

Third Party Evaluation



Manager Director
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1. Evaluation Methods and Parameters

In conducting our evaluation and to clarify our assessment, we inspected the Gunma Manufacturing Division, one of FHI's major plants, interviewed executive officers in charge of CSR, and reviewed the Social & Environmental Report.

2. Assessment

(1) Overall Composition

In its featured articles, the report describes characteristic ways in which FHI uses advanced technologies to incorporate environmental and safety factors into the underlying make-up of its "unique and high quality products". We believe that as an automaker, the company can bring about further distinctive CSR initiatives by pro-actively linking its core business to CSR policy as well as product development.

The company's CSR range seems to be limited to domestic sites, but it is imperative that the initiatives should be extended to the entire group. In particular, the company needs to address ways to involve overseas production and sales sites. Regarding performance management, the company should, for instance, utilize KPI, by reviewing and collecting KPI from all its sites worldwide to develop and advance CSR activities.

Regarding the contents of the report, we are in full agreement that the company should continue to report on its efforts in the area of eco technologies such as wind turbine systems, which are held in such high regard by the stakeholders.

(2) Social Report

Since the company has already set the Corporate Code of Conduct and has established internal control systems, it is only necessary that the company continue its efforts to foster employee's social awareness. Such action should be conducted not only for FHI but for the entire group as well.

Relating to the section concerning customers, the company should indicate the direction it is going by clarifying problems with previous ap-

proaches and ways to improve on them. We would like to see how much reaffirming "customers come first" means to FHI business.

In general this report focuses on "what the company is doing presently," but we hope that in the future the company will set up policy that tests the main points of necessary action, report on all the processes from target setting to results evaluation and then examine this cycle of procedure.

(3) Environmental Report

As the company has already been fully involved in this area, the report shows clearly how far the establishment of EMS, its target setting and PDCA have come. We evaluated the company highly for establishing its own environmental performance evaluation system to measure achievements over the past years. The problem is that this management, including its voluntary plans, is limited to Japan. Global scale environmental issues need to be better understood through global checks and reviews.

The product development section is where FHI can fully exhibit its strengths. However because explanations of each individual technology are overly technical, the report ends up not being very easy to understand. This section should be simplified by devising a way in which it can combine with the section on technology development which is introduced in the featured article at the beginning of the report, to outline how it is going about to achieve its three most important issues of fuel economy, reduced gas emissions and clean energy vehicles.

Mizue Unno

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Unno established So-Tech Consulting, Inc. in 1996 after working for a management consulting firm. Taking a global management standpoint, she offers management advice that supports practical business, to Japanese businesses in the Environment and CSR field with an analytical style of her own.

She is also an outside 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) (2006, in collaboration with other authors). <http://www.sotech.co.jp>

Thoughts on Our Third Party Evaluation

Last year, we arranged for a third party evaluation to confirm the report's adequacy and accuracy.

This year, we decided to ask that the third party evaluation make a more objective assessment of our activities and as a result we received much more worthwhile advice. Diligently taking these opinions on board, we will continue to improve on all our activities.

(1) Overall Composition

Based on opinions from readers of the 2006 Environmental & Social Report, this report had adhered to an editorial policy, "to be easy to read and easy to understand, and to add more to the social report." We will endeavour to make subsequent reports that present Subaru in even easier to understand ways.

Regarding CSR and environmental activities, we will gradually work at improving the report by incorporating sections on organizational development and tackling how to "strengthen the

totality of group activities and global activities".

(2) Social Report

CSR activities have recently entered the first phase of a new medium-term management plan, and will continue to incorporate the CSR activities with better education and closer relationships between each division, while setting the most urgent goals in the most concrete terms, and by pressing ahead with the PDCA cycle, we are aiming to respond sufficiently to both the group and the global environment's needs.

(3) Environmental Report

We intend to further advance the environmental voluntary plan by simply adding to the improvements made so far within environmental activities, by strengthening the products presented by environmental performance activities, and strengthening the environmental and global activities involved in the service divisions.

~Editors and Issuance~

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