

## Corporate Governance

We believe that meeting our responsibilities to our stakeholders, including shareholders, society, suppliers, and employees, by increasing management transparency, bolstering risk management, and ensuring the strict observance of laws and regulations is an important factor in the realization of long-term growth. In accordance with that belief, we have established the corporate governance system outlined below.

**Board of Directors** In addition to regular monthly meetings, the board of directors conducts special meetings as needed. The board makes decisions on matters stipulated by law and on important matters related to management and supervises the administrative execution of directors. We reduced the number of directors from 13 to 9 to realize rapid, strategic decision making and appointed an outside director to heighten management transparency.

**Board of Corporate Auditors** The Company uses the board of auditors system. With the objective of strengthening the management auditing function with a third-party viewpoint, in June 2005, with the approval of the shareholders' meeting, we increased the number of outside corporate auditors by one, to two. The four corporate auditors attend regular board of directors' meetings and provide opinions as needed, thereby enhancing the auditing function.

**Executive Officer System** To strengthen execution, we introduced the executive officer system, with 16 executive officers, after the shareholders' meeting held in June 2004. With the objective of clarifying authority and responsibility, we have established the titles of senior managing executive officer, managing executive officer, senior executive officers, and executive officer.

**Compliance Center** In April 2004, we established the Compliance Center, and within the center we formed an internal auditing section. We are working to further enhance compliance and risk management in all operational areas and Group companies by identifying and improving administrative inefficiencies.

## Fundamental Corporate Governance Policy

“CREATE VALUE FOR CUSTOMERS AND CONTRIBUTE TO SOCIETY”

Corporate Governance System

