

2010 CSR Report Corporate Social Responsibility Report

Corporate Social Responsibility Report [Full-Fledged Report on the Web]

Balancing human activity with protecting the environment is what we seek.



Contents

Feature 1 New Value of 5th-generation LEGACY

Both Sporty Driving and Energy Saving in One Package



We have zeroed in on the development project members for the performances of the 5th-generation LEGACY which is packed amply with SUBARU's technology.



The background and aims of the large-scale wind power generation system which uses aircraft technology will be introduced.



What SUBARU Wants to Be We will Move Forward to Turn Our Vision to be: "A Compelling Company with Strong Market Presence"





Feature 3 Acquisition of Eco-Action 21 certification ~Dealerships in Action~

Environmental Activities Change Pattern of Behavior

TOCHIGI SUBARU, INC. acquired the Eco-Action 21 certification in March, 2010.

Recognizing the responsibility as a dealer to handle automobiles, its tackling with environment-related issues will further be accelerated.



Establishing Reasonable Environmental Management System through Integrated Certification 4 Acquired ISO14001 Corporate Integrated Certification as the First Car Manufacturer.



Through collaboration among business units and manufacturing divisions, more reasonable management system will be pursued.



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The 2010 CSR Report is issued by Pamphlet version and Full-Fledged on the Web version. As for our thought on the Media to Report, please see page 4.

Editorial Policy

This Report, which introduces the outcome of efforts by Fuji Heavy Industries Ltd. with its domestic and overseas affiliates companies in CSR (Corporate Social Responsibilities), has been released to promote communication with stakeholders such as customers, shareholders, business associates, local communities and employees for stepping up our involvement to a new height.

The Report is available in 2 versions, a digest in pamphlet form and a full-fledged report on our Web site. The former has the gist of activities at our plants and facilities of our affiliated firms, while the latter offers details of these activities for on-line access. Unique undertakings to which we would like to invite our stakeholders' attention are taken up as feature articles.(Refer to page 4 about the pamphlet form and the web site form)

[Address of our website introducing our Environmental and CSR activities http://www.fhi.co.jp/english/envi/report/index.html]

To ensure the quality of the Report content, we asked Ms. Mizue Unno, a CSR consultant and Managing Director of So-Tech Consulting Inc. for three consecutive years since 2007 for a third-party assessment. This is because we think it vital to keep receiving feedback of opinions and evaluations which will be helpful in pushing forward what it takes to be a corporate fulfilling its social responsibilities. Her assessment is found in page 95 of this Report.

Range of the Report

Companies Covered in the Report

Fuji Heavy Industries Ltd. (Main manufacturing facilities)

• SUBARU Automotive Business

- [Gunma Manufacturing Division (Ota City, Gunma Prefecture etc.), Tokyo Office (Mitaka City, Tokyo]] Industrial Products Company [Saitama Manufacturing Division (Kitamoto City, Saitama Prefecture)] Aerospace Company
- [Utsunomiya Manufacturing Division (Utsunomiya City, Tochigi Prefecture and Handa City, Aichi Prefecture)]
- Eco Technologies Company [Utsunomiya Manufacturing Division (Utsunomiya City, Tochigi Prefecture)]

Domestic Affiliated Companies (Members of Domestic Affiliated Company Subcommittee)

• Yusoki Kogyo K.K. (Handa City, Aichi Prefecture)

- Fuji Machinery Co., Ltd. (Maebashi City, Gunma Prefecture)
- Ichitan Co., Ltd. (Ota City, Gunma Prefecture)

• Kiryu Industrial Co., Ltd. (Kiryu City, Gunma Prefecture)

• Subaru Logistics Co., Ltd. (Ota City, Gunma Prefecture)

Overseas Affiliated companies (Members of North American Environmental Committee)

•SIA : Subaru of Indiana Automotive, Inc. (Lafayette, Indiana)

- •SOA : Subaru of America,Inc. (Cherry Hill, New Jersey)
- •SCI : Subaru Canada,Inc. (Mississauga, Ontario)

•SRD : Subaru Research & Development,Inc. (Ann Arbor, Michigan) •RMI : Robin Manufacturing U.S.A.,Inc. (Hudson, Wisconsin)

We introduce some activities of other affiliate companies, such as Domestic SUBARU dealerships and SOC (Subaru of China), in addition to those of above companies in this report.

Covered Period

Part of activities of affiliates other than those listed above is also introduced. They includes their approaches during the FY 2009 (April 2009 through March 2010) and some taken before the period as well as others up to the release of this Report.

Guidelines Referenced

"Environmental Report Guidelines (2007)" by the Ministry of the Environment

Inquiries about This Report

Environmental Affairs Promotion Office, General Administration Dept. Fuji Heavy Industries Ltd. SUBARU Building,1-7-2, Nishi-shinjyuku, Shinjyuku-ku, Tokyo, Japan, ZIP : 160-8316, Phone : 03-3347-2306 (Dornestic) FAX : 03-3347-2015 (Dornestic) Phone : +81-3-3347-2306 (International) FAX : +81-3-3347-2015 (International)

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Our Response to the Third Party Evaluation of the 2009 CSR Report

We have been dealing with the last year's third-party assessment as follows:

[Overview of CSR Activities]

- Keep on-going involvement in CSR to make all the employees of Fuji Heavy Industries Ltd.
 As an automobile manufacturer, we have to identify issues we should focus on and address them specifically for solution in a CSR voluntary plan. It is also desirable to involve the whole process from planning to review at all sites including the ones overseas.
- ≫In FY2009, while promoting CSR activities under the given organizational framework, we studied how to revise the existing organization to promote CSR activities. Under the revised setup, we will push forward to incorporate these programs including those overseas in a CSR voluntary plan.

[Activities by Topic]

- Dissemination of CSR activities and CSR procurements to suppliers
- ≫ While being careful to be consistent with CSR-related moves outside and the trend in the industry, we are moving forward to set up CSR procurement guidelines in FY2011.
- The "Customer Comes First" policy is gradually sinking into the mindset internally. Revitalization of mechanism to encourage deepening awareness is required to involve domestic as well as overseas dealers in this endeavor.
- ≫ In FY2009, we added members to improve CS at overseas dealerships. The FY2010 CSR Report introduces how they are coping with issues overseas. We will keep carrying such introductory articles in future issues.
- 3 pillars; environmental activities, traffic safety, and contribution to local communities, are hoisted and the activities are expected to be staged more consciously.
- There still remains much room for more clear-cut presentation of approaches to "Traffic Safety". We regard this as a main issue to be followed.

[Media and Contents of Report]

- There are 2 types of the report available from the FY2009 version; one is the pamphlet and the other is the detailed report on the Web. Although the content was sorted for better understanding, there still is much left for improvement. We will be studying ways to upgrade future reports.
- The 2010 version has the content of its pamphlet narrowed down for printing and instead the web report enriched. Improving the Report is an on-going process.

Reports on the results of the questionnaire for our 2009 CSR Report

Our sincere thanks to the many individuals that completed last year's questionnaire (published in August 2009.) We have reflected the readers' valued opinions as much as possible in this 2010 CSR Report. There are the results.

1. Were the contents of this report sufficient and appropriated for a CSR Report?

Definitely 61%

	Very Much 28%
	Fair 11%
Not Verv N	/ luch 0%

2. What parts impressed you most? (Mark all that apply) First Place : Feature Article

Second Place : Top Message/Environmental Management Forth Place : Business Overview

3.Comments for improvement of and/or addition to the contents of Report.

- I would like to know the market evaluation of a diesel engine and an electric vehicle.
- I expect to deal largely with a subject "Improving Fuel Economy"
- I want to know detailed information about the employment of people with disabilities.
 The Recall become big issue in United States mainly. I expect to introduce how FHI prevents to failure to report internal recalls.
- It was clearly categorized and increased pages, therefore I was able to learn that FHI has been enthusiastic about CSR activity. Especially, the Environmental Activity pages were easy to understand because of the wealth of data.
- I would like to have clear and detailed explanations about "Environmental Activities, Traffic Safety, and Contribution to Local Communities" in entire companies.

Full-Fledged Report on the Web(PDF)

Report following all information and all-inclusively the CSR activities of Fuji Heavy Industries Ltd. Group. [In total 96 pages]



Pamphlet version

Report the gist of CSR activities points of Fuji Heavy Industries Ltd. Group. [In total 38 pages]

[Japanese Only]



Introduction

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New Value of 5th-generation LEGACY Both Sporty Driving and Energy Saving in One Package

Feature Article2:

Contribution with Large-scale Wind Power Generation System Preventing Global Warming with Clean Energy

Feature Article3:

Acquisition of Eco-Action 21 certification ~Dealerships in Action~ Environmental Activities Change Pattern of Behavior

Feature Article4:

Establishing Reasonable Environmental Management System through Integrated Certification

Acquired ISO14001 Corporate Integrated Certification as the First Car Manufacturer.

Social Report

CSR Management Corporate Governance Risk Management Compliance Everything We Do Is for Our Customers **Together with Employees** Social Involvement **Together with Suppliers**

Together with Shareholders

Environmental Report

Environmental Management and Environmental Accounting The 4th Voluntary Plan for the Environment **Green Products** Automobile Recycling

Green Sales and Services

Independent Evaluation Thoughts on the Independent Evaluation

Information appear only on the Full-Fledged Report on the Web

Environmental Report

Clean Plants Green Logistics

Site Report

Gunma Manufacturing Division Utsunomiya Manufacturing Division Saitama Manufacturing Division **Tokyo Office**

Head Office **Domestic Affiliated Companies Overseas Affiliated Companies**

Chronology of FHI's Social and **Environmental Activities**





1. 2. 9. 9. 9. 9.

We will Promote Approach to CSR Globally, While Working Our Way to be: "A Compelling with Strong Market Presence" and "A Company Fulfilling Its Social Responsibilities."

First of all, we would express our gratitude to readers for your interest in this Report.

SUBARU acknowledges the environment as the most serious issue in the CSR activities and has been pressing forward as the whole SUBARU group, taking it our due responsibility as a corporate citizen to address to these social problems.

One move related to global warming prevention, the UN Climate Chang Conference COP16 under United Nations Framework Convention will be held in Mexico City in November 2010, the capital of Mexico, where measures against global warming for 2013 and thereafter following the Kyoto Protocol will be studied.

Meanwhile, On March 12, 2010, the cabinet approved the Daft Legislation on Measures to Curb Global Warming, which sets the mid- and long-term targets for global warming gas reduction: 25% in 2020 and 80% in 2050 against the base year of 1990 respectively.

Deeply being aware of the impact that its business activities have on the global environment, SUBARU will work harder to cope with global warming in cooperation with industries, particularly with the automotive industry.

Specifically, in our efforts toward fulfilling "The 4th Voluntary Plan for the Environment" from FY2007 to FY2011, as a transportation equipment manufacturer with automobiles as core products, we will plow ahead with the spectrum of social issues for realization of a low-carbon society and prevention of global warming with as proactive as ever group approaches throughout the whole business stages from product development, production, logistics, sales and recycling of automobiles.

In the development at SUBARU, "to integrate the Pleasure of Driving and Environmental Responsibil-

ity" has been pursued.

Further energy saving will be made possible by developing a new horizontally-opposed engine with energy efficiency 10 % better than the one of the outgoing model, combined with the "Lineartronic" CVT and other means. Also, electric vehicles and hybrid cars are positioned as important technological features. In June 2009, we started selling electric cars, Plug-in STELLA to corporations and governmental bodies. The development of a hybrid car is also underway for its debut in the market.

As for a global move on CSR, a new SR (Social Responsibility) standard ISO 26000 will be issued by ISO in the fall of 2010, which stipulates international guidelines on social responsibilities.

SUBARU puts up "A Company Fulfilling its Social Responsibilities" as one of its business visions. While working to make the other long-term policy vision to become "A Compelling Company with Strong Market Presence" a reality, we are pressing forward world-wide with CSR activities to grow ourselves as a company trusted by a wide spectrum of stakeholders, keeping up with such global trends.

We would be pleased if we could get the involvement of the SUBARU group in social and environment issues understood better by people through this 2010 CSR Report. Any frank comments and opinions from readers are much appreciated.

> President and CEO Fuji Heavy Industries Ltd. Ikuo Mori

Chairman of the CSR and Environmental Committee Message

We have set "Company Fulfilling its Social Responsibilities" as the business vision in the ongoing new medium-term management plan.

SUBARU as a manufacturer of transportation devices is socially responsible to a variety of stakeholders through product development, manufacturing and sales of products satisfactory to our customers. To fulfill the social responsibilities equates with turning ourselves into an entity which can create products friendly to the global environment and flexibly respond to changes in economic conditions.

SUBARU positions environment-related activities as an important CSR element, and for this reason, we individually acquired ISO14001 (Environmental Management System) authentication at all the business divisions, actively proceeding with environmental conservation. In February 2010, replacing the individual approach to the ISO14001 certification on a division basis, we obtained a Corporate Integrated Certification which encompasses all the business divisions and a part of our group companies. This ISO14001 certification allowed us an integrated management of programs for global warming prevention and energy savings, and information on environment issues and environment-related laws and regulations, which in turn helped upgrade the level of environmental activities by the SUBARU group. In conjunction with this integrated authentication, we revised the Environmental Policy in March 2010. Under the new Environmental Policy, approaches to environmental issues at every stage of business operations were identified to show the direction of group-oriented environment conservation activities in an integrated manner.

Meanwhile, turning our attention to CSR activities, the concept of the basic "fundamental and strategic CSR" was further clarified and the CSR Policy was also updated from a global perspective In June, 2009. The CSR Policy now dictates us as a manufacturing entity accepted by customers the two aspects of CSR: one is "the fundamental respect of corporate code of conduct and other vital items," and the other is "the strategic approaches to social issues through business operations as a corporate citizen for their solution." Current CSR activities are being deployed under this new policy.

The 3 pillars of CSR activities set in 2007: environ-

mental activities, traffic safety and contribution to local communities, serve as a guidepost to promote proactively company-wide involvement of every employee to play his or her part for instillation and dissemination of their understanding on CSR activities. In addition, the North American CSR Committee established in 2008 for global approaches is proceeding with various CSR activities paying due considerations to unique culture and customs of local communities, while channeling SUBARU policies to and sharing information with fellow companies in North America.

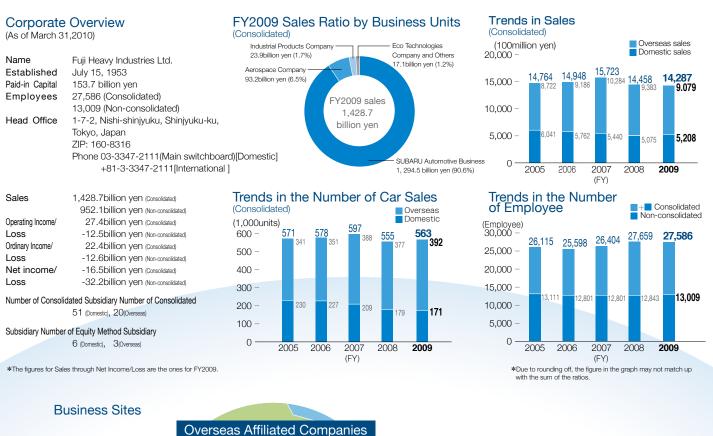
We socially owe to the society as a manufacturer of transportation equipment with automobile as a core products, in many areas such as environmental activities, traffic safety and contribution to local communities. Faced with such vital responsibilities, we have renewed our determination to take initiatives globally through all our business operations.

Let us count on your continued support to SUBARU.

Deputy President Kazushige Okuhara



Overview of Fuji Heavy Industries Ltd. Group





*1 In this report we introduce the producing districts of Aerospace Company and Eco Technologies Company as "Utsunomiya Manufacturing Division" and Industrial Prodcts Company as "Saitama Manufacturing Division" according to circumstances.

Business Overview

Developing and Manufacturing Products that Meet the Needs of the Age Using Innovative, Cutting-edge Technologies

Fuji Heavy Industries Ltd. is a transportation equipment manufacturer with automobiles as core products under the SUBARU brand with 4 business units: "SUBARU Automotive Business", "Aerospace Company", "Industrial Products Company" and "Eco Technologies Company". Fuji Heavy Industries Ltd. commits itself to contributing to creating comfortable and amusing future with its unique leading technologies and individuality.



SUBARU Automotive Business Offering Our Products under the Motto of "Everything We Do Is for Our Customers"

×1

Location

Gunma Manufacturing Division (Ota City and Isesaki City, Gunma Prefecture, and Oizumi town, Ohra districts) Tokvo office(Mitaka City)

Since SUBARU began its history as an auto manufacturer with the introduction of the SUBARU 360 in the marketplace in 1958, it has sent out many unique vehicles which contributed to the development of the Japanese automotive industry. For example, the SUBARU 360 featured unique and innovative technologies in an exquisite package, amply incorporating the ideas of aircraft fabrication, and in its all-out weight reduction.

The SUBARU 1000 launched in 1966 was equipped with a horizontally opposed engine which represents SUBARU's individuality, adopting the pioneering Frontwheel/Front-drive (FF) layout in mass production vehicles.

In 1972, the world's first-ever 4-wheel drive passenger car was released to the public and, since then, SUBARU has firmly established this drive layout as "Symmetrical AWD^{®1} System". In the 1990s and thereafter, SUBARU has trail-blazed untapped fields: in Japan, highperformance station wagons with a high-power turbo engine and 4-wheel drive mechanism combined and in the U.S.A., "Crossover"⁵² models with the comfort of passengers and the maneuverability of SUVs fused together in one package.

SUBARU is on the move in the development of vehicles which promises pleasant and fun driving compatible with the global environment as "Driver's Cars".

Creating an electric car which meets the needs of the coming era, carefully designed with due consideration to both global environment and practicality. The Plug-in STELLA is an electric car optimally balanced as a city commuter. It pursues conveniences in business and daily scenes with cleverly selected battery capacity which allows efficient driving with short charging time.



The 5th- generation LEGACY launched in May, 2009 was developed with both comfort and environmental performance added to the grand touring performance which had been refined over the past 20 years, in order to give specific shape to the theme "presentation of richness to meet the needs of the new times".



Fuji Machinery Co.,Ltd. (Maebashi City,Gunma Prefecture) Business: Manufacture and sales of automotive parts, Industrial machinery, and agricultural transmissions

Ichitan Co., Ltd. (Ota City, Gunma prefecture) Business: Manufacture and sales of forged parts for automobiles and industrial machinery

Kiryu Industrial Co.,Ltd. (Kiryu City, Gunma Prefecture) Business: Manufacture of specially equipped SUBARU automobiles and logistics control of SUBARU automobile parts, remanufacture of SUBARU engines, transmissions and others.

Subaru Logistics Co.,Ltd. (Ota City, Gunma Prefecture) Business: Packing, shipping, land transporting service, werehousing service, maintenance and insurance agent service of automobile parts and supplies

Overseas Affiliated Companies

SIA: Subaru of Indiana Automotive, Inc. (Lafayette, Indiana)

Business: Manufacture of SUBARU automobiles and contract manufacture of Toyota automobiles in the U.S.A.

SOA: Subaru of America, Inc.

(Cherry Hill, New Jersey) Business: Sales and maintenance of SUBARU automobiles and parts in the U.S.A

SCI: Subaru Canada, Inc.

(Mississauga, Ontario) Business: Sales and maintenance of SUBARU automobiles and parts in Canada

SRD: Subaru Research & Development, Inc. (Ann Arbor, Michigan)

Business: Research and development of SUBARU automobiles on North American market

AWD stands for "All Wheel Drive", in other words, 32 Cr four- wheel drive.

2 Crossover: The SUBARU Outback, a station wagon that has the functionally of an SUV integrated into it, was released in August 1995.

Aerospace Company

Carry on the Tradition of Both the Manufacturing Techniques and the Spirit of Aircraft Manufacturing

Utsunomiya Manufacturing Division Location (Utsunomiya City, Tochigi Prefecture) Handa Plant (Handa City, Aichi Prefecture)

Its predecessor is the Nakajima Aircraft, a leading aircraft manufacturer founded in 1917. The Aerospace Company, inheriting its technologies and spirits in aircraft manufacturing, has established unparalleled leading technologies in many categories, such as expertise to develop aircraft structure including composite materials for main wings, IT skill in unmanned aircraft and sophisticated system integration combined with flight control technology.

Helicopters, fixed-wing aircraft and unmanned aircraft are developed and produced with ample application of such technologies.

Moreover, we are participating in the development and production of large airliners and small jet planes, thus aggressively taking on challenges in new fields with our sight locked on the global-level development.

Yusoki Kogyo K.K. (Handa City, Aichi Prefecture) Domestic Business: Manufacture and sales of aerospace-related filiated machinery components Company

The Boeing 787 is the world's first revolutionary commercial airplane using Carbon Fiber Reinforced Plastic, which is lighter and stronger than aluminum, for the critical parts Fuji Heavy Industries Ltd. is in charge

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of the Center Wing, the joint parts of Main Wings and a Body. The Boeing 787, accomplished first flight in 2009. expected its successful flight all over the world near in the future



e-Cutter Pro is an rechargeable envi-ronmental friendly grass cutter machine concerning gas reduction, noise and vibration prevention. The latest lithium-ion battery of e-Cutter Pro adds high-power and long-lived on it.



The new EH72FI is a high performance next generation general-purpose engine which has a high performance model equipped with the electronic fuel injection system and an increase in let air volume this larger venture bore. The newly developed electronic fuel injec-tion system offers an excellent running performance which is less subject to external circumstances, such as change of ambient temperature and atmospher also achieves improveic pressure. It ment on the fuel efficiency, as well as drastic reduction on the exhaust emission

Industrial Products Company

Mass Production of General-Purpose Engines that Can Be Used under Any Conditions on Earth

Location Saitama Manufacturing Division (Kitamoto City, Saitama Prefecture)

The Industrial Products Company develops, manufactures, and markets Robin general-purpose engines as well as products incorporating these engines. The extensive Robin lineup of general-purpose engines includes more than 2,000 models used with favor throughout the world in products that play crucial roles in society, such as construction equipment and agricultural equipment, as well as in mobile

RMI: Robin Manufacturing U.S.A., Inc. (Hudson, Wisco Business: Manufacture and sales of engines for general purpose use four-wheel buggies and golf karts in the U.S.A. Affiliated

generators, leisure products that enrich lifestyles, and a diverse range of other applications.

Robin engines make efforts to further improve the engines' performance in order to ensure stable performance in the worst environments imaginablefrom extreme arctic cold to blistering desert heat as well as rough marine applications-and under severe operating conditions.

Eco Technologies Company

CT SUBARU **Contributing to Creating Comfortable Living Environments** and a Resource Recycling Society

Location | Utsunomiya Manufacturing Division (Utsunom

The Eco Technologies Company is helping create pleasant living environments and promote a recycling-oriented society by supplying a broad array of vehicles and equipment used to collect, transport, and recycle waste products. It is also engaged in supplying wind power generation systems, which provide clean energy, and various other products that contribute to global environmental preservation.

An unman building cleaning system technology, becoming first commercialized product in the world, is applied to the pilot use of outdoor cleaning robots and trash-bin-transporter robots.

Fuji Heavy Industries Ltd. and Central Nippon Expressway Co., Ltd. have jointly developed a "Service Area / Parking Area Cleaning Robot" for service areas and/or parking rest areas at expressways. It is planed to introduce at facilities such as a bathroom or a restaurant in service areas.

The spirit of the aircraft technology that Fuji Heavy Industries Ltd. has nurtured over many years of experience and its sincere dedication to the global environment has led to the creation of a wind power generating system out of new ideas.

Electrical refuse collection vehicle, Fuji -mighty Electra which launched in April, 2010 is able to reduce emissions of CO₂, consumption of fuel, and noise significant-ly. It is because this refuse collection vehicle has a dedicated motor powered by a shield battery, therefore it is possible to stop the engine during the waste collection or discharge operation

