

Relationship with Employees

FHI has traditionally maintained a corporate culture of respect for people.

We are currently seeking to reinvigorate our corporate culture, focusing on development of a free, open-hearted, and aggressive creative group. Aiming at establishing a highly original, vigorous organization, we approach the development of systems from a wide range of standpoints, including the wage system, career planning programs, training programs, and benefit programs, so that employees can take on a higher level of challenges.

Employment

Employee Data

The number of employees over the last five years is shown below. After re-evaluating the manufacture of bus bodies and railway cars in fiscal 2002, FHI discontinued manufacturing new units as of the end of fiscal 2002. However, workers who were involved in the business were secured employment within the company or group firms.

Employee Data

Month/Year		April/2000		April/2001		April/2002		April/2003		April/2004	
		Number	%	Number	%	Number	%	Number	%	Number	%
Regular employees (including temporary and trial employees)	Male	14228	93.2	13972	93.1	13689	93.1	13448	93.1	13242	93.1
	Female	1040	6.8	1030	6.9	1009	6.9	990	6.9	984	6.9
	Total	15268		15002		14698		14438		14335	
New employees (among regular employees)	Male	313	82.4	301	85.5	292	86.4	242	86.4	276	86.0
	Female	67	17.6	51	14.5	46	13.6	38	13.6	45	14.0
	Total	380		352		338		280		321	

Employment of People with Disabilities

When the Law for Employment Promotion etc. of Persons with Disabilities was revised in 1976, we began employing people with disabilities in fulfillment of our social responsibility. In order to enhance the employment activities of the disabled, FHI organized the universal project team in the Gunma Manufacturing Division in 1999 to incorporate the concept of normalization^{*1} into the system. Currently, employment activities have been developed into the activity of creating an attractive corporation where all motivated and competent people are given opportunities to contribute.

The proportion of FHI employees with disabilities was 1.9% in March 2003 and 2.0% at the end of March 2004. In the Gunma Manufacturing Division, employees with disabilities accounted for 2.3% of all employees in March 2003 and 2.4% at the end of March 2004.

*1. Normalization: One of the concepts for a welfare society: All disabled people should be given the same living opportunities as those enjoyed by people without disabilities.

Labor-Management Relations

FHI and the FHI Workers' Union have established a labor-management council for promoting smooth business operations and mutual communication. In recent years, labor and management have maintained good relations. No

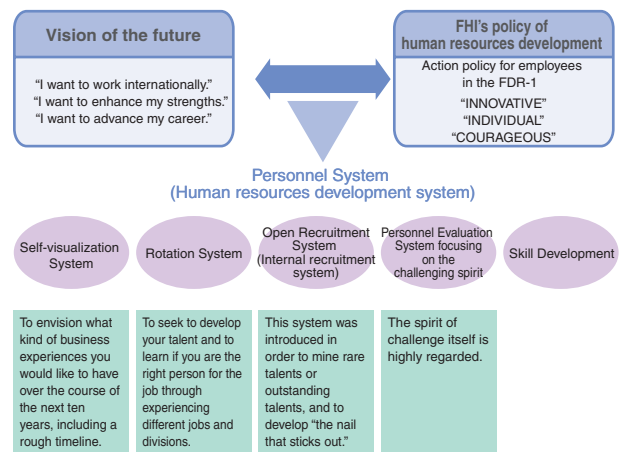
disputes between labor and management have arisen during the past three years. The FHI Workers' Union is a member of the Confederation of Japan Automobile Workers' Union, through the Federation of FHI Labor Unions.

Development of Human Resources

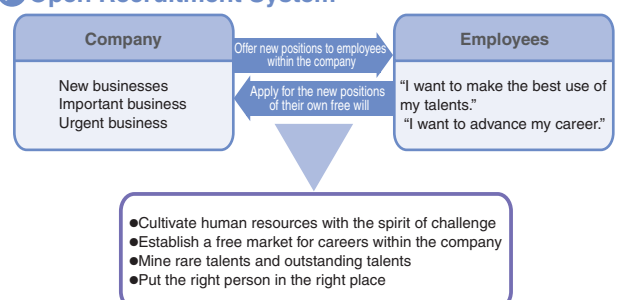
FHI aims to develop personnel who, with a clear awareness of their missions and responsibilities, can take the initiative in developing their own future career plans with self-actualization.

The development of human resources is based on OJT (On-the-job Training), which is training conducted through actual job experience. However, combining OJT with OFF-JT (Off-the-job Training) and self-development programs on a voluntary basis enables more effective and efficient development of human resources. Furthermore, FHI pursues comprehensive development of human resources by adopting the self-visualization system, the rotation system, the open recruitment system, and the personnel evaluation system.

Providing Motivated Employees with Opportunities to Grow



Open Recruitment System



Employment of People with Disabilities

In fiscal 2003, FHI's Gunma Automobile Division received two awards for its outstanding performance in employment of people with disabilities: the "Award of Association President for Excellent Performance" from the Gunma Prefectural Association for Employment of Disabled Persons, and the "Award for Excellent Performance of Improved Employment of Disabled Persons" from the Japan Association for Employment of the Disabled Persons. We believe that these awards represent the high evaluation of the combined efforts of the Gunma region's manufacturing and development divisions to create an attractive corporation where all motivated and competent employees are given opportunities to contribute with an emphasis on working together. Subaru hopes to become a highly flexible, diverse creative group by working together with employees with disabilities and thus achieving mutual improvement, instead of giving disabled employees special treatment.



Mr. Kondo, chief general manager of the Gunma Manufacturing Division (at that time), was honored by Gunma Prefectural Association for Employment of Disabled Persons.

■ Yajima Plant – Working Together with the Hearing Impaired

The Yajima Plant, which took the initiative in receiving employees with disabilities, currently has more than 30 employees with hearing disabilities. The voluntary efforts of plant employees were the key to improving their work environment for smooth communication by setting up whiteboards and communication lamps to be used in the event of emergency. The improved environment has allowed all employees with disabilities to contribute to the company in the same way as other employees contribute. Also, the Yajima Plant offers assistance in facilitating communication among employees by providing sign language classes, among other efforts.



Sign language class

■ Oizumi Plant – Human-Friendly Factory

The Oizumi Plant, which manufactures car engines and transmissions, has more than 20 employees with hearing or lower-limb disabilities. Taking advantage of the opportunity to upgrade its facilities, the Oizumi Plant established a comfortable workplace for wheelchair-bound employees by adopting universal-access designs. Precise care and consideration were taken from the viewpoints of wheelchair users; the new design improved the convenience of opening and closing doors, as well as the convenience of negotiating small steps in hallways, and using toilets and rest areas.



The entrance of the Oizumi Plant, equipped with a wheelchair ramp and an automatic door

■ "Start from Zero" - FHI's Core Development Division Employs the First New Graduate with Hearing Disabilities (Interview with recruitment manager)



Mr. Shimanoe, deputy general manager of the general administration department, Gunma Manufacturing Division, responsible for recruitment

FHI hired the first new graduate with hearing disabilities for the Subaru engineering division in April 2003. He was assigned to the Model Section of the Prototype Department, which is the core production site in Subaru. His assignment was an extremely technical job. Before he joined, all members of the department had some concerns and tried their best to prepare to receive him by reading a book of sign language to learn some words. However, on his first day, while spreading a large piece of paper with his profile on it, he introduced himself energetically. This made all his co-workers realize that most of their concerns were not justified. In the first three months after he joined, we provided a sign language interpreter for him and used whiteboards and computers as communication tools. With this minimal assistance, he handles almost the same amount of work as other new employees who joined the company at the same time.

The most important factors are his motivation and his co-workers' thoughtfulness. We are beginning to establish a barrier-free workplace where all employees can naturally support each other.

"Do whatever you are supposed to do." "Be sincere, even if in an unsophisticated manner." Based on these concepts, Subaru is just beginning to face the challenges of seeking universal-access designs for all its facilities in our own way to allow disabled employees to work together comfortably.

Benefits Package

My Vision

FHI introduced a new program for the benefits package called “My Vision.” The My Vision program provides assistance in diverse forms that facilitate smooth business operations and help each employee to lead a healthy, high-quality life. The main concept of the package is creation of tangible and intangible assets.

The My Vision program consists of My Vision Standard and My Vision Select. My Vision Select is a newly introduced program which allows each employee to choose a menu of benefits that help him/her attain personal goals or dreams. In particular, we have enhanced the self-development menu, which helps develop individual abilities, and the childcare and elderly care menu, which helps an employee handle both the demands of his/her job and the demands of family life. The company bears more costs for this menu than for regular benefit package menus.

My Vision- Goal and Concept

The My Vision program provides diverse forms of assistance to facilitate smooth business operations and to help each employee lead a healthy, high-quality life. The My Vision program aims to help the company grow further and to help employees improve their level of satisfaction with life.

Individual goals and dreams

My Vision

Use Choose

Self-development, Life assistance, Life design, Refreshing, Home-related, FHI products

- I want to spend more time with my family.
- I want to purchase a home.
- I want to take care of my parents.
- I want to establish my own lifestyle.

- I want to make contributions in diverse fields.
- I want to develop my abilities.
- I want to grow.
- I want to increase my value.

Assistance in realizing the goals and dreams of each employee

Respect individual initiative

Support motivation

Data of Childcare Leave during the Last Five Years

A total of 226 FHI employees used childcare leave during the last five years (from April 1, 1999 to March 31, 2004)

Health and Safety

FHI strives to create safe and comfortable workplaces for employees, and continuously carries out activities to prevent employee’s traffic accidents and to support employees’ physical and mental health.

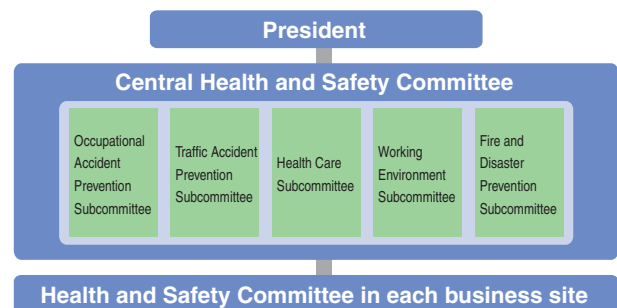
Basic Philosophy, Basic Policy and Promotion Organization

Basic Philosophy of Health and Safety

Health and Safety take priority in any business

Basic Policy of Health and Safety

Aiming at no disasters regarding occupational accidents, traffic accidents, diseases, and fire disasters, all employees recognize the importance of health and safety, improve the equipment, environment and working methods, and improve management and awareness in order to create safe and comfortable workplaces.



Occupational Accident Prevention

FHI has been conducting activities to help raise each employee’s safety awareness, improve management of the workplace, and eliminate risks.

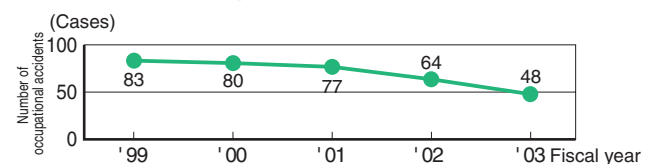
To raise awareness, KYT*1 and Hiyari Hatto Activity were implemented. To improve management of the workplace, a self-management activity called TSZ*2 was introduced at an early stage in each workplace. In addition, in 2000, FHI introduced a unique small-group risk assessment system to improve each employee’s safety and to eliminate risks.

As shown in the chart below, the number of accidents is on the decrease. We will continue to focus our efforts on improvement, aiming at attaining zero disasters.

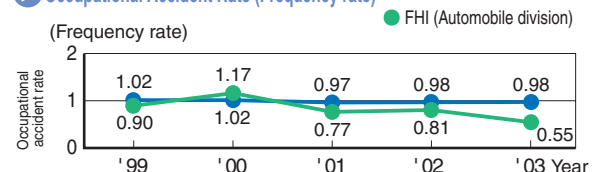
*1. KYT: Training for predicting dangers K: Kiken (Danger) Y: Yochi (Prediction) T: Training

*2. TSZ: Total Section Zero (Related departments and sections make combined efforts to attain zero disasters).

▶ Number of Occupational Accidents



▶ Occupational Accident Rate (Frequency rate)



Health Care

It is important for employees to always be in good physical and mental condition, and to take full advantage of their skills and abilities, in order to contribute to the invigoration of business activities. To help reduce the amount of employees' sick leave, we have been working on early detection and treatment of diseases by adding extra examination items to the legal diagnostic items for ensuring employees health. In the area of mental health care, we provide care services in accordance with the four care items suggested by the government. One of the care services we provide to employees is a counseling service.

Full-Scale Development of Counseling Service

Starting in the Gunma Manufacturing Division in 2003, FHI began to assign psychotherapists specializing in mental health care as clinical staff members. We expect that facilitating early detection of diseases will allow for the creation of a workplace with excellent health care for the mind.



Lecture by a psychotherapist
(Utsunomiya Manufacturing
Division)

Creation of a Comfortable Working Environment

In order to effect guidelines for a comfortable workplace provided by the government, FHI has been systematically working to improve every item in the guidelines, including working environment, working methods, and environmental equipment. Also, in order to create a more comfortable workplace, we have been working on improving lounges, rest rooms, and dining halls, and adopting universal-access designs in our facilities.

In 2003, FHI started a revision of its working environment standard by addressing the revision of laws and regulations and reviewing the standard from the workers' standpoint. FHI set a standard for every item, and for some items the FHI standards are five times as stringent as those required by the law.

Prevention of Fire and Disasters

Disasters including fires and explosions would negatively influence our business activities, employee safety, and local communities. In order to eliminate disasters, or to minimize the damage in the event of a disaster, we make efforts to improve facilities and equipment, to enhance management, and to perform emergency drills repeatedly.

Prevention of Traffic Accidents

FHI undertakes various efforts to prevent any traffic accidents, which could occur in the course of business activities, commuting, and private time. One of the activities that all employees are involved in is Safe Driving Card (SD Card). Each employee was issued this card, in order to increase awareness of traffic safety by keeping track of the employee's history of traffic accidents and traffic violations, along with a record of participation in in-house training programs and workshops. FHI has also established a system to honor groups for outstanding performance. Thus, we approach both individuals and workplaces, in order to develop traffic accident prevention as part of our corporate culture. In fiscal 2003, we launched the first traffic safety lecture meeting in all our offices to enhance understanding of drivers' mentality and human behavior.



Safe driving workshop
presented by specialists
(Utsunomiya Manufacturing
Division)

“Creating Comfortable Workplaces” Is Underway

In January 2004, the Utsunomiya Manufacturing Division received the certification of the program for Promotion of a More Comfortable Workplace from the Health, Labor and Welfare Ministry. This certification represents government recognition that the company's own targets are set at more stringent levels than required by laws and regulations, in light of national guidelines. In connection with this certification, our efforts to improve the front gate and toilets and smoking rooms were highly evaluated.



Certificate, and a plaque with emblem

The Utsunomiya Manufacturing Division Won the Award for Contributions to Fire Department

In November 2003, at the award ceremony to commemorate the 55th anniversary of municipal fire department sponsored by the Japan Firefighters Association, the Utsunomiya Manufacturing Division was recognized as a company which made contributions to local disaster prevention, by assisting employees' participation in the activities of the local fire department.



Mr. Hoshi, chief general manager of the
Utsunomiya Manufacturing Division,
received a certificate of commendation.