

Report by Business Ethics Committee



In October 2006, the Board of Directors of MMC consulted the Business Ethics Committee, which comprises only external experts, with regard to MMC's activities toward restoring trust in the company and requested their evaluation and proposals. MMC received a report on the committee's findings concerning this issue on May 21, 2007.

The full content of the report (Japanese only) can be viewed on MMC's Web site*¹ and is summarized in the Social and Environmental Report 2007*².

The following is a brief description of the main points of the Business Ethics Committee's report.

*¹ MMC Business Ethics Committee Web site (Japanese only)
http://www.mitsubishi-motors.co.jp/social/ethics_com/index.html

*² MMC Social and Environmental Report 2007
<http://www.mitsubishi-motors.com/corporate/environment/report/e/index.html>

Structure of the Report

The report contains an accounting of the events that led up to the formation of the Business Ethics Committee during the unprecedented management

crisis faced by MMC in 2004, conditions at the time of formation of the committee, and the Company's activities to restore trust so far. The committee provides their current evaluation of these activities and makes 13 policy recommendations based on their evaluation (shown in table to the right). The committee did this to further support the revitalization drive in its role as an external advisor to MMC. In the final chapter, the committee reiterates the points it wishes to emphasize based on the impressions of committee members garnered from their committee activities up to now.

Evaluation of Company in Report

The report generally gives high marks to MMC activities in this regard. For example, looking back on measures that MMC has taken so far, the report concludes that earnest and steady progress has been made in activities to restore trust in the company, based on the unwavering stance of top executives, concluding that the initial stage has been accomplished.



From left

Nobuyuki Yamamoto, Committee Member
Lecturer, Toin University of Yokohama
Compliance Research Center; Director,
Compliance Research Center Co., Ltd.; former
Counselor to the Industrial Bank of Japan, Ltd.

Konoe Kawagishi, Committee Member
Former member of the Securities and
Exchange Surveillance Commission; former
Vice Chairman of the Editorial Committee at
the Yomiuri Shimbun newspaper

Noboru Matsuda, Committee Chairman
Lawyer; former Governor of the Deposit
Insurance Corporation of Japan; former senior
public prosecutor

Kazuko Miyamoto, Committee Member
Director, Japan Consumers' Association;
former Professor at Kawamura Gakuen
Women's University; Supreme Advisor to the
Nippon Association of Consumer Specialists

Takahiro Fujimoto, Committee Member
Professor, Graduate School of Economics at
the University of Tokyo; Executive Director of
the University of Tokyo Manufacturing
Management Research Center

Kazuo Mura, Committee Member
Lawyer, Professor of Graduate School of Law,
Kokugakuin University; former Managing
Director of the Resolution and Collection
Corporation

Nevertheless, the report points out the following:
“The job of restoring trust in MMC is still only half
complete, given reactions within and outside of the
company. Restoring trust and spreading and estab-
lishing compliance, which are at the root of restor-
ing trust, have yet to be accomplished. It is still
necessary to stay fully committed to activities to
restore trust, and MMC must not neglect that fact or
let its efforts wane.”

Points of Emphasis Offered as a Conclusion

The Company received two additional propositions
on how to avoid a second crisis. MMC recognizes
these additional propositions as guidance that all
employees, from senior management to employees,
should constantly keep in mind.

- *Points to consider in crisis response*

It is crisis response—the extent to which one can
minimize impact once risks materialize—that de-
termines the true value of establishing compliance.
It is vital to ensure the accuracy and speed with

Thirteen Policy Recommendations in Business Ethics Committee Report (Index)

1. Compliance First
 - (1) Breaking down the closed, hierarchical corporate culture
 - (2) Business ethics compliance promotion system
 - (3) Developing compliance commitment in employees
2. Safety First
 - (1) Strengthening the system to ensure no recall cover-ups
 - (2) Safety and reliability standards
 - (3) External views included in malfunction investigation system
 - (4) Improving evaluation capabilities for design quality
 - (5) Addressing the issue of quality of procured components
 - (6) Addressing the issue of quality of embedded software
3. Customer First
 - (1) Prompt disclosure of malfunctions
 - (2) Proactive approach to society (general consumers)
4. Business Ethics Organizational and System Issues
 - (1) Directors in charge of business ethics
 - (2) Future issues for Business Ethics Committee members

which information is communicated to the top
executives. It is also crucial for senior manage-
ment to have the sensibility to clearly perceive the
changes that society demands of the company, and
to make accurate decisions and take swift action.

- *Shared sense of crisis*

MMC's efforts to ensure its revitalization are bear-
ing fruit. However, the company should recognize
the fact that the crisis has not passed but is on-
going, and it must not relax its efforts. In terms of
compliance as well, we believe that all directors
and employees need to share a sense of crisis in
feeling that the company has its back against the
wall after the two scandals, and that MMC must
continue working to steadily entrench and perpetu-
ate this sense of crisis. Efforts to establish and
maintain compliance must be a constant.

Response to Report

Based on this report, MMC will further bolster and
promote measures aimed at establishing compliance.