expand its use to safety and preventive maintenance, in addition to fully automating the inspection process. We are also working to achieve labor saving and streamline processes by expanding the scope of automation to include assembly, picking, and on-site logistics processes.



### Topic 2 High-Mix, Low-Volume Production: The Basis of Streamlined Production

Isuzu employs a high-mix, low-volume production method that minimizes the need to add production lines and reduces production costs per unit by producing a wide variety of vehicle models on a common line, which is a unique strength that enables highly efficient production.

Furthermore, in recent years, the Company has introduced the I-MACS modular design system, which has enabled the systematization of parts and standardization of connections. This means that even if demand for battery vehicles increases, mixed-flow production will be possible on existing production lines for the time being, and the Company has the scalability to support a multi-pathway strategy.

## The Kind of Production We Aim for under ISUZU Transformation

### Achieving Carbon Neutrality in Production Activities

Isuzu aims to reduce CO<sub>2</sub> emissions directly from its business activities (Scope 1 and 2) by 50% compared with 2013 levels by 2030 and achieve carbon neutrality by 2050. At our domestic factories, particularly in our production departments that have a heavy environmental impact, we are implementing the visualization of power consumption, implementing thorough energy conservation activities, and introducing highly efficient production equipment. Furthermore, we are planning to gradually introduce and expand clean energy through renewable energy sources, such as through power purchase agreements.

### Creating an Organization and Culture Where Diverse Human Resources Can Thrive

In order to realize our vision laid out in ISUZU Transformation, it is important to create an environment where diverse human resources can thrive and work flexibly. In collaboration with the ISUZU ID, we aim to create a workplace where each employee can utilize their desire to grow and contribute in an open atmosphere where they are free to speak frankly.

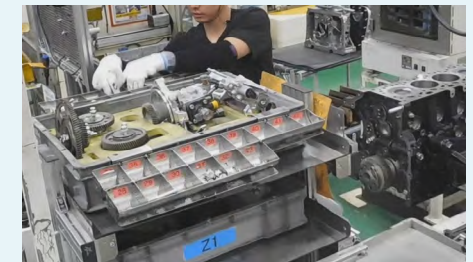
#### Topic 1 Increase in Work Processes That Anyone Can Do Right Away

As securing human resources becomes a challenge due to the decline in the working population, we are conscious of creating workplaces at our production sites where anyone from a wide range of backgrounds can easily work right away. In addition to reducing high-load work by expanding the scope of automation, we are implementing measures such as simplifying and diagramming our manuals to make it easier for even relatively inexperienced workers who may not be native Japanese speakers to get working.



#### Topic 2 Initiatives to Leverage the Desire to Contribute at the On-Site Level

Parts kitting, which is an essential element of Isuzu's current production methods, was an idea that originated at the factory floor level and has been deployed across the entire Company. By assembling parts into kits at the sub-line level so that workers at the main line level can focus on assembly work, kitting not only helps to level out the workload, but also prevents any parts being forgotten in the assembly process and helps minimize increases in main line work hours. This culture of encouraging ideas for improvements from the on-site level and the mechanisms for picking up on such improvements are strengths that Isuzu has cultivated over a lengthy history, and we intend to maintain and pass them on into the future.

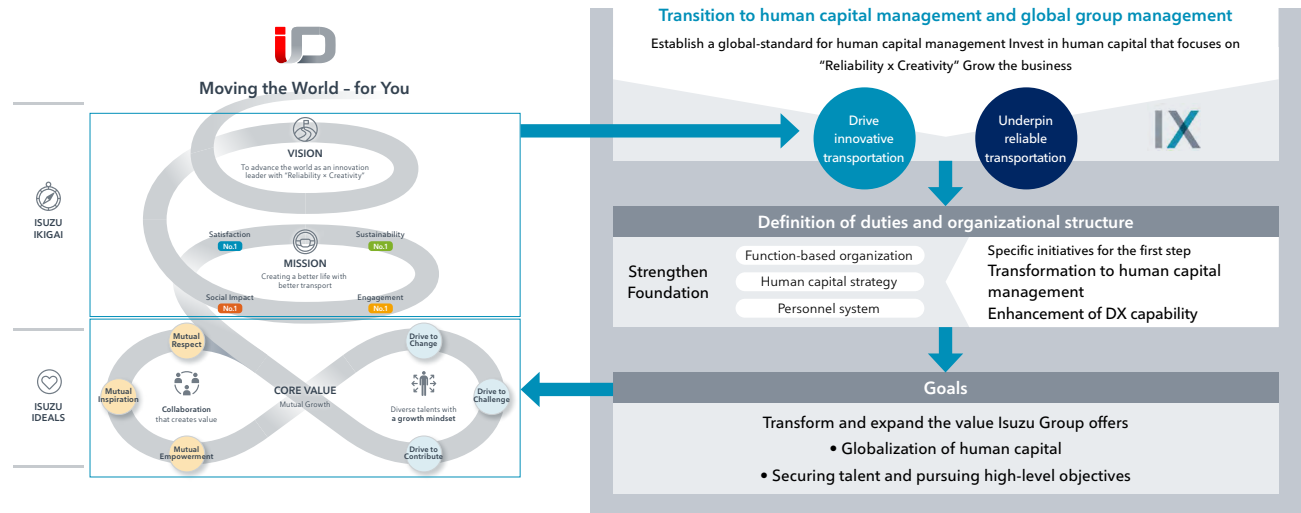


# Achievement of Human Capital Management Rooted in the ISUZU ID

## Basic Approach and Vision

To accomplish the aims of the ISUZU ID and ISUZU Transformation, we will develop a human capital management system that is based on the vision and mission of the ISUZU ID. We will move away from our traditional Japan-centric, improvement-oriented organizational foundation and instead invest in human resources who are reliable and creative by putting in place a human capital management foundation based on global standards, and we will translate these endeavors into further business growth.

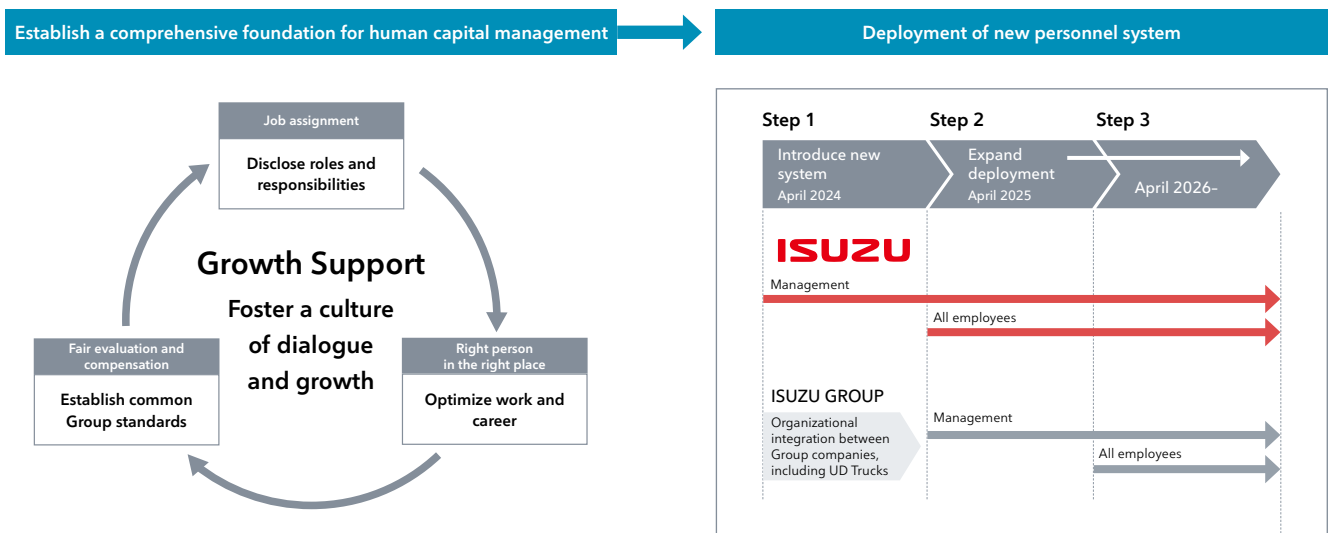
Specifically, we will define duties and organizational structures, transform into a function-centered organization, and implement a human resource strategy and personnel system based on that. From fiscal 2025, we will work to enhance our digital transformation capabilities for the sake of transitioning to human capital management and new business development. By doing so, we aim to globalize our human resources, manage the Group from a global perspective, support the autonomous growth of our employees, and secure specialized talent.



## Transition to Human Capital Management

In order to develop new business, it is essential not only to strengthen the expertise of employees but also to evaluate and allocate human resources who have the appropriate skills and the will to take on challenges. Starting from fiscal 2025, we will assemble a comprehensive human resource management foundation and roll out a new personnel system by clarifying job assignments, placing the right people in the right place, providing fair evaluation and compensation, and supporting growth through these mechanisms.

In fiscal 2025, we will roll out this new system for managerial staff at the parent company, and in fiscal 2026 we will deploy it for all parent company employees. In addition, in terms of the Isuzu Group, we will proceed with organizational integration between Group companies, including UD Trucks, starting in fiscal 2025 and will deploy the new system at the management level from fiscal 2026 and to the entire Group from fiscal 2027.



## Achievement of Human Capital Management Rooted in the ISUZU ID

### Overview of New Personnel System

We have revised our previous function-based personnel system and launched a new job-based personnel system from April 2024. The new personnel system can be divided into three categories: opportunities for growth, growth through work, and rewards for growth. However, these are not separate independent categories; rather, they are all linked together to achieve common goals. Properly operating each category in accordance with its purpose will help achieve a human capital growth cycle and connect employee growth to Company growth.

#### 1. Opportunities for growth

- Based on the career paths envisaged by each department as well as disclosed job descriptions (details of the job and personnel requirements), employees draw up their own growth plans and apply for the positions they desire.

#### 2. Growth through work

- Employees will develop by setting their own goals for their jobs and receiving support from their managers in the process of achieving those goals.
- In addition to growing in their assigned roles, employees are encouraged to actively seek and utilize learning opportunities to enhance their expertise.

#### 3. Rewards for growth

- The growth of each employee is monitored from multiple angles by managers, and employees are given feedback for future growth and rewarded appropriately.

### ➤ New Personnel System: Human Capital Growth Cycle



## Message



**Kenichi Asahara**

Senior Executive Officer  
EVP, Administration Division

Our new personnel system, which we have been gradually introducing from April 2024, is a mechanism for realizing the vision we have for the ISUZU ID. Under the new personnel system, we have organized the necessary duties and, based on the idea of "the right person in the right place,"—which means assigning personnel with the appropriate experience and skills—we have defined the responsibilities and authority of each duty and established a fair evaluation and compensation system. We believe that providing a place where capable and motivated employees can thrive as professionals, regardless of seniority or background, will create an environment that will revitalize the organization and bring about change.

Going forward, we plan to expand this to our Group companies as well, and by standardizing our personnel systems, we will put in place a mechanism that will enable talented people to transcend the Company boundaries and work globally.

The changes required to realize the vision of the ISUZU ID will not come about simply by putting systems in place. The employees themselves, who are the main players, must have a desire to grow and be determined to shape their careers independently as professionals. Furthermore, in order to realize the ISUZU ID's core value of "mutual growth," we expect managers to not only support their team members, but also demonstrate a willingness to take on new challenges and be drivers of change.

I myself am determined to take on the challenge and ensure the success of the new personnel system and accomplish organizational change.

## Achievement of Human Capital Management Rooted in the ISUZU ID

### ➔ Cultivating Core Values to Achieve Human Capital Management

#### Shifting to an Organization That Encourages Mutual Growth

To accomplish the ISUZU ID, we are advancing the evolution of our Group into one where employees grow by taking on challenges proactively without fear of failure and where members energize each other to create mutual value. We are implementing various activities to deepen understanding of the ISUZU ID and to lead to actions that will drive change throughout the entire Group.

#### Introducing Engagement Surveys

To regularly confirm the impact of each measure aimed at achieving human capital management and check workplace conditions, we will collect and analyze the thoughts of each employee from various angles through an annual engagement survey, with a target of 70% positive engagement responses by 2030.

#### Using Survey Results for Workplace Improvement

Based on the survey results, each workplace will take a bottom-up approach to address issues and work to improve the workplace over the medium to long term. By analyzing the survey results, differences between organizations, job types, and attributes will become clear, enabling appropriate measures to be taken according to the characteristics of the workplace. Each workplace will be able to identify issues and develop and implement action plans, thus promoting proactive efforts and improvements.

Specific steps are as follows:

**1 Publish survey results**

The survey results will be made publicly available to all members of the workplace.

**2 Analyze results and identify issues**

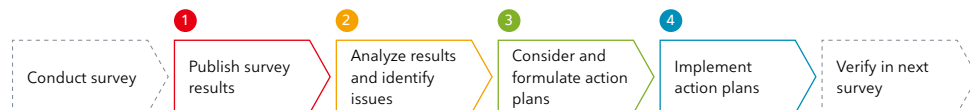
After analyzing results and understanding the trends in their own workplace, members will discuss results with each other to specify any issues.

**3 Consider and formulate action plans**

In order to solve the issues, short- and long-term action plans will be formulated through dialogue in each workplace.

**4 Implement action plans**

The manager will take the lead, and everyone will discuss and check progress and continue taking action.



#### Topic 1 The Isuzu Group Leadership Summit and Innovation Day Events

In April 2024, we held the Isuzu Group Leadership Summit (IGLS) for the top management and leaders of domestic and overseas affiliated companies and the second Innovation Day for general managers and change ambassadors of Isuzu Corporation, following on from our first Innovation Day in 2023. At the IGLS, the meaning and role of leadership were discussed through presentations and interactive group work. At Innovation Day, which featured the theme of “New You, New Isuzu,” participants considered how to change themselves and their workplaces and deepened discussions on how to use this to change their behavior.



#### Topic 2 President's Open Luncheon

As a symbolic action of the ISUZU ID, we held an open lunch where employees could talk directly with the president. The aim is not only to deepen understanding and empathy for the president's own ideas and the Company's business but also to lower the barriers to discussion and create a workplace where employees can motivate each other.



#### Comments from Participating Employees

President Minami sincerely engaged with each participant, and despite the small group of five, he was able to deliver a powerful message that expressed his aspirations for Isuzu's future, which was very impressive and made for a truly luxurious experience.

# 05 Isuzu's Sustainable Management Foundation

55	Promotion of Sustainability	61	Respect for Human Rights
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57	Environmental Initiatives	64	Improvement of Technology and revision of Reliable Products and Services
60	Occupational Health and Safety Initiatives / Diversity and Inclusion		

# Promotion of Sustainability

Isuzu has established a sustainability promotion structure centered on the Sustainability Committee. The committee promotes sustainability activities throughout the Group by discussing and making decisions on sustainability-related management issues, business policies, and business strategies. By reflecting changing social trends and society's expectations of companies in Isuzu's medium- to long-term business activities, the committee aims to enhance the sustainable growth of society and the Company.

## Message

In ISUZU Transformation—Growth to 2030, the medium-term management plan formulated in April 2024, Isuzu has set forth a detailed vision and path to be followed by 2030 in order to realize its corporate philosophy, the ISUZU ID (□ page 23). As a commercial mobility solutions company that aims to resolve issues faced by customers and society, such as achieving carbon neutrality and logistics-focused digital transformation, we will strive to enhance our corporate value by creating both social and economic value. In ISUZU Transformation, we have set forth seven areas for realizing the ISUZU ID and linked them to the four elements of our mission—becoming No. 1 in customer satisfaction, sustainability, social impact, and employee engagement (□ page 25). To achieve this mission, the Isuzu Group will actively address global environmental issues, including climate change, with respect for human rights as the foundation of everything we do.

In fiscal 2024, the Sustainability Committee engaged in extensive discussions on the implementation of climate change measures and progress on human rights due diligence, and existing initiatives were enhanced and strengthened. In addition, since fiscal 2024, the Isuzu Group Sustainability Liaison Conference has been held for key subsidiaries in Japan and overseas to share information and collaborate with each other to promote efforts from a global perspective.

We will continue to promote sustainability-related initiatives in our pursuit of realizing the ISUZU ID.



**Naohiro Yamaguchi**

Chair of the Sustainability Committee, Director of the Board, and Managing Executive Officer

## Isuzu's Structure for Promoting Sustainability

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

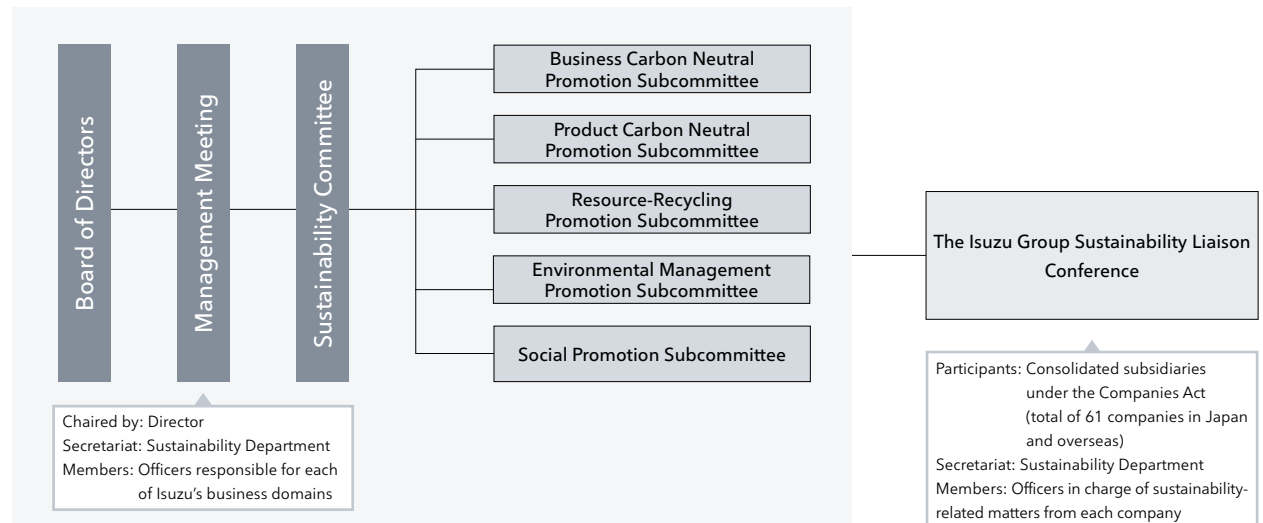
The Sustainability Committee meets regularly (at least four times a year) to deliberate and make decisions on matters pertaining to sustainability and reports the contents of the discussions to the Management Meeting and the Board of Directors as necessary.

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

In addition, the Isuzu Group Sustainability Liaison Conference is held to help establish a structure for the Groupwide promotion of sustainability.

**Sustainability Committee**  
Fiscal 2024  
Meetings held: 5  
Main agenda items:

- Discuss revision of sustainability-related policies
- Discuss and report on promotion of the 2030 Environmental Roadmap
- Report on progress regarding human rights due diligence
- Discuss activities of each subcommittee



# Material Issues

The Isuzu Group has established eight material issues that it aims to resolve through its business activities. By addressing these issues, we will create both social and economic value.

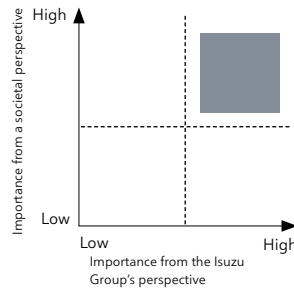
## Identification of and Selection Process for Material Issues

### Step 1 ▶ Identify and organize issues

We drew up a list of issues based on the Isuzu Group's business characteristics, business challenges, and daily communication with stakeholders. International guidelines such as the GRI Standards, ISO 26000, the Sustainable Development Goals, and the SASB Standards were also considered in the process.

### Step 2 ▶ Prioritize issues and identify potential material issues

Taking into consideration the external environment, characteristics, strategies, and CSR activities of the Isuzu Group's businesses, we mapped out and prioritized issues from the perspectives of both Isuzu Group and society before identifying potential material issues.



### Step 3 ▶ Engage in dialogue with experts

To assess the validity of the potential material issues and gain insight into society's expectations for Isuzu, we held a dialogue with two experts and refined our list of potential material issues based on this dialogue. At the Management Meeting in 2018, we decided on nine material issues for Isuzu Group.

### Step 4 ▶ Revise list of chosen material issues

In 2021, after much deliberation by the Sustainability Committee and other internal bodies, we organized the issues into the two themes of "value provided to society," which takes an offensive stance, and "cornerstones supporting value creation," which takes a defensive stance, and decided at the Management Meeting to proceed with only eight material issues.

	Material Issues	Approach to Resolving Issues	Relevant Pages	Relevant SDGs
Value provided to society	Realization of a society in which people and goods can be transported safely, securely, and efficiently	<ul style="list-style-type: none"> <li>• Create innovation in the fields of automated driving and connected technologies while leveraging business collaborations with trusted partners</li> <li>• Enhance after-sales service networks in addition to supplying products equipped with state-of-the-art safety features</li> </ul>	Expansion of Value Provided through the Evolution of Connected Services <a href="#">Page 29</a> Raising Profitability by Enhancing After-Sales Services <a href="#">Page 36</a>	
	Balance between global environmental sustainability and global economic growth	<ul style="list-style-type: none"> <li>• Reduce environmental impact of manufacturing processes and promote recycling-oriented business while providing economically friendly products and services that have low environmental impact through the creation of innovation geared toward decarbonization, such as the development of products with advanced environmental performance that contribute to efficient transportation</li> </ul>	Isuzu's Strategy to Achieve Carbon Neutrality <a href="#">Page 30</a> Environmental Initiatives <a href="#">Page 57</a>	
	Enrichment of livelihoods and stimulation of economies in emerging countries	<ul style="list-style-type: none"> <li>• Popularize commercial vehicles by expanding sales channels and the customer base for commercial and light commercial vehicles</li> <li>• Provide products and services that contribute to the enrichment of livelihoods and the development of economic infrastructure in a manner suited to the needs of each country and region</li> </ul>	Priority Market Strategies <a href="#">Page 39</a>	
	Maintenance of suitable living environments during times of disaster and emergency	<ul style="list-style-type: none"> <li>• Provide products and services that are reliable in times of disaster and emergency, including emergency vehicles and products that are compatible with a variety of energy sources, as well as after-sales service networks to assist in the restoration of damaged vehicles</li> </ul>	Provision of Carbon-Neutral Solutions <a href="#">Page 33</a> Raising Profitability by Enhancing After-Sales Services <a href="#">Page 36</a>	
Cornerstones supporting value creation	Improvement of technologies and provision of reliable products and services	<ul style="list-style-type: none"> <li>• Make quality our top priority and pursue safety and environmental technologies tailored to the needs of the times</li> <li>• Ensure the quality of our products and services by establishing a system to ensure quality throughout our value chains</li> </ul>	Improvement of Technology and Provision of Reliable Products and Services <a href="#">Page 64</a>	
	Respect for and among employees and promotion of diversity	<ul style="list-style-type: none"> <li>• Respect the human rights and diversity of our employees, strive to maximize their abilities, and create an environment in which they can work safely and with peace of mind</li> <li>• Develop a comprehensive human resource management infrastructure to realize human capital management based on the ISUZU ID</li> </ul>	Achievement of Human Capital Management Rooted in the ISUZU ID <a href="#">Page 51</a> Occupational Health and Safety Initiatives <a href="#">Page 60</a> Diversity and Inclusion <a href="#">Page 60</a> Respect for Human Rights <a href="#">Page 61</a>	
	Coexistence and co-prosperity with local communities and stakeholders	<ul style="list-style-type: none"> <li>• Engage in two-way communication with the various business partners involved in our supply chains and build relationships of trust by conducting open and fair business transactions</li> <li>• Gain an accurate awareness of the needs of local communities and our stakeholders and respond accordingly by respecting national and regional cultures and working to engage and harmonize with local communities and society through our business activities</li> </ul>	Supply Chain Management <a href="#">Page 62</a>	
	Appropriate governance	<ul style="list-style-type: none"> <li>• Strengthen oversight functions and ensure accountability to all stakeholders by enhancing the rationality and speed of decision-making</li> </ul>	Corporate Governance <a href="#">Page 69</a>	



# Environmental Initiatives

As part of the mission of the ISUZU ID, the Isuzu Group aims to be No. 1 in sustainability by proactively addressing environmental conservation considerations in all business fields.

Based on Isuzu Long-Term Environmental Vision 2050, the Company will advance the preservation of the global environment and economic development by reducing environmental impact, promoting circular business, and creating innovations toward decarbonization.






## Management Framework

Isuzu has established a framework for promoting sustainability, including environmental issues, through the Sustainability Committee [Page 55](#), chaired by a director.

Under the Sustainability Committee, we have established four environmental subcommittees, each with members from Isuzu Group affiliates involved in a particular area, to promote environmental activities aimed at resolving individual issues. The activities of each subcommittee are reported to the Board of Directors and the Management Meeting through the Sustainability Committee.

## Environmental Bodies

Business Carbon Neutral Promotion Subcommittee	Focusing mainly on production activities, which are the Group's main source of CO <sub>2</sub> emissions, this subcommittee promotes cross-divisional activities, aiming to achieve carbon neutrality in the Isuzu Group's business activities.
Product Carbon Neutral Promotion Subcommittee	This subcommittee promotes various activities that contribute to the carbon neutrality of products, including decarbonization technologies and decarbonized energy sources, aiming to achieve well-to-wheel carbon neutrality.
Resource-Recycling Promotion Subcommittee	This subcommittee promotes waste control and recycling activities throughout all of Isuzu's business activities, including those pertaining to products and services, with the goal of achieving a 100% resource-recycling rate.
Environmental Management Promotion Subcommittee	This 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.

Isuzu Environmental Vision 2050	2030 Environmental Roadmap		Progress
Aspiration	Goals	Global Action	
 <b>Zero GHG emissions from operations</b>	Halve CO <sub>2</sub> emissions* from 2013 levels by 2030 <small>* Scope 1 and Scope 2</small>	<ul style="list-style-type: none"> <li>Reduce total energy use</li> <li>Install and expand clean energy use</li> <li>Leverage innovative technologies</li> </ul>	<ul style="list-style-type: none"> <li>Isuzu's Strategy to Achieve Carbon Neutrality <a href="#">Page 30</a></li> <li>Disclosure Based on the TCFD Framework <a href="#">Page 58</a></li> </ul>
 <b>Zero GHG emissions across product life cycles</b>	Build a carbon-neutral vehicle lineup that meets diverse needs	<ul style="list-style-type: none"> <li>Identify necessary technologies by 2025</li> <li>Increase the number of mass-produced models by 2030 while promoting the practical implementation of carbon-neutral vehicles</li> </ul>	
 <b>100% recycling of waste and end-of-use vehicles</b>	Advance a circular economy	<ul style="list-style-type: none"> <li>Thoroughly manage output* of all operating sites</li> <li>Increase resource efficiency</li> <li>Transition to circular business model</li> </ul> <small>* Output refers to waste, emissions, and wastewater here.</small>	<ul style="list-style-type: none"> <li>Monitoring of all bases ongoing to manage and optimize resource emissions</li> <li>Total number of units in operation for maintenance lease of remanufactured unit vehicle GIGA type-Re: 20 (as of June 2024)</li> </ul>
 <b>Safe, reliable operations and products</b>	Strengthen environmental management and supplier engagement	<ul style="list-style-type: none"> <li>Build Groupwide environmental management system</li> <li>Build a sustainable supply chain</li> <li>Identify and promote adaptation to environmental/nature risks in operations</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of data collection using calculation standards common to the Group</li> <li>Start of rollout of the Isuzu Group Supplier Sustainability Guidelines to the entire Group (April 2024)</li> <li>Response rate of suppliers to Environmental Management Self-Evaluation Report: 98.6% (Fiscal 2024)</li> </ul>
 <b>Conserve of native biodiversity in local communities</b>	Promote conservation of native local biodiversity	<ul style="list-style-type: none"> <li>Partner with local communities to advance conservation</li> <li>Communicate our conservation efforts actively</li> <li>Raise awareness and train employees to be environmental stewards</li> </ul>	<ul style="list-style-type: none"> <li>Launch of study on dependence and impact on nature in the value chain</li> </ul> <small>For details, please see <a href="#">Sustainability Report 2024</a>.</small>

## Environmental Initiatives

### → Disclosure Based on the TCFD Framework

#### Governance

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

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

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

In particular, with regard to efforts to achieve carbon neutrality, we have established a system for examining specific response policies and activities and implementing them in practice through the Business Carbon Neutral Promotion Subcommittee, which promotes activities to achieve carbon neutrality in business activities with a focus on production, and the Product Carbon Neutral Promotion Subcommittee, which promotes various activities that contribute to the carbon neutrality of products through decarbonization technologies and decarbonization energy.

Please see [page 55](#) for details on ISUZU's structure for promoting sustainability and [page 57](#) for details on our environmental management framework.

#### Risk Management

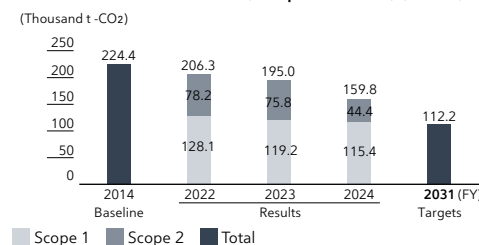
Overall risks related to climate change are managed under a Groupwide risk management system led by the Group chief risk management officer (CRMO). The Sustainability Committee identifies and assesses specific climate change risks and manages the progress of countermeasures based on each risk's potential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

For more information, please see Risk Management on [page 78](#).

#### Metrics and Targets

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

Trends in CO<sub>2</sub> Emissions (Scope 1 and 2) (Isuzu)



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

#### Strategy

Isuzu conducted a scenario analysis under the long-term environmental scenarios of a 1.5°C and 4°C rise in temperature compared with preindustrial revolution levels and identified the risks and opportunities that climate change poses to the Isuzu Group's business activities and products. Measures to address these risks include compliance with strengthened environmental regulations and the development of new technologies. At the same time, society expects the creation of innovations that contribute to a decarbonized society, and Isuzu recognizes that responding appropriately will lead to new business opportunities.

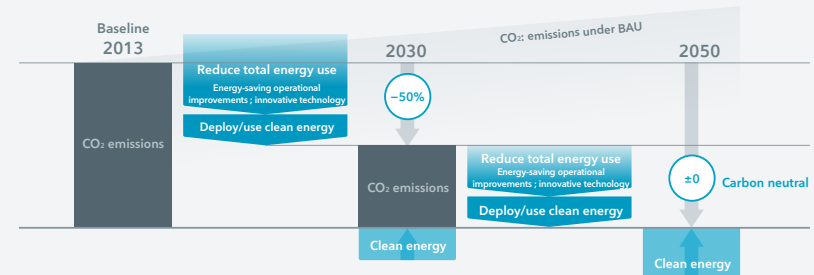
The Group is working to develop multi-pathway carbon-neutral solutions and reduce direct GHG emissions from our business activities, aiming to become carbon neutral by 2050. Through these efforts, we aim to reduce risks and capitalize on opportunities.

##### ► Deployment of Carbon-Neutral Solutions

For more details, please see Isuzu's Strategy to Archive Carbon Neutrality on [page 30](#).

##### ► Reduction of GHG Emissions Directly from Business Activities

We will reduce GHG emissions produced directly by our business activities by improving energy efficiency through energy conservation and the electrification of facilities, reducing total energy consumption through the introduction of innovative technologies, and promoting the introduction and use of clean energy, such as renewable energy.



Environmental Initiatives

→ Disclosure Based on the TCFD framework

⊕ Long-Term Environmental Scenarios

The 4°C Scenario (RCP8.5\*1 and SSP3\*2)

- Society's dependence on fossil fuels continues, climate change progresses, and natural disasters increase.
- There is a scramble for fossil fuels and anti-globalization advances due to increasing inequality, leading to the dysfunction of international governance.
- Economic stagnation due to vulnerability to disasters is anticipated.

The 1.5°C Scenario (RCP2.6,\*1 SSP1,\*2 and 2DS\*3)

- A carbon-neutral society in which social and industrial structures have changed dramatically due to stricter regulations and technological innovation.
- The Isuzu Group's product lineup is expected to undergo major changes depending on the application, and there will be major changes in business activities.

▶ Products

Vehicles

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

Powertrains

- The use of sustainable, decarbonized clean energies
- A need arises to develop and market energy loss-free powertrains with unprecedented fuel-efficiency, as well as products equipped with such powertrains

▶ Services

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

▶ Business Activities

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

\*1 Climate scenario created by the United Nations Intergovernmental Panel on Climate Change (IPCC)

\*2 Socioeconomic scenario created by the United Nations IPCC

\*3 Socioeconomic scenario created by the International Energy Agency (IEA)

⊕ Risks and Opportunities

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

## Occupational Health and Safety Initiatives

### Basic Approach

Based on its Health and Safety Philosophy, Isuzu places employee health and safety at the foundation of its business activities and acts accordingly. This philosophy applies to all employees of Isuzu, regardless of their employment status, and all employees of affiliated companies working on its premises.

### Occupational Health and Safety Framework

The Isuzu Group's safety promotion activities are implemented under a framework coordinated by the Group CRMO, with ultimate responsibility lying with the president and COO.

An Occupational Health and Safety Committee meeting is held once a month at all of Isuzu's business sites, where labor and management discuss issues such as industrial safety, traffic safety, health management, and improvements for the workplace environment. Committee meetings are also held on a departmental basis to ensure the smooth sharing of information from discussions held at the main Occupational Health and Safety Committee meetings.

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

### Launch of the Special Committee for Safety Promotion

In 2023, we experienced a string of serious, potentially fatal accidents at our manufacturing plants and the service centers of our dealerships. As a group, we came to realize that this is a critical situation that threatens to undermine the foundations of our management and that our workplace safety was in a very poor state. In light of this, we have decided to return to our roots of "safety first" and concentrate on safety measures.

As a sign of this commitment, in September 2023 Isuzu launched the new Special Committee for Safety Promotion, chaired by the COO. Meeting monthly, the committee works to support countermeasures against accidents and industrial incidents, consider mechanisms to prevent safety-related issues from being disregarded or becoming a mere formality, and allocate management resources. Additionally, the Isuzu Group has designated April 7th, the date on which a serious accident occurred, as "Safety Day."

As April 7th fell on a Sunday in 2024, production lines were shut down on April 5th for half a day at our Fujisawa and Tochigi plants, and town hall meetings for the production department were held with the COO and other executives, as well as field communication with team leaders, in which executives and employees discussed the content and challenges of safety promotion activities being undertaken at the on-site level.



Field communication at the Fujisawa Plant

## Diversity and Inclusion

### Basic Approach

In addition to continuing its existing efforts to properly respect its employees, the Isuzu Group is studying and promoting issues and measures from the perspectives of both motivation and the work environment, with the aim of becoming No. 1 in employee engagement, as stated in the ISUZU ID, throughout the Group.

### Active Participation by Diverse Human Resources

We believe that by accepting and utilizing differences in age, gender, nationality, disability, and employment and hiring environments, we can increase employee engagement, create new ideas, and improve the competitiveness of the Company by creating value. We will implement various measures to create a welcoming work environment for all employees, regardless of their attributes or stages in life.

Isuzu is fully aware that promoting diversity and inclusion is a key element for the Company to achieve sustainable growth and continue contributing to society. Isuzu has set the following goals for 2024 as part of its action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace. (Period of plan: three years, from April 1, 2024 to March 31, 2027)

#### Goals

- (1) Increase Isuzu's percentage of female managers to the top level of the automobile industry\* (target: 4.7%)
- (2) Promote understanding of employees who balance work and childcare and enable male employees who are raising children to take childcare leave (target: 100%)

\* Based on 14 member companies of the Japan Automobile Manufacturers Association

### Diverse Workstyles

Under our basic policy of increasing productivity through the pursuit of the right workstyle for the job, our Workstyle Reform Promotion Council actively discusses new measures to resolve workplace issues and quickly deploy them throughout the Company.

Furthermore, in order to realize workstyle reforms that reflect employee opinions, we have organized an employee-led workstyle study team called "ISUZUTTO!" The content of the discussions by this team are proposed to the Workstyle Reform Promotion Council and are used to achieve various workstyle reforms. Specifically, in order to support more flexible workstyles, Isuzu has introduced and is working to improve upon the following systems:

- Introduction of a non-core flex time system
- Relaxation of regulations for working from home for the sake of childcare or nursing care (expanded from up to two times a week to up to four times a week)
- Flexibility in use of annual paid leave (to enable use in one-hour increments)

🌐 For details of our specific initiatives, please refer to the "Respect for Employees" section in the Sustainability Report.

# Respect for Human Rights

## The Isuzu Group Human Rights Policy

In February 2022, we established the Isuzu Group Human Rights Policy by a Board of Directors' resolution. In addition, in May 2023, we revised this policy based on the contents of the ISUZU ID, our new corporate philosophy announced in December of the same year. This policy conforms to the United Nations Guiding Principles on Business and Human Rights and reiterates Isuzu's commitment to its corporate social responsibility to contribute to the realization of a sustainable society by promoting business activities that respect human rights. In accordance with this policy, Isuzu will comply with international codes, laws and regulations, Group codes, and other requirements.

Moreover, the Company will develop a Groupwide human rights promotion system, engage in human rights due diligence, and provide appropriate training to officers and employees. In addition, we will engage in dialogue with our stakeholders and strive to promote understanding among our business partners.

Further information on [the Isuzu Group Human Rights Policy](#).

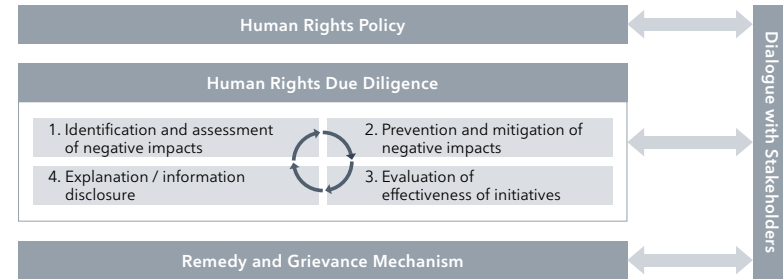
## Management Structure

Human rights issues are deliberated on by the Sustainability Committee, which is chaired by a director and consists of executive department heads and other members of management, and important matters discussed are reported to the Management Meeting and the Board of Directors. Execution is mainly conducted by the Sustainability Department, which is a dedicated department, together with related departments. At meetings of the Social Promotion Subcommittee, a working group under the Sustainability Committee that deals with social issues, representatives from all departments discuss human rights issues. In addition, at the Isuzu Group Sustainability Liaison Conference, information is shared with sustainability managers from Group companies both in Japan and overseas, and a human rights officer is appointed at each company to work together as a group to promote efforts to respect human rights.

## Human Rights Due Diligence

Based on the Isuzu Group Human Rights Policy, the Isuzu Group is building a human rights due diligence process with reference to the OECD Due Diligence Guidance for Responsible Business Conduct, the Japanese government's Guidelines for Respecting Human Rights in Responsible Supply Chains, and other standards and is working to put respect for human rights into practice. In our efforts to implement these efforts, it is important to raise awareness, and we therefore regularly provide basic human rights education to employees of our Group companies both in Japan and overseas. In addition, to promote business activities that respect human rights throughout our supply chain, we have been holding human rights seminars for our business partners every year since fiscal 2022.

## Human Rights Due Diligence



### ⌚ Medium- to Long-Term Plan for Human Rights Due Diligence

Fiscal 2023 to fiscal 2024: Establish a human rights due diligence system at Isuzu

Fiscal 2025 to fiscal 2027: Build a PDCA cycle at the Group level

Fiscal 2028 to fiscal 2031: Implement and evolve the PDCA cycle

### ⌚ Identifying and Assessing Negative Impacts

**Process 1** Identify human rights issues: Identification and classification of potential and actual issues

**Process 2** Conduct impact assessment of human rights risks: Quantification and assessment of issues and identification of prominent issues

**Process 3** Determine priority human rights themes: From among prominent issues, the following two priority themes have been decided upon for the short to medium term.

(1) Issues regarding foreign workers within the Group, including sales subsidiaries, as well as in the broader supply chain

(2) Management of human rights issues and initiatives in the value chain, including logistics and downstream value chains

→ **Formulation of action plans:** Planning and implementation of risk prevention and mitigation measures centered on priority themes

### ⌚ Preventing and Mitigating Negative Impacts

#### Dialogue with Foreign Workers

Currently, many foreign workers, including foreign technical intern trainees, are employed in Japan's automobile industry, and we have confirmed that many companies within the Isuzu Group and among our business partners also accept foreign technical intern trainees. Therefore, we consider issues related to foreign workers to be an important human rights theme in the Isuzu supply chain and are taking various measures to address them.

## Respect for Human Rights

As part of this initiative, we have been conducting annual interviews with foreign technical trainees since fiscal 2023. In order to ensure objectivity and neutrality, the interviews were conducted face-to-face with the cooperation of a third-party organization, Caux Round Table Japan (CRT Japan). As a result, CRT Japan's Executive Director Hiroshi Ishida commented, "Overall, the relationship between foreign workers and the Company is healthy, and although there is some room for improvement, there are currently no human rights issues that are cause for particular concern." Going forward, we will continue and expand these activities with the cooperation of our suppliers, and will respond earnestly to any suggestions for improvement.

### > Mechanisms for Redress and Handling Grievances

#### Establishment of Consultation Contact Points for Foreign Workers in the Supply Chain

As part of efforts to establish a relief mechanism for foreign workers, in October 2022 we participated in the consultation and relief contact point project of the Japan Platform for Migrant Workers towards Responsible and Inclusive Society (JP-MIRAI). This project utilizes the JP-MIRAI portal site to provide necessary information to foreign workers, provide anonymous, multilingual external consultation services, and provide feedback to participating companies. Currently, Isuzu and two of its Group companies are participating in this for the sake of its foreign workers.

### > Dialogue with Stakeholders

Isuzu believes it is important to communicate its thoughts to various stakeholders and also to actively listen to what they have to say. We recognize that respecting human rights is important to the conducting of our business, and we will continue to engage in dialogue with our stakeholders and address human rights issues with the cooperation of external human rights experts.

#### Dialogue between Executives and External Experts

In February 2024, we invited Yosuke Sakurai of Mitsubishi UFJ Research and Consulting Co., Ltd. to hold a stakeholder dialogue on the topic of business and human rights. In the first half, Mr. Sakurai gave a speech to executives who are members of the Sustainability Committee, and in the second half, he held a dialogue with Isuzu executives. During the dialogue, opinions were exchanged regarding Isuzu's human rights initiatives and approach to issues, and Mr. Sakurai offered some advice.

 Please refer to the ["Human Rights" section of the Sustainability Report](#) for specific details on our efforts to respect human rights.

## Supply Chain Management

### Basic Approach

We share the ISUZU ID purpose of "Moving the World - for You" with our business partners and work together in our purchasing activities. We will conduct open and fair trade, engage in two-way communication with various business partners related to the supply chain, and build trusting relationships.

We have also formulated our Basic Purchasing Vision and Basic Purchasing Policy and are thoroughly educating our employees on said vision and policy. In addition, for our business partners we formulated the Isuzu Group Supplier Sustainability Guidelines and the Isuzu Green Procurement Guidelines with the aim of ensuring an understanding of Isuzu's approach and initiatives among our business partners. Isuzu will continue to conduct purchasing activities based on mutual trust with its business partners and aim to build a stronger supply chain to ensure a stable supply of quality products.

### Management Structure

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

### The Isuzu Group Supplier Sustainability Guidelines

Isuzu has taken the Isuzu Supplier Sustainability Guidelines that it reworked in December 2022 and renamed them the "Isuzu Group Supplier Sustainability Guidelines" in April 2024.

We have worked to enhance the content of these guidelines to share sustainability-related values on matters such as the environment and human rights throughout the Isuzu's Group's supply chain, as well as requesting that our both our business partners and those in their supply chains make efforts to familiarize themselves with the guidelines and understand the actual status of their sustainability efforts. We ask our business partners to sign a consent form to confirm that they comply with the requirements of these guidelines. As of May 2024, we have received signatures from business partners who account for approximately 95% of our annual purchasing.

We have also prepared a self-assessment questionnaire (SAQ) to evaluate whether initiatives are being implemented in line with the sustainability guidelines and began implementing the SAQ in fiscal 2024. In fiscal 2024, we asked 284 major suppliers (representing 96% of annual monetary purchasing value) to submit SAQs, and found that 17 suppliers had sustainability-related risks. For suppliers where risks were identified, we conducted on-site or remote interviews and are working to make improvements.

## Supply Chain Management

### Monitoring of Business Partners' Initiatives

#### 🔍 Quality

We calculate evaluation scores on a monthly basis to monitor the quality of delivered products and the market quality of our business partners and suppliers. While there were no suppliers that fell into the category of "managed companies," whose delivery quality evaluation score and number of defects did not reach a certain standard, there were several suppliers that fell into the category of "companies that require observation," whose delivery quality required improvement as their evaluation score reached a certain level but the number of defects was above a certain level. We asked these suppliers to participate in monthly quality meetings and work together on improvement activities to raise quality. As a result of these efforts, approximately 91% of our business partners met the standards for delivery quality evaluation scores in fiscal 2024.

#### 🔍 Business Continuity Plan

In fiscal 2024, procurement risks became apparent, including restrictions on raw material imports and the risk of changing shipping routes due to global conflicts. In response, we have been considering responses such as holding large inventories and considering operations that would enable procurement from outside risk areas.

We are putting together a business continuity plan/business continuity management system, and we will work on supply chain visualization as a new challenge. In the event of a natural disaster, we utilize the system to immediately obtain reports on the degree of impact on deliveries from suppliers. Through these activities, we will clarify vulnerabilities in the supply chain and promote strategic inventory retention, thus shortening lead times and mitigating geopolitical risks. We are also making efforts to minimize the time required for the resumption of operations, and we are building a system for responding to disasters by speeding up the initial response and collaborating with our business partners to restore operations as quickly as possible as well as minimize the impact on the sales of Isuzu products.

#### 🔍 Environment

We ask our suppliers to report on their environmental management system promotion activities using a self-assessment report on environmental management. In fiscal 2024, we asked 367 business partners to self-evaluate using this self-assessment report on environmental management, and the response rate reached 98.6%, a record high, for yet another year, with the average score also reaching a record high. We were able to confirm that the number of suppliers participating in these activities is expanding even further.

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

In addition, from fiscal 2024, we began presenting the Environmental Sustainability Award to recognize our suppliers' environmental initiatives.

#### 🔍 Cybersecurity

Starting from fiscal 2022, we have been asking our suppliers to review the JAMA/JAPIA Cybersecurity Guidelines and to conduct a self-assessment using the Automobile Industry Security Checklist in order to confirm and improve the status of their companywide cybersecurity measures. In addition, in order to comply with the international regulation UN-R155 on cybersecurity for vehicle products and domestic regulations (Road Transport Vehicle Act Safety Standards) from fiscal 2023, we have been asking our suppliers who handle applicable products to build and confirm the status of operation of their cybersecurity management systems.

#### 🔍 Responsible Procurement of Minerals and Raw Materials

Isuzu regards the use of conflict minerals, which cause human rights violations, environmental destruction, and illegal mining in conflict regions and serve as a source of funding for armed groups, as a serious issue. In the Isuzu Group Supplier Sustainability Guidelines, we request confirmation that there is no involvement in such conflicts throughout the supply chain. Starting in fiscal 2022, we have launched surveys of our suppliers regarding the use of conflict minerals in their supply chains and the status of their efforts regarding responsible mineral sourcing. From fiscal 2023, we have been conducting surveys using the unified formats of the Conflict Minerals Reporting Template and the Extended Minerals Reporting Template provided by the RMI.\* In fiscal 2024, we formulated the Isuzu Group Responsible Minerals Sourcing Policy. We will continue to request this of our suppliers and encourage responsible mineral sourcing.

To promote human rights due diligence efforts in the supply chains of our suppliers, in fiscal 2024 we once again invited external experts to hold an online seminar titled "Responsible Minerals Sourcing Seminar" on the environment surrounding minerals sourcing and the mineral due diligence expected of companies.

\* Responsible Minerals Initiative: U.S. organization working on the issue of conflict minerals

### Business Partner Consultation Service

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

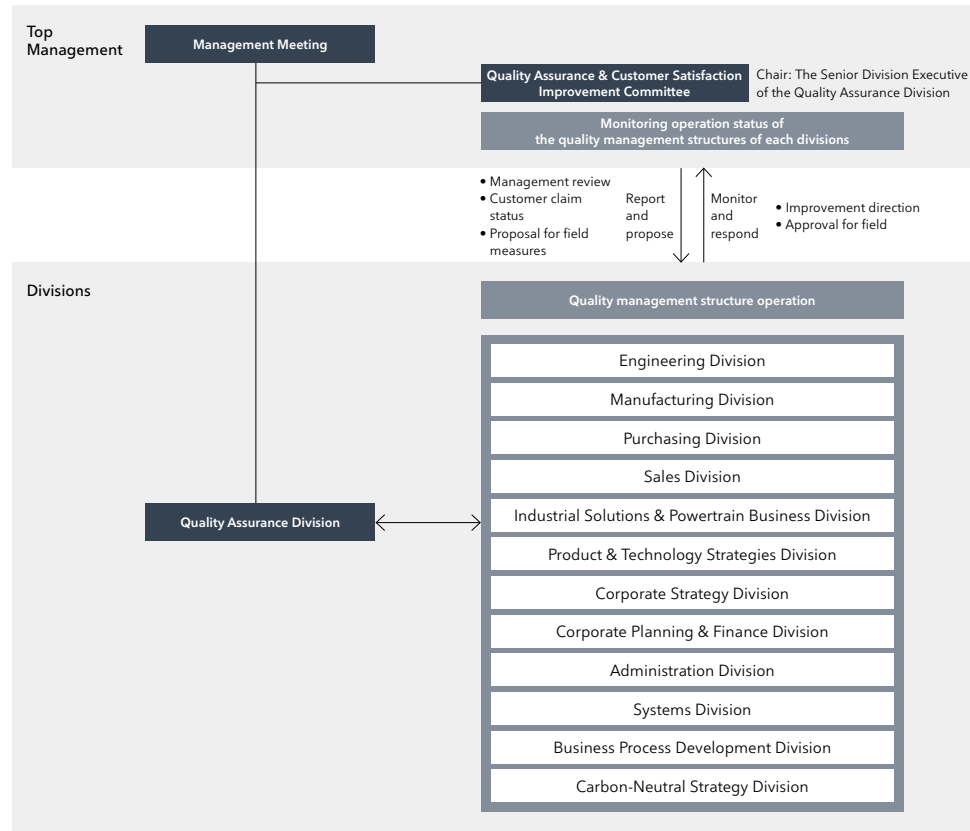
🌐 For details on specific initiatives, please refer to the ["Supply Chain Management"](#) section of the Sustainability Report.

# Improvement of Technology and Provision of Reliable Products and Services

We will earn the trust of our customers by providing high-quality products and services from a variety of perspectives so that we can help address social issues and create richer lives for our customers.

## Companywide Quality Assurance System

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



## Initiatives to Improve Product Quality

During the development stage, we strive to improve quality by focusing on three principal elements: safety technology, economic technology, and environmental technology. In particular, for trucks, which are indispensable to people and society, improving safety technology is extremely important, and we are developing safety features for each vehicle model to prevent accidents and reduce damage. In addition, we collect information on after-sales operation and usage and apply that data to our quality improvement efforts.

At the purchasing stage, we work closely with our suppliers to thoroughly improve the quality of the items we purchase. We have a total of 680 suppliers both in Japan and overseas, and we regularly check the delivery and market quality of all our suppliers.

At the production stage, we have systematized our manufacturing philosophy, methods, and production know-how based on the principle of "quality first" as Isuzu Monozukuri, and we share this knowledge among our production plants around the world, enabling us to develop highly standardized manufacturing.

## Initiatives to Improve Service Quality

Isuzu aims to establish a highly standardized service system both in Japan and overseas. We have 251 service locations in Japan and 3,750 overseas (as of March 2024).

We also hold skills contests aimed at improving the maintenance techniques that support our after-sales services and provide training to dealership service engineers and advisors to improve their service operation capabilities, maintenance skills, and ability to handle challenging repairs.



The Isuzu World Service Technical Competition

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



# 06 Governance That Underpins Sustainable Management

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# A Dialogue

## between Two Outside Directors

### Isuzu's Transformation as Seen by Outside Directors

It has been a year since the formulation of the ISUZU ID. Isuzu is transforming its business model and corporate culture to achieve its vision of becoming a commercial mobility solutions company by 2030. Outside directors Mitsuyoshi Shibata and Kimie Sakuragi discussed their assessment of the new medium-term business plan announced in April 2024 and the challenges that lie ahead on the path to achieving Isuzu's vision.

### Q: To begin with, could you tell us how you evaluate the efforts made under the previous medium-term business plan?

**Shibata:** Isuzu exceeded the targets of the previous medium-term business plan for net sales, operating income, and ROE, and I would like to express my respect for the efforts of the executive team. I believe that through the efforts made in the previous medium-term business plan, the Company has succeeded in rising to the next level as a leading global manufacturer.

**Sakuragi:** I agree. Looking back, the previous medium-term business plan can be seen as a period of preparation for further growth as Isuzu confronts a once-in-a-century period of transformation. In the first year of the previous medium-term business plan, fiscal 2022, the Company changed its organizational system from a company with audit and supervisory board to a company with audit and supervisory committee. It also formulated a new corporate philosophy, the ISUZU ID, and has proceeded with formulating a new medium-term business plan, ISUZU Transformation—Growth to 2030, as a concrete path to accomplishing the ISUZU ID. I commend the highly skillful implementation of this series of steps.

**Shibata:** Many companies consider making changes to their organizational structure, but they usually end up simply listing issues and are unable to make dramatic changes. In that respect, Isuzu carried out the changes to its organizational structure with firm resolve. It moved quickly after making the decision, and I also appreciate the fact that the Company considered and implemented its changes voluntarily, rather than at the request of an outside party.

**Sakuragi:** The automobile industry itself is currently undergoing a period of change, so Isuzu is driven by a sense of urgency that it, too, is destined to change. When I say "urgency," I don't mean that the changes in the industry are viewed negatively; rather, I get the impression that management is using the changes as an opportunity to transform the Company.

**Shibata:** Isuzu had previously been conservative and reluctant to take the lead in fortifying its governance in line with global trends. As it proceeded with the previous medium-term business plan, the Company changed its stance to one of proactively promoting more robust governance to increase corporate value and incorporating the opinions of us outside directors as well as examples of initiatives from alliance



Mitsuyoshi Shibata

Outside Director

Kimie Sakuragi

Outside Director and  
Audit & Supervisory Committee Member

## A Dialogue between Two Outside Directors



partners. This represents a major achievement, as well as progress. I hope the Company will continue to maintain this stance.

### Q: What is Isuzu's vision for the new medium-term business plan and what is your assessment of the formulation process?

**Sakuragi:** I find it highly significant that the word "solutions" has been included in the new medium-term business plan's vision of becoming a commercial mobility solutions company. The premise is the idea of working with customers to solve logistics issues, and it also shows Isuzu's determination to tackle social issues and safeguard logistics, people, and manufacturing. This vision is both convincing and easy to empathize with, and I think each employee will be able to fully understand their own mission.

**Shibata:** The new medium-term business plan sets out Isuzu's vision as a milestone on the road to 2030 and its accomplishment of the ISUZU ID. It indicates clear KPIs for each aspect of Isuzu's management foundation, something that was not present in previous medium-term business plans. I see it as a major step forward that Isuzu has been able to formulate the plan to that extent, which I find highly commendable.

Furthermore, to create new businesses and achieve its vision, it is essential for the Company to generate cash from existing businesses and invest in new businesses and other future earnings sources. In the previous medium-term business plan, the Company also gave considerable thought to measures to generate cash from existing businesses, which forms its financial base. As a result, although it faced various challenges during the previous plan, it was nevertheless able to generate sufficient cash. With that in mind, what I emphasize the most in the new medium-term business plan is

investment in future earnings. It is vital that Isuzu be able to proceed with capital allocation, not just in new businesses but with an eye to the future of its business overall.

**Sakuragi:** In the process of formulating the new medium-term business plan, we outside directors participated in eight discussions, including Board meetings and advance briefings for outside directors. Notably, it was extremely meaningful to have time to focus on the theme of how to manage the Company with an awareness of capital costs, upon which its business strategies are premised. In addition, prior to the Board meetings, discussions were held among young general managers. I think it is significant that the formulation of the plan involved not only current management executives but also members who will play key roles in the future.

**Shibata:** The formulation process has evolved significantly since the last time. With previous medium-term business plans, each business strategy was discussed individually and explained side by side, but this time, I believe the Company has succeeded in creating content that is conscious of the connections between various elements to create a cohesive story. For example, previously there was a lack of discussion about capital allocation in terms of capital costs. In formulating this medium-term business plan, however, the Company discussed investment in individual

business strategies only after first addressing issues focused on capital costs and capital strategies from a Group perspective. It also deepened the discussion of what kind of story would link the individual functional strategies and business strategies and whether to present it both inside and outside the Company. Ultimately, I believe the new medium-term business plan as a whole has a plausible and convincing story.

**Sakuragi:** I certainly agree. With that in mind, I think it will be necessary to have deeper discussions at future board meetings on themes that will help manifest the new medium-term business plan. For example, to strengthen human capital, how much should be invested in which areas? We need to discuss the details of Isuzu's human resource strategy.

### Q: How do you assess employees' awareness of the ISUZU ID? Also, please describe the issues that Isuzu needs to address in order to evolve its corporate culture.

**Sakuragi:** When I visit various locations both in Japan and overseas as an Audit & Supervisory Committee member, I talk with employees about the ISUZU ID. I get the feeling that employees of Group companies are also taking the content of the ISUZU ID to heart to a greater extent than expected.

**Shibata:** I agree. The ISUZU ID is steadily taking hold, and I think that Isuzu's vision is gradually being shared throughout the Company. However, whether behavioral changes will progress toward that vision is another matter, and this is a challenge for the future. One of the factors impeding behavioral change could be Isuzu's somewhat conservative corporate culture. That said, while there are aspects of its corporate culture that should be changed, I think there are also many aspects that should remain the same. By distinguishing between the two and boldly advancing the necessary changes, I believe the ISUZU ID will be accomplished.

So how do we change corporate culture? First, in order to achieve the eventual objective, superiors need to encourage employees to act

## A Dialogue between Two Outside Directors

with an eye not only on the scope of their own duties but also on their team, department, and even Isuzu as a whole. Secondly, the Company must foster a culture of taking on challenges. For employees to proactively take on challenges, it is vital to first create a culture that tolerates risk-taking. At the same time, the Company also needs a revenue base that can tolerate such risk-taking. To do this, it must further strengthen its existing businesses.

**Sakuragi:** I am pleased to see that the Company has introduced both the ISUZU ID and various reforms to its human resource system as an initiative to evolve its corporate culture. I think these two actions send a message to employees that the Company is changing, that it values people who develop themselves for the mutual growth of themselves and the Company, and that it's working to change the mindset of its employees as a whole. I think it will make it easier for employees to accept the changes in the Company as their own.

These human resource system reforms are a major change that introduces a dedicated job-based system based on the idea of "the right people in the right place." Going forward, I think it is important to continue to communicate to employees that the ISUZU ID and the various measures of the new medium-term business plan, including these human resource system reforms, are not treated as separate things, but rather that they are firmly connected.

### Q: What is your assessment of Isuzu's efforts to strengthen its management structure and make its governance more effective?

**Shibata:** In 2023, Isuzu changed its management structure to appoint a CEO who will develop medium- to long-term strategies and a COO who will ensure their implementation. This structure was positioned as a "normal" business structure, so to speak.

However, over the past year, as Isuzu has made more partnerships with various companies, social demands such as carbon neutrality and autonomous driving have become stronger day by day, and CEO Katayama has become chairman of the Japan Automobile Manufacturers Association, the situation in which Isuzu finds itself has changed significantly. These are no longer "normal" times. In light of Isuzu's current situation, the Nomination and Remuneration Committee argued that the Company should clarify the authority and responsibility for individual management issues and make decisions more promptly. As a result, with the April 2024 organizational change, the CEO is now positioned at the top, and the new positions of chief monozukuri officer (CMzO), in charge of manufacturing, and chief strategy officer (CSO), in charge of Companywide strategy, have been created to directly support the CEO together with the COO.

Since transitioning to this new structure, the EVPs at the head of each division have begun to function as expected, and I believe we have seen significant improvements in the way information is absorbed and circulated, as well as in the speed of decision-making.

**Sakuragi:** Discussions and reports on topics that should be monitored by the Board of Directors have also expanded. For example, previously I felt that there were not enough proposals related to internal control that would contribute to the Board of Directors' supervisory function, and that there were issues with the risk management system. Now, regular reports are submitted and progress is being made in establishing a risk management system headed by the Group chief risk management officer (CRMO). There are a variety of risks reported, but I would like to continue to provide opinions and suggestions from an outside perspective, thereby helping to raise risk sensitivity and strengthen Isuzu's risk management system.

### Q: Lastly, please tell us what you expect from Isuzu going forward.

**Shibata:** In its new medium-term business plan, Isuzu has set the goal of becoming a commercial mobility solutions company, but I believe two changes are necessary to achieve this. First, management must act with a greater desire for change and a greater sense of ownership than ever before. Although it is embedded in Isuzu's DNA, it is essential to awaken this desire for change, which has tended to be buried at Isuzu up until now. Secondly, based on the strengthening of its financial structure, the Company must take on growth opportunities that involve risk taking. I hope to keep a close eye on these two changes.

**Sakuragi:** With the new medium-term business plan, Isuzu has clarified its vision, and achieving its goal rests on the shoulders of each and every employee. I hope to see the Company retain its legacy strengths of earnestness and reliability while also demonstrating a spirit of taking on challenges, and to achieve the mission set out in the ISUZU ID of "moving the world" with "Reliability × Creativity."



# Corporate Governance

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

## Basic Approach

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

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

## Corporate Governance Structure

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

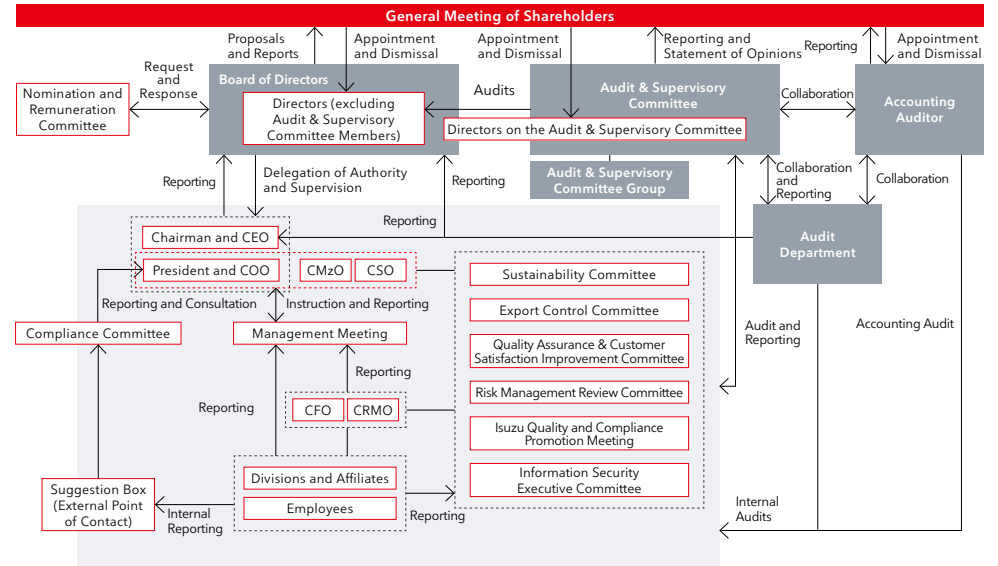
This corporate governance structure has an Audit & Supervisory Committee comprising five directors, three of whom are outside directors. By giving directors on the Audit & Supervisory Committee voting rights at Board of Directors' meetings, the Company aims to further increase the soundness and transparency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

## Board of Directors

The Board of Directors carries out important business-related decision-making and supervision in order to respond to the mandate from and trust of shareholders and to continuously enhance corporate value. In principle, the Board of Directors holds regular monthly meetings, as well as conducting extraordinary Board of Directors' meetings as necessary, to deliberate and make decisions on necessary matters. At present, the Board of Directors consists of 14 directors. Its chair is Chairman and CEO Masanori Katayama, and six of the 14 directors are highly independent outside directors.

In fiscal 2024, the Board of Directors met 14 times and active discussions were held on the formulation of Isuzu's new medium-term management plan and human resource system reforms.

Corporate Governance Structure (As of June 26, 2024)



## Audit & Supervisory Committee

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

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

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

In fiscal 2024, the Company held 15 Audit & Supervisory Committee meetings.

## Corporate Governance

### Nomination and Remuneration Committee

Isuzu has voluntarily established the Nomination and Remuneration Committee, chaired by an outside director, as a voluntary body related to corporate governance. The committee was established with the aim of strengthening the independence, transparency, and objectivity of the Board of Directors' functions related to such matters as the nomination of officer candidates, appointment of senior management, and determination of officer remuneration.

Isuzu's Nomination and Remuneration Committee comprises five members: two inside directors and three outside directors. The committee is chaired by Outside Director Mitsuyoshi Shibata, and under the supervision of the Board of Directors, it deliberates and reports on matters it is consulted on. In the fiscal 2024, the committee met nine times and considered matters such as reviewing the officer remuneration system (including revisions to remuneration levels) and selecting outside director candidates.

### Executive Officer System and Management Meeting

By separating the Board's supervisory and business execution functions, Isuzu is working to enhance deliberations by the Board of Directors, which is the supervisory body, and to create a prompt decision-making and execution system through the appropriate delegation of authority from the Board of Directors. At Isuzu, executive officers have been put in place to carry out a prompt decision-making and execution system and to be responsible for the execution of operations in their respective areas. In addition, we have established the Management Meeting, comprising Chairman and CEO Masanori Katayama, President and COO Shinsuke Minami, and the EVPs of each division. The meeting is chaired by the chairman and CEO and makes decisions and deliberates on matters related to management and business execution within the scope of authority delegated to it by the Board of Directors.

### History of Strengthening Governance

Isuzu has been working to reform its governance in response to the recent trend of strengthening corporate governance in Japan. Furthermore, from June 2021, the Company has transitioned to the Company with audit and supervisory committee organizational system, and it will continue its efforts to further strengthen governance and improve its corporate value.

### Corporate Governance Initiatives

	115th Term Fiscal 2017	116th Term Fiscal 2018	117th Term Fiscal 2019	118th Term Fiscal 2020	119th Term Fiscal 2021	120th Term Fiscal 2022	121st Term Fiscal 2023	122nd Term Fiscal 2024	123rd Term Fiscal 2025
Independent outside directors (of whom are female directors)	2 (0)	2 (0)	2 (0)	2 (0)	2 (1)	5 (2)	5 (2)	5 (2)	6 (2)
Officer remuneration	Introduction of performance-linked, share-based remuneration plan		Setting of annual upper limit for directors' bonuses				Non-financial indicators (GHG emissions) added as performance indicators for performance-linked stock compensation plans		
Advisory committees				Establishment of Nomination and Remuneration Committee		Chair of the Nomination and Remuneration Committee changed to an independent outside director			

	115th Term Fiscal 2017	116th Term Fiscal 2018	117th Term Fiscal 2019	118th Term Fiscal 2020	119th Term Fiscal 2021	120th Term Fiscal 2022	121st Term Fiscal 2023	122nd Term Fiscal 2024	123rd Term Fiscal 2025
Separation of execution and supervisory functions					Revision of decision-making rules	Transition to the Company with audit and supervisory committee organizational system	Establishment of position of chief coordination officer	Establishment of CEO and COO positions	Establishment of CM&O and CSO positions
Improvement of the Board of Directors' functions					Commencement of Board of Directors' effectiveness evaluations	Ratio of independent outside directors of at least one-third	Setting of agenda for management strategy	Creation of skills matrix	Commencement of institutional shareholder engagement

### Attendance of Directors and Audit & Supervisory Committee Members (Attendance Rate) (April 1, 2023 to March 31, 2024)

Current Position	Name	Meetings Attended	
Chairman and Representative Director, CEO	Masanori Katayama	Board of Directors' meetings	14/14 (100%)
President and Representative Director, COO	Shinsuke Minami	Board of Directors' meetings	14/14 (100%)
Senior Executive Vice President and Director	Shinichi Takahashi	Board of Directors' meetings	14/14 (100%)
Director of the Board and Managing Executive Officer	Shun Fujimori	Board of Directors' meetings	14/14 (100%)
Director of the Board and Managing Executive Officer	Tetsuya Ikemoto	Board of Directors' meetings	14/14 (100%)
Director of the Board and Managing Executive Officer	Naohiro Yamaguchi	Board of Directors' meetings	14/14 (100%)
Director of the Board	Mitsuyoshi Shibata	Board of Directors' meetings	14/14 (100%)
Director of the Board	Kozue Nakayama*1	Board of Directors' meetings	13/14 (93%)
Director of the Board	Makoto Anayama*2	Board of Directors' meetings	10/10 (100%)
Standing Audit & Supervisory Committee Member		Audit & Supervisory Committee meetings	11/11 (100%)
Director of the Board	Kenji Miyazaki	Board of Directors' meetings	14/14 (100%)
Standing Audit & Supervisory Committee Member		Audit & Supervisory Committee meetings	15/15 (100%)
Director of the Board	Masao Watanabe*2	Board of Directors' meetings	10/10 (100%)
Standing Audit & Supervisory Committee Member		Audit & Supervisory Committee meetings	11/11 (100%)
Director of the Board	Kanji Kawamura	Board of Directors' meetings	14/14 (100%)
Audit & Supervisory Committee Member		Audit & Supervisory Committee meetings	15/15 (100%)
Director of the Board	Kimie Sakuragi	Board of Directors' meetings	14/14 (100%)
Audit & Supervisory Committee Member		Audit & Supervisory Committee meetings	15/15 (100%)
Director of the Board	Tetsuhiko Shindo*3	Board of Directors' meetings	4/4 (100%)
Standing Audit & Supervisory Committee Member		Audit & Supervisory Committee meetings	4/4 (100%)
Director of the Board	Masayuki Fujimori*3	Board of Directors' meetings	4/4 (100%)
Standing Audit & Supervisory Committee Member		Audit & Supervisory Committee meetings	4/4 (100%)

\*1 Until retirement on June 26, 2024

\*2 Since appointment on June 28, 2023

\*3 Until retirement on June 28, 2023

## Corporate Governance

# Board Members (as of June 26, 2024)

**N** Nomination and Remuneration Committee member **I** Independent officer

### Directors



**Masanori Katayama**  
Chairman and Representative Director, CEO

**N**

**Apr. 1978** Joined ISUZU MOTORS LIMITED  
**Jun. 2007** Director of the Board, ISUZU MOTORS LIMITED  
**Apr. 2014** Executive Vice President and Director, ISUZU MOTORS LIMITED  
**Apr. 2015** Executive Vice President and Director, Supervisory Management Officer, and Senior Division Executive of Operations Headquarters, ISUZU MOTORS LIMITED  
**Jun. 2015** President and Representative Director, ISUZU MOTORS LIMITED  
**Apr. 2023** Chairman and Representative Director, CEO, ISUZU MOTORS LIMITED (to present)  
**Jan. 2024** Chairman, Japan Automobile Manufacturers Association, Inc. (to present)



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

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



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

CMzO

**N**

**Apr. 1980** Joined ISUZU MOTORS LIMITED  
**Jun. 2017** Director of the Board and Division Executive of Engineering Division, Operations Headquarters, ISUZU MOTORS LIMITED  
**Apr. 2020** Director of the Board, Senior Division Executive of Quality Assurance Division, and Division Executive of Engineering Division, Operations Headquarters, ISUZU MOTORS LIMITED  
**Apr. 2021** Executive Vice President and Director, Senior Division Executive of Operations Headquarters, and Senior Division Executive of Quality Assurance Division and Product & Technology Strategies Division, ISUZU MOTORS LIMITED  
**Apr. 2023** Senior Executive Vice President and Director, ISUZU MOTORS LIMITED (to present)  
**Apr. 2024** Executive Vice President and CMzO, ISUZU MOTORS LIMITED (to present)



**Naohiro Yamaguchi**  
Director of the Board and Managing Executive Officer

CSO, Group CFO, EVP of Corporate Strategy Division, EVP of Corporate Planning & Financial Division, and SVP of Chief for External Affairs

**Apr. 1986** Joined ISUZU MOTORS LIMITED  
**May 2015** President of Isuzu Motors India Private Limited  
**Apr. 2019** Executive Officer, ISUZU MOTORS LIMITED  
**Apr. 2021** Senior Executive Officer, General Manager of Light Commercial Vehicle Business, and Executive of Light Commercial Vehicle Operations Dept. and Sales Division, Sales Headquarters, ISUZU MOTORS LIMITED  
**Jun. 2022** Director of the Board; Executive of Sales Planning Dept., Trade Control Dept., Overseas Product Policy Dept., Rear Body & Special Equipment Planning Dept., and Sales Management Dept.; General Manager of Engineering Division, Operations Headquarters; and Chief Executive of Light Commercial Vehicle Business Management, ISUZU MOTORS LIMITED  
**Apr. 2023** Director of the Board, Group CFO, EVP of Corporate Strategy Division, EVP of Corporate Planning & Finance Division, Executive of administrative and liaison affairs, ISUZU MOTORS LIMITED  
**Apr. 2024** Director of the Board, CSO, Group CFO, EVP of Corporate Strategy Division, EVP of Planning & Finance Division, SVP of Chief for External Affairs, ISUZU MOTORS LIMITED (to present)



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

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

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



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

EVP of Sales Division

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



**Mitsuyoshi Shibata**  
Outside Director of the Board  
Chair of the Nomination and Remuneration Committee

**N I**

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



**Machiko Miyai**  
Outside Director of the Board

**N I**

**Apr. 1983** Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Holdings Corporation)  
**Apr. 2012** Executive Officer, R&D Headquarters, Future Lifestyle Research at Panasonic Holdings Corporation (resigned in March 2014)  
**Jun. 2014** Outside Director, Morinaga & Co., Ltd.  
**Dec. 2014** Outside Director, Kato Sangyo Co., Ltd. (retired in December 2018)  
**May 2015** Outside Director, YOSHINOYA HOLDINGS CO., LTD. (retired in May 2019)  
**Jun. 2018** Director and Managing Executive Officer, Morinaga & Co., Ltd.  
**Feb. 2019** Chairman, NPO Sustainability Forum Japan (to present)  
**Apr. 2022** Part-time Auditor, Ochanomizu University (to present)  
**Jun. 2022** Outside Director, Sekisui Chemical Co., Ltd. (to present)  
**Apr. 2024** Director of Morinaga & Co., Ltd. (retired in June 2024)  
**Jun. 2024** Outside Director of the Board, ISUZU MOTORS LIMITED (to present)

Corporate Governance

→ Board Members (as of June 26, 2024)

**N** Nomination and Remuneration Committee member **I** Independent officer



**Tetsuya Nakano**  
Outside Director of the Board

**I**

**Apr. 1986** Joined Ajinomoto Co., Inc.  
**Jul. 2002** Director of Finance, PT Ajinomoto Indonesia  
**Jul. 2012** Managing Director of Corporate Affairs, Ajinomoto Co., (Thailand) Ltd.  
**Jun. 2015** President and Representative Director, Ajinomoto Philippines Corporation.  
**Jun. 2017** Executive Officer, General Manager of Finance and Accounting, Ajinomoto Co., Inc.  
**Jun. 2019** Managing Executive Officer (in charge of the Finance Department), Ajinomoto Co., Inc.  
**Jun. 2021** Managing Executive Officer, Finance and IR, Ajinomoto Co., Inc.  
**Apr. 2023** Advisor, Ajinomoto Co., Inc. (to present)  
**Jun. 2024** Outside Director, Ajinomoto Co., Inc.  
Director of the Board ISUZU MOTORS LIMITED (to present)



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

**I**

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

Directors and Audit & Supervisory Committee Members



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

**N I**

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



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

**Apr. 1981** Joined ISUZU MOTORS LIMITED  
**Apr. 2013** Executive Officer and Associate Division Executive of Corporate Planning & Finance Division, ISUZU MOTORS LIMITED  
**Apr. 2015** President and Representative Director, Isuzu Motors Asia (Thailand) Ltd., and Senior Vice President and Director, Isuzu Motors Co., (Thailand) Ltd.  
**Jun. 2018** Managing Director, NIPPON FRUEHAUF CO., LTD.  
**Jun. 2020** Standing Audit & Supervisory Board Member, ISUZU MOTORS LIMITED  
**Jun. 2021** Director of the Board and Standing Audit & Supervisory Committee Member, ISUZU MOTORS LIMITED (to present)



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

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



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

**I**

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

→ Composition of Officers (as of June 26, 2024)

Percentage of Female Directors  
**14.28%**



Percentage of Outside Directors  
**42.85%**



▶ Directors

**Men** **Women**

Inside: **8**

Outside: **6**

▶ Audit & Supervisory Committee Members

Inside: **2**

Outside: **3**



## Corporate Governance

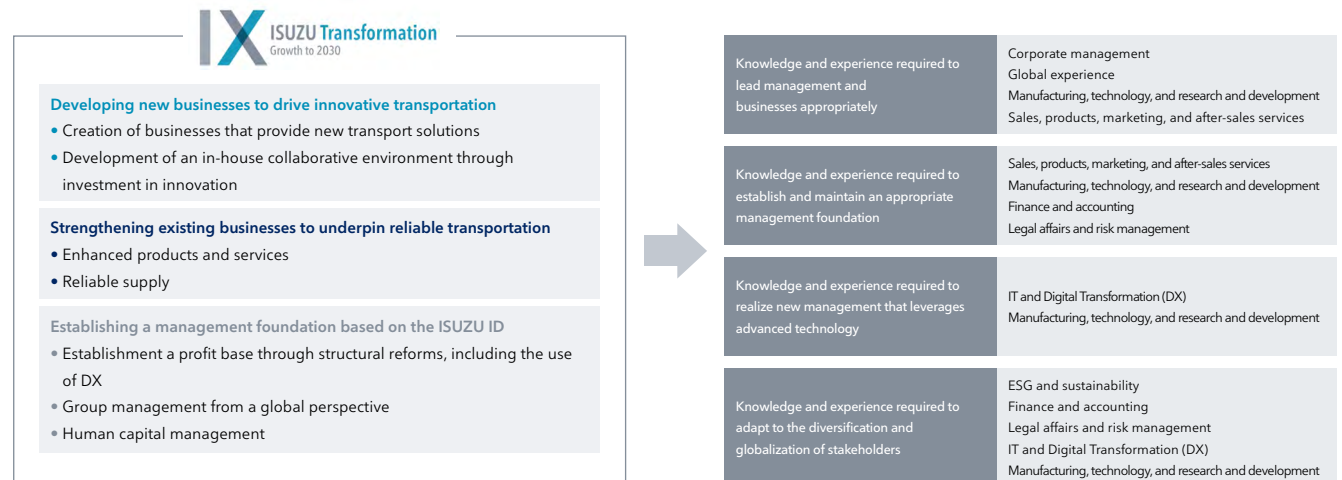
### The Isuzu Board of Directors' Skills Matrix

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

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

### Reason for Selection of Skills Categories

Our skills matrix comprises the knowledge and experience our directors should possess in order to resolve each of the issues set forth in our new medium-term management plan, ISUZU Transformation—Growth to 2030. The relevance of each skills category to each issue is shown in the chart to the right.



## Corporate Governance

### Officer Remuneration

#### Basic Policy

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

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

Details of remuneration and nonmonetary compensation	Basic remuneration		Determined according to the predetermined base remuneration amount for each position and individual performance evaluation
		Bonuses	<ul style="list-style-type: none"> <li>• Linked to the degree of achievement of targets for consolidated net sales, consolidated operating income, and net profit attributable to owners of parent</li> <li>• A performance-linked coefficient indicating the degree of achievement in comparing the single-year results of each performance indicator with the target is set between 0% and 200%, and this is determined by multiplying the base salary and composition ratio (chairman and CEO: 0.70; president and COO, executive vice president, CMzO, and CSO: 0.50; and other officers than the aforementioned officers: 0.40), which are the base amounts for bonuses by position.</li> </ul>
	Performance-linked remuneration	<ul style="list-style-type: none"> <li>• Linked to the degree of attainment of targets during the period of the medium-term business plan</li> <li>• The achievement rates of targets for consolidated net sales, consolidated operating income, consolidated return on equity (ROE), GHG emissions reduction*, etc., are weighted at 30%:30%:30%:10% and multiplied by a coefficient related to the growth rate of shareholder value, etc.,** to calculate a performance-linked coefficient between 0% and 240%. The base amount and composition ratio by position that forms the basis of basic compensation (chairman and CEO: 0.70; president and COO, executive vice president, CMzO, and CSO: 0.50; and other officers than the aforementioned officers: 0.30) as well as the assumed stock price** are used to determine the points to be awarded.</li> </ul>	
	Share-based remuneration	<ul style="list-style-type: none"> <li>*1 GHG reduction target for fiscal 2027: 12% reduction (compared with 2013)</li> <li>*2 Evaluated based on a comparison between total shareholder return for the relevant period and the TOPIX (total return) growth rate</li> <li>*3 Average value (rounded down to the nearest whole number) of the closing price of ordinary trades of Company shares on the Tokyo Stock Exchange on each day (excluding days on which no trades were made) of the month preceding the month in which the first day of the relevant period falls</li> </ul>	
Policy for determining remuneration ratio		Base compensation: Bonus: Stock compensation (when 100% of performance targets are achieved) (Chairman and CEO) 1.00:0.70:0.70 (President and COO, vice president, CMzO, and CSO) 1.00:0.50:0.50 (Other than the above) 1.00:0.40:0.30	
Policy regarding payment Timing	Basic remuneration	Monthly remuneration (paid monthly as one twelfth of annual basic remuneration)	
	Bonuses	Paid in July after determination of the degree of performance target attainment for a single fiscal year (individual / Company)	
	Share-based remuneration	Payment will be made around July after the expiration of the applicable period. (For directors who resign before the expiration date of the applicable period, payment will be made after their retirement.)	
Method to determine reappointment	Basic remuneration	By a Board of Directors' resolution, evaluation of individual officer performance has been delegated to the CEO	
	Bonuses and share-based remuneration	There is no scope of discretion as the amount is automatically calculated based on the degree of attainment of targets, standard amounts and coefficients, and the amount depends solely on the Company's performance.	

#### Remuneration for Directors

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

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

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

#### Outside Director Remuneration

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

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

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

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

Officer Classification	Total Amount of Remuneration, etc. (Millions of Yen)	Amount of Remuneration, etc., by Type (Millions of Yen)				Number of Eligible Officers
		Basic Remuneration	Bonuses	Performance-linked, share-based remuneration, etc.	Of which, nonmonetary compensation, etc.	
Directors (excluding Audit & Supervisory Committee Members and Outside Directors)	766	364	179	222	222	6
Audit & Supervisory Committee Members (excluding Outside Directors)	68	68	-	-	-	3
Outside Officers	94	94	-	-	-	6

Note: Includes one director who stepped down at the conclusion of the 121st General Meeting of Shareholders held on June 26, 2023.

## Corporate Governance

### Evaluation of the Board of Directors' Effectiveness

To improve the supervisory function of its Board of Directors, Isuzu analyzes and evaluates the effectiveness of the Board of Directors each year. An overview of the analysis and evaluation for fiscal 2024 (the year ended March 31, 2024) is as follows.

#### 1 Fiscal 2024 Analysis and Evaluation Process

Based on the issues identified in the evaluation of the effectiveness of the Board of Directors conducted last year, Isuzu conducted an evaluation with a focus on the strengths of the Company's Board of Directors and continuous monitoring of the status of problem-solving. All directors were surveyed and interviewed by a third-party organization and the results were analyzed. In addition, measures to address issues identified in the analysis were compiled and reported to the Board of Directors in April 2024, and the Board then evaluated the results and confirmed future initiatives.

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

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

- (1) The composition of the Board of Directors is effective, supported by directors with diverse backgrounds.
- (2) The Board of Directors is steadily and swiftly addressing issues raised, including measures to improve the operation of the Board of Directors, the establishment of a risk management system by the Group CRMO, and other issues.
- (3) Advance explanations to directors, including outside directors, are functioning effectively to ensure effective discussions at Board of Directors' meetings, and sufficiency is ensured.

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

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

- (1) Enhancement of discussions at Board of Directors' meetings centered on the Company's management philosophy and medium- to long-term management plans
- (2) Enhancement of reporting on the status of internal control, including the risk management system
- (3) Enhancement of discussions on capital costs and our business portfolio

#### 4 Key Issues in Fiscal 2023 Evaluation and Fiscal 2024 Initiatives

Key Issues Identified in the Fiscal 2023 Evaluation	Fiscal 2024 Initiatives
(1) Appropriate setting of agenda and enhancement of discussions	<ul style="list-style-type: none"> <li>• The number of topics on the agenda related to our corporate philosophy and medium- to long-term management plans increased, and discussions were held that will contribute to monitoring from a medium- to long-term perspective.</li> <li>• We will further enrich discussions by setting planned agendas throughout the year, such as an annual schedule.</li> </ul>
(2) Enhancement of reporting on the status of internal control, including the risk management system	<ul style="list-style-type: none"> <li>• Efforts were made by the Group CRMO to strengthen the risk management system and functions, and the frequency of risk-related reports has been increased, improving the execution side's monitoring function.</li> <li>• We will continue to strengthen preventative risk initiatives and collaboration between the Board of Directors and the Group CRMO.</li> </ul>
(3) Sharing of opinions of various stakeholders with the Board of Directors	<ul style="list-style-type: none"> <li>• Opinions expressed by investors through investor and shareholder relations and ESG interviews are reported to the Board of Directors in a timely manner.</li> <li>• We will work to further improve the content and frequency of reports.</li> </ul>
(4) Enhancement of discussions on capital costs and our business portfolio	<ul style="list-style-type: none"> <li>• Discussions were held regarding share buybacks and financial strategies linked to the formulation of the medium-term management plan, and progress was made in discussions regarding capital and financial strategies.</li> <li>• We will further enhance our discussions on capital costs and business portfolios.</li> </ul>

### Approach to Cross-Shareholdings

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

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

## Corporate Governance

### Criteria for Appointment and Dismissal of Directors

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

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

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

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

### Criteria for Determining the Independence of Outside Directors

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

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


### Support System for Outside Directors

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

### Internal Control System

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

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

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

# Compliance

## Basic Approach

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

## The Compliance Committee

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

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

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

## The Isuzu Group's Compliance Promotion System

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

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

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

## Employee Consultation Service

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

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

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

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

If any compliance concerns arise among the reports and consultations received at each contact point, the Risk Management Department, under the supervision of the Board of Directors, will rigorously investigate and address the matter together with the relevant departments, such as the Legal Department and the General Affairs & HR Department. In order to maintain the highest level of compliance efforts, Isuzu will continue to regularly evaluate and verify the effectiveness of each compliance measure and make improvements as necessary.

In fiscal 2024, the external consultation resource received 42 reports (eight cases concerning Isuzu & 34 concerning companies of the Isuzu Group). In addition, the total number of violations was 11 (one related to Isuzu and 10 related to companies of the Isuzu Group). All reports brought to the internal and external consultation contact points are handled appropriately to verify the absence of any major legal violation. The Board of Directors is notified of the progress of compliance initiatives, the number of reports received, and major violation cases.

🌐 For details on specific initiatives, please refer to the ["Compliance" section of the Sustainability Report](#).

# Risk Management

## Basic Approach

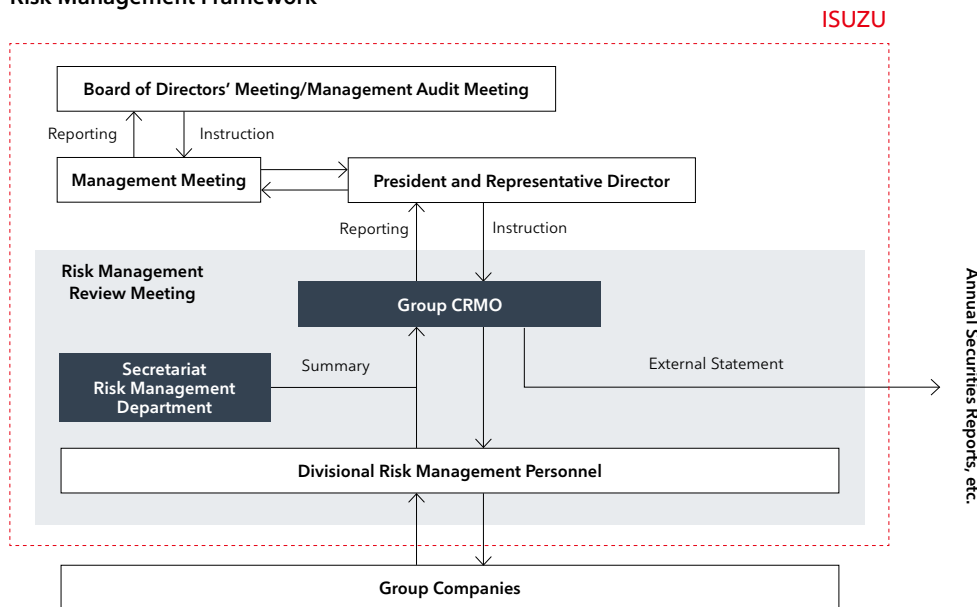
The Isuzu Group will strengthen preventative efforts to stop various risks surrounding its business from materializing and leading to serious incidents. In the unlikely event that incidents do occur, it will work to respond promptly and appropriately to prevent such incidents from escalating or becoming more serious.

## Risk Management Structure

Isuzu has established a group risk management system under the leadership of the Group chief risk management officer (CRMO). As part of this, Isuzu regularly convenes the Risk Management Review Meeting, which brings together risk management personnel from each of its business execution divisions and major Group companies to monitor the progress of preventative initiatives and the status of response to incidents and to give instructions for reinforcing initiatives.

Furthermore, regular reports are made to the Management Meeting and the Board of Directors, which oversee and evaluate the risk management activities of the entire Group.

## Risk Management Framework



## Response in the Event of an Incident

Isuzu and its Group companies report incidents to the Risk Management Department in a comprehensive and timely manner and take steps to quickly resolve them so as to prevent them from escalating or becoming more serious. Furthermore, if there is a risk of the situation developing into a major crisis, to minimize the impact, a response team consisting of members designated by the Group CRMO is formed and various response policies are decided and implemented, thus ensuring thorough crisis management at all times.

In the event of an incident that could impact business or is of high urgency, the Group CRMO promptly reports to management, who then deliberate and decide on the response policy.

The Risk Management Department verifies the effectiveness of the measures taken by the department or company where the incident occurred to prevent recurrence, shares information on the incident within the Group, and takes thorough measures to prevent recurrence throughout the Group.

## Preventative Measures

The Isuzu Group comprehensively identifies, analyzes, and evaluates risks that may affect the business activities of Isuzu and its Group companies, and selects risks with the potential for significant impact on the management of the Group as priority risks. Isuzu and its Group companies then formulate risk response plans focused on such Group priority risks and implement preventative measures.



## Process for Determining Priority Risks

The Isuzu Group has set priority risks for the Group in four areas that could have significant impacts on the running of its business: business and medium-term plan risks, strategic risks, operational risks, and hazard risks. Group priority risks are determined at the beginning of each fiscal year and are reviewed every six months, taking into account changes in the internal and external environment and the occurrence of incidents.

## Risk Management

### Business and Other Risks

The following are risk factors in the development of the Isuzu Group's business that could have a significant impact on the judgment of investors, including matters such as those related to the business and accounting conditions described in the Annual Securities Report. The following information includes forward-looking statements that reflect the judgments of the Group as of March 31, 2024.

#### 1. Risks Arising from Global Economic Conditions, Financial Markets, and the Automotive Market

- |     |   |
|-----|---|
| (1) | Fluctuations in economic conditions and overall demand in Isuzu's major markets |
| (2) | Competition in the automotive market  |
| (3) | Foreign exchange and interest rate fluctuations                                 |
| (4) | Fluctuation in raw material prices  |

#### 2. Business Risks

- |      |   |
|------|---|
| (5)  | Response to new technological innovations, business model changes, etc.         |
| (6)  | Research and development  |
| (7)  | Joint ventures and other alliances  |
| (8)  | Dependence on specific channels for sales and supply                            |
| (9)  | Delays or shortfalls in the procurement of materials, parts, and other supplies |
| (10) | Compliance and reputation   |
| (11) | Product defects   |
| (12) | Risks related to information security in a computerized society                 |
| (13) | Risks related to intellectual property protection                               |
| (14) | Recruitment and retention of talented human resources who produce results       |
| (15) | Geopolitical risks  |
| (16) | Disasters   |
| (17) | Climate change  |

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

### Information Security

Under the leadership of the Group CRMO, Isuzu has established the Group Information Security Policy, under which it maintains, implements, and provides training for a Groupwide information security management framework and regulations for Isuzu and its Group companies.

#### Management Framework

At the Isuzu Group, each Isuzu unit and Group company appoints an information security officer in each of its divisions and companies who develops annual action plans for mitigating information security risks and implements individual measures based on the information security governance rules. The Group CRMO regularly convenes the Information Security Management Meeting to ascertain the progress of measures in individual divisions and Group companies, gather together any issues and problems, and give instructions on enhancing information security measures, while also working to maintain and improve information security management. The effectiveness of information security activities is ensured by regularly reporting the details discussed at the Information Security Management Meeting to the Management Meeting and the Board of Directors.

#### Information Security Management Operations

Isuzu not only has rules governing information security in general but has also established and implements various rules pertaining to the cybersecurity of its products, factories, IT systems, and supply chains. The Company also participates in J-Auto-ISAC,\* an entity that collects and analyzes information related to automotive cybersecurity. By doing so, it collects data on information security-related incidents detected within the industry, based on which it assembles and operates a system for incorporating cybersecurity into the development and manufacture of automobiles. We also base our implementation of these efforts on the Ministry of Economy, Trade and Industry's Cybersecurity Management Guidelines, the international regulation UN-R155 adopted by the United Nations Economic Commission for Europe's World Forum for Harmonization of Vehicle Regulations (WP29), and international standards such as ISO 21434, ISO 27001, and NIST SP800-171.

\* J-Auto-ISAC: Japan Automotive Information Sharing and Analysis Center, Japan's automotive cybersecurity organization

#### Response in the Event of Information Security Incidents

Any information security incidents that occur at Isuzu or its Group companies are dealt with promptly in accordance with its incident management rules, with relevant departments and companies collaborating under the direction of the Group CRMO to prevent any damage from spreading or becoming more severe.

We then take rigorous recurrence prevention measures for the entire Group by monitoring the implementation of measures to prevent the recurrence of such incidents and sharing this information among Isuzu and its Group companies.

# 07 Financial and Non-Financial Performance

81	10-Year Financial Summary	84	Principal Subsidiaries and Affiliates
82	Financial Highlights	85	Corporate and Stock Information
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# 10-Year Financial Summary

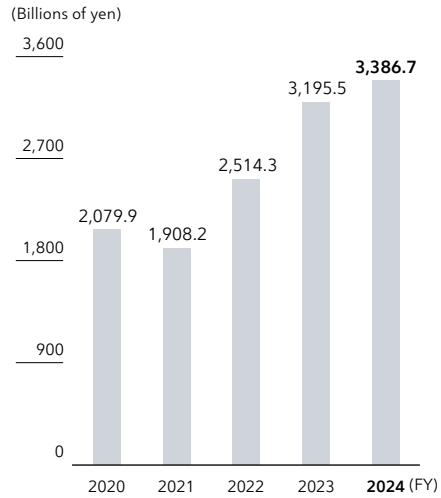
## Consolidated Results

(Millions of yen)

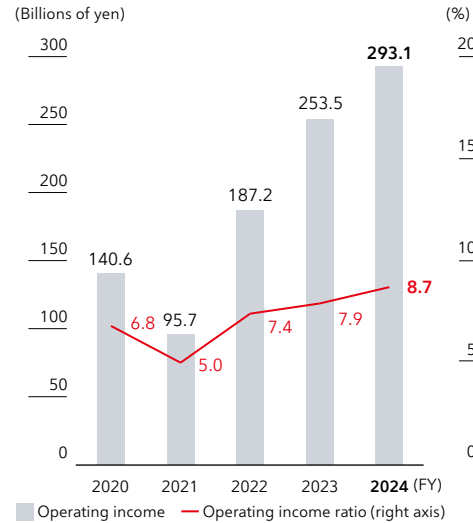
For the year ended March 31:	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Operating Results</b>										
Net sales	¥1,879,442	¥1,926,967	¥1,953,186	¥2,070,359	¥2,149,168	¥2,079,936	¥1,908,150	¥2,514,291	¥3,195,537	¥3,386,676
Cost of sales	1,543,661	1,574,885	1,623,948	1,700,726	1,765,270	1,730,354	1,605,111	2,056,104	2,600,347	2,706,443
Gross profit	335,780	352,081	329,238	369,632	383,898	349,582	303,038	458,187	595,189	680,233
Selling, general and administrative expenses	164,669	180,522	182,793	202,867	207,116	208,999	207,305	270,989	341,642	387,147
Operating income	171,111	171,559	146,444	166,765	176,781	140,582	95,732	187,197	253,546	293,085
Profit before extraordinary items	187,411	186,690	152,022	173,616	189,001	150,876	104,265	208,406	269,872	313,039
Profit before income taxes	184,251	186,379	148,921	176,095	186,108	143,511	86,829	204,281	269,841	305,591
Profit attributable to owners of parent	117,060	114,676	93,858	105,663	113,444	81,232	42,708	126,193	151,743	176,442
<b>Cash Flows</b>										
Cash flows from operating activities	¥ 151,558	¥ 132,972	¥ 151,352	¥ 176,804	¥ 156,546	¥ 123,701	¥ 222,918	¥ 172,056	¥ 227,085	¥ 298,568
Cash flows from investing activities	(97,352)	(96,754)	(87,393)	(107,035)	(86,569)	(92,659)	(93,413)	(420,867)	(80,527)	(155,080)
Cash flows from financing activities	14,569	(66,690)	(55,368)	(4,432)	(106,914)	(25,153)	(55,275)	186,145	(140,372)	(144,977)
Free cash flow	54,206	36,218	63,959	69,769	69,977	31,042	129,505	(248,811)	146,558	143,488
<b>Financial Position</b>										
Current assets	¥ 939,436	¥ 929,705	¥ 957,404	¥1,062,993	¥1,112,570	¥1,119,536	¥1,183,346	¥1,490,745	¥1,702,258	¥1,817,568
Property, plant and equipment	617,714	644,357	681,582	705,854	731,344	761,922	767,563	918,881	935,664	975,694
Intangible assets and investments and other assets	244,766	235,206	241,838	297,690	286,979	270,626	294,060	446,511	408,854	469,737
Total assets	1,800,998	1,808,377	1,879,853	2,066,539	2,130,894	2,152,090	2,244,970	2,856,139	3,046,777	3,263,001
Current liabilities	585,093	565,277	556,336	619,636	626,328	603,193	623,965	898,195	968,832	1,083,144
Non-current liabilities	302,373	346,342	362,382	360,392	338,231	415,515	415,991	563,518	567,712	520,827
Net assets	914,451	897,650	962,107	1,086,510	1,116,335	1,133,381	1,205,013	1,394,425	1,510,232	1,659,029
Interest-bearing debt	227,773	258,740	247,300	279,610	297,398	336,711	316,560	530,479	513,145	556,823
<b>Others</b>										
Research and development expenditures	¥ 77,610	¥ 91,100	¥ 91,438	¥ 96,803	¥ 98,978	¥ 98,084	¥ 91,026	¥ 104,756	¥ 118,993	¥ 123,871
Capital expenditures	77,979	97,965	93,814	76,571	72,282	80,756	69,799	78,404	82,184	128,590
Depreciation and amortization	48,130	55,753	58,779	59,939	60,919	62,652	66,322	75,313	80,628	86,419
<b>Per Share (yen)</b>										
Net income per share	¥ 139.34	¥ 138.43	¥ 119.13	¥ 134.17	¥ 150.18	¥ 110.14	¥ 57.91	¥ 162.87	¥ 195.75	¥ 229.92
Dividend per share	23.0	32.0	32.0	33.0	37.0	38.0	30.0	66.0	79.0	92.0
<b>Financial Indicators (%)</b>										
Operating income ratio	9.1	8.9	7.5	8.1	8.2	6.8	5.0	7.4	7.9	8.7
ROE	16.9	15.2	12.0	12.2	12.3	8.6	4.3	11.4	12.1	12.7
Capital adequacy ratio	41.9	41.5	43.5	44.5	43.6	44.3	45.5	41.8	42.9	44.8
Dividend payout ratio	21.5	23.1	26.9	24.6	24.6	34.5	51.8	40.5	40.4	40.0

# Financial Highlights

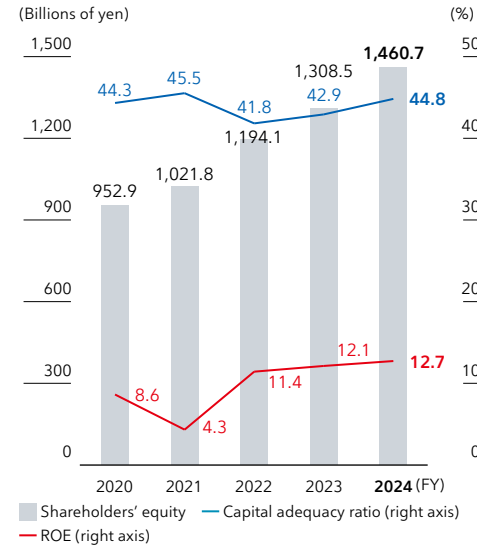
## Net Sales



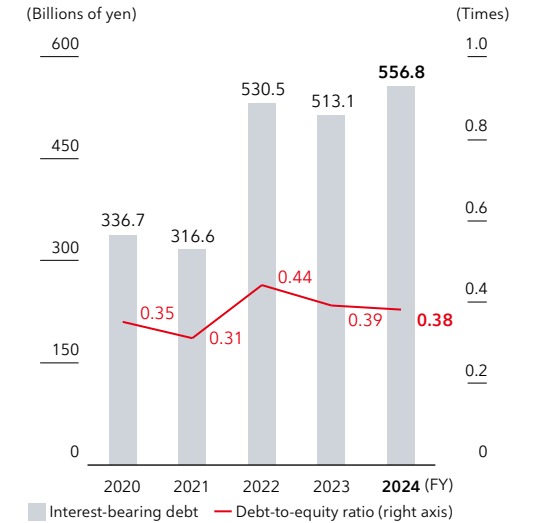
## Operating Income



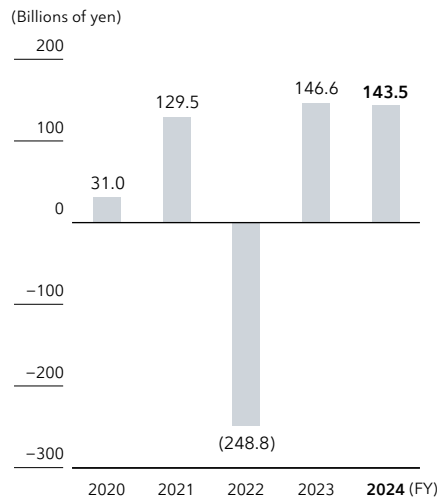
## Shareholders' Equity / ROE



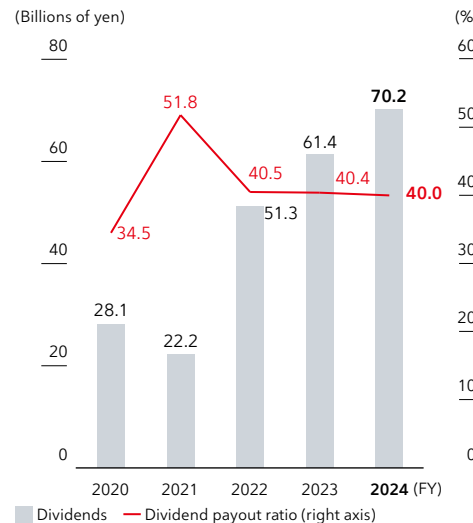
## Interest-Bearing Debt / Debt-to-Equity Ratio



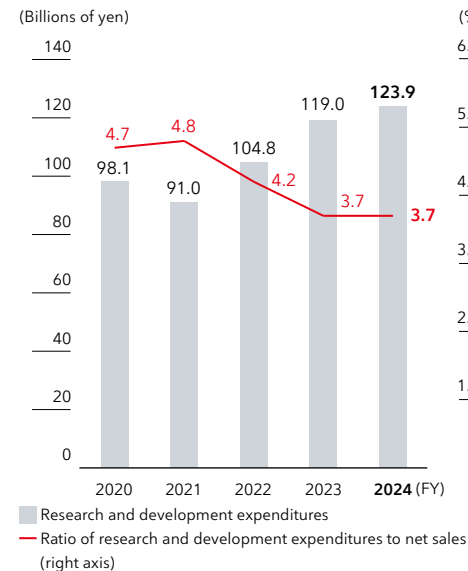
## Free Cash Flow



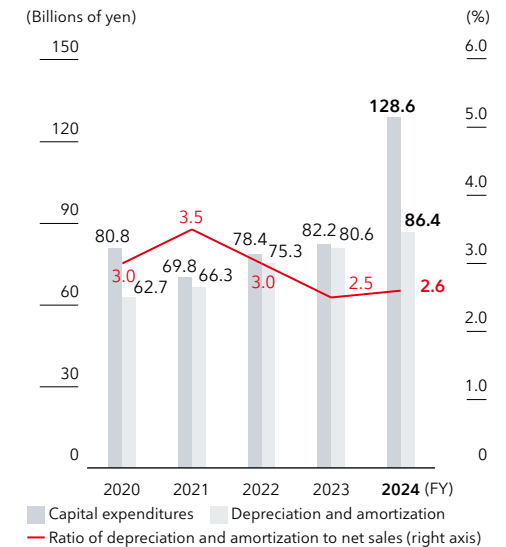
## Dividends



## Research and Development Expenditures



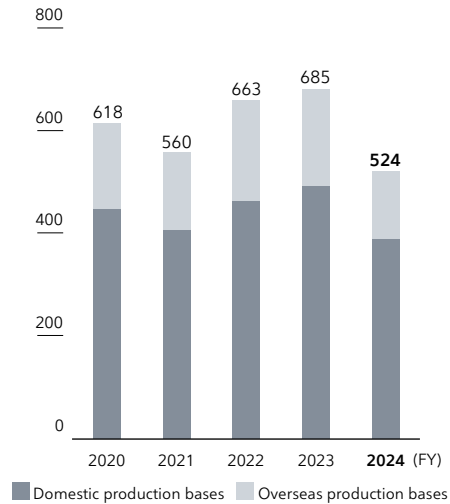
## Capital Expenditures / Depreciation and Amortization



# Non-Financial Highlights

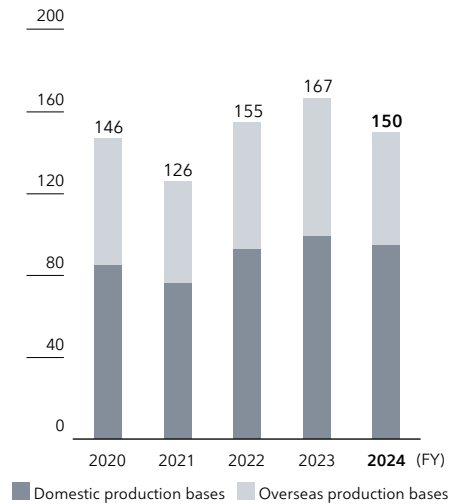
## CO<sub>2</sub> Emissions (Consolidated)\*1

(Thousand t-CO<sub>2</sub>)



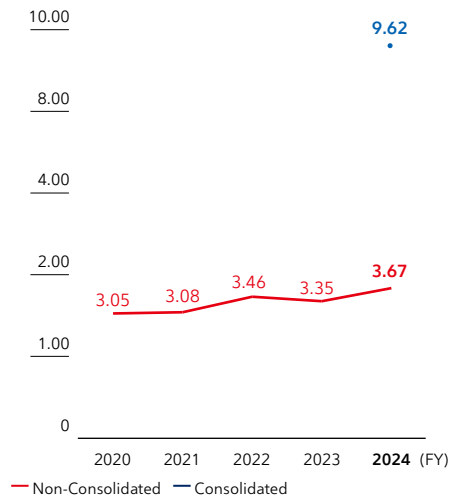
## Waste Generation (Consolidated)\*1

(Thousand t)



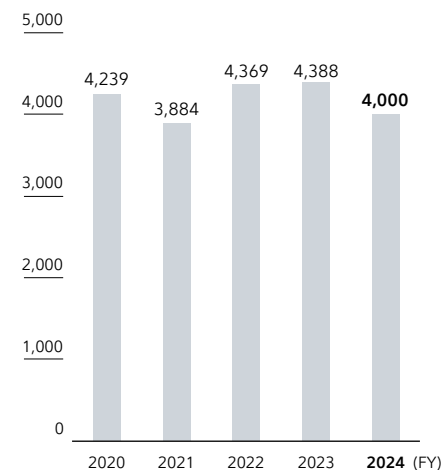
## Percentage of Women in Management Positions (Senior Level) (Non-Consolidated and Consolidated)\*2

(%)



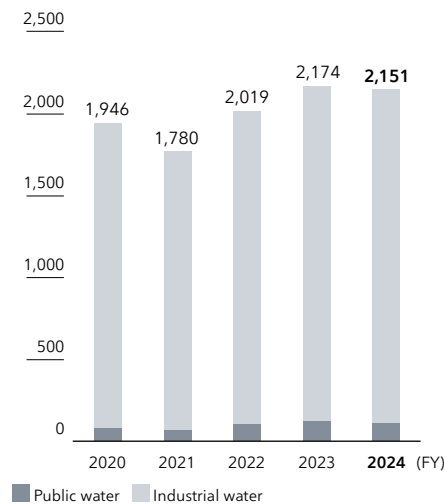
## Energy Use (Non-Consolidated)

(TJ)



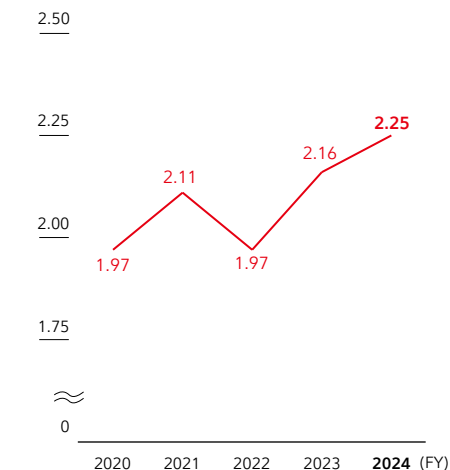
## Waste Generation (Non-Consolidated)

(Thousand m<sup>3</sup>)



## Employment of People with Disabilities (Non-Consolidated)\*3

(%)



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



FTSE4Good

FTSE4Good Index Series



FTSE Blossom Japan Index



FTSE Blossom Japan Sector Relative Index



MSCI Nihonkabu ESG Select Leaders Index



S&P/JPX Carbon Efficient Index



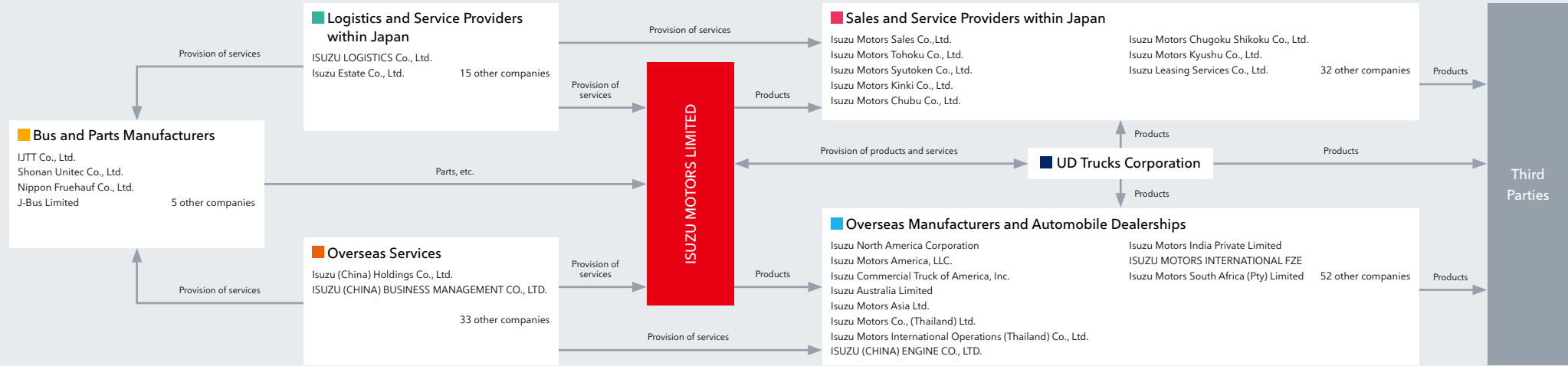
SOMPO Sustainability Index

Further details on external evaluations of Isuzu's ESG initiatives are available [here](#).

\*1 Isuzu Motors Limited and 10 domestic and overseas consolidated subsidiaries with production bases. \*2 Consolidated data disclosure began from the fiscal 2024. All consolidated subsidiaries are included. \*3 As of June of each year

# Principal Subsidiaries and Affiliates

## 97 Consolidated Subsidiaries and 50 Equity-Method Affiliates (as of March 31, 2024)



### Principal Domestic Subsidiaries and Affiliates

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

○ Consolidated subsidiaries ● Equity-method affiliates

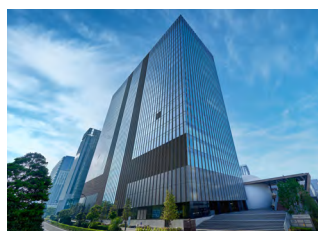
\*1 As a result of the share consolidation of IJTT Co., Ltd., which took effect on March 27, 2024, the Company's ownership in IJTT became 100%. Subsequently, on April 26, 2024, all common shares of IJTT owned by the Company were transferred through a share repurchase, and IJTT is no longer a consolidated subsidiary of the Company.

### Principal Overseas Subsidiaries and Affiliates

Company Name	Location	Equity Stake	Business
Isuzu Motors Asia Ltd.	Republic of Singapore	100%	Management of businesses in the ASEAN region and wholesaling of spare parts for production and repair
Isuzu Motors International Operations (Thailand) Co., Ltd.*2	The Kingdom of Thailand	70%	Export of pickup trucks
Isuzu Motors Co., (Thailand) Ltd.*2	The Kingdom of Thailand	71.15%	Manufacture of commercial vehicles and pickup trucks as well as export and wholesaling of vehicles, components, and parts
Isuzu Engine Manufacturing Co., (Thailand) Ltd.	The Kingdom of Thailand	98.56%	Manufacture and sale of diesel engines
ISUZU (CHINA) ENGINE CO., LTD.	The People's Republic of China	50.61%	Manufacture of engine parts and assembly of vehicles and engine parts
Isuzu Motors India Private Limited	Republic of India	62%	Import, assembly, and wholesaling of pickup trucks and derivatives
Isuzu North America Corporation	United States of America	100%	General management of subsidiaries in North America, import and wholesaling of commercial vehicles and spare parts, import and assembly of production parts, and provision of common indirect operations to subsidiaries
Isuzu Motors America, LLC.	United States of America	100%	Import and sale of industrial engines and spare parts
Isuzu Commercial Truck of America, Inc.	United States of America	80%	General management of commercial vehicle business in North America, import and wholesaling of commercial vehicles and spare parts, and import and supply of components
Isuzu Australia Limited	Commonwealth of Australia	100%	Import, sale, and servicing of commercial vehicles, parts, and engines
ISUZU MOTORS INTERNATIONAL FZE	United Arab Emirates	100%	Promotion of new vehicle sales and life cycle business, sale of spare parts and after-sales training, and back-office support for Isuzu affiliates in the Near and Middle East and Africa
Isuzu Motors South Africa (Pty) Limited	Republic of South Africa	100%	Production and sale of commercial vehicles, buses, and light commercial vehicles for South Africa and neighboring countries
Qingling Motors Co., Ltd.	The People's Republic of China	20%	Manufacture and sale of commercial vehicles, pickup trucks, and SUVs
General Motors Egypt S.A.E.	Arab Republic of Egypt	21.84%	Assembly and sale of passenger vehicles and light commercial vehicles

\*2 Sales (excluding intercompany sales among consolidated companies) account for more than 10% of consolidated sales.

## Corporate and Stock Information



Head Office



Fujisawa Plant



Tochigi Plant

### Corporate Data (as of March 31, 2024)

Company Name	ISUZU MOTORS LIMITED
Head Office	YOKOHAMA GATE TOWER 2-5, Takashima 1-chome, Nishi-ku, Yokohama-shi, Kanagawa 220-8720, Japan TEL: +81-45-299-9111 (General Affairs & HR Dept.)
Date of Founding	April 9, 1937
Paid-in Capital	¥40.6 billion
No. of Employees	45,034 (consolidated) / 8,491 (non-consolidated)
Major Products	Heavy-, medium-, and light-duty trucks, buses, vehicle, and industrial diesel engines
Net Sales	Consolidated: ¥3,386,676 million Non-consolidated: ¥1,318,030 million (FY2024)
Operating Income	Consolidated :¥293,085 million (FY2024)
Profit before Extraordinary Items	Consolidated :¥313,039 million (FY2024)
Profit Attributable to Owners of Parent	Consolidated :¥176,442 million (FY2024)
No. of Consolidated Subsidiaries	97

### Common Stock and Number of Shareholders (as of March 31, 2024)

Shares Authorized	1,700,000,000
Shares Issued	777,442,069
No. of Shareholders	102,910

### Major Shareholders (as of March 31, 2024)

Name	Number of Shares Held (1,000 Shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	101,630	13.54
Mitsubishi Corporation	63,633	8.47
Itochu Automobile Investment LLC.	52,938	7.05
Custody Bank of Japan, Ltd. (Trust Account)	48,075	6.40
Toyota Motor Corporation	39,000	5.19
SSBTC CLIENT OMNIBUS ACCOUNT	11,569	1.54
STATE STREET BANK WEST CLIENT - TREATY 505234	11,121	1.48
JP MORGAN CHASE BANK 385781	10,717	1.43
JP Morgan Securities Japan Co., Ltd.	10,552	1.41
The Nomura Trust and Banking Co., Ltd. (Trust Account)	10,191	1.36

Notes: 1. The shareholding ratio is calculated excluding treasury stock (26,606,851 shares). Moreover, treasury stock does not include shares held by trusts whose beneficiaries are directors, etc.

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

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

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

## Building Relationships of Trust with Stakeholders

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

Key Stakeholders	Main Stakeholder Needs	Value Provided by the Isuzu Group	Main Opportunities for Dialogue and Information Disclosure
Customers	<ul style="list-style-type: none"> <li>• Provision of valuable products and services that are safe, secure, and have low environmental impact</li> <li>• Accurate responses 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 business continuity planning and business continuity management systems</li> </ul>	<ul style="list-style-type: none"> <li>• Daily operational activities (sales and services)</li> <li>• Isuzu Customer Center</li> <li>• Customer satisfaction surveys</li> <li>• Customer notifications (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>• Maintenance of and increases in corporate value</li> </ul>	<ul style="list-style-type: none"> <li>• Provision of stable and continuous dividends</li> <li>• Strengthening of decision-making transparency and accountability</li> <li>• Management initiatives that contribute 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 briefings and presentations, annual securities reports, convocation notices, quarterly financial reports, integrated reports, sustainability reports, etc.)</li> <li>• Investor and shareholder relations meetings and business briefing sessions</li> </ul>
Business partners	<ul style="list-style-type: none"> <li>• Fair and equitable selection and trade</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 Isuzu Group Supplier Sustainability Guidelines</li> <li>• Supplier quality evaluation and improvement activities and promotion of joint research and development</li> </ul>	<ul style="list-style-type: none"> <li>• Self-assessments</li> <li>• Seminars on sustainability</li> <li>• Field interviews</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 each employee's work, roles, ability to develop, and performance level</li> <li>• Promotion of active participation of diverse human resources and creation of comfortable working environments</li> <li>• Promotion of skills acquisition and transfer of technological skills through training</li> <li>• Workstyle 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>• Engagement 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>
Local governments	<ul style="list-style-type: none"> <li>• Compliance 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 and promotion of awareness of said systems within the Company</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 with government agencies</li> <li>• Dialogue through joint projects involving the public and private sectors</li> </ul>
Local communities	<ul style="list-style-type: none"> <li>• Protection of and respect for local cultures, customs, and natural environments</li> <li>• Contributions to community development</li> <li>• Prevention of accidents and disasters in and around business sites and responses to emergencies</li> </ul>	<ul style="list-style-type: none"> <li>• Promotion of activities to protect local ecosystems</li> <li>• Creation of jobs and educational support for, as well as interactions with, local communities in areas where we conduct business activities</li> <li>• Prevention of violations of environmental laws and regulations and of accidents</li> <li>• Contribution to goods transportation during disasters</li> <li>• Implementation of social contribution activities aimed at coexisting with local communities</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in community events</li> <li>• Invitations to events at business sites</li> <li>• Isuzu Plaza</li> <li>• Hosting of social studies excursions</li> </ul>