Sustainability Report

2021

UD Trucks Corporation

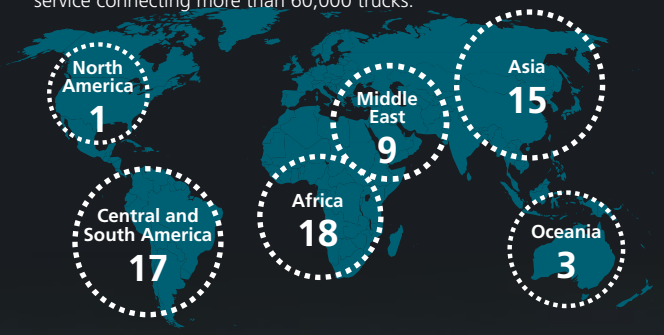
UD TRUCKS

UD Trucks at a Glance

For 85 years, UD Trucks has provided the trucks and transportation solutions the world needs today, forever challenging and innovating for a better tomorrow.

Sales and servicing in 63 countries

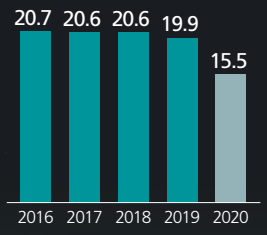
UD Trucks' extensive network of dealers offers sales and servicing in 63 countries. In Japan, the Company provides 24-hour, 365-day support to commercial vehicle operators and drivers, including a telematics service connecting more than 60,000 trucks.



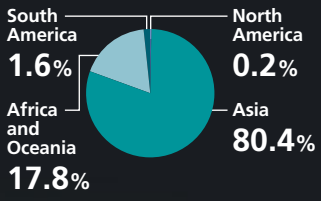
15,458 trucks sold globally in 2020

UD Trucks sold 15,458 trucks in 2020, meeting a wide range of local transport needs with its diverse lineup of truck models. Japan is the largest market for UD Trucks.

Number of trucks sold globally
(Thousands)



Sales breakdown by region



86 years of history

Founded in 1935 as a diesel engine manufacturer, UD Trucks has always been a challenger at heart, responding to the needs of customers and of the times.

165 customer centers and independent dealers in Japan

The Company's nationwide network of customer centers and dealers provides genuine parts and servicing to keep customers' trucks running and maximizing uptime.

Diverse workforce of 6,127 employees

(Including consultants and temporary employees)

With employees from 29 countries based in Japan alone, UD Trucks recognizes that promoting a diverse workplace in which all employees can make the most of their abilities will lead to its continued success.

Note: Within Japan. Figures as of December 31, 2020.

From left, a Kazet light-duty truck, Condor medium-duty truck, Quon heavy-duty truck, Quester heavy-duty truck designed for emerging countries, Croner medium-duty truck, and Kuzer light-duty truck

Progress towards making life better for people and the planet

The COVID-19 pandemic has continued to take a heavy toll on individuals and society at large. In these difficult times, the transportation of goods that we rely on every day has kept society and the economy moving. It is humbling to know that UD Trucks is in a position to support logistics when people need it the most.

Beyond the pandemic, the world is facing unprecedented environmental and social challenges - from climate change and resource depletion to widening economic disparities. It is more important than ever for us to face these challenges head on and embrace frameworks that lead to responsible solutions, such as the UN Sustainable Development Goals.

UD Trucks is committed to making life better through sustainable transport solutions. This is our purpose, and we call it Better Life. We have the ambitious goal to become the sustainability leader among Japanese commercial vehicle manufacturers. We will do this by pursuing initiatives that are better for logistics, the planet, people, and our business. We have established a new Sustainability Committee comprised of members from three groups in charge of environmental, social, and governance (ESG) initiatives, respectively. The committee provides direction and monitors progress towards our sustainability goals.

UD Trucks joined the Isuzu Group in April 2021, as part of a strategic alliance between Isuzu Motors and Volvo Group. Together with Isuzu Group, UD Trucks will expand and strengthen its sustainability initiatives. We look forward to the continued support of all stakeholders as we work to make life better for people and the planet.

酒巻 芳光

Takamitsu Sakamaki

President and
Representative Director
UD Trucks Corporation

About this report

UD Trucks publishes a sustainability report every year for the purpose of providing stakeholders with information about its environmental, social and governance initiatives.

Scope of the report

This report covers the activities of UD Trucks Corporation primarily in Japan. Some sections also cover our activities in other countries.

Reporting period

This report mainly covers results and activities in fiscal 2020 (January 1 to December 31, 2020). Some sections also refer to results and activities in previous fiscal years, activities in fiscal 2021, and future plans and forecasts.

Published December 2021

Contents

Purpose

Better Life

Better Life is our purpose, the reason why we exist. Providing the trucks and services that the world needs today, we are committed to *Better Life*—to make life better for people and the planet through sustainable transport solutions

Our desired position by 2025

The leader in sustainability among Japanese commercial truck manufacturers

Leadership in sustainability across four areas

Better for Logistics:	Better for the Planet:	Better for People:	Better for Business:
Pursuing smarter logistics to overcome challenges facing the industry	Reducing emissions and waste	Creating better workplaces, supporting communities	Building a foundation for sustainable growth

For over 80 years, UD Trucks has been providing the trucks and services the world needs today.

Now the logistics industry is facing an array of challenges, from a shortage of truck drivers and higher demand for deliveries driven by the growth in e-commerce, to environmental impacts such as climate change and resource depletion.

To overcome these many challenges, innovation and collaboration are essential for making the world a better place. We are committed to making life better - for people and the planet. This is our purpose, and we call it *Better Life*.

Guided by our *Better Life* purpose, we aspire to be the leader in sustainability among Japanese commercial truck manufactures by 2025.

SUSTAINABLE DEVELOPMENT GOALS

By working to make life better for people and the planet, UD Trucks recognizes the importance of helping achieve the UN Sustainable Development Goals, which were adopted by the United Nations General Assembly in 2015.

Leadership in sustainability across four areas

Better for Logistics: Pursuing smarter logistics to overcome challenges facing our industry

Globally, the logistics industry is facing various challenges, including a shortage of drivers, increasingly strict regulations and ensuring safer roads. Moreover, the growing e-commerce sector coupled with intense competition is putting pressure on logistics firms to cut costs and improve efficiency.

UD Trucks is meeting these challenges head on by staying at the forefront of innovation that helps improve vehicle efficiency, reduce environmental impacts and maximize driver comfort. To become a leader in sustainability, UD Trucks continues to develop next-generation technologies in the fields of connectivity, electromobility, and autonomous driving. At the same time offering solutions to partners and customers to enhance their business.

▶ For more details, please refer to page 6.

Better for the Planet: Reducing emissions and waste

Climate change and resource depletion are some of the most pressing environmental issues facing us today. UD Trucks, together with the logistics industry as a whole, can be part of the solution to greatly minimize environmental impacts.

UD Trucks is taking steps to significantly reduce CO_2 emissions and eliminate waste across its operations. Accordingly, the company is exploring the use renewable energy and reducing the CO_2 footprint of its products and sites, while collaborating with suppliers to reduce environmental impacts across the entire value chain.

▶ For more details, please refer to page 17.

Better for People: Creating better workplaces, supporting communities

People and communities are a core part of our sustainability strategy. UD Trucks continues to improve the well-being of its employees, fostering a workplace culture that values diversity, personal development and a strong work-life balance. All employees are encouraged to make the most of their abilities and given the opportunity to grow professionally.

In addition, UD Trucks works closely with communities, focusing on road traffic safety seminars for local schools, disaster relief and other community outreach initiatives.

▶ For more details, please refer to page 28.

Better for Business: Building a foundation for sustainable growth

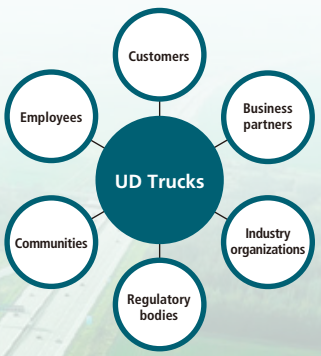
Pursuing a sustainability strategy that is Better for Logistics, Better for the Planet and Better for People helps secure the fourth area of sustainability: Better for Business. In short performance and profitability.

UD Trucks will invest profits back into its businesses, laying a path for the company to grow to benefit all stakeholders.

▶ For more details, please refer to page 36.

Engaging with Stakeholders

For UD Trucks to be a sustainability leader among Japanese commercial truck manufacturers, close communication with all stakeholders is essential, including customers, business partners, and employees. The Company creates opportunities to engage with stakeholders and reflects their views in its management policies, business activities, and environmental, social, and governance (ESG) initiatives.



Better for Logistics

UD Trucks deploys innovative in-vehicle systems to provide trucks that maximize driver comfort and driving efficiency while also helping to reduce environmental impacts. Working in partnership with truck drivers and logistics firms, the Company devises comprehensive solutions across the entire value chain. By developing next-generation technologies in the fields of connectivity, electromobility, and autonomous driving, UD Trucks is working to make logistics smarter and more environmentally sustainable.

Enhancing comfort and safety for drivers

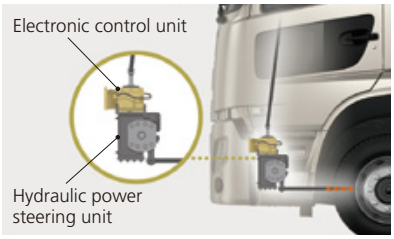
UD Active Steering system developed for heavy-duty trucks

The UD Active Steering system made it possible for a heavy-duty Quon to create the world's largest *kanji* (Japanese character) drawn by a truck.
More information available here: https://www.udtrucks.com/news-and-stories/press-releases/20210702-giant-masterpiece

Japan is currently facing a shortage of truck drivers, mainly because this job can be physically demanding and often involves long hours. Drivers spend most of their working days inside a truck cab, so enhancing drivability is crucial.

With this in mind, UD Trucks developed UD Active Steering to help reduce driver fatigue and make roads safer. It is available on heavy-duty Quon models in Japan. UD Active Steering is designed to improve steering precision under all kinds of driving conditions. Steering is assisted by an electric motor installed over conventional hydraulic steering gears. Attached to the motor is an electronic control unit that monitors the vehicle direction and driver's actions based on vehicle movements detected by numerous sensors. The system makes it easier to turn the steering wheel at low speeds, stabilizes steering at high speeds, and maintains stable steering regardless of the truck's payload, road conditions, and cross winds.

By developing advanced technologies like UD Active Steering, the Company is working to overcome challenges facing the logistics industry and maximize driver comfort.



Five benefits of UD Active Steering

1. Low Speed Agility

When turning at low speeds and reversing in tight spaces, additional steering torque automatically feeds into the system to allow the driver to maneuver with a light touch.

2. High Speed Stability

When driving at higher speeds, the weight of the steering wheel adjusts to provide superior stability.

3. Rough Road Dampening

Active Steering dampens vibrations on rough roads. Minute directional adjustments keeps the driver on a course.

4. Cross Wind Correction

Active Steering virtually eliminates the steering corrections needed in crosswinds, keeping the driver on a straight course.

5. Return to Center

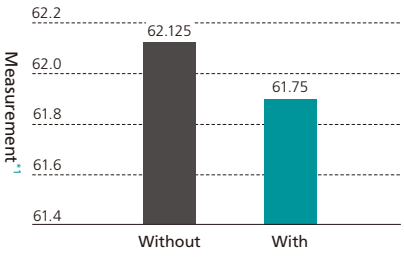
Whether turning at an intersection or reversing, the steering wheel will return to center when released, saving driving effort and bringing the vehicle into a straight line quickly and easily.

Tests show reduced driving fatigue

UD Trucks has used electroencephalographs and electromyograms to measure the fatigue of subjects driving trucks equipped with and without UD Active Steering. The test results showed that when using UD Active Steering, subjects had lower levels of stress and did not require excessive levels of concentration. They also recorded lower levels of arm muscle exertion when steering, especially when parking and driving in bumpy and uneven areas.

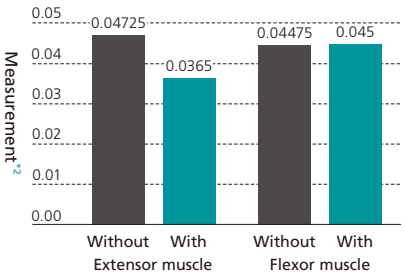
Details of the test results are available online: https://www.udtrucks.com/news-and-stories/press-releases/20210701-ud-active-steering

Stress level when driving with or without UD Active Steering



*1 Stress was measured using an electroencephalograph

Muscle exertion when driving with or without UD Active Steering



*2 Muscle exertion was measured using an electromyogram

Meet the engineers responsible for developing UD Active Steering

Developing trucks that are easier to operate for all drivers

When developing UD Active Steering, we started by discussing what kind of steering performance was needed by heavy-duty truck drivers. Based on opinions from numerous drivers as well as various questionnaire results, we found that new or inexperienced drivers expected heavy-duty trucks to be as easy to steer as passenger vehicles. This reflects the major advances made in the drivability of heavy-duty trucks in recent years, especially our Quon models. We believe that reducing fatigue and stress from driving and providing a comfortable driving environment will be welcomed not only by younger and less experienced drivers but all kinds of drivers, including women and the elderly. We will continue to gather feedback from our customers to develop vehicles for the next generation of drivers.

Hideyuki Koshikawa
Engineer, Vehicle Assessment Department, Product Development Division

UD Active Steering will revolutionize truck driving for the better

In the past, truck drivers had to adapt to and master the techniques required to steer and operate heavy-duty trucks. They can take pride in those skills as professionals, but their needs have become more diverse and demanding as trucks have evolved. Many drivers now expect the same level of drivability as passenger vehicles. In response to that, we integrated automatic control into UD Active Steering to make steering easier at low speeds and more stable at high speeds. We also reduced the play of the steering wheel, making the driving experience similar to that of a passenger vehicle. It is no exaggeration to say that UD Active Steering will fundamentally improve the drivability of heavy-duty trucks. Our development team aimed to optimize the steering performance of heavy-duty trucks for all driving scenarios. I think the development of UD Active Steering has brought us much closer to the day when inexperienced drivers can confidently drive a heavy-duty truck from day one.

Kazunori Nagata
Engineer, Vehicle Assessment Department, Product Development Division

Developing safer and more comfortable heavy-duty trucks will help address the shortage of drivers

UD Active Steering not only adjusts the firmness of the steering wheel to suit the vehicle speed, but also detects the driver's subtle movements to optimize steering performance. Furthermore, it corrects the steering to keep the vehicle straight and on course, even when the driver is not consciously moving the steering wheel. Whether they realize it or not, drivers experience fatigue when steering on rough or rutted roads, which can result in eye strain and stiff shoulders. The steering correction feature alleviates this mental and physical fatigue. The development of safer and more comfortable heavy-duty trucks will encourage more people to enter the truck driving profession, helping address the current shortage of drivers.

Takuya Takagiwa
Engineer, Vehicle Design Department, Product Development Division

Participation in truck platooning project

Since 2017, UD Trucks has been participating in a government-led project to conduct tests of truck platooning on expressways in Japan, together with four of the country's major automakers. Platooning is a method of syncing multiple trucks together in a convoy using connective driving systems. The participating automakers form a special committee in the Japan Automobile Manufacturers Association (JAMA) tasked with promoting industry and government projects to develop truck platooning in order to boost logistics efficiency and improve working conditions for truck drivers. The four companies are developing connective systems at the testing stage to enable platooning by different types of trucks and operated by different logistics companies. To maintain safe platooning of trucks made by different manufacturers, these systems must ensure that the trucks can accelerate and brake smoothly in tandem with the truck at the head of the convoy.

As a member of the project and JAMA, UD Trucks is helping develop these connective technologies and, based on the test results, produce a feasible platooning system for manned trucks. The Company has also been advising the government on automated driving technologies, necessary infrastructure for improving road safety, and ways of dealing with the country's truck driver shortage.

Downsizing truck engines to reduce environmental impacts

UD Trucks started shifting to smaller engines in January 2019, when it equipped its Quon heavy-duty cargo, dump, and cement-mixer trucks with its GH8 8-liter engine. The Company also added the GH8 engine to its Quon tanker truck in December 2020. Compared with conventional 11-liter engines, this lighter and smaller 8-litre engine requires less fuel and emits less exhaust gases while allowing users to significantly increase payload capacity. The GH8 complies with Japan's exhaust gas regulations set in 2016, and its fuel efficiency is about 5% higher than standards for heavy-duty vehicles in Japan.

UD Trucks has been modifying the engine to suit a wider variety of vehicles to meet the diverse needs of customers.

Key features of 8-liter engine Quon trucks

- **Greater payload capacity**
  More payload is possible because the truck's chassis is about 300 kilograms lighter than 11-liter engine trucks.
- **Productive and comfortable driving**
  The 8-liter engine combined with the Company's ESCOT-VI electronically controlled automatic transmission ensures smooth and low-stress driving while providing enough horsepower and torque for heavy payloads.
- **Advanced safety equipment**
  The disc brakes are designed to ensure stable braking on long descents and when driving in adverse conditions. The trucks also come with Traffic Eye Brake, a system for automatically braking before a collision, and Driver Alert Support, which detects steering irregularities.

Improving operational efficiency for customers

Deploying vehicle telematic data to minimize vehicle downtime

Trucks are used for over 90% of all goods transported inside Japan on a tonnage basis. From that perspective, society depends on UD Trucks to help its customers keep their trucks up and running.

Among its efforts to do so, the Company deploys its original UD Information Service to facilitate the safe operations of its trucks used by customers. This service automatically transmits data on the status of the vehicle and engine condition, fuel consumption, and vehicle location to a multipurpose display installed inside the truck's cab. The Company collects and analyzes this data in real time, and remotely provides users with vehicle diagnostic results to help them operate their trucks safely. In the event of a breakdown, UD Trucks uses the service to quickly determine the truck's condition, inform the driver of the nearest dealer, and arrange to have the necessary parts ready at the dealer in advance, thereby minimizing vehicle downtime. In addition, the service provides users with a fuel efficiency report, helping promote more fuel efficient driving.

UD Road Support

A one-stop service for customers provided by the Company's call centers, the UD Road Support team is available 24 hours per day, every day of the year, to immediately respond to enquiries and requests from truck drivers. If a truck breaks down on the road or has an accident, UD Road Support checks the vehicle's condition using data transmitted in real time via UD Information Service, and shares the information with mechanics handling the repairs.

If repairs are needed or unexpected problems occur on the road, mechanics from the nearest dealer are promptly dispatched to the vehicle. At any time, truck drivers can contact UD Road Support to have a mechanic come to their location and request any information they need, such as the estimated time of arrival of mechanics.

Reliable snowplows keep society moving in Japan's snow country

In areas of Japan that experience cold, snowy winters, snow removal is essential for logistics, travel, and people's livelihoods. As the country's sole manufacturer of all-wheel snowplows, UD Trucks develops new models and provides maintenance and servicing to ensure its snowplows can operate dependably. This allows delivery and travel facilities to continue operating throughout the winter.

For example, 37 snowplows made by UD Trucks are stationed at Aomori Airport in the northern part of Japan, where snowfall often exceeds 10 meters annually. When more than three centimeters of snow accumulates on the premises, these vehicles are used by the snow removal crew to clear the runways within about 40 minutes. The airport, which averages 40 flights per day, has maintained a record of zero flight cancellations due to snowfall for several years, contributing to the steady flow of people and goods in the region.

Masao Takahashi
Head of the UD Trucks Aomori Customer Center

Snowplows are used more and more as the weather gets colder, so to maintain these vehicles, we need to prepare them for cold weather conditions and thoroughly inspect them in the off-season. Due to the big difference between the temperatures outside and inside the cab, windshields tend to fog up and inhibit visibility, so we make sure the heaters work properly in routine inspections. If a snowplow breaks down, we act quickly to remedy the problem, even at night or during heavy snowfall. We repair the vehicle as quickly as possible so that it can be used by the next outgoing crew, and if our customer center does not have a needed part in stock, we quickly obtain it from a nearby center in the area. By making sure the snowplows can operate dependably, we aim to help keep the airport open and traffic moving, throughout the winter.

Video showing how snowplows support logistics in Japan's snow country:
https://www.youtube.com/watch?v=KRs9MEoOY9w

Quality

ISO 9001 certification acquired

UD Trucks complies with the ISO 9001 international standard for quality management systems. The Company's Manufacturing Division acquired ISO 9001 certification in 2002, followed by the Product Development Division in 2016. UD Trucks also applies a plan-do-check-act (PDCA) cycle to continuously raise quality in accordance with the standards.

Measures for promptly dealing with quality-related issues

To minimize the impact of quality-related issues for customers, UD Trucks has established a Quality Action Group spanning across departments involved in product development, manufacturing, and aftermarket services. The group is comprised of teams that handle troubleshooting at headquarters, teams that provide technical support at dealers and customers' sites, and branch office teams that directly respond to problems in their respective areas. These teams coordinate their efforts to quickly identify root causes and implement solutions.

Through this arrangement, they promptly share quality-related information and respond to issues, ultimately leading to greater customer satisfaction.

Product development quality standards

UD Truck's Product Development Division has established its own standards for quality assessments. Based on these standards, the division specifies checkpoints at each stage of product development and confirms whether targeted levels of quality are achieved across a broad range of indicators, including a truck's performance, functions, durability, and reliability. This process not only ensures higher quality but also shortens the total time required for product development.

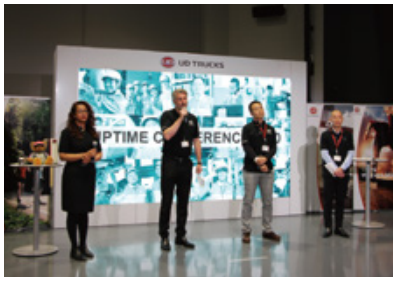
Recognizing the growing importance of promptly and efficiently obtaining information relevant for quality control, UD Trucks has been using wearable cameras and utilizing various other digital devices to collect maintenance and repair data on vehicles with defects. The Company has also begun using business intelligence tools to digitize analytical processes, enabling it to more effectively identify quality issues.

Quality assurance in manufacturing

Based on UD Truck's own quality management procedures, the Manufacturing Division conducts daily inspections of procured parts and manufactured items to check for quality defects throughout the production process and ensure targeted levels of quality. Refined through continuous improvement over several years, these quality management procedures have been adopted by all UD Trucks production plants worldwide.

In recent years, the Company has begun deploying digital tools for equipment inspections that were previously performed manually. With these tools, facilities are monitored in real time and risks of breakdowns and malfunctions are assessed and analyzed in advance. Preventative maintenance and repairs are also carried out when necessary. As part of its preventative quality control practices, the Company has been improving the traceability of parts at both the manufacturing and transport stages.

Improving the skills of aftermarket service teams



UD Trucks works to raise the quality of its aftermarket services by organizing events that enhance the skills of maintenance and repair personnel. In 2020, however, due to the COVID-19 pandemic, skills-training and other events could not be held on the same scale as previous years, so online meeting systems were used in their place.

For example, the Company's annual Uptime Conference, an event for providing its dealer network with technical support and quality-related information about new products, was held online for the first time since it was initiated in 2013. With the head office and dealers nationwide connected remotely, best practices were shared and discussions were held not only among staff on the front lines, but also members from divisions in charge of product development, manufacturing, procurement, and logistics.

Recalls and servicing of defects

In the event of a vehicle defect that could potentially affect customer safety or the environment, UD Trucks promptly discloses all relevant information in accordance with guidelines issued by Japan's Ministry of Land, Infrastructure, Transport and Tourism.

Number of vehicle defects reported in Japan

	2018		2019		2020	
	UD Trucks	Volvo Trucks	UD Trucks	Volvo Trucks	UD Trucks	Volvo Trucks
Defects resulting in recall	9	1	10	5	8	1
Defects requiring improvement	1	0	0	0	0	0
Defects requiring servicing	7	3	3	2	0	1

Supporting our customers

Online test drive events

To create opportunities for people to experience the benefits offered by its vehicles, UD Trucks has been holding test drive events at test tracks throughout Japan. Due to the outbreak of COVID-19, however, the Company held an online test drive in November 2020, making it Japan's first commercial vehicle manufacturer to hold such an event.

To conduct the test ride remotely, multiple video cameras were installed in the cab of a Quon model heavy-duty truck to capture the driver's movements in detail, and a video taken by a drone overhead recorded the truck in motion. These videos were explained in detail by personnel involved in product development and combined with scenes of effective braking methods for reducing damage during a collision, thereby offering the experience of an actual event online. About 600 people in total joined three live-streamed events lasting about 90 minutes each.

Eco-driving and safe-driving seminars

UD Trucks has been holding eco-driving and safe-driving seminars for truck drivers since 2007.

The eco-driving seminars are designed to equip drivers with practical skills and knowledge about how to improve fuel efficiency while driving. During the seminars, truck drivers learn and practice special fuel-saving techniques for maneuvering and decelerating. The seminars also make use of UD Information Service, a wireless communications system for collecting and analyzing data on a truck's location and movements, enabling evaluations of vehicle speed, gear changing, and other driving-related factors. Participants have found this to be very insightful and helpful for understanding their driving habits and making improvements accordingly.

The safe-driving seminars cover a broad range of topics, including safe management systems for transport operators, the dangers of driving under the influence of alcohol, blind spots, preventing common accidents, defensive driving, and reducing human error. The programs combine lectures with hands-on training so that drivers can immediately acquire practical skills. Videos of actual accidents taken with drive recorders are also used to give participants a better sense of how accidents happen.

In 2020, both the eco-driving and safe-driving seminars were held online as the Company restricted group discussions and events in order to prevent the spread of COVID-19. Consequently, the number of participants decreased year on year, with 288 drivers participating in 10 eco-driving seminars (compared with 1,119 participants at 70 locations in 2019) and 2,053 participating in 46 safe-driving seminars (compared with 4,261 in 146 seminars in 2019).

Prompt customer service

UD Trucks has established a customer service call center made available with a toll-free telephone number for customers to ask questions, provide feedback and make requests. It has also prepared a guidebook explaining responses to all foreseeable inquiries to help the center's phone operators effectively deal with customer inquiries. The center's procedures and operations are regularly reviewed to ensure that it continues to provide prompt and helpful customer service. In 2020, the center handled a total of 3,917 calls compared with 4,004 in 2019.

Partnering with independent dealers

Support for maintenance and repair staff

In addition to its own network of dealers, UD Trucks supplies products and services to customers through six companies that operate a total of 32 independent dealerships in Japan. While respecting the corporate traditions and local business practices of each of these dealerships, UD Trucks works closely with them towards the common goal of improving customer satisfaction, and invites them to the same training programs and events as its own dealers to help their employees acquire more skills and expertise.

For example, 47 maintenance and repair staff from independent dealerships participated in the Company's 2020 Uptime Conference (refer to page 15), a training event for sharing the latest aftermarket service-related information and best practices.

Better for the Planet
Reducing emissions and waste

UD Trucks is taking steps to significantly reduce CO_2 emissions and eliminate waste. Accordingly, the Company is making use of renewable energy sources and reducing the CO_2 footprint of its products and workplaces, while collaborating with suppliers to reduce environmental impacts across the entire value chain.

Reducing CO_2 emissions across business activities

For many years, UD Trucks has been working to reduce CO_2 emissions across all of its operations. As a former member of the Volvo Group, UD Trucks focused on reducing energy consumption at its production plants through initiatives and action plans aimed at achieving CO_2 emission reduction targets set by Volvo, which, in 2011, became the first automobile manufacturer to join Climate Savers, a World Wildlife Fund (WWF) initiative that brings global corporations together in an effort to reduce greenhouse gas emissions. By 2013, UD Trucks had succeeded in reducing its CO_2 emissions by 61.3% compared to1990, well above its target of 39%. Compared with the result in 2013, the Company further reduced CO_2 emissions by 61.8% in 2020, beating its target of 8% by a wide margin. These achievements resulted from steady efforts to save energy and cut emissions, as well as higher productivity following the consolidation of production plants and improvements to manufacturing processes.

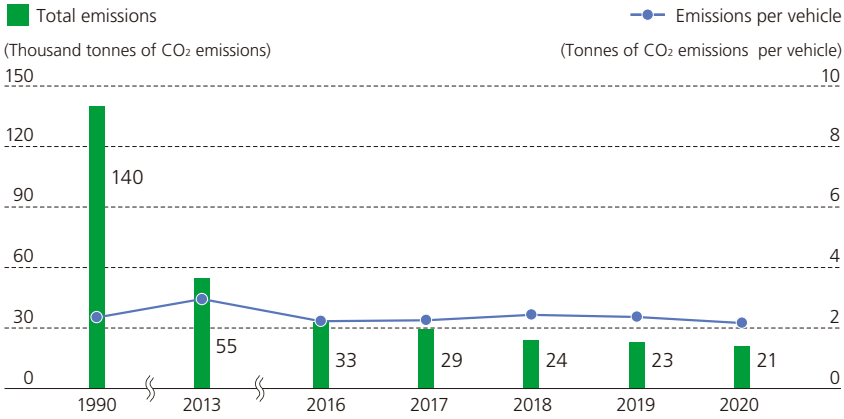
UD Trucks is now stepping up efforts to reduce CO_2 emissions not only at manufacturing plants but across all business activities, intending to contribute to the Japanese government's goal of achieving carbon neutrality by 2050.

As part of these efforts, UD Trucks has been purchasing electricity derived from renewable energy sources for some of its workplaces since 2013, and began doing so for its Ageo Plant in May 2019. In 2020, the Company purchased even more electricity from renewable sources to replace electricity previously supplied by its cogeneration power equipment. As a result, the amount of electricity from renewables increased by 57% year on year, equivalent to a reduction of 1,215 tonnes of CO_2 emissions compared with non-renewable sources.

The Ageo Plant has been replacing obsolescent lighting equipment with LED lighting systems since 2017. The plant installed about 7,000 LED lights by the end of 2020, and removed around 1,400 fluorescent and other old lights following a review of its lighting layout. Through these measures, CO_2 emissions were reduced by 169 tonnes, or 0.7%, compared to 2019.

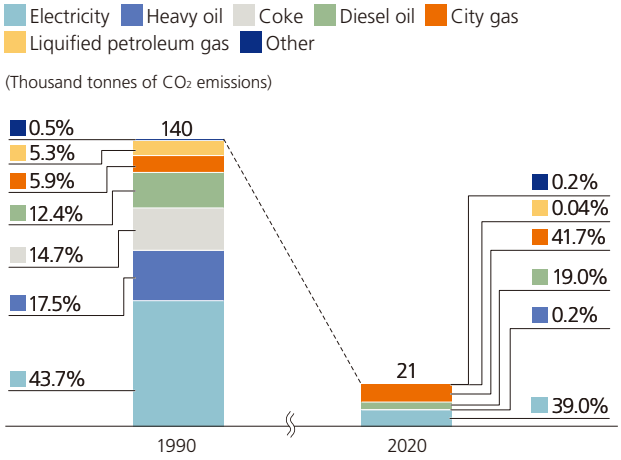
In addition, the Company replaced three obsolete boilers with new high-efficiency ones at the end of 2020. These boilers helped reduce energy consumption in 2021.

CO_2 emissions

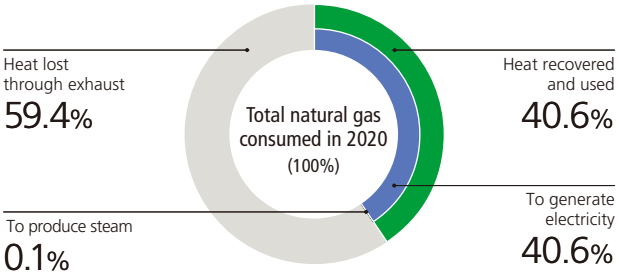


Scope of operations
Ageo Plant and the Gunma Parts Distribution Center

CO_2 emissions by energy source



Heat usage from large-scale natural gas cogeneration systems



Reducing CO_2 emissions over the product life-cycle

UD Trucks analyzes the environmental impacts of its vehicles at each stage of the product life-cycle, from product development and design to the disposal and recycling of parts and components. Since the majority of CO_2 emissions occur during the usage stage of its trucks, the Company has been proactively developing technologies that realize higher fuel efficiency in an effort to reduce emissions.

Improving fuel efficiency

The fuel that trucks burn is not only a major expense for commercial vehicle operators but also a source of CO_2 emissions, which is a major contributing factor to climate change. UD Trucks is constantly improving the fuel efficiency of its trucks. Like other truck manufacturers in Japan, UD Trucks has been subject to stricter fuel efficiency standards for heavy-duty vehicles since 2015, with specific targets set for each weight class. Over 98% of all trucks sold by the Company in 2020 complied with these targets, reflecting its efforts to equip trucks with leading-edge fuel-saving technologies. UD Trucks has also achieved its own targets for average fuel consumption since 2012.

In addition to pursuing technical innovations for improving fuel efficiency, UD Trucks has been holding eco-driving seminars for truck drivers in every region of Japan to offer practical advice and tips on driving more efficiently (refer to page 16).

The Quon's driveline is designed to improve fuel efficiency

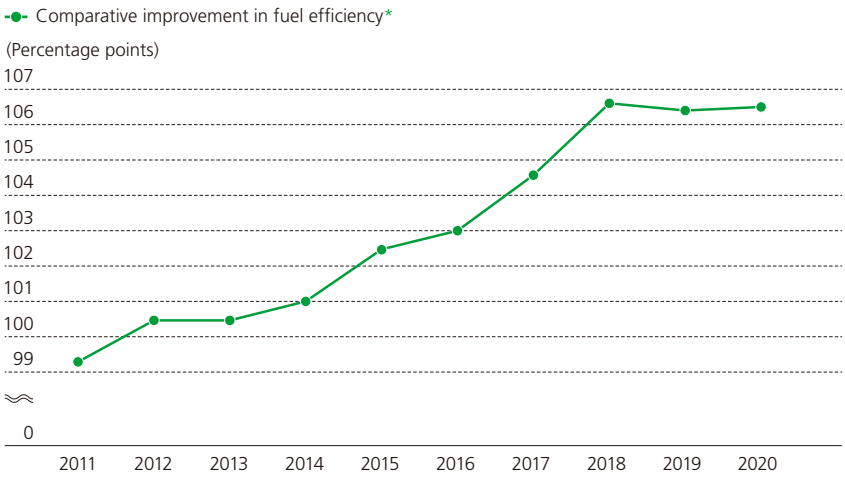
Improving fuel efficiency with industry-leading technologies

UD Trucks has continually improved the fuel consumption of its heavy-duty trucks by equipping them with a wide range of industry-leading technologies, including in-vehicle information displays, optimally designed engine systems, and advanced functions for precisely controlling driving speed. Indicating the effectiveness of these technologies, compared with Japan's fuel efficiency standards for heavy-duty vehicles set in 2015, the Company's flagship Quon heavy-duty truck has been exceeding targets by more than 5% in over 90% of tests. UD Trucks has also launched a project to further improve fuel efficiency in preparation for Japan's new fuel efficiency standards for trucks and buses set to go into effect in 2025.

Major technologies applied in heavy-duty trucks

Vehicle	• Fuel Coach system for advising drivers on fuel-efficient driving • Foretrack function for predicting the road ahead based on scanned data • Aerodynamic designs including front bumper-fitted air dams and newly developed wind deflectors
Engine	• Ultra-high-pressure fuel injection systems • Optimally shaped combustion chambers • Optimally designed induction systems • Variable speed water pumps • Eight-liter engines equipped with low-exhaust emission systems
Power train	• ESCOT Roll system for minimizing the decline in speed when coasting • Acceleration limiter for ensuring gradual speed increases • Soft Cruise Control function for controlling acceleration

Average improvements in fuel efficiency of UD-branded trucks



* The percentages were calculated using the harmonic average of the fuel efficiency achieved by trucks sold each year, with the base year of 2015 set as 100%.

Waste reduction

Reducing waste at the production and disposal stages

The final disposal of a truck at a dealer's site accounts for the largest amount of waste matter during the product life-cycle. UD Trucks has established its own waste-management system and created waste sorting management standards for all of its dealers in 2014. In accordance with the standards, each dealer has installed disposal facilities and properly sorts waste materials during truck disassembly and disposal. In addition, the Company delivers service parts in returnable packages to dealers to facilitate the reuse of materials.

UD Trucks looks for ways to make disassembly work easier and use resources more efficiently starting from the product development stage. For example, bumpers are designed to be simply disassembled into three components, headlights can also be easily dissembled into interchangeable lens and LED units, and fenders are made from recyclable materials.

At the production stage, UD Trucks works to reduce and recycle waste matter to minimize the amount of waste it disposes in landfills. In 2020, the Company achieved its target of limiting landfilled waste to under 1% of total waste generated, and has reduced the volume of waste sent to landfills by 99.9% compared with the amount in 1990.

Aiming to improve its waste management system, UD Trucks has partnered with a third party that specializes in waste disposal in April 2015. Through this partnership, UD Trucks has been using only highly reputable disposal firms, administering and submitting all necessary reports to government agencies, and keeping records on the amount of waste disposed in an effort to strictly comply with relevant laws and regulations.

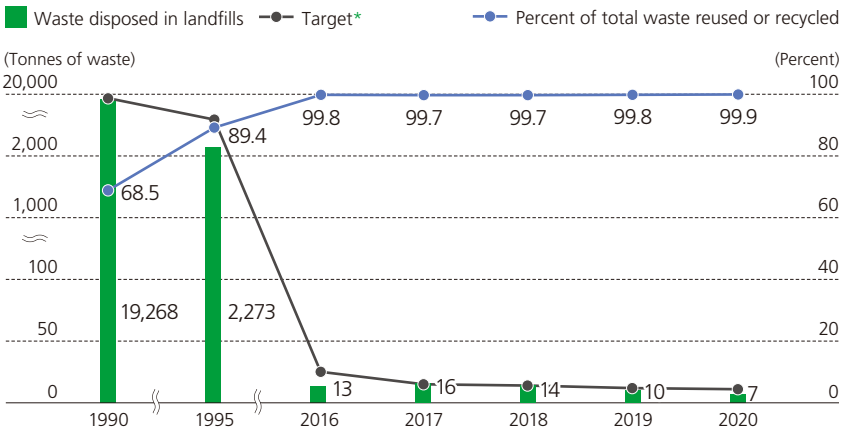
Compliance with the Automobile Recycling Law

UD Trucks collects automobile shredder residue, air bags, and fluorocarbon from end-of-life vehicles for recycling, in accordance with Japan's Automobile Recycling Law, which went into effect in 2005.

Information regarding the Company's automobile recycling fees and reused materials is available from the following website (Japanese only).
https://www.udtrucks.com/japan/about-ud-trucks/automobile-recycle-law

Total waste reused and disposed in 2020

Amount of total waste disposed and percent reused or recycled



* UD Trucks began setting ambitious targets from 2004 following initiatives for recycling and reducing waste implemented by the Japan Automobile Manufacturers Association.

Scope of operations
Amounts shown in the graph are combined results from the Ageo Plant and Gunma Parts Distribution Center from 2018 to 2020, and include results from other facilities up to 2017.

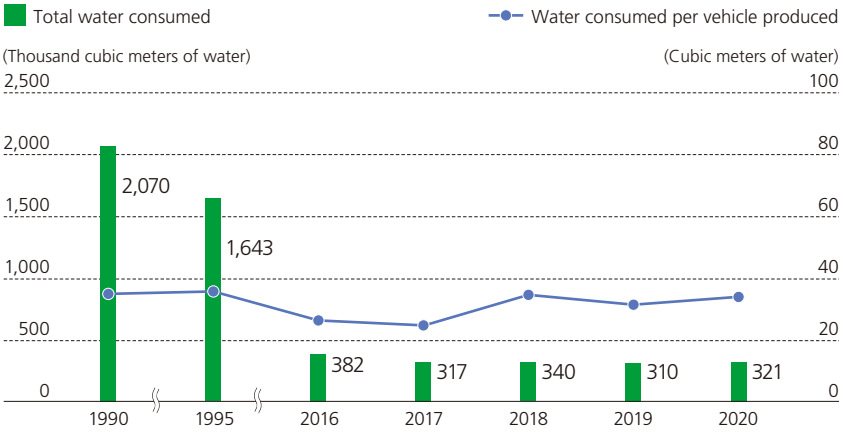
Conserving water and preventing pollution

Reducing water consumption and strictly managing water and air pollutants

UD Trucks carries out routine measures to reduce the amount of water used in its operations. For example, it periodically inspects and cleans water-consuming equipment, checks for leaks, and promptly repairs equipment if leaks are discovered. It also sets company-wide goals for groundwater conservation in compliance with ISO 14001 standards, and monitors progress towards achieving those goals.

At the same time, the Company implements strict measures to prevent pollution of the air and nearby bodies of water. Specifically, it restricts the discharge of pollutants at levels lower than regulatory requirements, and regularly cleans and maintains relevant equipment.

Water consumption



Scope of operations
Amounts shown in the graph are combined results from the Ageo Plant and Gunma Parts Distribution Center from 2018 to 2020, and include results from other facilities up to 2017.

Pollutants discharged by the Ageo Plant over a 12-month period[*1]

	Items measured	Measurement unit	Regulatory limit[*2]	Highest amount measured	Lowest amount measured	Average amount
Water pollutants	Total wastewater	m^3/Day	—	9,430	0	2,127
	pH	—	5.8–8.6	7.8	7.0	7.4
	Biochemical oxygen demand	mg/L	25 (20)	2.1	1.3	1.8
	Chemical oxygen demand	mg/L	160 (120)	8.8	2.2	4.5
	Suspended solids	mg/L	60 (50)	<5	<5	<5
	n-hexane	mg/L	5	<2.5	<2.5	<2.5
	Phosphorous	mg/L	16 (8)	1.0	<0.1	0.3
	Nitrogen	mg/L	120 (60)	3.1	1.1	1.8
	Zinc	mg/L	2	0.1	<0.1	<0.1
	Fluorine and compounds	mg/L	8	<0.8	<0.8	<0.8

	Emitting equipment	Items measured	Measurement unit	Regulatory limit	Highest amount measured	Lowest amount measured	Average amount
Air pollutants	Gas engine cogeneration system	Nitrogen oxide	ppm	200	110	110	110
	Drying furnace	Nitrogen oxide	ppm	230	34	8	18
		Particulate matter	g/m^3N	0.2	Undetected[*3]	Undetected[*3]	Undetected[*3]

Pollutants discharged by the Gunma Parts Distribution Center over a 12-month period[*1]

	Items measured	Measurement unit	Regulatory limit	Highest amount measured	Lowest amount measured	Average amount
Water pollutants	Total wastewater	m^3/Day	—	11.3	0	2.9
	pH	—	5.8–8.6	7.0	6.5	6.7
	Biochemical oxygen demand	mg/L	20	7.5	1.1	3.6
	Suspended solids	mg/L	20	9.0	2.0	5.3
	n-hexane	mg/L	1	<0.5	<0.5	<0.5

	Emitting equipment	Items measured	Measurement unit	Regulatory limit	Highest amount measured	Lowest amount measured	Average amount
Air pollutants	Three heavy oil boilers	Nitrogen oxide	ppm	180	65	62	63
		Particulate matter	g/m^3N	0.2	<0.001	<0.001	<0.001

*1 The pollutants were measured between April 2020 and March 2021
*2 Figures in parentheses are daily average limits
*3 Undetected amounts were below the lower limit of quantification

Chemical substance management

Managing chemicals contained in products

UD Trucks strictly manages the chemical substances used in its products, specifically those included in the Global Automotive Declarable Substance List, in accordance with industry standards and laws concerning the production, import, management, and recycling of chemical substances. The Company manages such substances both before and during manufacturing.

At the product development and design stage, UD Trucks determines what chemical substances will be used at the manufacturing stage, including chemicals used by suppliers. It then registers relevant data with the International Material Data System, a database jointly managed by automobile manufacturers worldwide.

At the production stage, UD Trucks reports to the government each year on its usage of chemicals subject to Japan's Pollutant Release and Transfer Register, which is a system for restricting and controlling the discharge of designated chemicals into the environment. The Company also makes efforts to replace hazardous chemicals with less harmful alternatives, and properly comply with revisions to relevant laws or regulations.

Regulated chemical substances handled at the Ageo Plant in 2020
(Substances included in Japan's Pollutant Release and Transfer Register)

Kilograms per year

Regulation number	Chemical substance	Total volume handled	Discharged			Transferred	Disposed or treated	Recycled	Included in finished products
			to atmosphere	to water	to soil	as waste matter			
53	Ethylbenzene	14,326	5,779	0	0	0	1,817	6,692	0
80	Xylene	26,070	8,257	0	0	0	1,976	15,615	0
296	1,2,4-Trimethylbenzene	1,661	938	0	0	0	444	0	0
297	1,3,5-Trimethylbenzene	3,291	371	0	0	0	22	2,850	0
300	Toluene	6,251	4,715	0	0	0	1,098	102	0

PCBs used at the Ageo Plant in 2020

Equipment containing PCBs	Weight* (kilograms)
Capacitors	0
Ballasts	25,285
Transformers	0
Wiping cloths and other materials contaminated with PCBs	591
Total	25,875

* The figures include estimated amounts.

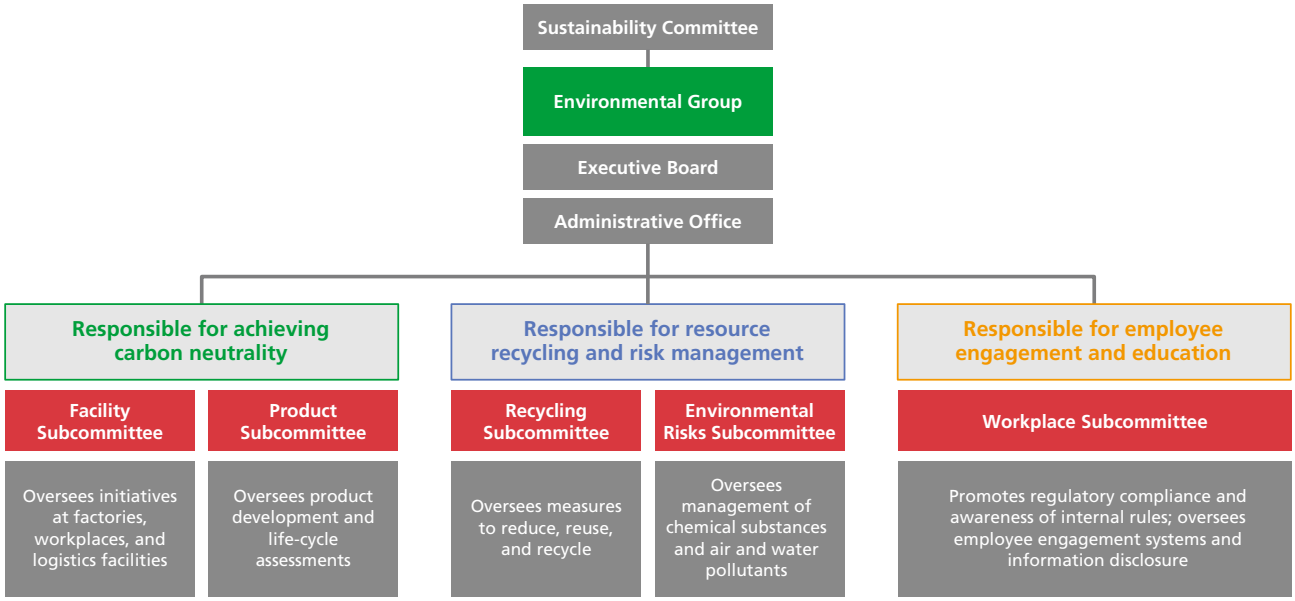
Environmental management system

Environmental policy

At UD Trucks, environmental activities are an important part of our efforts to provide logistics solutions that help communities flourish, and to fulfill our Better Life purpose. Our environmental activities are based on the following principles.

- We shall work to contribute to sustainability and the success of our customers by continually reducing environmental impacts across the entire product life-cycle.
- Each of us shall responsibly consider the environment in every place we do business, and build trust with stakeholders based on our values.
- All of us shall work together to raise awareness of environmental impacts and regulations, help build a circular economy, and enhance the Company's environmental track record.

Environmental management organization



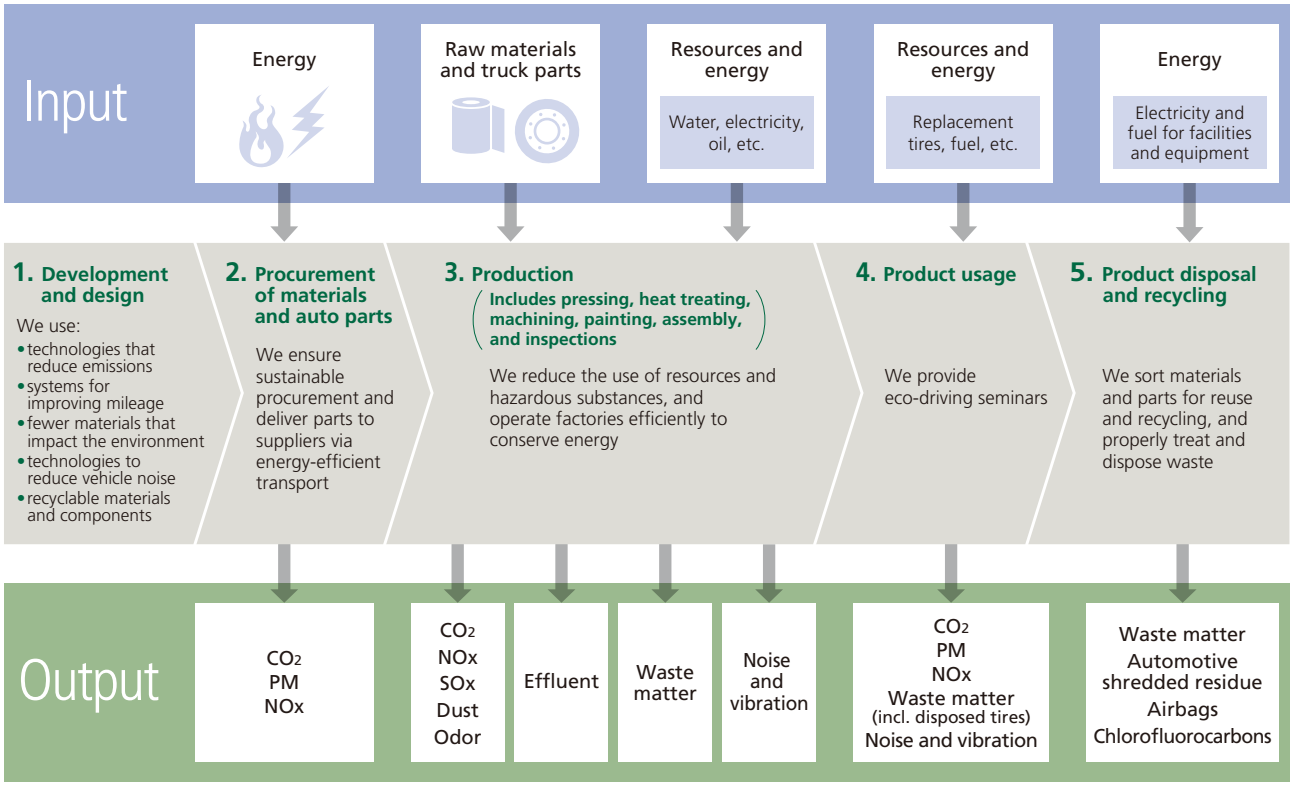
ISO 14001 certification acquired group-wide

UD Trucks has been acquiring ISO 14001 certification for environmental management at its worksites since 1998, when its Ageo Plant first acquired certification. All of its production plants and affiliated companies in Japan had been certified by 2017, and completed the transition to the revised ISO 14001:2015 standard by the end of August 2018. Outside Japan, certification has been acquired by the Bangkok Plant in Thailand and the Pretoria Plant in South Africa. Leveraging the benefits of this group-wide system, UD Trucks is currently working to achieve the objectives and targets of its environmental action plan.

Auditing of environmental management system

As a rule, UD Trucks conducts an internal audit of its environmental management system every year to ensure that it functions effectively. During the audits, a team of qualified audit committee members verify and evaluate whether the system is being properly implemented and complies with company rules as well as relevant environmental laws and regulations. The environmental management system is also audited every year by a third party.

Material flow



The main environmental impacts of trucks over the entire product life-cycle are due to emissions of CO_2 and exhaust gases containing particulate matter (PM) and nitrogen oxide (NOx) at the product usage stage.

Better for People

UD Trucks takes steps to improve the well-being of its employees and foster a workplace culture that values diversity, personal development and work-life balance. All employees are encouraged to make the most of their abilities and are given opportunities to grow professionally. UD Trucks also works closely with communities, focusing on road traffic safety seminars for local schools, disaster relief and other community outreach initiatives.

Fostering workplaces in which diversity is respected and individuals can make the most of their abilities

Promoting diversity and inclusion in the workplace

At UD Trucks, differences among employees are embraced and respected based on an understanding that diversity*1 and inclusion*2 are essential for the Company to succeed globally. Accordingly, as part of its pursuit of sustainable growth, UD Trucks actively supports diverse human resources and a working environment that allows each individual to maximize his or her potential. For example, it holds a Diversity & Inclusion Week every year to create opportunities for sharing best practices and fostering a corporate culture that accepts and welcomes differences among diverse employees. Due to the COVID-19 pandemic, events were held remotely at different UD Trucks locations worldwide in 2021. All employees could participate in the online events, which included a panel discussion with female executives and employees, and presentations by employees of various nationalities on the culture and customs of their respective countries.

*1 Diversity refers to people who have different backgrounds and standpoints, such as gender, nationality, ethnicity, age, sexuality, religion, political orientation, socioeconomic status, and physical abilities.
*2 Inclusion refers to an environment in which people feel respected, recognized, supported by others, and involved.

My workplace is flexible and allows me to express my own ideas and opinions

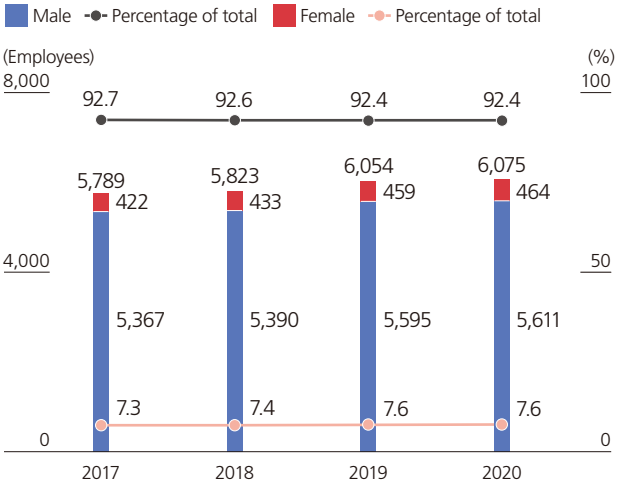
I am originally from China, and I joined UD Trucks after graduating from a university in Japan. I first worked in the Manufacturing Division as an engineer, but I took maternity leave and then childcare leave from November 2018. Upon returning to work, I moved to the Strategy Development Department after using the Company's internal recruiting system. I had decided to work for UD Trucks because I was impressed with the user- and eco-friendly features of its trucks, such as the world's first urea selective catalytic reduction system. At first, I was not so confident in my ability to communicate in Japanese, and I experienced some difficulties. My coworkers, however, made an effort to listen to and understand my point of view, so I feel free to express my own ideas and opinions. My workplace values each person's individuality, and places genuine importance on diversity and inclusion. Thanks to the flexible work arrangements offered by the personnel system, I have found a good balance between working and raising my child.

Xuewei Fu

Manager, Strategy Development Department, Manufacturing Division

Employee data (for operations in Japan as of December 31, 2020)

- Number of employees by gender (directly employed by UD Trucks)



- Number of managers

1,039 males

61 females

- Newly hired graduates in 2020

210

- Newly hired mid-career employees in 2020

148

- **29** nationalities

Australia, Bangladesh, Belgium, Brazil, Canada, China, France, Germany, India, Indonesia, Ireland, Italy, Japan, Singapore, South Korea, Malaysia, Morocco, Mongolia, Myanmar, Nepal, South Africa, Sri Lanka, Sweden, Switzerland, Thailand, the Philippines, Ukraine, United States, and Vietnam

Getting results, fostering personal growth, and building trust through dialogue

At UD Trucks, managers and team members regularly engage in dialogue about a wide range of matters, such as setting work priorities, confirming progress, proposing improvements, and developing individual potential. Through such discussions and feedback, workplaces not only get results but also foster personal growth and build trust among management and employees.

The Company also taken steps to facilitate smooth communication in the workplace, such as holding town hall meetings and Swedish-style coffee breaks called *fika**. It has also established an extensive digital platform that allows all employees to acquire and share useful information at any time and in any location. With this platform, employees can access work-related systems not only with the Company's devices but also via their own personal computers, smartphones, or tablets. This makes it easier for organizations and project teams to share information and exchange ideas while also facilitating interaction among employees, regardless of their job position or the country in which they work. Moreover, this easy access to a wide array of information allows employees to learn more about best practices and the workings of the Company.

Helping employees grow and develop

UD Trucks has established ample training facilities, adopted a training management system, and provides a wide range of training programs to facilitate active learning and self-development among employees. This enables employees to develop and refine their expertise and capabilities while acquiring the skills they need not only for their current jobs but also for the future.

Since 2018, the Company has been holding "learning days" as educational events designed to foster a corporate culture that values self-development. In 2020, it began organizing career planning seminars to provide employees with useful information about training programs and resources for developing necessary skills for achieving career goals.

A learning day event held in 2019

Occupational health and safety

Measures to prevent the spread of COVID-19

UD Trucks places the highest priority on ensuring the health and safety of its employees. Since the first outbreak of COVID-19 in 2020, the Company initiated various measures to help employees stay safe and prevent infections. Among them, it frequently monitored the health of employees, mandated mask wearing and use of hand disinfectant, and strictly prohibited close-contact situations and crowded gatherings in poorly ventilated spaces. To help enforce these rules, the Company has issued guidelines on workplace behavior and COVID-19 countermeasures. Based on the guidelines, body temperature is checked when employees enter buildings, masks are mandatory in offices and cafeterias, seats are adequately spaced, transparent partitions have been set up between desks, door handles are regularly disinfected, and limits are set on the number of people using meeting rooms. The Company has encouraged employees to take advantage of the telecommuting system it had in place so they can work safely from home.

Beginning in July 2021, UD Trucks has been offering vaccines onsite to about 2,200 employees working at head office and workplaces in the greater Tokyo area. It has also been providing support for employee vaccinations in other countries where it operates, including South Africa, Thailand, India, and China.

Helping employees manage stress

UD Trucks routinely provides stress assessments in the workplace to help employees manage stress. Employees are encouraged to meet with physicians or counselors if their results indicate high stress levels, and their job responsibilities may be reduced based on the advice of the physicians.

Maintaining flexible workplaces

UD Trucks has put in place various systems and policies designed to help employees maintain a healthy balance between their working and personal lives. They include a flex-time system along with childcare and nursing leave systems. More recently, the Company initiated a telecommuting system that places no limits on the number of days employees can work at home. It has also established an anti-harassment policy, and is making ongoing efforts to reduce and eventually eliminate overtime work.

Number of employees taking maternity, childcare, and nursing care leave in 2020

	Number of employees		Actions after taking leave
Maternity leave	Women	18	18 took childcare leave after maternity leave
Childcare leave	Men	4	3 have returned to work and 0 retired
	Women	25	10 have returned to work and 1 retired
Nursing care leave		0	

Volunteering at a local elementary school

In November 2020, nine employees participated in an international cultural exchange event at Oya Elementary school in the city of Ageo, which is home of UD Trucks. The event aimed to provide school children with opportunities to practice speaking the English they have studied and to learn about the culture and customs of different countries. The employees, who were from India, Sweden, and France, set up booths for their respective countries, and spoke in English with the students about the photographs and traditional crafts they had on display. Some of the employees also dressed in the traditional clothing of their country. Groups of students visited each booth and used English to explain various aspects of traditional Japanese culture.

Although shy at first, the children gradually opened up and enjoyed interacting with the employees while participating in activities such as traditional Indian dancing, and demonstrating how to use Japanese spinning tops. The activities were eye-opening for the children. One commented that while speaking English was difficult, communicating was possible using facial expressions and gestures. Another expressed great interest in India's culture and a desire to visit someday.

With the push to make Japan more globally minded, Ageo's city government has launched its own initiatives to improve English language education. UD Trucks plans to continue supporting the city's schools in this endeavor by drawing from the unique diversity of its employees.

Road safety instruction for elementary school students

Among prefectures in Japan, Saitama has a comparatively high number of fatal road accidents involving medium and heavy-duty trucks*. As a truck manufacturer based in Saitama, UD Trucks recognizes its responsibility to help prevent road fatalities, and, toward that end, has been conducting a traffic safety program for elementary school children in the city of Ageo since 2016. Through the program, elementary school students learn about road safety and participate in activities with actual heavy-duty trucks to demonstrate their blind spots and the space required when turning corners (specifically the different arcs taken by the front and rear wheels). The students are also given an opportunity to sit in the driver's seat of a truck to observe the driver's viewpoint.

In 2020, to prevent the spread of COVID-19, the Company reduced the number of students attending each instruction session, checked the body temperature of all participants, and had them frequently use hand disinfectant. One teacher observed that in addition to learning about road safety, the children seemed to be refreshed by the sessions after so many school events had been cancelled due to the pandemic.

As of December 31, 2020, 2,235 school children and 248 employees had participated in the road safety instruction events since they were first held in 2016.

* Based on data published by the Japan Trucking Association

Donating engines to schools

To support the education of future mechanics and back research projects, UD Trucks has donated eight truck engines to vocational schools and colleges that offer courses on automobile maintenance as well as to universities.

By repairing and servicing automobiles, mechanics play an important role in ensuring the vehicles run reliably and safely on the roads. Japan's logistics industry, however, is facing an increasingly severe labor shortage due to growing demand for deliveries as more people shop online. This issue is exacerbated by the country's shrinking population. Consequently, training more people is a major challenge for the future health of the industry.

To address this issue, UD Trucks plans to continue donating engines as well as dispatching employees to teach classes at vocational schools in an effort to help train mechanics and stimulate interest in commercial vehicles.

Helping communities around the world deal with COVID-19

In Japan

In May 2020, UD Trucks donated 5,000 face masks to nursery schools in the city of Ageo, Saitama Prefecture. In a message of appreciation, the city's mayor, Minoru Hatakeyama said, "Nursery schools are obligated to care for children, even in these trying times. As it is still difficult to obtain a sufficient volume of masks, we are grateful to UD Trucks for the donation."

In June of the same year, the Company donated another 5,000 masks to Oya Elementary School, which is located near its headquarters in Ageo. The masks were helpful for preventing infections after the school resumed classes.

In South Africa

Every year, UD Trucks Southern Africa celebrates Nelson Mandela International Day* by holding a painting event and having its employees pay visits to the elderly. In 2021, the Company focused on supporting impoverished communities, especially since the COVID-19 pandemic has caused economic hardships, social problems, an exacerbated poverty in the country. UD Trucks Southern Africa donated 103 food parcels to an impoverished area of Pretoria, where the company is based, commemorating the 103rd anniversary of Mandela's birth.

* Nelson Mandela International Day has been designated by the United Nations as an international day for helping others in honor of Nelson Mandela, who devoted his life to ending apartheid in South Africa. It is held each year on July 18, Mandela's birthday.

In Thailand

UD Trucks Thailand held a blood donor day at a UD Trucks dealership in Khon Kaen, a city in the northeastern part of the country, in an effort to help medical facilities secure enough blood for transfusions during the COVID-19 pandemic. Collaborating with a local hospital, the company attracted 50 donors during the day, including employees, customers, and business partners.

The mobile blood donor unit is a specially modified Quester heavy-duty truck equipped with air conditioning, reclining seats, and medical devices.

Better for Business

UD Trucks is focusing on sustainable growth by enhancing organizational efficiency and productivity, transforming its businesses through digitalization, and strengthening corporate governance, with the goal of attaining the highest level of performance in the truck manufacturing industry. UD Trucks invests profits back into its businesses, laying a path for the Company to grow for the benefit of its stakeholders and support the logistics industry as a whole.

Transforming businesses through digitalization

Promoting a digital transformation across all business activities

For UD Trucks, a digital transformation involves not just IT-related innovation, but also positive changes to its corporate culture as part of a broader business transformation. As such, a data-driven digital transformation is indispensable for advancements in logistics, higher operational efficiency and productivity, and improvements in workplace conditions. The Company has been investing in IT tools and making use of big data applications, thereby enabling its management to centralize, analyze, and apply a wide range of information, from production planning and quality control to sales and marketing support. This data has also been made available to employees as a means to generate new business ideas and stimulate dialogue between employees and management.

In addition, UD Trucks has applied digital tools to set up a telecommuting system for its employees. This has bolstered the Company's ability to attract highly skilled workers from around the world, which is contributing to the diversity and capabilities of its workforce.

Strengthening corporate governance

UD Trucks management team

Naoto Hakamata
Chairman

Takamitsu Sakamaki
President and
Senior Vice President of Operations

Taro Kunifusa
Director

Masahiro Otsuki
Auditor

Tetsuya Aiba
Chief Financial Officer and
Senior Vice President,
Human Resources

Keiki Ka
Vice President,
Digital Solutions and IT

Konstantin Kriegelsteiner Kotaro
Senior Vice President,
Brand and Communication

Natsue Ishida
Senior Vice President,
Legal and Compliance

Mansoor Ahmed
Senior Vice President,
Strategy and Product Line Management

Etsuo Yamamoto
Senior Vice President,
Engineering Affairs

Hideki Hashimoto
Senior Vice President,
Post Merger Integration
Streams Commercial

Koichi Ito
Senior Vice President,
Post Merger
Integration Promotion

Kouji Maruyama
Senior Vice President,
Japan Sales

Jacques Michel
Senior Vice President,
International Sales

Shuichi Hayashi
Senior Vice President,
Purchasing

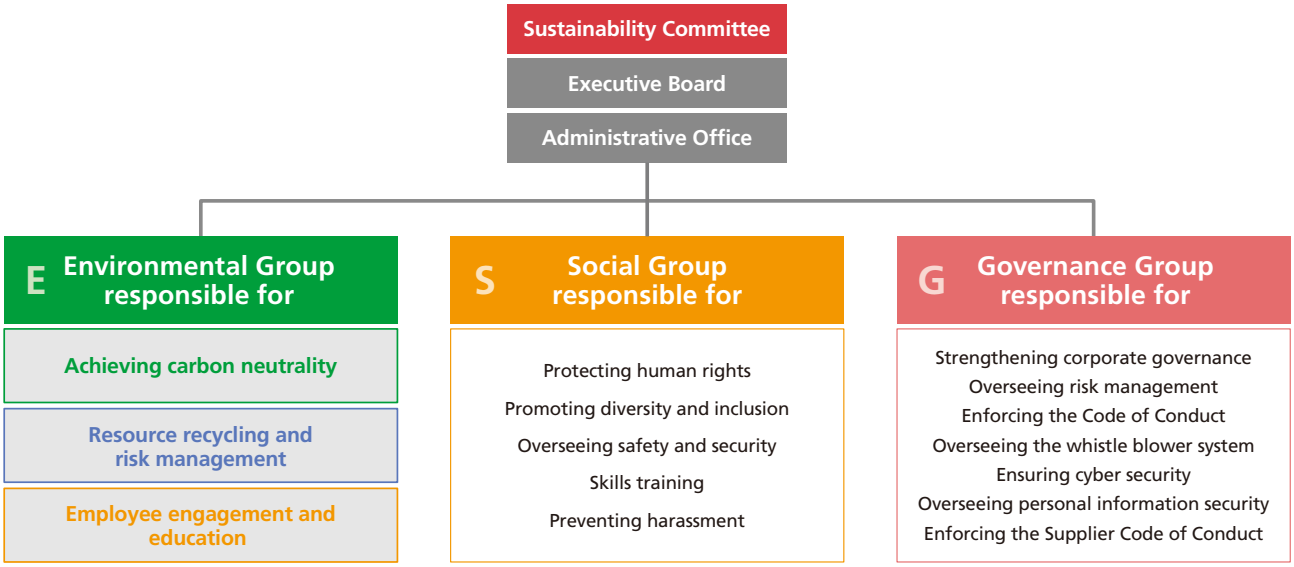
Douglas Nakano
Senior Vice President,
Technology

Rajesh Mittal
Senior Vice President,
Logistics

Yoshiyuki Kobayashi
Senior Vice President,
Operations Bangkok

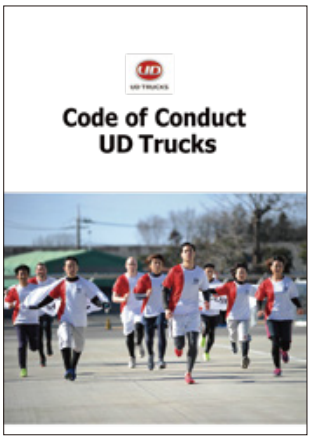
Framework for promoting sustainability

In December 2021, UD Trucks established its Sustainability Committee to promote sustainability-related activities throughout the Company. Positioned under the Company's Executive Board, the Sustainability Committee adopts an environmental, social, and governance (ESG) framework for its activities (refer to pages 4–5). Accordingly, its membership is made up of members from three groups: the Environmental Group, Social Group, and Governance Group. These members engage in inter-committee discussions, formulate proposals, and submit quarterly reports to the Executive Board, which then integrates the proposals into management activities. Within each of the three groups, teams have been set up to examine and address specific priorities. They determine current circumstances, set goals, devise action plans, and monitor the progress of related activities.



UD Trucks Code of Conduct

The Company created the UD Trucks Code of Conduct to promote ethical business practices and compliance with laws and regulations. The code explains basic principles and standards for behavior for all employees to follow.



UD Trucks Code of Conduct handbook

Topics covered in the UD Trucks Code of Conduct

- **Human rights**
  Respect for others; prohibition of discrimination; safe and hygienic workplaces; compliance with environmental regulations; freedom of association; working hours and remuneration; prevention of modern slavery and child labor
- **Fair and lawful business practices**
  Compliance with product-related regulations; fair competition; prohibition of inappropriate business courtesies (including gifts and entertainment); compliance with import and export controls; prevention of money laundering
- **Separation of business activities and personal interests**
  Conflicts of interest; political activities; insider trading
- **Protection of company data and assets**
  Confidential information; intellectual property; tangible and financial assets; personal information security
- **Transparency and assignment of responsibilities**
  Financial accounting and reporting

Measures for ensuring compliance

For UD Trucks, compliance is an important component of its corporate culture and values. Recognizing that business transactions must be conducted ethically, responsibly, and in good faith, the Company provides compliance-related training programs to all employees.

In 2020, UD Trucks launched a compliance program for its sales departments in Japan with the goal of ensuring fair and lawful transactions. It has also been carrying out various educational campaigns to better enable employees to act properly based on a solid understanding of business ethics.

After joining the Isuzu Group in April 2021, UD Trucks revised its compliance-related policies and guidelines based on Isuzu Motors' compliance system, and, accordingly, strengthened its management of important compliance-related risks, including those associated with competition laws, corruption, import and export controls, and personal information security. In addition, UD Trucks has set up an internal whistleblower system for facilitating prompt and proper responses to any cases of wrongdoing or suspicious actions, and is developing an online reporting system to improve usability for users.

Risk management

At UD Trucks, efforts to strengthen risk management are led by the Security Management Division. Tasked with a diverse range of responsibilities, the division oversees the safety of employees and visitors at all workplaces, safeguards confidential information and intellectual property, handles emergency response activities, oversees crisis management, and makes preparations for resuming operations in the event of a disaster. UD Trucks has been maintaining safe and secure operations thanks to the division's ongoing efforts to identify risks and take proactive steps to prevent them from materializing.

Information security

UD Trucks has taken measures for ensuring the security of its information and data, and is maintaining an information security governance system. To guard against an information system breakdown caused by a disaster, the Company stores and manages electronic information at an earthquake-resistant data center in addition to its head office. It has also stepped up measures for preventing data breaches resulting from cyber-attacks, and regularly provides training sessions on improving information security to its dealers nationwide. In addition, UD Trucks strictly manages and protects all personal information it possesses in accordance with its privacy policies.

Ensuring responsible procurement

Strengthening our partnerships

Amid major societal shifts and rapid advances in technology, providing leading-edge, superior-quality products and services needed by business operators is of prime importance today. Moreover, addressing environmental and social issues across the entire value chain is become more important by the day. From this standpoint, the Company has included sustainability as an important criterion in its procurement process along with quality, performance, delivery times, and costs. UD Trucks shares its approach to sustainability and expectations for conduct with its suppliers to build stronger partnerships in the future. Toward this end, it has included actions for all suppliers to take in the UD Trucks Supplier Code of Conduct, and is carrying out a sustainable purchasing program based on this code.

In the Company's own operations, all items, from raw materials needed to manufacture trucks to finished goods, are purchased in accordance with the UD Trucks Procurement Policy. Through this policy, the Company promptly responds to market needs while working to reduce CO_2 emissions by optimizing its supplier base and geographical footprint.

Sustainable purchasing program

The Company's sustainable purchasing program is made up of four components. Firstly, to ensure that procurement activities are carried out sustainable, all suppliers are requested to comply with the Company's Supplier Code of Conduct, which is based on global standards including the UN Global Compact. Secondly, UD Trucks evaluates suppliers with respect to business ethics, environmental performance, and other important matters by having them complete a sustainability self-assessment questionnaire. Thirdly, supply chain mapping is deployed to assess and analyze suppliers with respect to identified segments and areas. Finally, the Company shares best practices and provides its own training programs covering various topics, such as building a circular economy, recycling, eco-design, and human rights.

Responsible sourcing of conflict minerals

UD Trucks strives to ensure responsible and sustainable sourcing of conflict minerals, namely tin, tantalum, tungsten, gold, and cobalt. The Company requires its suppliers to comply with all relevant laws and regulations, and states this clearly in its Supplier Code of Conduct (specifically in the section on responsible sourcing of raw materials). Furthermore, suppliers are required to follow responsible mineral sourcing procedures in high-risk areas.

Since its founding in 1935, UD Trucks has been a key player in Japan's transport and logistics industry as a commercial truck manufacturer.
The Company currently provides high-performance trucks and services in response to the needs of customers in over 60 countries worldwide.

Company overview (As of November 30, 2021, unless otherwise stated)

Company name	UD Trucks Corporation
Date of foundation	December 1, 1935
Head office address	1-1, Ageo-shi, Saitama 362-8523, Japan
Capital	77.5 billion yen
Number of employees	6,127 employees including contract and temporary employees (as of December 31, 2020)
Main business	Japanese business Development, manufacture, export, and sales of heavy-duty trucks; sales of medium- and light-duty trucks; manufacture and sales of vehicle components; maintenance and sales of service parts for trucks and buses; import and sales of Volvo brand products. Businesses outside of Japan Development, manufacture, and sales of heavy-, medium-, and light-duty trucks for growth markets; manufacture and sales of vehicle components; maintenance and sales of service parts for trucks and buses.
Japanese subsidiaries	UD Financial Services Co., Ltd.; New-Mech Co., Ltd.
Main locations outside of Japan	UD Trucks Singapore Office; UD Trucks Bangkok Plant

Products and services provided by UD Trucks

UD TRUCKS

UD Trucks
Sales of Quon heavy-duty trucks, Condor medium-duty trucks, and Kazet light-duty trucks to Japan and other mature markets, and Quester heavy-duty trucks, Croner medium-duty trucks, and Kuzer light-duty trucks to emerging markets

VOLVO

Volvo trucks
Sales of imported Volvo brand heavy-duty trucks to the Japanese market, including Volvo FH 4x2 and 6x4 tractors, 6x2 and 6x4 Rigid trucks, and FMX 6x4 and 8x4 Rigid trucks

VOLVO PENTA

Volvo Penta engines
Sales of Volvo Penta brand industrial and marine engines for the domestic market, including forklift and pleasure craft engines, and installation and technical support for original equipment manufacturers

History

Decade	History of the company	Technical development and product launches
1930	1935 Originally established as Nihon Diesel Industries, Ltd., in the city of Kawaguchi, Saitama Prefecture	1938 First diesel engine 1939 First diesel truck
1940	1942 Renamed as Kanega-Fuchi Diesel Co., Ltd. 1946 Renamed as Minsei Sangyo Co., Ltd.	
1950	1950 Renamed as Minsei Diesel Industries, Ltd.	1955 Proprietary UD Engine, a powerful lightweight diesel engine 1958 6TW model truck, the first in Japan with a load capacity exceeding 10 tons
1960	1960 Renamed as Nissan Diesel Motor Co., Ltd. 1962 Commenced operations of the Ageo Plant	
1970		1975 Condor medium-duty truck
1990		1990 Big Thumb heavy-duty truck
2000	2007 Joined the Volvo Group	2004 Quon flagship heavy-duty truck
2010	2010 Renamed as UD Trucks Corporation 2014 Absorbed sales subsidiary UD Trucks Japan Corporation	2013 Quester heavy-duty truck for emerging markets 2014 Kazet light-duty truck 2017 New Quon and Condor truck models Croner medium-duty truck and Kuzer light-duty truck for emerging markets
2020	2021 Acquired by Isuzu Motors Ltd.	

For more information about UD Trucks, please refer to the following websites:
- Global website: https://www.udtrucks.com/
- Facebook: https://www.facebook.com/UDTrucksJP
- YouTube: https://www.youtube.com/user/udtrucksvideos

UD Trucks Corporation

1-1, Ageo-shi, Saitama 362-8523, Japan
https://www.udtrucks.com/