

Independent Evaluation



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Examining overall activities of CSR in the previous year, various actions responding to the last year's evaluation for this report were taken even no immediate results would be expected. I would expect such ongoing efforts will be consciously carried on by not only those in the CSR Office, but also all the FHI employees.

Overview of CSR Activities

As CSR involves wide-ranging corporate activities to deal with diverse stakeholders, it is vital to set priorities to the issues with high interest and urgency. The concern on global warming rapidly becoming serious since last year is a good example, around which FHI has already been deploying initiatives as part of business strategies. For an entity making automobiles, to say nothing of the enhancement of the fundamental CSR, CSR as business which could lead to solving global social and environmental issues, in other words, strategic CSR is indispensable in the current and future business management.

The business cases that FHI cherishes are undoubtedly focusing on ①Development of vehicles to accomplish higher environmental performance and ②development of clean energy technologies. The current CSR Report, however, has placed to cover comprehensiveness, thus rather obscuring business-focused CSR activities. In this respect, I would recommend to make future report easy for readers to clearly grasp the distinctive sustainability strategy which is attributed to an automotive company, underlying on the basis of the fundamental CSR.

Activities by Topic

■ CSR Purchasing

Continuing the process to reflect on better ways over three-year period is recommendable, instead of changing it abruptly. Without understanding by those in charge of purchasing at each business unit, FHI cannot make whatsoever deep-rooted on the spot. As suppliers from Asia including China are expected to increase, this issue will get more serious. I would suggest preparation to work out guidelines with solution for regional issues together with such suppliers as a basic stance.

■ Customer Support

Since the inception of the "Customer-First" Promotion Department, there seems to be gradual progresses in the first one-year period. What comes after the visualization of issues by using check sheets is putting into practice programs to solve them. The concerted efforts with the sales and marketing division are expected to make the "Customers Come First" take root by enhancing internal communication and

applying best practices of some dealer outlets to others.

■ Deployment of PDCA in CSR

Setting policies and systems which are the bases for activities is in progress fairly well in any field of CSR. Together with employee surveys conducted continually, I could see a gradual expansion of this kind of efforts into overseas. Thorough implementation of repetitious checking of results to taking actions process by sections concerned is expected, going beyond merely setting the systems.

Mediums and Contents of Reports

Information on CSR policies and systems, annual performance reports and others are provided in parallel, making it difficult to include all CSR-related information in one booklet. Increased descriptions in efforts to meet the needs of all readers will make it rather hard to understand. Therefore, I would recommend posting the following information on the web site.

1) The structure and governance systems which are once established, continually run as part of business operations and reported the performance annually. This kind of information includes, personnel systems, activities to reduce environmental impacts and day-to-day activities for local communities.

2) Environmental performance for each model. It is impossible to carry technical information and environmental performance of all modes in a booklet form, inevitably causing information disparity.

Profile
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Unno established So-Tech Consulting Inc. in 1996, after working for management consulting firms. Taking a global management standpoint, she offers management advices that support practical business solutions, to Japanese businesses in the environment and CSR fields with detailed insights of her own. She is also the Independent Director at Brother Industries, Ltd. and a lecturer in the graduate schools of the University of Tokyo and Hosei University. Publications include "Global CSR Procurement" (provisional translation from the original Japanese) (2006, in collaboration with another author) and "SRI and New Corporation/Finance" (provisional translation from the original Japanese) (2007, in collaboration with other authors).

Thoughts on the Independent Evaluation

Following last year, Ms. Mizue Unno of So-Tech Consulting Inc. provided us with her objective review on Subaru (FHI)'s social aptitude and environmental activities through her interviews to our Corporate Executive Vice President Takagi, Chairman of the CSR and Environmental Committee, Corporate Vice President Takahashi, Vice Chairman of the Committee, and Corporate Senior Vice President Ishihara, Chief General Manager of Purchasing Division.

Taking her remarks to heart, we will be stepping up our activities.

(1) CSR Activities in General

We will strive to make each employee of the Subaru group reaffirm the basic idea that "CSR is nothing but corporate management" and proactively promote tackling social issues like global warming and contribution to local communities through enhancing "offensive" as well as "defensive" CSR activities. The latter is centered around observing compliance while the former includes offering competitive products and services as a comprehensive transport equipment manufacturer.

① CSR Management

Group-wide activities will be upgraded based on the "defensive and

offensive CSR" concept and unflinching implementation of the PDCA management.

② Customers Come First

The customer creed will be pursued for its group-wide realization by grasping and sharing best practices for "Customers Come First" and thorough benchmarking of their processes.

③ CSR Purchasing

CSR purchasing guidelines will be worked out through cooperation with suppliers and local communities while paying attention to such global developments as CSR guidelines by ISO.

(2) How CSR Reports Should Be

The Environmental Report was revised to the Social and Environmental Report in 2006.

Giving due consideration to the comments and suggestions from readers, we will keep reviewing how the Report should be, including shifting to CSR reports with more focus on its social aspect and positioning the booklet and web versions.

~Editors and Issuance~

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FHI Environment Logo

In June 2005, we created the FHI Group's environment logo. The environment logo has a leaf at the center, with "green earth" and "blue sky" to represent the globe. Into this logo, we incorporated our determination to actively work on providing *product that are friendly to the earth, society, and people*, which is stated in the FHI Environmental Policy.