

Together with Employees

Creating Better Working Environment

SUBARU is making efforts to innovate the corporate culture aiming at a “Cultivate Group with Open Generosity and Aggressiveness”.

To aspire for creation of the energetic organization with rich originalities, we are establishing challengeable systems for employees not only for wage, but also for considering own carrier plan or self-development, and moreover for welfare.

Human Resource Development

Enhancing Support for “Self-Development with Challenging Spirit”

SUBARU is enhancing support for our ideal talents who are “Self-Development with Challenging Spirit”, through bringing up those who can identify an issue by themselves and find a solution to get what are sought after.

In FY2009, we were engaged in implementation of measures to develop next-generation management personnel

and upgrading training programs for the young generation. In FY 2010, it is planned to put a training program for the newly promoted in practice at all skill levels, which provides curriculums oriented to “solving logical problems”. In addition, a professional program to acquire and/or improve business skills will be practiced and an approach to nurture global-oriented human resources will be proceeded.

◆ Educational Organization Chart

Mission Grade/ Ability-based grade	Company-wide programs					Individual programs at each site				
	Education by ranks		Buildup management level	Education by ability-based grade			Language Study / internationalization	Self-development support		
Manager class	Grade E	Grade E Training	Career plan Training for Manager Class	Human resource development training	Special Training for Manager Class ex • Coaching • Finance etc	Professional Program ex • Logical Thinking • Leadership • Time Management • Presentation • Financial Analysis etc	Education by Ability-based grade ex • Intellectual property • Financial accounting • Legal work • Quality specialty etc	Language Study • Training for Internationalization Programs	Correspondence Education	Training at each business site Each program and Official certification support
	Grade L	Follow up Grade L Training New Grade L Training								
	Grade M	Follow up Grade M Training New Grade M Training								
Regular employee	T-S Director 1	New T-S Director 1 Training	Career plan Training for Regular Employee Class	Performance Review training						
	T-S Director 2	New T-S Director 2 Training								
	T-S Chief	New T Chief Training								
	T-S1	New T1 Training								
	T-S2	New T2 Training								
T-S3	New T3 Training									
T-S4	New T4 Training									

To Make a Pleasant Work Site for Everyone

Supporting life balanced between work and home

We believe that developing fully each employee’s potential requires supporting them to have both work and home properly balanced, and for that matter it is important to improve their working environment. Specifically, a Child-care Leave system which allows extension of leave until the end of April in second birthday year of a child, and another system for shorter working hours until the child reaches its elementary school age were introduced to improve the environment for employees with young children. We worked out voluntarily the secondary action plan for FY2007 to FY2009 under

the Next Generation Education and Support Promotion Act (“Act”), we were certified second time by Director of the Tokyo Labor Bureau as a private sector employer.

In FY2008, we worked out new measures including the coverage expansion of the work-short-hour program for child care to the employees until their children start their 4th grade of primary school (used to be until starting the 1st grade of primary school), which is printed in the “Maternal Leave and Child-care Leave Handbook” released in April, 2009. For all employees with young children, we introduce those programs and try to improve their environment.



Certification mark

Close Up

A Father who took Child-care Leave



Customer Center Planning Dept.
Michitoshi Ichiyanagi

Thank you for great support for my boss and co-workers, I could take 40days Child-care Leave.

Struggles to rear three children including twins harboring a thought of necessity to get fathers involved in childcare and a letup in a work project presented an opportunity to take leaves.

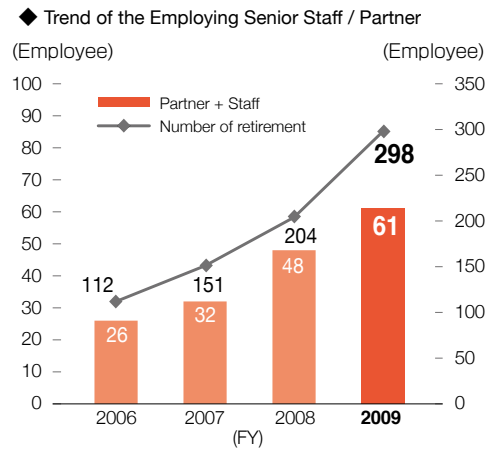
Regardless whether it is work or childcare, things will not go as expected. I have learned that children will not move unless motivated in child rearing. I will make use of this finding in my work. The Child-care Leave made me not only help my wife with her housework and childcare, but also indeed rediscover myself.

◆ The number of Child-care taken employees



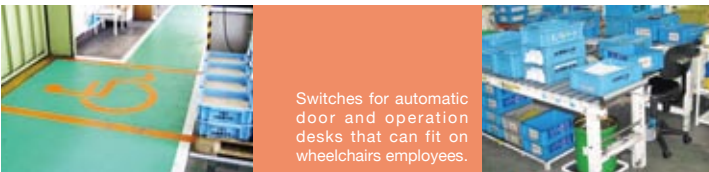
Promotion of Reemploying after the 60-year-old retirement

SUBARU introduced the “Senior Partner Program and Senior Staff Program” in 2003 to re-hire employees after the 60-year-old retirement age for reemployment of the aged and better draw on human resources. We revised part of this program to tune with the after-retirement age employment to 65 years old, which became mandate by the “Revised Law Concerning Stabilization of Employment of Older Persons.” In FY2006, we reviewed this program again for more active use of resources by re-employment. We will promote re-hiring senior people after the retirement at 60 to use their experience and abilities for fostering juniors through handing down their expertise in this program.



Promoting the Employment of People with Disabilities

The percentage of SUBARU employees with disabilities was 1.99% as of March 2010, exceeding the legally mandated rate of 1.80%. 157 employees with disabilities work at SUBARU at present. To reduce their work load, we are making efforts of promoting universalizing of plant and environmental improvement. Some Opinions from families of employees with disabilities were used as reference to improve environment at some department. We are making an active effort to employ people with disabilities in order to create an affluent society that allows everyone to lead a satisfactory life. In the future, we will continue our efforts to hire and employ people with disabilities.



Communication with Labor Union

Enhance mutual trust

Fuji Heavy Industries Ltd. and its labor union have the “Labor and Management Council” for smooth corporate management and mutual communication. Both have established a solid relationship based on mutual understanding and trust through close communication. The council helps both the labor and management to keep a good relationship.

Close Up



Human Resource Department
Labor Relations Group
Yousuke Sutou

The Best Products Come From a Pleasant Work Site

Sports grounds and stadiums require ground keepers who work to keep the ground in top condition for athletes and players. They not only maintain the ground's beauty, but also make up the best ground condition by listening to voices of athletes and players who actually compete and having them reflected through piling up maintenance efforts to details.

The best products come from a pleasant work site. We in Human Resource Department work to maintain the personnel system by listening to voices of employees to create work sites where each employee can prove himself to the limit. We believe that we can deliver the best products to customers from such pleasant work sites. My goal is to provide the best ground through my work to all people including customers and employees.

Together with Employees

Industrial Safety and Health

Basic Philosophy of Health and Safety

"Health and Safety take priority in any business"

Basic Policy of Health and Safety

Aiming for no disasters regarding industrial 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.

Aiming for No Industrial Accidents

SUBARU has been conducting activities to help individuals raise their safety awareness, improve management of workplace, and eliminate risks. To raise awareness, KYT^{※1} and the Hiyari Hatto^{※2} Activity were implemented. To improve management of the workplace, a self-management activity called TSZ^{※3} was introduced at an early stage in each workplace.

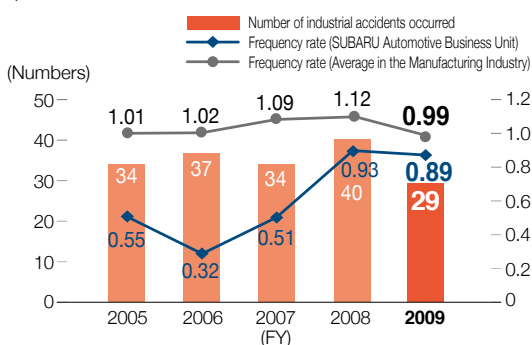
SUBARU also makes efforts to further improve occupational health and safety levels and prevent industrial accidents. Towards these ends, we introduced a new risk assessment system to the Manufacturing Division where the Occupational Health and Safety Management System^{※4} had already been implemented, and are constantly working on improving the Management System by internal auditing.



A Scene of Safety Risk Review Meeting at Gunma Manufacturing Division

- ※1 KYT: Training for predicting dangers; K: Kiken (Danger); Y: Yochi (Prediction); T: Training
- ※2 Hiyari Hatto: Activity to collect cases of near-miss incidents.
- ※3 TSZ : Total Section Zero (related departments and sections make combined efforts to attain zero disasters).
- ※4 A system to promote the organized, stable management of health and safety, aiming at creating a workplace with zero disasters and zero danger through a clear set of processes: "planning, implementation, evaluation and improvement."

◆ Trends in Industrial Accidents Occurrence



Health Care

It is important that employees are always in good physical and mental condition to show and make use of their skills and abilities to the full our business activities. To help reduce the amount of employee sick leave, we have been working on the early detection and treatment of disease by adding extra items to the list of legally mandatory diagnostic items.

In addition, we take measures to



Mental education for new employees

care for employees' mental health according to the four items advised by the government. For example, the Mental Health Counseling Consultation Services have been established at all our business sites, where employees can consult clinical psychotherapists in person.

Making Comfortable Workplace

The Comfortable Workplace policy into reality, we are making an effort to improve each item such as operation environment, operation method, environmental equipment, etc. To realize ideal working conditions, we improve some facilities as well as rest place, bathroom, smoking area, and cafeteria and promote universal.

Example of KAIZEN at workplace

The initial reaction when pushing a heavy for load for carriage is quite a burden for females and aged people. A hand assist is added to make the job less burdensome.



A carriage with hand assist

Held a Safety Driving Training

SUBARU is making various efforts to prevent traffic accidents that might occur in the course of business activities, commuting, or private time. Gunma Manufacturing Division and Tokyo Office offer rudimentary classes for safety driving of motor cycles and driving skill trainings for 62 employees.

Gunma Manufacturing Division holds Safety Driving Training as a self traffic safety activity. People learn not only how to drive, but also drivers' dangerous behaviors, timely way to turn right and others from pedestrian perspectives.



Motor cycle policeman gives advice to FHI employee

Social Involvement

With Gratitude to the Local Community

SUBARU has established a Social Contribution Policy as one of the CSR activities with 3 pillars (environmental activities, traffic safety, contribution to local communities) and is actively promoting social contribution activities.

Social Contribution Policy

- We will contribute to the development of science and technology and automobile culture and to the diffusion of road safety.
- We will contribute to the fostering of human resources who understand the pleasure, importance and preciousness of creative manufacturing.
- We will contribute to the development of the communities we operate in.
- We will support each other in contributing to society as good citizens.

Support of Volunteer Activities

Award system to enhance employees' awareness of volunteer activities

There is a program established in FY2006 to award employees selected from those who participate in volunteer activities off duty. There are three categories to be eligible for applying for such awards: "social and welfare", "sports, cultural and youth development" and "local hazard prevention and safety". People judged to have shown the most outstanding contribution in each category were awarded since the inception of the program. July 15th, 2010, At the 5th Volunteer Award, 2 receivers awarded by "local hazard prevention and safety" category and "sports, cultural and youth development" category.



2 receivers of the 5th Volunteer Award and Mr. Okuhara, Chairman of the CSR and Environmental Committee
From left : Mr. Hiroyuki Kaneko, Mr. Okuhara, Chairman of CSR and Environmental Committee, Mr. Kazuo Hoshino

Social Contribution

Aid for Victims of Disasters

■ Aid for victims of the Earthquake in Haiti (January, 2010)

SOA supported American Red Cross both locally and for relief efforts in Haiti.

■ Aid for victims of the Earthquake in Chile (February, 2010)

SUBARU donated monetary donation 10,000US dollars and Industrial Products Company donated 61 Electric Generators (approximately 4,350,000yen including transportation charge). Chile dealers and local dealers donated to disaster-affected area. Additionally 250 volunteers engaged in reconstruction assistance.



Reconstruction assistance volunteers and community residents in Chile

Activities to Spread Traffic Safety

SUBARU is making various efforts to prevent traffic accidents that might occur in the course of business activities, commuting, or private time.

In December 2009, Saitama Manufacturing Division invited officers from Traffic Enforcement Division of Konosu Police Station for a lecture meeting on traffic safety titled "Predicative Driving to Avoid Traffic Accident". The meeting taught us the importance to be safety-conscious and constantly aware that any careless traffic accident is none of their business but ours.



Education to Prevent Traffic Accident in Saitama Manufacturing Division

At SIA in May 2009, SIA Traffic Safety Fair was held for young less-experienced drivers. At the fair, they were provided with traffic safety guidance and learnt how to maintain cars and how to install child seats. In addition, they experienced first-hand the importance of wearing seat belts and the danger of drunken driving through a device to confirm the effectiveness of seatbelts and actually driving a car wearing goggles which enables them to go through simulated drunken conditions.



Experience of drink drive with a "Drink-Drive experience goggle"



Learning importance of seatbelt.

Social Involvement

Clean Up Local Area

June 2009, Utsunomiya Labor Union held a “Clean Campaign” which cleans up and cuts grass around the Utsunomiya Manufacturing Plant. 440 employees attended to this activity as volunteers. Community residents give them favorable opinion for this activity every year.

SCI participated in the Earth Day, named 20minutes Make Over keeping their local city clean and green. Employees took almost 30minutes picking up litter around their business property and separating wastes. Additionally, for participating in this event a tree was planted at local city park by the city on behalf of SCI.



Clean Campaign
(Utsunomiya Labor Union)



Earth day, 20minutes Make Over(SCI)

SUBARU Delivery Class on Environment

We have a program to send our employees to local elementary schools to make a presentation titled “Mechanism of Global Warming” with a bit of experiments. This is based on our desire to let children who carry a torch of “creating things” in the next generation understand the current situation of environmental problems and to offer them an opportunity to realize these problems and take actions on their own through our involvement in environmental preservation. This program kicked off in FY2004 at Gunma Manufacturing Division with 16 subject schools spread to Utsunomiya Manufacturing Division and Tokyo Office with a total of 57 subject schools or about 3,100 pupils in FY2009.



SUBARU Delivery Class on Environment

SUBARU Visitor Center

The SUBARU Visitor Center opened in July 2003 at Yajima Plant of Gunma Manufacturing Division receives the general public throughout the year for plant tours. In FY2009, 87,813 pupils from 1,074 elementary schools and 10,256 other people for a total of 98,069 people visited SUBARU Visitor Center and participated in plant tours.



*All about a Plant Tour application (10 to 200 people) and Visitor Center detail information, please refer FHI HP.
<http://www.subaru.jp/about/showroom/vc/index.html>
[Japanese Only]



SUBARU Visitor Center



SUBARU Community Exchange Association

SUBARU Community Exchange Association is an organization which consists of FHI Gunma Manufacturing Division and its business partners with the purpose of promoting communication with Ota City and local residents to make the community a better place to live through local development.

■ FY2009 Principal Activities

- Scholarship offered to orphans from automobile accidents [April]
- Supported Ota Shibazakura Festival [April]
- Sponsored Japan Urban Green Fair [April]
- At “Flower-full Activity” flower saplings were distributed [July, December]
- Cleanup Kanayama Activity [May]
- Held Friendship Charity Concert [June, November]
- Traffic Safety Activity [October]
- Sponsored Jyousyu Ota SUBARU marathon [October]
- Sponsored Atelie-Fantasy street [October]
- Cleanup Activities around the plants [member of SUBARU Community Exchange Association / twice a month]



Please refer SUBARU Community Exchange Association HP to see detailed information. Ichitan Co., Ltd., Kiryu Industrial Co., Ltd., and Subaru Logistics Co., Ltd., three of them are members of this Association. [Japanese Only]

Close Up Subaru of China Social Contribution Activity ①

Subaru of China (SOC) which sells SUBARU automobiles in the Chinese market positively now supports activities for environmental protection and charity. In 2008, it established “SUBARU Ecology Fund” in cooperation with China Wildlife Conservation Association (an organ of China’s State Forestry Administration). With the purpose to contribute to the society through the support of the ecological protection and development of environment-friendly vehicles as a automobile manufacturer, It donated through the fund one million yuan (about 15 million yen) each in 2008 and 2009. SOC also runs a program called “SUBARU Ecology Award” to annually honor groups and individuals who made great contribution to ecological protection. At the second commendation ceremony held in Beijing in FY2009, 14 excellent groups and 38 individuals were awarded.



A Scene of “Subaru Ecology Fund” Awards ceremony in December 2009

Subaru of China Social Contribution Activity ②



The old school building to be rebuilt with support of “the SUBARU Project Hope” (Right in the photo). The new building will be used as a dormitory for children.

The principal, teachers and pupils of “the Project Hope School” are shown with SUBARU owners at the ground breaking ceremony in October 2009.

elementary and junior high school pupils and students who could not attend school.

SOC is engaged in a welfare program to support children in rural areas who cannot go to school for economical reasons through “The SUBARU Project Hope” conducted by China Youth Development Foundation. In FY2008, 1.5 million yuan (about 22.5 million yen) was donated to build schools and libraries at three locations in Sichuan Province which were hit hard by earthquakes. In FY2009, 0.55 million yuan (about 8.25 million yen) was donated to build another school in Sichuan Province. In addition, support was provided to 15

SRD introduced a Japanese culture “Mochitsuki” performance in local university



Preparing mochi at the festival by SRD employees

In January 2009, SRD participated in an annual event held by the University of Michigan Center for Japanese Studies. SRD introduced a Japanese culture “Mochitsuki” performance and employees prepared mochi, a sticky rice cake, by pounding it with wooden hammers and fresh mochi was provided. Some of the participants were from long distances, and more than 600 people participated in this event. Because of great success the event was picked up on the local news web site. This event was a really good opportunity to introduce Japanese traditional culture as well as Calligraphy, Origami, Kamishibai, to the local community.

Together with Suppliers

Establish Mutual-Beneficial Relationship

SUBARU intends to procure parts, materials and equipment that are of high quality, environment-friendly and competitively priced, which will contribute to the realization of our corporate philosophy. To have such procurement possible, we think it is important to establish solid relationships with suppliers, trusting and learning from each other on an equal footing for prosperous co-existence.

Relationship with Suppliers

Fundamental Procurement policy

SUBARU has been promoting procurement activities under the following basic thought.

1) Compliance & Green Procurement

We will engage in procurement activities in a way to harmonize the man, society and environment and conduct transactions paying due care to observe legal and societal rules and to protect the environment.

2) Establish Best Partnership

We will establish "WIN-WIN" relationships with suppliers through transactions based on mutual trust under the doctrine of good faith.

3) Fair and Open Way of Selecting Suppliers

In selecting suppliers, the door will be wide-open to all firms, domestic and overseas, for fair and equitable business to procure goods and services most excellent from six perspectives: quality, cost, delivery, technical development, management and environment.

Promoting Fair-Trade

We have been working to faithfully observe laws and regulations related to the procurement business such as Anti-Monopoly Act and Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors. We also are promoting programs for fair business transactions along the "Fair Trade Guidelines of the Automotive Industry" that was announced by Ministry of Economy, Trade and Industry in June 2007. As a part of the promotion, consultation service is provided to suppliers in our supply chains.

Please refer FHI HP as for "Fair Trade Consultation Service for Suppliers" and "Green Procurement Guideline". [Japanese Only]



<http://www.fhi.co.jp/csr/mecenat/supplier.html>



A scene of FY2009 Procurement Policy Explanatory Meeting and Suppliers Award ceremony

We communicate effectively with our suppliers every year through Quality and/or Procurement Policy Explanatory Meeting and introduce Compliance Hotline reception desk.

Together with Shareholders

Positive Information Disclosure

Business performance and plans will be disclosed positively to shareholders and investors for their better understanding of SUBARU. We will keep making strides forward to boost the corporate value with their support to be a more attractive company.

Together with Shareholders

Positive Information Disclosure

In our website we provide the special page “Investor Relations” for Shareholders and Investors, to introduce our latest IR information. At present, more than 670 people registered for free IR mail service which provides the updated IR-related information such as financial statement reporting. The IR site for access by mobile is also open.

Our IR site was chosen as “the Best IR site (by industry, 1st prize)” (out of about 4,000 companies surveyed) in “the 2009 Listed Companies’ Internet IR Fulfilling Ranking.” by Nikko Investor Relations Co., Ltd. and was also ranked 10th (out of about 4,000 companies surveyed) by Gomez Consulting Co., Ltd. in Gomez IR Site Total Ranking.

For our latest IR information, please refer FHI HP



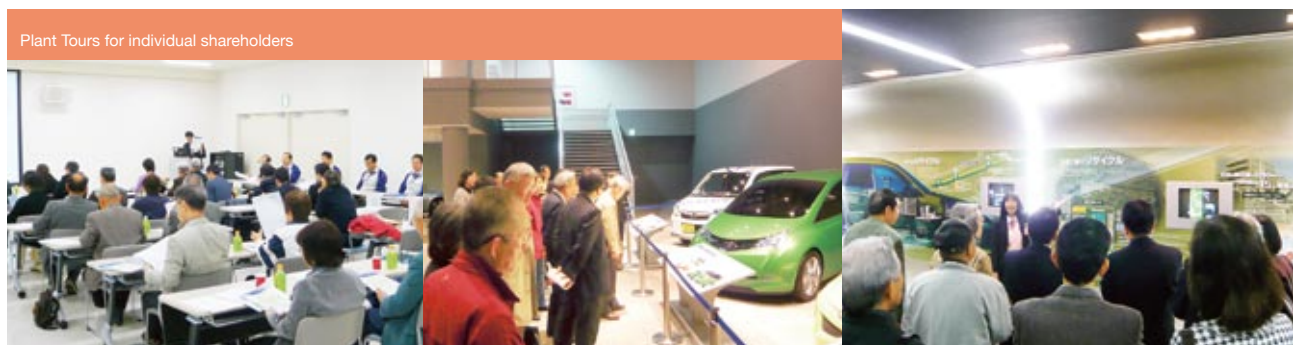
<http://www.fhi.co.jp/ir/index.html>

Plant Tours for our Shareholders

We have been holding plant tours for shareholders once a year. The plant tour is intended to provide shareholders with opportunities to see on-site operations for their understanding of our corporate policy and daily production activities. After the plant tour, we set aside a questions and answers session to hear their views and/or opinions. We expect that they would communicate with our officers at the session. Their opinions will be reviewed and reflected in various improvements.

Company Information Meeting for Individual Investors

Fuji Heavy Industries Ltd. began a company information meeting this year for individual investors. At the meeting, we are trying to get our company understood better by explaining items of interest including the company history and the recent performances and through the questions and answers session. Such meetings will be periodically opened in future.



FHI HP

FINANCIAL REPORT 2010

Close Up

To get a Better Understanding of Fuji Heavy Industries Ltd.

We wish to express our deep appreciation for your support. We are exerting efforts to have ourselves understood better by positive disclosure of information to all of you. Such examples include presenting materials easy to read by improving our home page and plant tours to shareholders for better understanding of our production activities. Starting from last year, we made it possible for shareholders to exercise their voting rights on the internet instead of in writing for convenience when they find it difficult to attend a shareholders' meeting.

From General Administration Dept, Head Office