

Social Aspects



Wind power generation of Kanagawa Prefecture Miura City Miyakawa park

Kanto Auto Works believes that the foundation of its contribution to society is putting sound corporate activities into practice. Kanto Auto Works views society as including customers, employees, local communities, Japan as a whole, and every person in the world. This part of the report on social aspects introduces items considered important in terms of Kanto Auto Works' relation to society.

Relations with Customers

Kanto Auto Works engages in business activities according to the following clause of the Guiding Principles: Based on the “customer first” principle, Kanto Auto Works will conduct research, design and manufacturing, and provide outstanding products that respond to the needs of the times.

A Customer-oriented Stance

Based on the idea that “customers are the starting point for all of its activities,” Kanto Auto Works views not only those people who purchase its products, but all people that it comes in contact with, as customers, and is conducting activities in accordance with the “customer-oriented stance” announced in December of 2003.

Main Activities

1. Reforming activities to adopt a “customer-oriented stance”
2. Manufacturing appealing products that satisfy and inspire customers

Ensuring High Quality

Basic Policy

In December 2003, Kanto Auto Works declared a “customer-oriented stance” and based on the policy of always “moving forward” continues to provide customers with satisfaction and excitement through its products.

Kanto Auto Works’ strategy is to carry out specific activities based on the following two activities:

1. Every year, the leaders of each Group (Technical Group, Production Engineering Division Group, Production Group and the Head Office) meet to draft annual policies regarding quality functions, and promote and manage priority issues and progress in a systematic and timely manner to ensure that a high level of quality is maintained in the manufacture of automobiles.
2. Each Group undertakes quality assurance on their own in accordance with the automobile manufacturing flow: “development, production preparation, production.” .

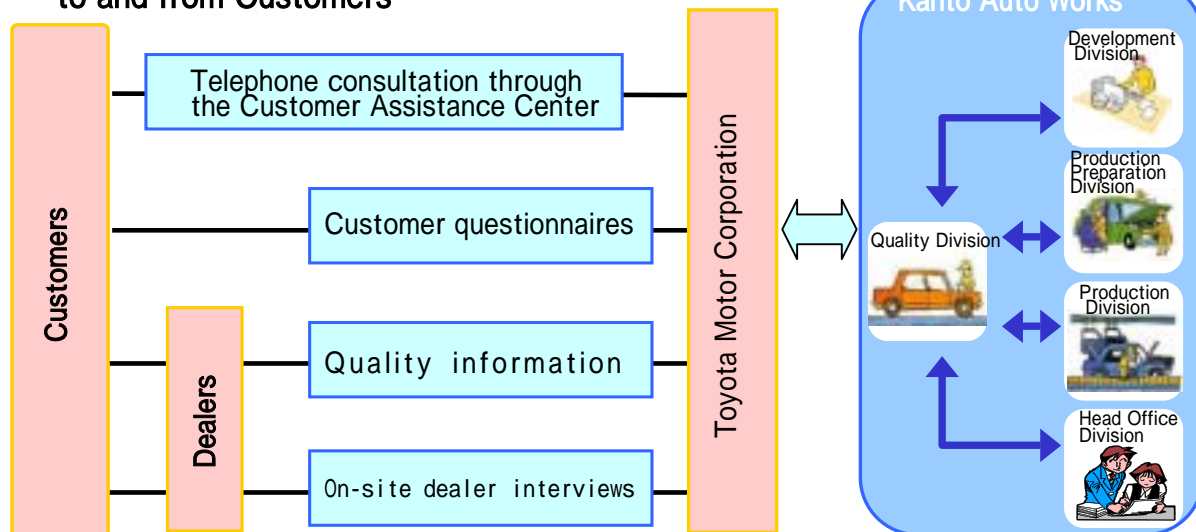
The following four areas are promoted as priority topics:

1. Collection of quality related information from customers (customer needs and expectations, quality levels, information on defects, etc.) in close collaboration with Toyota Motor Corporation
2. Preventive action designed to ensure quality related issues do not arise (compliance with laws and regulations, new structures, new parts, etc.)
3. If issues do arise, enable early detection and early resolution in order to prevent reoccurrence (use of IT to quickly collect information, swift elucidation of the causes, and initiation of counter-measures)
4. Audits to confirm that each Group is conducting appropriate quality assurance and improvement activities (audit meetings, investigation meetings, etc.)



KAW was awarded the TOYOTA excellent quality control award from TMC for the second consecutive year.

Providing and Collecting Important Quality Related Information to and from Customers



Product Recall System

If a product defect is discovered and the company determines that action must be taken, information is provided to customers in the manner indicated above and necessary measures are taken in cooperation with Toyota Motor Corporation.

Making Safe Automobiles

Striving towards the Complete Elimination of Traffic Deaths and Injuries

In terms of safety, which is an essential aspect of vehicle manufacture, Kanto Auto Works is aiming for the complete elimination of traffic deaths and injuries and is developing safer cars, focusing on the following two areas: 1) Preventive safety technologies that help prevent accidents and 2) Collision safety technologies that help reduce injury to people during an accident.

Initiatives for Improving Preventive Safety

- Projector-type Discharge Headlight*
- VSC (Vehicle Stability Control)
- ABS with EBC and Brake Assist

*This type of headlight produces a color of light that is closer to sunlight, at a volume approximately twice that of conventional halogen headlights. Combined with the auto-leveling function, which maintains the up-down angle of the optical axis at a constant level to avoid blinding the drivers of the car ahead and of the oncoming cars, these projector-type discharge headlamps help drivers to drive more safely at night.

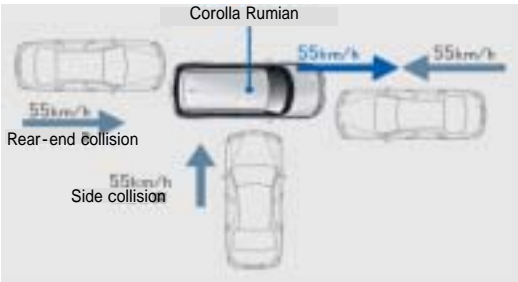


Headlights in the new Corolla Rumian

Initiatives for Improving Collision Safety

Omni-directional Compatibility

Based on the concept of omni-directional compatibility, which attempts to promote crash safety for both vehicles in a collision between two vehicles of different weights and heights, Kanto Auto Works is making advances in collision safety by further advancing the GOA collision safety body, consisting of an impact-absorbing body and a high-strength cabin designed to protect the occupants in the case of an accident. For example, the collision safety performance of the Corolla Rumian was evaluated by conducting frontal, side, and rear-end collisions with a heavier vehicle. The results led to the development of a vehicle body that maintains its own superior safety performance during a collision from any direction, and at the same time minimizes the damage to the other vehicle.



Omni-directional compatibility of the new Corolla Rumian

Airbags

SRS airbags for the driver and front-passenger seats, SRS knee airbags, SRS side airbags, and SRS Curtain Shield Airbags are standard in all models.



Airbags in the new Corolla Rumian

Pedestrian-injury Lessening Body

Kanto Auto Works has actively adopted impact-absorbing structures that reduce injuries to the head or legs of pedestrians in the event of an accident.



Body of new Corolla Rumian lessens pedestrian injuries

Corolla Rumian Awarded 6 Stars - The Highest Score for Collision Safety Performance in Japan

In the New Car Assessment Japan performed by the Ministry of Land Infrastructure and Transport, the Blade was awarded the highest score of 6 stars () for collision safety performance, for both the driver and front-passenger seats.

Overall collision safety performance score	
Driver seat	
Passenger seat	





Making User-friendly Products

Development of Vehicles and Equipment for Disabled People

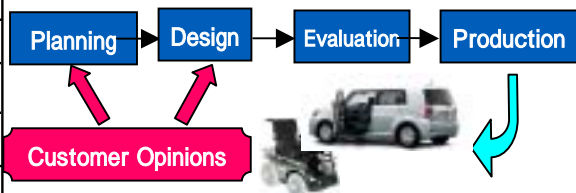
Under the philosophy of “Providing the freedom of mobility in comfort to a greater number of customers” and “making every possible contribution to customer happiness,” Kanto Auto Works is developing electric wheelchairs and vehicles designed specifically for disabled people.

Kanto Auto Works is committed to using information gathered from users at social service facilities and at exhibitions to develop the products that customers truly need.

Types of Vehicles for Disabled People

Use	Vehicle specifications
Vehicles that facilitate movement to the passenger seat	Rotating and Sliding Seat/ Lift-up and Rotating Seat
Vehicles that facilitate movement to the rear seat	Rotating and Sliding Seat/ Lift-up and Rotating Seat
Vehicles that facilitate boarding and exiting without getting out of a wheelchair	Models that can accommodate a wheelchair(Rear lift-up type/ Rear slope type)
Vehicles installed with devices that facilitate driving by disabled people	Models installed with devices that facilitate driving by disabled people

Customer Opinions Reflected in Product Development



Examples of Vehicles and Equipment for Disabled People Developed by Kanto Auto Works



Corolla Fielder equipped with a Rotating and Sliding Seat in the front passenger seat

Wheelchair storage device

Developed to accommodate not just vehicles manufactured by Kanto Auto Works, but all models in Japan for disabled people



4WD electric wheelchair

Patrafour.

The wheels adopt a special structure called “WESN®” developed by Kanto Auto Works



The Patrafour boasts excellent driving stability and performance, and can smoothly and safely go over steps and travel on a sloping road surface.

Listening to Customer Opinions

Explaining the various features of Patrafour at the Home Care & Rehabilitation Exhibition



Explaining the various features of vehicles for disabled people at the Barrier Free 2009 held at Intex Osaka

Permanent exhibits at the Heartful Plaza Yokohama



Wheelchair storage device



Patrafour and an explanatory video

Social Contribution

In order to protect the global environment and pass on the bounty of nature to the next generation, Kanto Auto Works' production plants from the beginning its other business sites cooperate with local governmental bodies and private organizations in a body are carried out a social contribution. Each employee plays a leading role in actively promoting harmony with society and the natural environment based on the company's fundamental principles.

Major Social Contribution Activities in FY2008

Year-round Activities:

- Plant tours for around 28,000 people, mainly elementary school students in particular.
- : Lending vehicles for the disabled (Yokosuka City).
- : Making donations to the Organization for Industrial, Spiritual and Cultural Advancement-International (OISCA), an international NGO that promotes agricultural development and afforestation, primarily in the Asia/Pacific region.

June 2008:

Employees of Kanto Auto Works, get together with the members of the local community, to cleaned up the area along a local rivers, part of maintaining and improving the environment by protecting and beautification of the local area.

July 2008:

Kanto Auto Works dispatched parade cars and drivers to the Kurihama Perry Festival.

July 2008:

The Higashifuji Integrated Center and the Higashifuji Plant jointly held the Higashifuji Summer Festival jointly.

The All Toyota Group Festival was held at the Iwate Plant sponsored by Toyukai, and promoted exchange with Local residents.

October 2008 and January 2009:

The bottle caps from plastic PET bottles used by our company are donated to Ecocap Movement, an NPO that has helped to provided vaccines to 364 children all over the world.



Plant tours for elementary school students



Cleaning up the area around the Goryu-no-taki waterfall



Kurihama Perry Festival



Higashifuji Summer Festival



Bottle caps donation

Social Aspects

November 2008:

Kanto Auto Works set up a booth at the Yokosuka Industry Festival and promoted exchange with local residents through activities that included an area for playing games. The proceeds from the event were donated to a facility that supports the social independence of disable people.



Yokosuka Industry Festival

March 2009:

Kanto Auto Works presented traffic safety materials to children who entered a primary school in Kanagawa, Shizuoka, and Iwate prefectures, hoping that traffic accidents will not happen.



Traffic safety materials presentation

Traffic Safety Activities

As an enterprise involved in automobile manufacturing, Kanto Auto Works has made it a corporate mission to actively participate in promoting traffic safety. In addition to making safe and environmentally considerate vehicles, Kanto Auto Works, in cooperation with local organizations and governmental bodies, also actively promotes a heightened awareness of traffic safety among employees and carries out activities to prevent traffic accidents.

Major Traffic Safety Activities Carried out in FY2008

Year-round Activities:

Leaflet has been handed out in the morning entitled *Traffic Safety News*. Every month we distribute the leaflet *Traffic Safety News* as a part of our effort to educate people on traffic safety.

Traffic Safety Day

Kanto Auto Works has designated Traffic Safety Days (on the 10th, 20th, 30th of the month). On those days we go out on the streets to help ensure the safety of local residents.

Traffic Safety Promotion Calendar

Each Kanto Auto Works' department strives to achieve zero accidents.

Each day a "No accident sticker" is placed on the calendar in an effort to promote traffic safety awareness.

May 2008: Donating traffic safety signs

As a part of our traffic safety initiatives we carried out with local communities, we placed traffic safety signs at intersections, in response to Susono City's effort to prevent from traffic accidents.



Morning leaflet *Traffic Safety News* (Higashifuji Integrated Center)



Traffic Safety Day (Iwate)



Donation of traffic safety signs

May, August, September, and December 2008:

Holding traffic safety lectures

In-house traffic safety lectures are held within KAW with the cooperation of local police.



A traffic safety lecture held within KAW (Higashifuji Integrated Center)



Relations with Employees

Relations with Employees

We are implementing measures so that the entire company has a corporate culture centered on safety, based on the view that “securing safety is the basis for everything.”

Fundamental Principle and Structures

Fundamental Principle of Safety and Health Management

We are striving to implement a corporate philosophy of adopting policies and principles related to safety and health over the medium- to long-term.

Fundamental Principles

Kanto Auto Works places the highest priority on the health and safety not only of Kanto Auto Works places the highest priority on the health and safety not only of To carry this out, the Company vows the following:

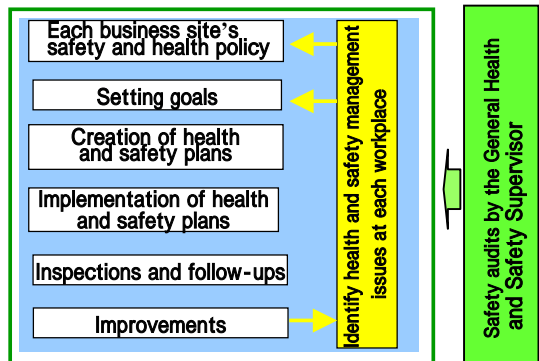
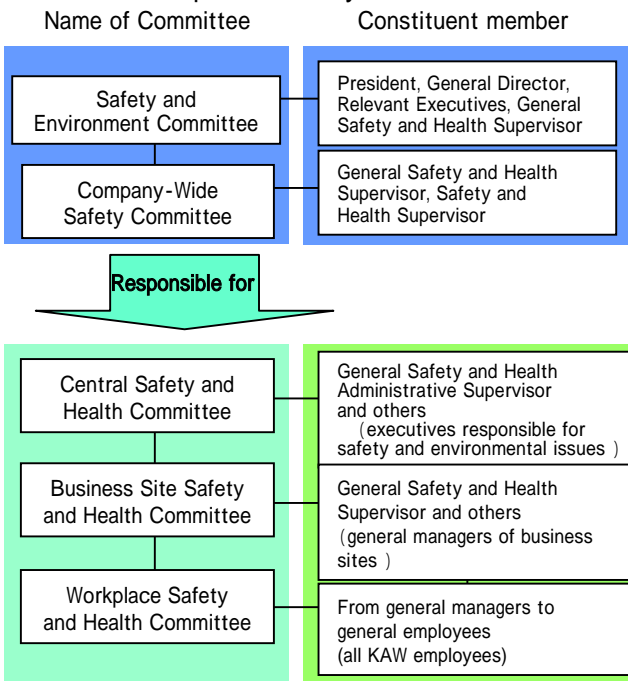
1. We will implement continuous improvements in a timely manner through the integration of safety, quality, and production based on the Toyota Production System as the standard for work procedures
2. Each individual will determine those things that he or she should carry out and carry them out based on the concept of protecting oneself
3. Managers and supervisors will understand and fulfill their own health and safety responsibilities
4. We will implement ongoing measures to improve health and safety management based on the concepts of full participation, pioneering safety policies, and total legal compliance

Safety and Health Management Structure

The Safety and Environment Committee and the Company-Wide Safety Committee formulate company-wide safety policies. The policies are discussed by labor and management at the Central Safety and Health Committee and the Business Site Safety and Health Committee, and the results are implemented by the various

Health and Safety Management System

Kanto Auto Works constructed a Health and Safety Management System and makes continuous improvements in safety management.



A safety audit in progress

Initiatives Taken in FY2008 to Improve Safety and Work Environments

1. Raising Awareness of Safety

- Safety Pledge Day (every January 13) and Safety Dialog Day (the 13th of each month) were created to confirm safety issues and to raise company-wide awareness about safety.
- Having each person be aware of his or her responsibility regarding safety
- Reemphasizing every day the importance of safety (use of a calendar with safety-related suggestions)
- Understanding was raised through disaster simulation training
- Workplace communication was enhanced through contests for team managers.

2. Ensuring Work Safety

- Dangers were identified through analysis of the six types of accidents that may cause death or disability (STOP6-type accidents)* and countermeasures implemented according to the degree of risk.

*Six types of accidents:

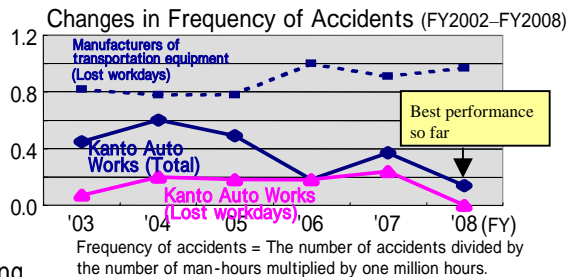
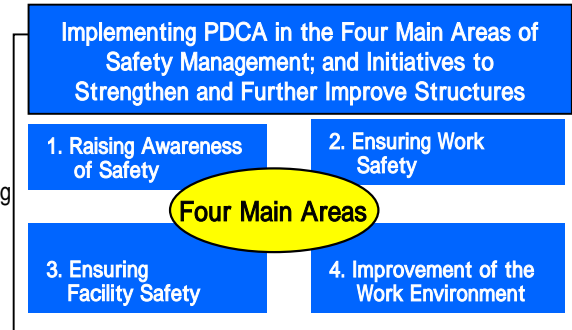
Being caught in a machine, collision with a heavy object, collision with a vehicle, falls, electric shocks, poisoning, and burns and explosions

3. Ensuring Facility Safety

Facility safety measures and standards were reviewed based on the results of the analysis of the six major accident types.

4. Improvement of the Work Environment

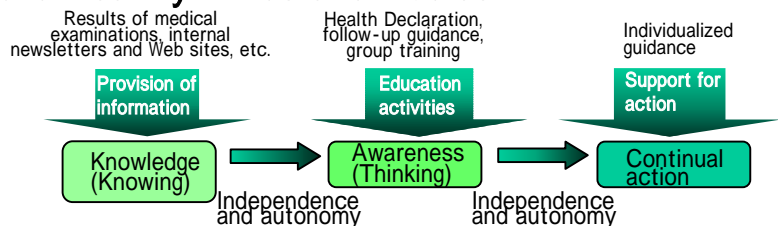
A model process plan for implementing plate stamping, noise countermeasures, and a medium-term work environment improvement plan to deal with excessive heat and other issues were adopted and improvements were made.



FY2008 Initiatives to Build Healthy Minds and Bodies

1. Framework of activities for health management

Establishing an awareness of self-health among employees through the Health Declaration and follow-up guidance.



2. Main Action Taken

Mental Health

- Enhanced activities for the prevention and prompt detection of employee mental health issues
 - Stress levels of workers were determined to provide individualized guidance and workplace consultations. Education was conducted with a focus on specific examples of proper responses.
 - Workplace communication was enhanced.
- Improved mental health education for managers and supervisors
 - Practical training to recognize health problems in subordinates and introduction of attentive listening classes.
- Creation of a system that makes it easy for employees to consult others
 - A mental health consultation office staffed with external counselors was enhanced and publicized through the Web site, and materials were distributed at morning meetings.

Physical Health

- Continual follow-up through physical examinations
 - Guidance that takes into account the needs of each individual.
 - Additional guidance concerning factors such as diet and weight that have a strong relationship to lifestyle-related diseases.
- Measures implemented to prevent lifestyle-related diseases
 - Educational activities were conducted using internal newsletters and Web sites.
 - Holding sporting events
- Enhancing no-smoking areas and anti-smoking measures
 - Consolidating smoking areas to expand no-smoking areas
 - Encouraging smoking cessation



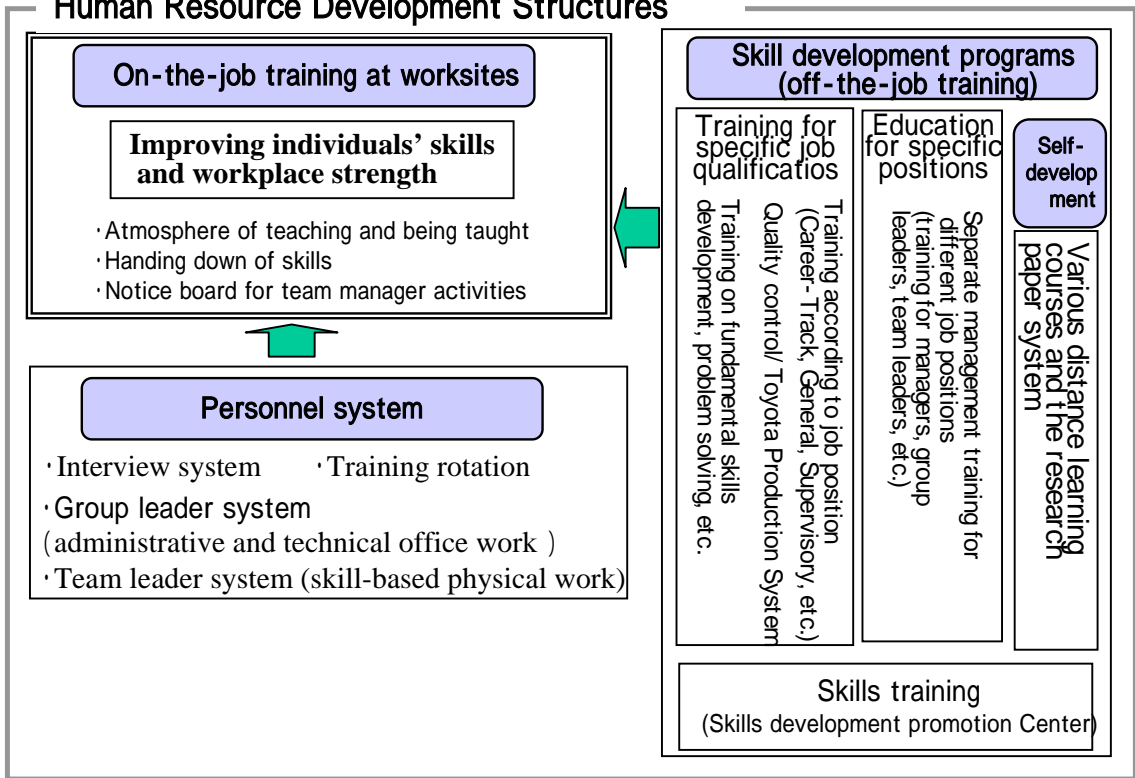
(Holding a walking event)

Development of Human Assets*

We always adopt a customer-oriented stance, and based on this seek to become the world's leading manufacturing company. We are fostering a diverse range of human assets so that we can respond to globalization and exercise our full capabilities in all areas of business activity.

*The term "human assets" is used to indicate that every individual becomes a "corporate asset."

Human Resource Development Structures



KAW is training employees hired by KDB in order to foster their upper management personnel.

(Instruction for accepting KDB trainees)



(Skills training)



(QC training)



Diversity and Equal Opportunities

In response to on-going changes in the labor market, such as the increased role of women in society, falling birth rate, and aging society, Kanto Auto Works seeks to create workplaces where a diverse range of employees can work with enthusiasm. To this end, Kanto Auto Works has instituted childcare and nursing care support programs and is working to employ more disabled persons and expand employment opportunities for senior citizens.

Childcare and Nursing Care Support

In response to calls for assistance from employees caring for children or sick family members, and in response to societal needs, Kanto Auto Works is working to improve its employment system through a support structure for such employees and by making it easier for them to work.

Support programs	Details	(Age)				
		0 ~ 1	~ 3	~ 6	~ 12 ((Elementary school students)	13 and over
Support during pregnancy and after childbirth	Authorized outpatient-care leave, staggered commuting hours, etc.	[Orange bar]				
Maternity leave	Six-week leave prior to childbirth and eight-week leave after childbirth	[Orange bar]				
Special leave for childbirth (husband)	Three consecutive paid holidays	[Orange bar]				
Childcare time	Until child is 3 years old Twice (with pay), for 30 min. each time	[Orange bar]				
Childcare-leave system	Until child graduates from elementary school: - Employees who do not work on production lines: 2 years in total - Employees who work on production lines: 3 years in total Leave can be divided into two segments	[Orange bar]		[Orange bar]	Period of eligibility [Yellow double-headed arrow from 0-1 to ~12] Leave can be divided into two segments (max. length of 3 years in total)	
Flex-time system	No application restrictions Only applicable to employees who do not work on production lines	[Orange bar]				
System for shortened working hours	Until child graduates from elementary school Only applicable to employees who do not work on production lines Possible to choose between a 4-, 6- or 7-hour working day (on monthly basis)	[Orange bar]				
System to prohibit non-scheduled work	Until child graduates from elementary school Applicable to all employees	[Orange bar]				
Restriction on non-scheduled and late-night work	Until child enters elementary school: - Up to 24 hours per month - Up to 150 hours per year - Exempt from working late at night	[Orange bar]				
Nursing care leave for children	Until child enters elementary school 5 days per year (measured in 1-day increments)	[Orange bar]				
Nursing care leave/ nursing care hours	Authorized leave of absence Up to twice a day, for 30 minutes each time, allowed for nursing care				Up to 1 year	[Orange bar] in total

Senior Citizen Employment Program (Re-employment upon reaching retirement age)

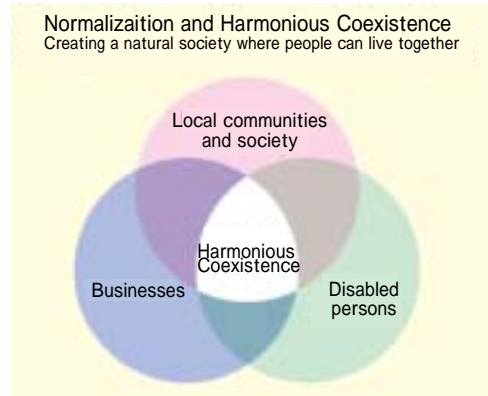
In order to take advantage of the skills and abilities developed over many years of employees who retire upon reaching age 60, Kanto Auto Works promotes the re-employment of such employees upon their request.

Encouraging Employment of Disabled Persons

Kanto Auto Works places great emphasis on its ties with local communities and society as a whole and takes active measures to promote employment with the intention of normalization and harmonious coexistence.

Internally, Kanto Auto Works strives to create work environments where disabled and non-disabled persons can work together. The company has taken measures to develop work environments where everyone can work with a sense of enthusiasm, including measures for hearing-impaired persons such as installing warning light systems, assigning support personnel, and holding in-company sign language courses.

In the future, the company will continue its efforts to create work sites that take into consideration the attributes of disabled persons and to further encourage the employment of such persons.



Labor-Management Relations

Kanto Auto Works' labor-management relations are promoted on the basis of mutual trust between labor and management. Kanto Auto Works believes that mutual understanding, trust and cooperation between the company and its employees are fundamental to both the company's development and employees' self-fulfillment.

Opportunities for Discussions between Labor and Management

The company must achieve stable growth for employees to be able to work with enthusiasm and to achieve fulfillment through their work. This requires that all employees have an accurate understanding of the circumstances the company is facing, the issues that must be solved, and future management policies.

Kanto Auto Works holds monthly labor-management meetings where ideas and opinions are actively exchanged. Through this process, both labor and management strive to deepen mutual understanding and trust.

Maintenance and Improvement of Labor Conditions

The automobile industry is experiencing rapid changes in the management environment, including sluggish demand in Japan, intense competition in global markets, and diversifying customer needs. Against this background, the company is implementing various measures and initiatives to maintain and improve working conditions, based on good communication and cooperation between labor and management, with the understanding that a prosperous company equals prosperous employees.



Scene from a labor-management meeting

Cooperation with Suppliers

Kanto Auto Works aims to create environmentally considerate, user-friendly vehicles. We are in constant communication with our suppliers to promote environmental conservation activities.

Fundamental Procurement Policy

Together with our suppliers, we work hard to implement procurement activities that lead to the steady procurement of high-quality goods in a timely manner, and at a fair price.

We offer the opportunity to participate in fair and open bidding, based on an “open-door” policy.

Mutually-beneficial coexistence based on trust

Encouragement of green purchasing that takes the environment into consideration

Encouragement of local procurement to act as a good corporate citizen

Complete legal compliance and protection of confidential information

Communication with Suppliers

Every year in March, we hold a supplier conference to communicate our annual procurement policies, foster understanding among suppliers concerning the company's initiatives, and strengthen partnerships.



Environmentally Considerate Procurement Activities

Kanto Auto Works has for some time conducted procurement activities in accordance with its Green Purchasing Guidelines to promote environmental preservation in collaboration with suppliers.

The guidelines require the following of suppliers:

- Acquisition of external ISO 14001 certification
- Management of substances of concern, including products and materials delivered to the company
- Environmental activities relating to supplier business activities
- Measurement of CO₂ generated by supplier logistics and reduction of wrapping and packaging materials

With respect to substances of concern, Kanto Auto Works audits supplier plants (production processes) and is working to reinforce management.



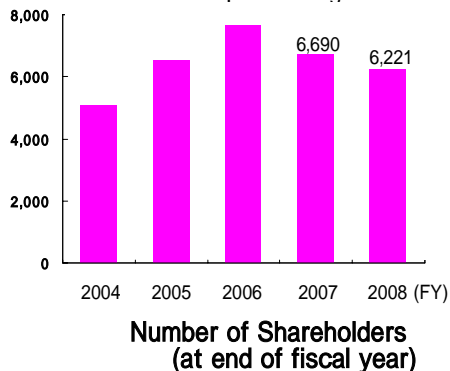
Relations with Shareholders

Kanto Auto Works has established business structures designed to secure stable income over the long-term and seeks to enhance corporate value through manufacturing, while building relationships of trust through the disclosure of information to, and communication with, shareholders.

Improving Information Disclosure and Communication

Kanto Auto Works is taking measures to enhance the content of business reports and other information and to appropriately disclose corporate and financial information in a timely manner so that shareholders will have an accurate understanding of its activities. Kanto Auto Works will improve information disclosure in the future through such measures as promptly posting detailed information on the corporate Web site to gain further confidence from shareholders.

Kanto Auto Works also uses videos and charts to provide easy-to-understand explanations at general shareholders meetings. In addition, when general shareholder meetings are convened, Kanto Auto Works presents exhibits on products and technologies and holds receptions for the shareholders to promote good communication with them.



Shareholders	Shares Held	Voting Rights
Toyota Motor Corporation	34,975 千株	50.44 %
Japan Trustee Services Bank, Ltd. (account in trust)	2,619	3.77
Japan Trustee Services Bank, Ltd. (account in trust 4G)	1,894	2.73
The Master Trust Bank of Japan, Ltd. (account in trust)	1,475	2.12
Nisshin Fire & Marine Insurance Co., Ltd	1,156	1.66
Kanto Auto Works Employee Stock Ownership Association	1,149	1.65
Toyota Tsusho Corporation	1,000	1.44
Trust & Custody Services Bank, Ltd. (account in trust)	888	1.28
Meiji Yasuda Life Insurance Company	859	1.23
Mellon Bank, N. A. as Agent for its Client Mellon Omnibus US Pension	834	1.20

Status of Principal Shareholders (as of the end of March, 2009)

Dividend Distribution

Kanto Auto Works is committed to the continual payment of stable dividends determined according to a comprehensive range of factors that include financial performance and the dividend payout ratio. In addition, retained earnings are used for the future benefit by further strengthening and augmenting the business structure through investments to innovate production systems, enhance product strength, and create added value in new areas.

