

Top Message



Toward a Society That Enables Sustainable Development

We are pleased to issue the fifth Fuji Heavy Industries (FHI) Environmental Report 2004. From this year, our report is titled "Environmental & Social Report," reflecting additional coverage of our social activities.

In recent years the concept of CSR (Corporate Social Responsibility) has been spreading, primarily among businesses in Europe and the United States. This concept has also been capturing the attention of Japanese corporations. Traditionally, corporations have been said to have two aspects: the pursuit of profit, which is the original purpose, and corporate citizenship. Corporations are expected to enhance accountability to society in relation to both aspects. We at FHI have been actively working toward fulfilling a variety of social responsibilities, including environmental conservation activities. Thus, we are taking this opportunity to release an outline of our activities in this area.

Every year, global environmental issues have been growing in diversity and significance. It has been said that environmental pollution, deforestation, global warming, and frequent occurrence of extreme weather are the adverse effects of corporate and human activities exceeding the tolerance levels of living organisms, the earth itself. Our common goal is the prosperity and sustainable development of mankind, but this goal is being threatened by the destruction of the global environment. Therefore, corporations that impose greater environmental impacts should clearly recognize their social responsibilities. Toward the creation of a society where sustainable development is possible, corporations must continuously do their utmost to minimize the impact of their activities on the earth.

Based on this concept, in May 2002 FHI released a new mid-term management plan titled "Fuji Dynamic Revolution (FDR-1)." One of the management goals expressed in the plan is to be "an intelligent company, friendly to the earth." The primary concept is "to offer our customers clean products produced in clean factories, delivered by clean logistics through clean dealers." We are tackling environmental activities by settling on a new voluntary plan for the environment, "FHI Environmental Conservation Program (Fiscal 2002–2006)". This is the third year of implementing the plan, and in the first two years, we achieved almost all the targets that we had established in the plan. However, we believe that we must step up our efforts to implement the program.

As a transportation manufacturer focusing on automobiles, FHI is responsible for improving fuel economy and lowering exhaust emissions of automobiles and general-purpose engines. Moreover, in our management goals, improving environmental performance through weight reduction technologies is valued just as highly as activities to improve safety performance and product quality, and activities to reduce cost. FHI also develops environmental businesses, such as wind turbine generator systems and building refuse disposal systems. We will provide original environmental products by using our exceptional technologies accumulated over 50 years. By establishing solid corporate bases, we will also contribute to the creation of a recycling-oriented society that will meet social demands.

We will continue to improve our environmental reports so as to provide you with information of higher quality and in higher quantity. Thank you very much for taking the time to read this report; we would very much appreciate your feedback.

A handwritten signature in black ink that reads "K. Takenaka." The signature is written in a cursive, flowing style.

Kyoji Takenaka
President and CEO



Recognizing the Close Relationship between Environmental Problems and Business Activities

Environmental Problems and Business Activities

Mankind faces a wide range of global environmental problems, including global warming caused by energy consumption; waste and accompanying recycling problems derived from a society based on mass production, mass consumption, and mass disposal; and problems related to chemical substances. We acknowledge that these problems are linked to our business activities; in some cases directly and in other cases indirectly. We also believe that it is important to live in harmony with the community surrounding our plants as we continue our manufacturing activities.

Looking Back on Activities of Fiscal 2003

In the area of environmental management, the Head Office and the Tokyo Office, which is the development center of automotive power units, obtained ISO 14001 certification. We hosted the North American Environment Committee, which consists of five affiliated companies in North America (SIA, SOA, SCI, SRD, RMI).^{*1} FHI group environmental activities proceeded further, as Subaru dealers joined our activities to promote environmental efforts.

In the area of products, we introduced a new model, Subaru Legacy, and a new minicar Subaru R2, to the market in May and December 2003, respectively. Through a total redesigning of the body structure and with use of new technologies, we achieved drastic weight reduction in both models. Subsequently, with the help of improved engine performance, we significantly boosted their environmental performance.

In the production stage, our introduction of energy conservation activities and cogeneration systems helped reduce the emissions of CO₂ by 13.7% from the fiscal 1990 level. Waste reduction activities showed sound progress. Thus, our environmental activities in the production stage were almost implemented according to plan.

Activities of Fiscal 2004

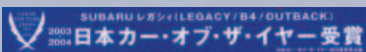
FHI has devised, released, and implemented a mid-term plan for global environmental conservation titled "FHI Environmental Conservation Program (Fiscal 2002–2006)." Since fiscal 2004 is an important year, at the halfway point to reach our ultimate goals, we will implement the program as originally planned.

In January 2005, the Law on Recycling End-of-Life Vehicles will finally be put into effect. We will focus our efforts on preparing for the law, as FHI Group and as an automotive manufacturer.

Last year, I visited each specialized committee and each company, in order to conduct hearings on their current activities, and found that there still remains some room for improvement. First of all, we must re-acknowledge that environmental problems are closely associated with business activities. Then, we have to make continuous efforts to attain cleanliness in all the stages in which we are involved, including development of products, production at factories, transportation of products, selling the products through dealers to customers, and recycling used products.

In view that corporations are expected to actively practice social responsibility for sustainable development, FHI has included a social report for the first time in this "Environmental & Social Report." We would appreciate your opinions and comments to help us improve future reports.

Koichi Arasawa
Executive Vice President
(Responsible for the environment)



Subaru Legacy Named "Car of the Year Japan 2003–2004"

The Subaru Legacy was chosen "Car of the Year Japan 2003–2004." The judges noted that "the new Subaru Legacy is the ultimate form of continued pursuit of enhancement to meet the demands of the new generation, while retaining Subaru's unique horizontally-opposed engine and creative technology of all-wheel drive (AWD). The new Subaru Legacy enjoys not only world-class sophistication as a Japanese car, but also highly balanced total performance as a medium-sized sedan." In addition, it was highly evaluated for its high-level and well-balanced achievement of environmental performance, including excellent driving performance and improved fuel economy.

The New Category on the Earth.



*1. SIA, SOA, SCI, SRD, RMI: See Overseas Affiliated Companies (P48)