



Customers and Products: Quality Management

Our Approach to Quality

We actively deliver high quality products and services to impress customers through the establishment of quality policy in line with our customer first policy and a high level of integration of safety, enjoyment and environmental performance.

We have also established quality policies at affiliated companies in Japan and overseas in accordance with the business content of each company and regional characteristics, and affiliated companies practice quality control based on these policies.

Quality Policy (Established November, 1994)

FHI considers customer satisfaction as the first priority, and works constantly to improve products and services to provide world-class quality.

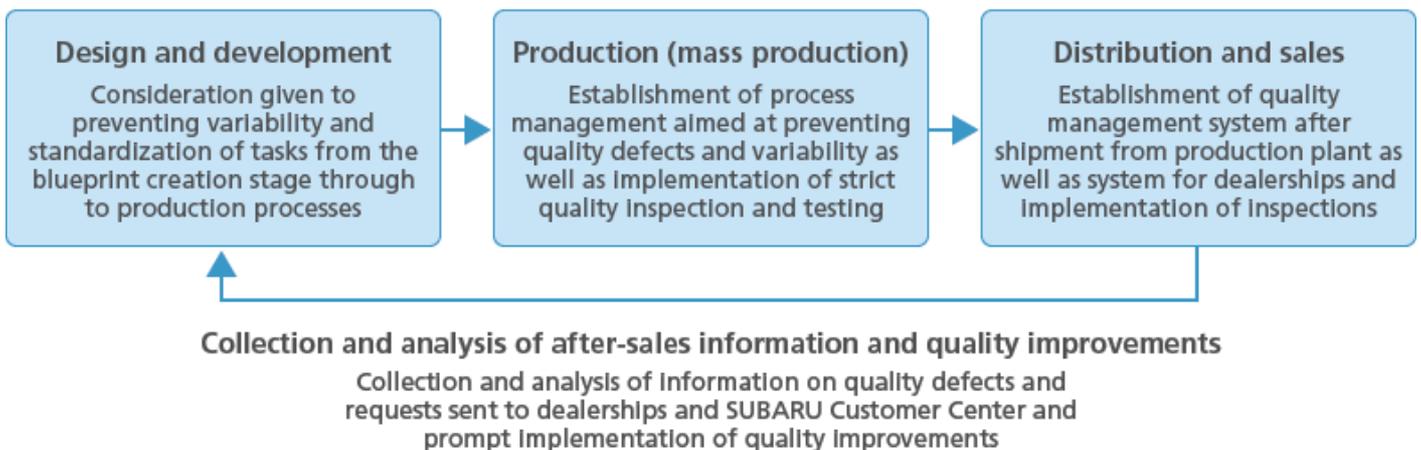
Product Quality Management System

- ① Establish Quality Management System (QMS) based on the Quality Policy and ISO 9001 Standard and put it into practice for orderly and effective operations.
- ② Clarify the quality targets acceptable to customers at the planning stage.
- ③ Realize the quality targets through quality assurance activities at each stage from development to sales and service.
- ④ Attend to complaints and requests from the market quickly and appropriately to live up to the trust of customers.

Operation of Quality Management Cycle

Based on the Quality Management System, FHI works to assure quality in each process from design and development through to sales as well as creating a cycle to create even higher quality products. In addition, FHI strives to work through this cycle swiftly in order to meet customer needs without any delay.

Quality Management Cycle

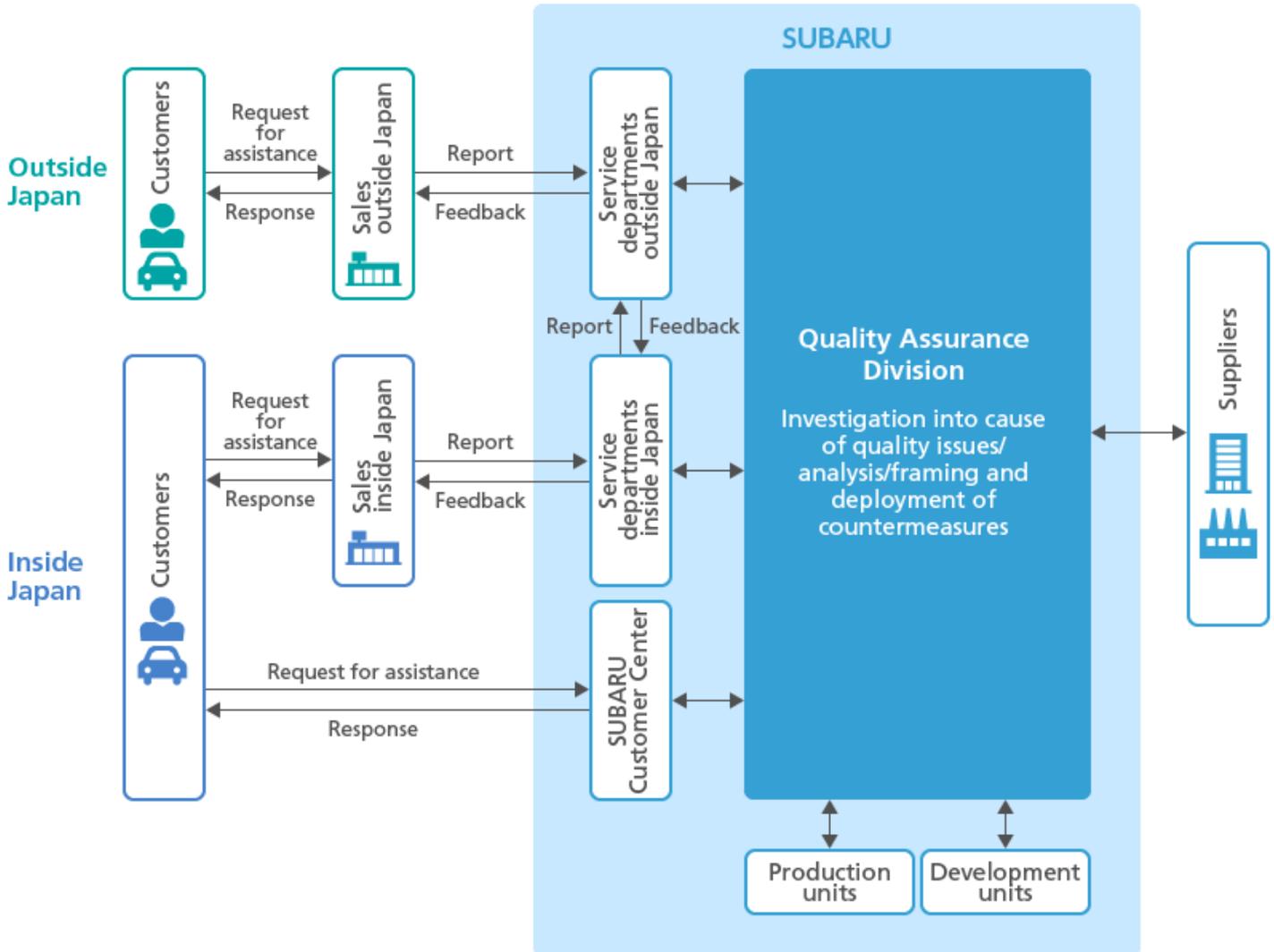


Creating a System Aimed at Improving Quality

At SUBARU, we have established a quality improvement system centered on the Quality Assurance Division in order to analyze after-sales quality defects and customer requests to develop and produce even higher quality. We collect customers' opinions from around the world and identify quality issues. In addition to investigating the cause of the quality issues, we frame countermeasures, which we deploy to the relevant in-house department and/or supplier.

In FY2016, we strengthened the local system in North America, including organizational and personnel enhancements, with the aim of reinforcing quality improvement functions.

Quality Improvement System



Implementing Quality Assurance Training

We provide grade-specific quality assurance training in each department as part of employee education with the aim of upgrading quality assurance. We also provide training to develop quality assurance experts and individual programs for each business site.

Main curriculum around quality assurance

- Introductory quality training: Quality Assurance Training (Introduction)
- Education for instructors: Quality Assurance Training (Foreman)
- Education for skilled occupations: Quality Assurance Training (Introduction/Foreman)
- Other employees: open classes at each workplace

Response to Recalls

We are taking measures in response to recalls in order to prevent accidents and protect customers.

In the event of product defects, not only do we respond properly based on the laws and regulations of each country, but we also determine the specific details of our response by promptly establishing a committee structure for staff from departments involved in quality, including those outside of Japan, to investigate. Moreover, we send direct mail outs from our dealerships to affected customers to inform them that they can have their cars repaired free of charge.

In FY2016, there were no cases of infringement of laws or voluntary standards relating to the provision of information on quality and safety.

**Please refer to the FHI website for the details of our response to recalls.
(In Japanese only)**

 <https://www.subaru.co.jp/recall/>

Number of Recalls and Improvements (Japan)

No. of measures in Japan	FY2014	FY2015	FY2016
Recalls *1	1	4	5
Improvement measures *2	0	0	1
Service campaigns *3	1	0	3

*1 Recalls: A system under which an automobile manufacturer, etc. carries out the necessary improvements to meet safety standards when automobiles, etc. of the same model with a certain range, or tires or child seats might not or do not conform to road vehicle safety standards and the cause is deemed to lie in the design or manufacturing process.

*2 Improvement measures: A system under which an automobile manufacturer carried out the necessary improvements when a vehicle is in a state that cannot be overlooked in terms of ensuring safety and conserving the environment when a problem occurs despite not being specified in road vehicle safety standards and the cause is deemed to lie in the design or manufacturing process.

*3 Service campaign: A system under which an automobile manufacturer carries out merchantability and quality improvements for problems not covered by recall notifications or improvement measure notifications.

Efforts at the Aerospace Company

Quality Management System Based on Aerospace Industry Standards

FHI's Aerospace Company has established a priority policy of promoting production activities that are focused on a thorough commitment to safety and quality. Based on this policy, we have built and act under a quality management system that conforms to the JIS Q9100 quality management system standard for the aerospace and defense industry. The International Aerospace Quality Group (IAQG), to which the world's aircraft manufacturers belong, formulated this management standard.

As a leading voting member company of the IAQG, we contribute to the preparation of diverse guidance materials aimed at the creation of management standards and quality improvement and the formulation of operating regulations for management system accreditation programs.

In 2013, Japan's aerospace and defense industry formulated and issued SJAC 9068 as supplements to JIS Q 9100 with the aim of preventing inappropriate quality-related incidents and establishing a robust quality management system (QMS). FHI incorporated the supplements into the quality management system at the Aerospace Company immediately after they were issued.

Efforts Aimed at Improving Quality

FHI's Aerospace Company engages in a range of activities aimed at improving quality and preventing errors.

In addition to examining customer satisfaction and product quality from diverse angles at regular "Quality Meetings," the Aerospace Company has designated November as the "Quality Month" for each year, engaging in activities that include lectures and distribution of educational pamphlets to all employees. The lecture for FY2016 was entitled Frontline Capabilities at Disneyland: All for the Happiness of Guests and was presented by Kaoru Abiko, Representative Director at Chucksfamily Inc. More than 500 people were involved including employees, the company president and suppliers.



Lecture on quality

The Aerospace Company has also established various systems for frontline employees to raise their opinions, including an Improvement Suggestion System that aims to foster a year-round climate that allows employees to demonstrate their creativity independently and quality to be improved.

Efforts at the Industrial Products Company

Compliance with International Standard for Quality Management System

Since obtaining ISO 9001 (JISQ9001) certification, the international standard in quality management systems, in 1996, the Industrial Products Company has constantly complied in accordance with revisions to the standard.

Starting in 2014, the Industrial Products Company has taken the proper steps to adopt the requirements of ISO/TS16949, the international standard for quality management systems in the automobile industry, in order to respond even more precisely to customers' quality demands and expectations, and we are striving to reinforce the quality base.

Efforts Aimed at Improving Quality

At the Industrial Products Company, the Quality Management Committee, composed of all departments, manages progress toward quality targets on a quarterly basis.

In a year-round effort, we regularly conduct customer satisfaction surveys to collect opinions from customers and identify issues in areas ranging from manufacturing through to sales, paving the way to KAIZEN (improvement) activities. The Industrial Products Company has designated November as the "Quality Reinforcement Month" for each year in an effort to raise consciousness through such means as soliciting quality management slogans from all employees as an awareness activity. In addition, we have also developed grade-specific quality training programs in our efforts to upgrade quality.