

# Compliance

## Compliance with Legal Regulations

### Corporate Code of Conduct and Conduct Guidelines

FHI has established a Corporate Code of Conduct and Conduct Guidelines as the standards to ensure compliance with laws and regulations. These are described in detail in the Compliance Manual, which all officials and employees carry in order to ensure legal and regulatory compliance in their daily actions.



Compliance Manual

## Compliance System and Administration

### Compliance Regulations

We established the Compliance Regulations in 2001 after approval of the board of directors. These regulations contain basic compliance policies, which provide for the system, organization, and operational methods related to corporate compliance.

### Compliance System/Organization and Administration

A Compliance Committee has been established as a company-wide committee organization to promote corporate compliance. The committee conducts deliberations and discussions, renders determinations, and exchanges information on key compliance issues. Every year, each department devises a compliance implementation plan (compliance program) to enhance corporate compliance and takes the initiative to advance continuous and systematic implementation activities.

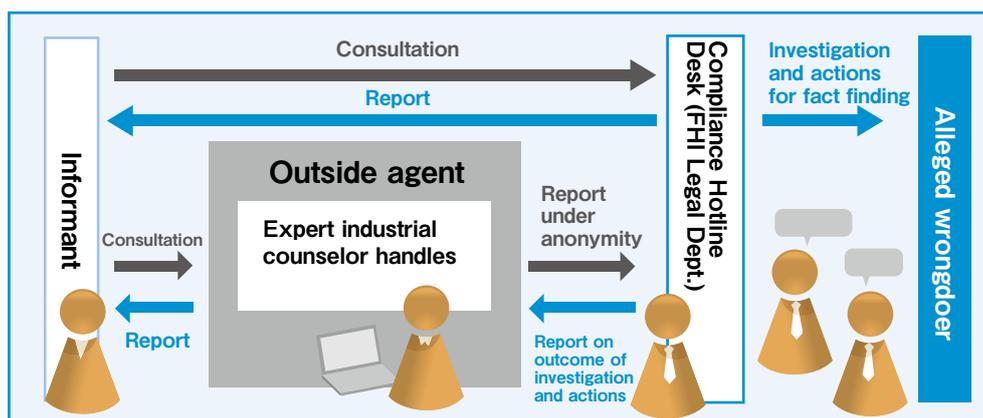
### Compliance Hotline System

We have a "Compliance Hotline" as an alternative communication channel which can be used by people who work in our group and others to report any dubious compliance-related acts or practices they have found inside the group directly to the Hotline Desk.

The Hotline Desk is located inside and assigned employees receive directly reports or information by mail, phone or e-mail and then investigate allegations and take appropriate actions according to rules. The names and sections of informants are kept confidential without their consent to protect them with utmost care from any disadvantage or inconvenience.

Starting from April 2008, an outside compliance hotline reception desk has been in operation to extend the time for receiving hotline service and to enhance confidential treatment of names and sections of informants in an effort to make the hotline system easier to use.

### Compliance Hotline(Flow from consultation to solution)



Compliance Hotline Card

## Personal Information Protection

### Our Efforts for Personal Information Protection

In response to enforcement of the Personal Information Protection Act, we have reviewed our internal system and regulations and announced privacy policy. Especially for domestic SUBARU dealers, because they directly handle a large amount of our customers' personal information, we managed to thoroughly overhaul our internal system for each dealer and prepared and made use of the Personal Information Protection *Handbook for SUBARU Dealer Staff*, which is common for all the dealers to help each staff member properly understand personal information protection.



Handbook for SUBARU Dealer Staff

### Our Efforts

### Compliance Activities

#### FY2012 Compliance Activity Achievements Overview

In order to ensure compliance with laws and regulations, FHI and all our group companies join forces and work in harmony. In FY2011, over 2,200 people including employees of group companies took part in compliance and practical legal training hosted by the Legal Department, and education sections of Human Resources Department.

In addition, each department and group company has their own unique education programs built into their compliance action programs and complement the above seminars by holding study meetings on legal matters required in their jobs and compliance motivation training. Staff are sent as lecturers to these meetings and training from our Legal Department to make such events even more fruitful.

We also prepare and provide various support tools, including ones specially intended for affiliated companies and domestic SUBARU dealers, to promote compliance in day-to-day operations. Urgent information is released on a timely basis in our "Compliance Information" to alert the entire group.



Training in Legal Compliance



Compliance Handbook for Affiliated Companies



100 Case Studies of Compliance Issues



#### Financial Misconduct in the Clean Robot Division

On August 10, 2011, inappropriate accounting handling in the Clean Robot Division, the Eco Technologies Company of FHI, was identified during a tax inspection by the Tokyo Regional Taxation Bureau.

In response to this finding, an internal investigation committee—including both lawyers and accountants—was formed and commenced further investigations by clarifying financial flows, including those concerning suppliers, and questioning those involved. The investigations found that improper claims were made regarding certain projects commissioned and subsidized by the Ministry of Economy, Trade and Industry (METI), the New Energy and Industrial Technology Development Organization (NEDO), and the Japan Science and Technology Agency (JST). At the

same time, accounting irregularities, such as window dressing the performance of the Clean Robot Division, had occurred under the direction of the former general manager.

FHI has reported the facts to METI and other relevant authorities. FHI will return the funds obtained through the improper claims for both the commissioned and the subsidized projects, based on the findings by a third-party investigation committee and the relevant authorities.

FHI expresses its most sincere apologies to its shareholders and clients, and to all other related parties, for causing great anxiety and inconvenience. FHI takes this matter extremely seriously and is determined to revise the internal auditing system and further strengthen compliance in order to prevent any recurrence of similar incidents.