

Corporate Governance

Reinforcing corporate governance to fulfill our corporate social responsibilities

Kanto Auto Works seeks to develop good relations with all stakeholders as well as long-term, stable growth and development to enhance corporate value. Kanto Auto Works believes that ensuring the soundness, efficiency, and transparency of management and improving internal controls and corporate governance are essential for achieving these objectives, and continuously makes assessments and improvements in these areas.

Board of Corporate Auditors Ensures Management Transparency

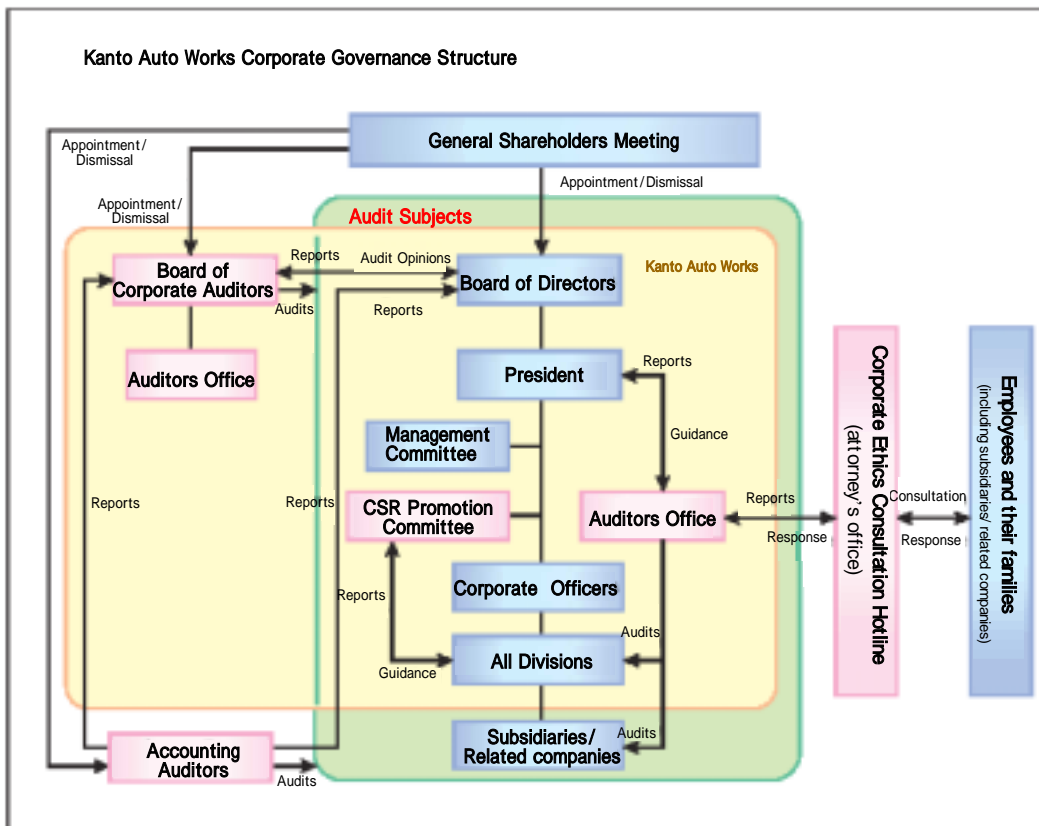
Corporate auditors attend key internal meetings, including Board of Directors meetings, and monitor operations and finances to oversee the performance of duties by directors as well as the operations and financial condition of Kanto Auto Works and its subsidiaries. Kanto Auto Works also established the Auditors Office, staffed by specialists not under the authority of the company's directors, to reinforce oversight functions with respect to the performance of duties by directors.

Special Committees Established to Respond to Company-wide Issues

In order to respond effectively to major company-wide issues such as compliance, risk management, and environmental conservation, Kanto Auto Works has established a number of committees, including the CSR Promotion Committee, Risk Finding/Assessment Committee, Environmental Conference, and Central Health and Safety Committee. Each of these Committees deliberates on optimal management and corporate conduct and monitors their respective fields.

Internal Control Structure Created

In response to the requirements of the new Company Law (effective as of May 2006), Kanto Auto Works adopted the Basic Policy concerning Creation of Internal Control Structures, established new structures, and is promoting and reinforcing the development of internal controls on an ongoing basis.



Compliance

Ensuring strict compliance to enhance society's confidence in the company

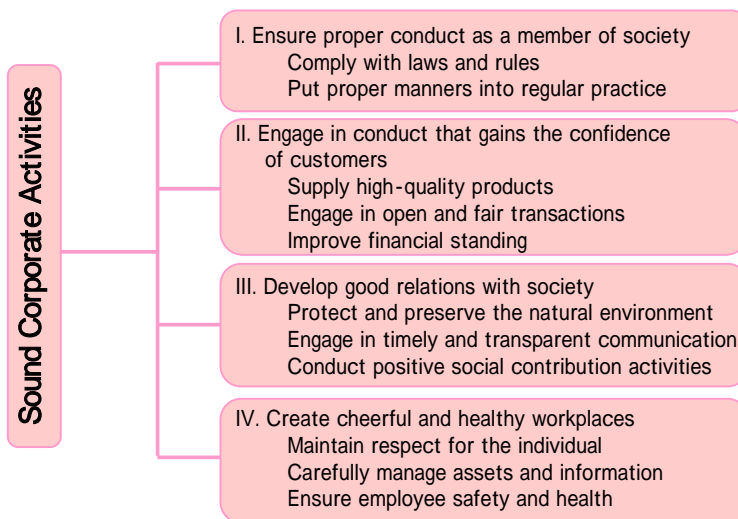
Kanto Auto Works has made compliance a priority management issue, and is working to develop organizations and a corporate culture that view compliance not simply as observing applicable laws and regulations but encourage the company and each individual who works for it to engage in sound conduct in compliance with high ethical standards as a corporate citizen and as members of society.

Corporate Ethics Committee

The CSR Promotion Committee, which consists of all directors and full-time corporate auditors, considers and makes decisions relating to issues and policies concerning overall corporate conduct, including compliance, risk management, and social contribution.

Disseminating and thoroughly complying with the “Code of Conduct”

In June 2005, the Code of Conduct for Kanto Auto Works Employees was adopted to ensure thorough compliance by all directors and employees of Kanto Auto Works and its subsidiaries and affiliates. Training and educational programs were conducted to raise awareness concerning compliance with applicable laws and regulations as well as internal regulations, and concerning appropriate conduct as members of society.



The Code of Conduct

Compliance education

We have created our own materials for each employee level, including new employees, those in management positions, and the employees in charge of operations; and by continually implementing compliance education that comprehensively spans everything from overall legal issues to specialized fields, we are promoting improved compliance awareness and fostering the acquisition of knowledge related to a variety of laws and regulations.

Internal Audits by the Audit Office

The Audit Office, under the direct authority of the president, plays a central role in monitoring compliance and conducts internal audits. Kanto Auto Works will continue to strengthen audit-related structures and to promote internal audits regarding compliance.

Establishment of the Corporate Ethics Consultation Hotline

To achieve lasting growth as a good corporate citizen and to establish open and pleasant workplaces, Kanto Auto Works established a Corporate Ethics Consultation Hotline. Group employees and their family members can direct questions and inquiries concerning compliance issues via e-mail or telephone to the hotline, which has the necessary structures in place to provide appropriate responses.