



2013 CSR Report



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Editorial Policy

Editorial Policy

Editorial Policy

This Report, which introduces the outcome of efforts by Fuji Heavy Industries Ltd. (FHI) with its domestic and overseas affiliates in Corporate Social Responsibilities (CSR), has been released to promote communication with stakeholders, including customers, shareholders, business associates, local communities, and employees, aiming to further strengthen our commitments.

Specifically, in the feature article, we introduce

the FHI Group's unique initiatives that we particularly want to highlight to our stakeholders, while in the section describing the Group's CSR activities, we report on our CSR measures focusing on eight areas: customers and products; employees; the environment; compliance; information disclosure; procurement; social contributions; and corporate governance.

Regarding Report Media

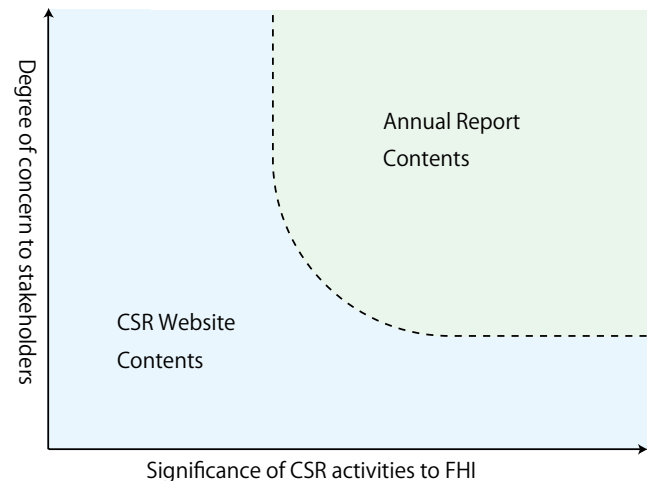
To facilitate understanding of the company's affairs by all stakeholders, from the 2013 edition, CSR activity information in the FHI's CSR Report will be integrated with the Annual Report, and the publishing media has been transferred to the website. Further, The website information is available as a PDF file, which is stored in the Library. Please use according to your purpose.

 <p>Annual Report To our stakeholders and investors</p>			
http://www.fhi.co.jp/ir/report/ar.html		http://www.fhi.co.jp/envi/csr/report/archives.html	

Report Cycle

The CSR activities reports for Fuji Heavy Industries Group in the previous fiscal year are compiled and released annually.

Approach to report media



Subjects of Reports

Reported Organizations

The report covers Fuji Heavy Industries, Ltd., together with its Group member companies both domestic and overseas.

Period Covered

- The report covers performance for the period of FY2013 (from April 2012 to March 2013) and a number of undertakings before and up to the release of the report.
- The departments and titles etc. of the people introduced in this report are correct as of the time of writing.

Guidelines Referenced

- GRI Sustainability Reporting Guidelines (Ver. 3)
- ISO26000
- Environmental Report Guidelines (2012) by the Japanese Ministry of the Environment

The comparative table of guidelines is available by clicking the link below.

- ▶ [GRI guidelines/ISO26000 comparative table](http://www.fhi.co.jp/envi/csr/csr/guideline/guideline.html)

Special Notice on Prospects

This report includes a variety of information on the prospects, plans, forecasts, etc., for the future of Fuji Heavy Industries, Ltd., and Fuji Heavy Industries Group member companies, although this information is based on past facts and currently available material, which may

differ markedly depending on future economic trends, the company's business environment and other factors. We therefore request your understanding in this matter.

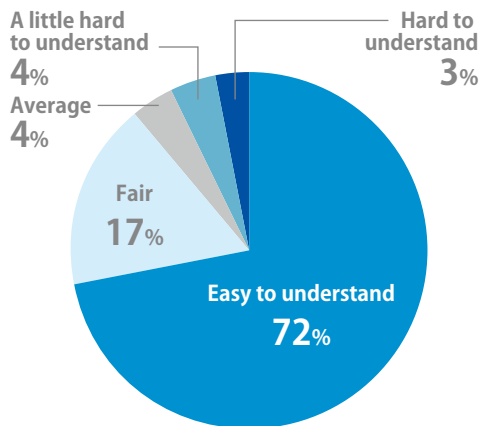
Miscellaneous

- ▶ Fuji Heavy Industries., Ltd. Website Top page ——— <http://www.fhi.co.jp/>
- ▶ Corporate Profile ——— <http://www.fhi.co.jp/outline/inoutline/>
- ▶ Investor Relations ——— <http://www.fhi.co.jp/ir/index.html>
- ▶ Financial Results ——— <http://www.fhi.co.jp/ir/report/ms.html>
- ▶ Annual Report ——— <http://www.fhi.co.jp/ir/report/br.html>

"2012 CSR Report" Questionnaire Results

We thank you for participating in the questionnaire about the "2012 CSR Report" (Issued September 3, 2012). Your opinions and impressions will be used in the production of the FY2014 and subsequent editions of the report.

■ 1. What did you think of the content of this report?



- Concisely summarized, an optimal report that gives me an overall understanding of SUBARU.
- Large volume of information, but this is unavoidable since the report includes articles covering a wide range of topics.

■ 2. Items of Particular Interest

[1st Place]

Feature Article 2: What We Want to Communicate to Children through Automobile Design and Manufacturing

⇒ I was impressed by what was said about the future.

[2nd Place]

Feature Article 1: Making/Delivering Automobiles to Customers (Sales)

⇒ I was interested in what was mentioned in direct talks with dealers.

[3rd Place]

Feature Article 1: Making/Delivering Automobiles to Customers (Design and Development, Manufacturing)

⇒ I was interested because it reported on EyeSight.

■ 3. Opinions on the company's CSR and environmental activities

- I take my hat off to the employees who volunteered for local cleanup activities. I would like to see more of this kind of thing in future.
- I would like to know what your company thinks about hybrid vehicles now they are becoming more commonplace.
- I would like the employees to get thorough education in technology to match customer needs in order to provide easy-to-understand explanations for customers.
- I would like to see adopted many items that are clearly distinct from those of other companies and produced from unique ideas.



Further commitment to delivering
"Enjoyment and Peace of Mind"
to our customers

President & CEO
Chairman of the CSR Committee
Yasuyuki Yoshinaga

Practicing CSR throughout our business activities

The Fuji Heavy Industries Group's mission is to contribute to the sustainable development of society through its business activities.

Further, in our Motion-V Mid-Term Management Plan (covering the five years to FY2016) we are committed to becoming "a company that offers products and services contributing solutions to social issues" and "a company that values its relationship with a range of stakeholders." To accomplish this objective it is vital that all departments make concerted efforts to respond to the assessments of society and meet expectations.

Accordingly, in FY2013 we overhauled the organizational structure of our CSR activities (CSR in eight categories*1) to include not only those departments in contact with customers but management departments as well.

Building cars that are chosen for safety

FY2013 saw SUBARU become the only automaker to have all models in its North American lineup receive a "Top Safety Pick" award from the Insurance Institute for Highway Safety (IIHS) in the US.*2

In addition, domestic sales of vehicles equipped with our EyeSight driving assist system, favorably viewed as collision-free vehicles, totaled over 100,000 units by the end of March 2013.

We are extremely proud to have our efforts to further enhance peace of mind for our customers so highly evaluated.

Introducing cars that combine environmental performance with driving enjoyment

In June 2013 we launched the company's first hybrid vehicle, the SUBARU XV HYBRID. Equipped with a hybrid system that combines a range of SUBARU technologies, the SUBARU XV HYBRID provides one solution to the societal issues of safety and the environment, issues that are our responsibility to solve as a manufacturer of transport machines. In addition to exceptional environmental performance with minimal impact on nature, the XV HYBRID delivers driving pleasure distinguished by powerful acceleration from low speeds, providing the inimitable SUBARU drive for the age of the electric vehicle.

Reducing environmental impact in activities ranging from production to consumption

One of our corporate principles is "to continuously promote harmony between people, society, and the environment while contributing to the prosperity of society." Based on this principle, it is our duty to solve environmental issues raised by products that include automobiles and aircraft with a significant impact on the global environment, as well as in all our business activities, from our plants and offices through to distribution channels and dealerships. Our environmental policy reflects this philosophy and the aim of our Voluntary Plan for the Environment, currently in its 5th iteration (5th Voluntary Plan for the Environment, FY2012 – FY2016), is to realize its achievement.

In the previous fiscal year, the first year of this plan, we set new targets in the following categories in response to changing environmental issues: countermeasures to global warming, resource circulation, pollution prevention and reduction in the use of hazardous chemicals, in addition to the environmental management involved in each category.

With the aim of completing the 5th Voluntary Plan in all future business activities, we are tackling the solution of environmental issues on a global scale.

We aim to be a company in sympathy with stakeholders

To become a company that, above all, is favored by customers and shareholders alike and that rewards hardworking employees in production and sales, we intend to be a company in sympathy with everyone by distributing profits to all concerned.

We will continue to fulfill our obligations as a corporate citizen operating businesses around the world, and will strive to become a corporate group trusted by people all over the world. I ask for your support for our activities.

August 2013
President & CEO
Chairman of the CSR Committee
Yasuyuki Yoshinaga



*1 CSR activities are divided into eight specific categories: Customers and products, employees, the environment, compliance, information disclosure, procurement, social contribution and corporate governance.

*2 Click here for details on safety assessment

<http://www.fhi.co.jp/envi/csr/csr/consumers/production2.shtml>

SUBARU XV HYBRID Invested with SUBARU Philosophy – Our answer to expectations from customers and society –

On June 24, 2013, SUBARU launched the SUBARU XV HYBRID equipped with the company's first hybrid system. Featuring original SUBARU technology, this eco-car, unlike the hybrid offerings of other automakers, is packed with the company's sincere resolve to help solve societal problems. What kind of car is this distinctly SUBARU hybrid? To find out, automobile journalist and mother of one, Yumi Kawabata, talked to Hideaki Fukui of Subaru Product & Portfolio Planning Division.

Distinctive SUBARU values, harmonizing functions and environmental performance

Kawabata : The SUBARU XV HYBRID is said to be SUBARU's first hybrid, and a late-to-market hybrid car at that. However, for that very reason, I think that this is an opportunity for SUBARU to present itself again as an automaker that is concerned with the environment. In what way is SUBARU's position represented at this time with the SUBARU XV HYBRID launch?

Fukui : For one thing, we would like to give a sense that this is a fun-to-drive hybrid vehicle. The other is the fact that the XV has equipment and performance fit for a top grade vehicle. We are making people aware of these two things. In Japan, a number of automakers have already introduced hybrid vehicles to the market, and SUBARU's hybrid initiative is seen as an essential theme that is part of what drives us as a member of society.

Kawabata : In an age when we cannot help but think about the environment whenever we buy a car, I think there must be many SUBARU customers who want and expect SUBARU to approach the environment with its own original technologies.

Fukui : The SUBARU XV HYBRID of course has good fuel economy, and the use of hybrid technology makes it even more fun to drive. That is our approach. By doing this, we think we will be able to raise the level of satisfaction for customers who are particular about driving.

Kawabata : In that sense, we get the impression that this is the kind of hybrid car that hasn't appeared until now. It's the kind of car that might quickly be accepted by customers who are downsizing or changing to a smaller vehicle.

Fukui : Even with the IMPREZA, it's not a case of the car being a grade above or grade below. From the start we had the idea of making a great car, and



Yumi Kawabata

After studying engineering, Ms. Kawabata took up employment as an engineer. Later, she worked on the editorial staff of an automotive magazine, and is now a freelance automotive journalist. Her primary interest is in environmental issues and new technologies of the automobile, on which she reports as an engineer, woman and journalist.

this time around we've added the new value of a hybrid. So I think in that respect, we've gone beyond class distinctions.

Kawabata : Among those who buy SUBARU, I think there are more who buy because they like SUBARU than those who simply buy a national brand because it's reasonably priced. When there is a certain variety to choose from, many people actively choose SUBARU. In the US, they have the expression "value choice" for times like these, when people feel the value of the thing they buy is more than the price they paid. For example, even if a car costs twenty million yen, if it's worth buying it has value.

Fukui : Among those who have bought SUBARU, I think there are many who feel there's value in the balance of functions and environmental performance. Of course, fuel economy is an important factor, but I think it is important to firmly hold values attributed to the car itself, other than simply economy.

Kawabata : Many users evaluate the level of usability, don't they?

Fukui : Yes, there are many who assess functionality, such as the ability to fold down seats to stow a bicycle or even a dog cage. There is ownership delight in excellent performance, and a feeling of satisfaction in driving such a car, and people are prepared to pay for this.



Hideaki Fukui

Program Manager, Subaru Product & Portfolio Planning Division
Entered the company in 1994, and was assigned to the 1st Power Unit Research and Experiment Department (Control Technology Group). Thereafter, he worked in the Electronics Engineering Department, 1st Power Unit Electronics Engineering Section, and as manager in the Engine Design Department. He has been in his current post since 2008.

■ We are committed to driving pleasure, precisely because it's a hybrid

Kawabata : It must have been quite a challenge to build a hybrid system with the horizontally-opposed engine. Did you have any particular problems during development?

Fukui : The first difficulty we had was the decision over where to locate the battery. In other words, we struggled with the packaging. A hybrid system necessitates the addition of extra weight for the battery, electric motor and so on, and this can exceed 100 kg. That kind of weight affects how the vehicle handles. It was especially difficult to introduce the extra weight without its effects being felt by the driver.

Kawabata : Seriously, I think the appeal of the boxer engine shines through. We could say this is the world's only example of realizing a hybrid system with boxer engine in a volume production vehicle.

Fukui : We also had issues with tire development. We introduced reinforcements in the suspension to suppress deformation among other tuning measures, to assure driving fun even in a hybrid car. It took time, not only in development of the hybrid system, but also in tuning, right through to the end, in order ensure the desired level of driving enjoyment.

Kawabata : The first thing I noticed when given the opportunity to drive the SUBARU XV HYBRID was how good the steering felt. The car exactly followed the turn I expected from the amount of steering wheel input. This is easy to say, but it must have been incredibly difficult to achieve. So far, with hybrids from other automakers, even with suspension tuning to accommodate the extra weight and benefit fuel economy, I got the



impression that the steering wheel feel had worsened. That's why I was surprised that this wasn't the case with the SUBARU XV HYBRID.

Fukui : We thought that this was a direction we would be able to achieve for a SUBARU eco-car this time with the SUBARU XV HYBRID. First of all, there is the driving pleasure fundamental for a car, and then there is the effort to raise the environmental performance without sacrificing driving pleasure. This was the SUBARU approach we took to an eco-car that would be accepted by customers.

Kawabata : Among the host of vehicles that appeal to eco-minded users, I think it's a tremendous contribution to society to offer a vehicle that is also attractive to those who value driving pleasure.



Before the discussion, we had the participants test drive the SUBARU XV HYBRID to check their impressions of the ride quality, hybrid performance and other attributes.

Contributing to the solution of social issues through car functions

Kawabata : I think the automobile of the future will inevitably demonstrate environmental efficiency. We will no longer hear about products that have to sell environmental performance: rather, the products will have it as a matter of course.

Fukui : In the case of SUBARU, our work on environmental performance is a given. But besides that, we want to bring out the unique qualities that make our cars unmistakably SUBARU. In that sense, our theme encompasses not only the environment, but of course, safety, too.

Kawabata : As regards safety, I think one of SUBARU's major social contributions is the EyeSight driving assist system. For some years now, we've heard the opinion that safety systems do not make money in Japan, but since the EyeSight was launched the situation has changed.

Fukui : With the XV HYBRID, more than ninety percent* of vehicles will be equipped with the EyeSight driving assist system.

Kawabata : That's tremendous, isn't it? Until now, there have been a lot of things in the world that are just technologically excellent. But however superior the technology, it means nothing from a CSR standpoint if people are not using it. It means a great deal of sense socially, though, to fit ninety percent of cars costing around three million yen with an option that costs around 100,000 yen.

Fukui : One of our "Motion-V" CSR goals is, "To provide products and services that contribute to solving social issues." I think EyeSight is an embodiment of that goal. In addition, the company promotes safety technology designed to achieve our keyword objective of "all-round safety." According to this, our car occupants are safe and, furthermore, people in the vicinity of our cars are safe, too. That's SUBARU's fundamental approach to safety. And EyeSight technology, which is designed to achieve this, has functions that I feel ought to be promoted in future.

Kawabata : How are things going with Eco-Cruise Control?



EyeSight active driving assist system employing stereo camera.

*This figure refers to the market in Japan.

Fukui : Eco-Cruise Control was planned so that only customers of SUBARU's first hybrid vehicle in combination with SUBARU's original EyeSight driving assist system could experience its value. Eco-Cruise Control was evolved to adapt for hybrid use the cruise control for all speed ranges that is fundamental to the EyeSight system. It adds a range in which gasoline is not used by maximizing the hybrid's electric motor use in cruise control, thereby facilitating environmentally friendly driving.

Kawabata : Cruise control is a function that is not originally intended for use during active driving; rather, I think it aims for the obvious benefit of improving fuel economy without sacrificing driving enjoyment. When using normal cruise control, fuel economy may worsen on account of the car going all-out to follow the vehicle in front. I also think that if I use cruise control when I'm tired, fuel economy always gets worse. This is a problem.

■ For the next generation of children to enjoy automobiles

Fukui : The personality of cars is a theme automakers continue to think about, but how will this change in future, in terms of the basic values of a car?

Kawabata : In the past, there were the "premium" values, which were easy to understand. If one factor stood out, it was recognized as a premium value, but this concept of premium is not a uniform thing. For instance, people used to be proud of a car that did 100 km/h, but even today's compact cars are capable of that kind of speed. In future, if a car suits a person's lifestyle, it will be regarded as premium by that person, and the person will be satisfied. The hard part is that these values need to have an essential nature in common. We live in an age when good quality, reasonably-priced clothing and furniture is readily available, and customer satisfaction is commonplace. Customer delight is what's important.

Fukui : The automobile industry is already a mature industry in the developed nations, so the important themes for automakers include the kind of values they ought to provide next, and how to connect emotionally with the customers. In the case of SUBARU, I think the key to this area lies in how well we merge driving pleasure and functionality. Functions that are mindful or nifty might be the ones that get the attention of the customers. It's not that the customer is buying a motor or even a hybrid system. They want to buy the car itself. What's important to them is the car's value as a product. So I think we can approach this by effective use of technologies to elevate the fundamental values, in order to raise the level of customer satisfaction.

Kawabata : With independent automakers becoming fewer throughout the world, I think SUBARU stands out as a unique maker. The distinction of having all engines built in Gunma prefecture is an extremely valuable asset in the current era, and one I regard as a premium factor. If SUBARU continues to build cars like the XV HYBRID that capitalize on distinctive technology and uniqueness of approach encapsulated in the slogan, "We are SUBARU," I think more children will grow up liking automobiles. I would like to see a new era brought about by the continuing DNA of this distinctive brand.

Fukui : We are determined to take on future challenges. Thank you very much for an interesting discussion.





The Fuji Heavy Industries Group's CSR

Corporate Philosophy

Corporate Philosophy

- 1 We strive to create advanced technology on an ongoing basis and provide consumers with distinctive products with the highest level of quality and customer satisfaction.
- 2 We aim to continuously promote harmony between people, society, and the environment while contributing to the prosperity of society.
- 3 We look to the future with a global perspective and aim to foster a vibrant, progressive company.

Corporate Code of Conduct

Fuji Heavy Industries, Ltd. (FHI) sets down a corporate code of conduct to comply with laws and regulations and to fulfill its social responsibilities based on its corporate philosophy. We will continue to strive to become a company loved by all and contribute to making society more affluent by respecting individuals and the corporate code of conduct and acting on the same sense of values.

Corporate Code of Conduct

- 1 We develop and provide creative products and services while paying sufficient attention to the environment and safety.
- 2 We respect the rights and characteristics of individuals.
- 3 We promote harmony with society and contribute to the prosperity of society.
- 4 We meet social norms and act honestly and fairly.
- 5 We maintain global perspective and aim to be in harmony with international society.

What SUBARU Wants to Be (Mid-term Management Plan)

FHI set the Motion-V mid-term management plan for the period from FY2012 to FY2016, regarding the five years as a period in which the Company should build the foundation to achieve the target of increasing the sales quantity in its core SUBARU automotive business to more than 1 million units within the next decade. In order to attain this goal in line with the plan, we are endeavoring to solve various problems upholding "Confidence in Motion" as a guiding principle for all our activities and giving first priority to customers.

Specifically, we will enhance the SUBARU brand value, which we define as the provision of "Enjoyment and Peace of Mind," to increase the number of loyal SUBARU users. We will also further improve the safety and driving

performance of SUBARU automobiles, for which they are already highly appreciated, while increasing their environmental performance, which is deemed important by society. Moreover we will release new products, including hybrid cars every year to expand our product lineup. In our sales activities, we regard the US and Chinese markets as our core markets and will take on the challenge of increasing sales quantities in these markets by about 30% over the five years. To this end we will enhance our production system and capacity to sell more cars, while strengthening our ability to deal with changes in the foreign exchange market. In order to achieve further growth, we will increase our business size through these activities; foster cost reduction and promote alliance with

other companies; make investments in the development of environmental technologies; and overcome a range of risks, such as surges in the materials cost and fluctuations in the foreign exchange market.

Also, we will proactively conduct CSR activities to become:

- ◆ Company to provide products and services for contributing to resolutions of social issues
- ◆ Company to value the relationship with various stakeholders

"Motion-V" Five Challenges

- ❶ "Confidence in Motion" Guiding principle for all activities
- ❷ "Further pursuit of distinctive Subaru experience" with a consistent philosophy of "customers come first"
- ❸ "Accelerate sales expansion" with enhanced sales force and production capacity
- ❹ "Solidified business foundation" with an overhaul of cost structures and furthering the alliance with TOYOTA
- ❺ "Improvement in management"

CSR Policy

The CSR Policy was revised with the approval of committees related to CSR to clearly indicate 1) the fundamental aspect of CSR focused on observance of the Corporate Code of Conduct and other vital rules, and 2) the strategic aspect of CSR focused on contribution to solving social issues as a corporate citizen through business activities, which requires the involvement of the whole corporate organization for a company which makes goods favored by customers.

Our CSR activities are the mission of the FHI Group to contribute to the sustainable development of

society through global business activities with the focus on the relationships with our various stakeholders.

CSR Policy (Revised in June 2009)


- ❶ We respect the laws and regulations, human rights, international standards of behavior and the rights and morals of stakeholders under the "Corporate Code of Conduct" of Fuji Heavy Industrie
- ❷ We become involved as a corporate citizen in addressing social issues facing society today.

The Eight CSR Action Items

FHI has set eight CSR action items to encourage individual employees to conduct CSR activities in an organizational manner as part of their business operations. For each of

the eight categories, we have defined the specific CSR activities to be conducted by employees to meet requests from society.

FHI's Eight CSR Action Items

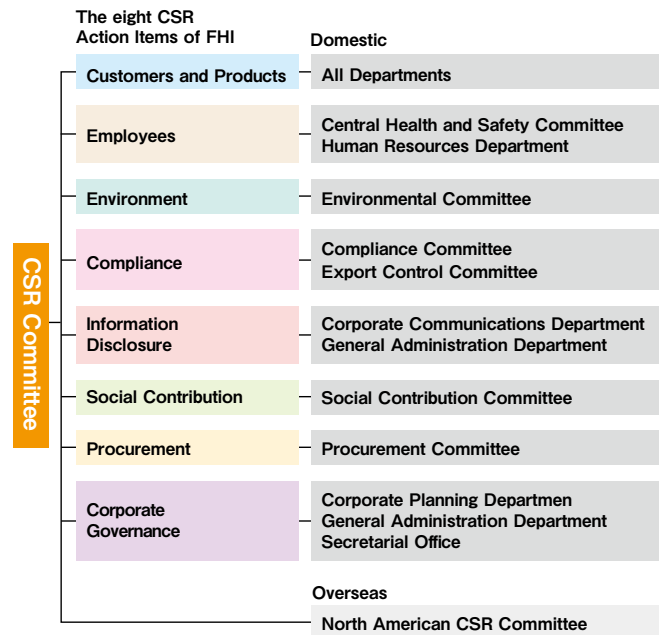
<p>Customers and Products</p> <p>Provide society useful and optimally safe products and services that earn customers' satisfaction and confidence.</p>	<p>Employees</p> <p>Respect the diversity, individuality, and personality of employees and ensure that work environments are as safe and comfortable as possible.</p>	<p>Environment</p> <p>Address environmental issues proactively in recognition of their importance for all mankind.</p>
<p>Compliance</p> <p>Respect laws and moral standards; engage in fair, transparent, and free competition; and conduct business equitably. Honor confidentiality, carefully protecting and managing data, particularly personal information.</p>	 SUBARU	<p>Information Disclosure</p> <p>Communicate transparently with stockholders and other stakeholders, disclosing corporate information proactively and fairly.</p>
<p>Social Contribution</p> <p>Maintain proactive social action programs as a good corporate citizen.</p>	<p>Procurement</p> <p>Conduct procurement appropriately and work with suppliers to promote corporate social responsibility.</p>	<p>Corporate Governance</p> <p>Make it a key responsibility of management to ensure that appropriate CSR policies are adopted throughout the corporate group, and undertake appropriate initiatives to address any emergencies that may arise.</p>

The ideas of the CSR activities are drawn from the "Charter of Corporate Behavior" issued by the Japan Business Federation.

CSR Promotion System

We set up a CSR and Environmental Committee and promoted CSR activities. In FY2011, the CSR Committee was newly established headed by top management to more clearly identify such activities in eight CSR-related categories and promote them more systematically. The CSR Committee consists of specialized committees and existing organizational units, each of which is closely linked to any one of the eight CSR-related categories, and all organizational units are engaged in these activities acting on their own initiatives under company-wide control. The CSR Committee also has the North American CSR Committee as its component for global promotion of CSR activities.

Organization Chart

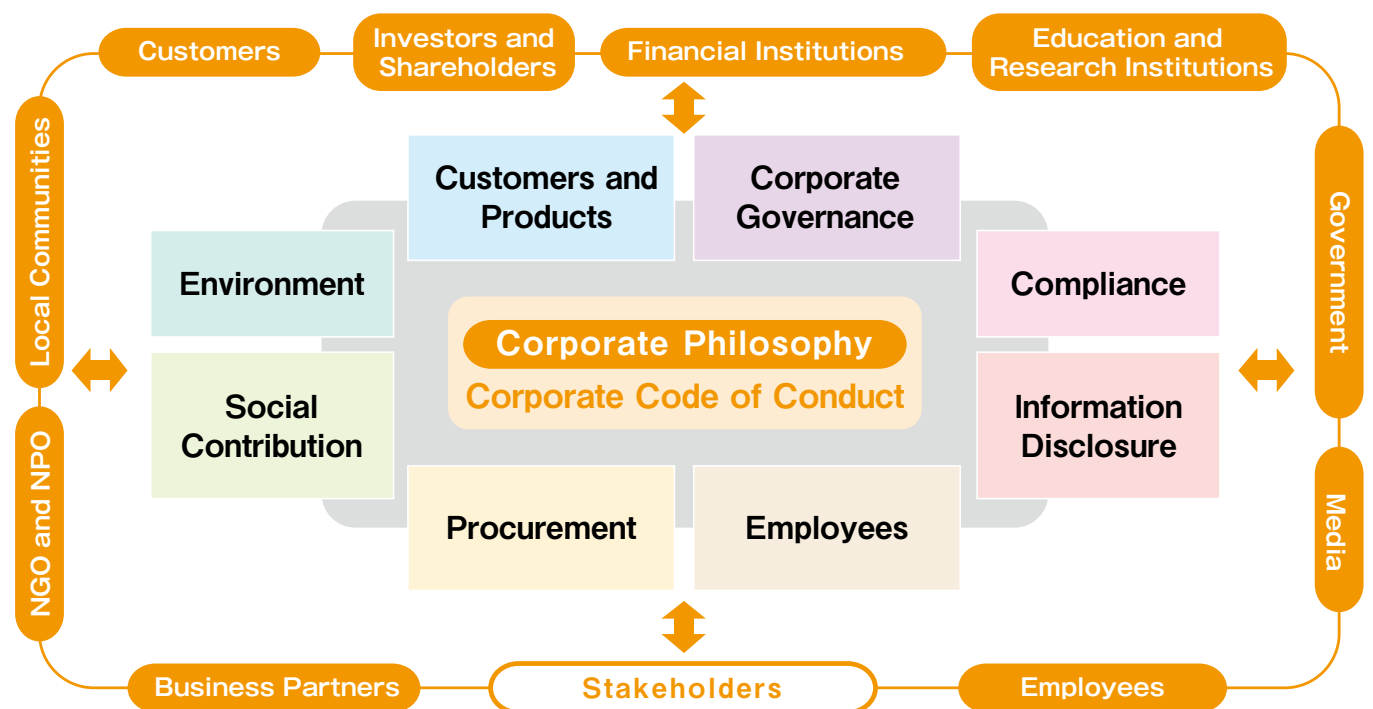


Relationship to Stakeholders

In our mid-term management plan for FY2016, we uphold the themes of making our company "a company to provide products and services that contribute to the resolution of social issues" and "a company to value its relationship with various stakeholders" as the basic requirements to attain our long-term vision of becoming "A Compelling

Company with a Strong Market Presence." Based on this vision, we will continue to make efforts to gain even more trust from our stakeholders, continue to make useful social contributions while at the same time increasing our corporate value.

Relationship to Stakeholders



Customers and Products

Communication with Customers

FY2013

Putting Customers First with the SUBARU Declaration

In October 2011, SUBARU issued the SUBARU Declaration, which specified the goal of being chosen by customers for "Enjoyment and Peace of Mind" and the attitude and actions needed to achieve this goal. Sharing the same goal, our dealers have also posted their own SUBARU Declaration and are engaging in initiatives to implement them.

SUBARU Declaration

- We aim to be **No. 1** by being the automobile brand that offers customers "**Enjoyment and Peace of Mind.**"
- All SUBARU employees will present "**Enjoyment and Peace of Mind.**" as brand values to customers and offer them the **highest level of service.**



Customers and Products

Communication with Customers

FY2013

Activities in the Customer Relations Department

To receive enquiries, conduct consultations and handle requests and comments from our customers, we have established the SUBARU Customer Center. We respond to our customers under a simple code of conduct: "prompt, accurate, and fair," aiming to provide "Enjoyment and

Peace of Mind." The valuable comments and requests received from customers are passed on to the relevant departments so that suggestions can be reflected in making future improvements and in product planning, quality, sales, and after-sales services.

SUBARU Customer Center



(Note that your call will be recorded to confirm the content)

Please contact SUBARU Customer Center if you have any inquiries as below,

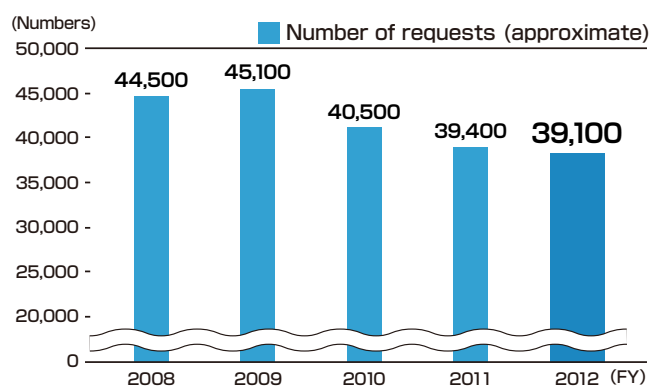
- 1 Opinions/Comments/Guidance(catalog, dealership, changing address, etc.)
- 2 nquiries/Request for assistance

Office Hours
(Japan Time)

9:00am - 5:00pm (Weekdays)*
9:00am - 12:00am/1:00pm - 5:00pm
(Saturdays, Sundays and Public holidays)

*Information service only for Opinions/Comments/Guidance is available on weekdays 12:00am - 1:00pm, and on Saturdays, Sundays and public holidays.

Trends in Requests for Assistance from Customers



Note: The number of cases does not include inquiries about grades from automotive-related companies.

Revised Customer Satisfaction Survey Criteria

To realize the SUBARU Declaration, which was issued as part of the FY2012 mid-term management plan, we have revised our SUBARU Customer Satisfaction Survey criteria. To the survey criterion "level of satisfaction," which measures customers' assessment of the service provided by dealers, we have added "level of trust," which measures

customers' future expectations based on the quality of service they have experienced. We will use survey results to help us provide the "Enjoyment and Peace of Mind" expressed in the SUBARU Declaration while building relationships with customers that encourage them to continue choosing us over the long term.

Results of External Customer Satisfaction Survey

In the second Japanese Customer Service Index (JCSI) survey conducted by Service Productivity & Innovation for Growth (SPRING) in FY2013, SUBARU won the No.2 rating for customer satisfaction among the eleven automotive companies included in the survey.



Results of the SUBARU Questionnaires

By taking seriously the opinions and demands of customers throughout the fiscal year, and continuing to make improvements, the survey results for FY2013 indicated a rise in satisfaction level with each passing month as well as our ability to achieve constant results. On the other hand, the survey results indicated that the level of satisfaction/expectation of customers who have spent years since purchasing a SUBARU car is relatively low, compared with customers who just purchased.

Recognizing that after-sales service improvement is a problem, in FY2014 we are conducting initiatives with the emphasis on making thorough after-sales follow-ups part of our efforts to raise the level of customer satisfaction. By supporting mobility that is fun and safe for our customers, and realizing the tenets of the SUBARU Declaration, we aim to build up relationships whereby customers continue to choose SUBARU over the long term.

Customer Satisfaction (CS) Activities Focusing on Dealers

We are offering support and promotional services mainly to domestic SUBARU dealerships to continuously raise the level of customer satisfaction, which underpins our brand image. We take heed of customer opinions obtained

from SUBARU Questionnaires as well as feedback from SUBARU dealers, and make sure these are reflected in the improvements we make to products, quality, sales and after-service.

Developing Dealer Employees in Japan

As part of our efforts to continuously enhance CS, the SUBARU Academy provides support to dealers in Japan based on the principles of the SUBARU Declaration. Through education services and general guidance, the

SUBARU Academy helps dealers develop employees and create workplace environments in which human resources development initiatives can be successful.

SUBARU Academy

The SUBARU Academy opened in Hachioji City, Tokyo in January 2005. This training facility includes 133 rooms for accommodation. The many training programs carried out here span the entire gamut, from helping new recruits to management officers. Employees across the whole job spectrum, from service mechanics to domestic/overseas dealer sales staff have opportunities to develop their skills systematically.



SUBARU Academy

Number of Trainees Enrolled in Dealer Education Program

	2012 (first half)	2012 (last half)	Total
Manager, sales	1,267	838	2,105
Service, others	1,179	1,344	2,523
Total	2,446	2,182	4,628

*Includes business trip training, etc.

STARS Sales Professional Certification Program

In FY2013 we introduced the STARS* sales professional certification program to SUBARU dealers in Japan. Under the program, SUBARU salespersons receive a range of training to improve their ability to undertake business negotiations, as well as their customer service skills, and sit for tests to get higher qualifications as sales professionals. In the test conducted in FY2013 and FY2014, a total of seven sales members won the highest qualification (SUBARU Sales Meister).

* SUBARU SALES TRAINING AND RATING SYSTEM (STARS): Rating system to help salespersons develop themselves through repeated Off-JT (study), OJT (practice) and qualification tests (challenge).



Training provided under the STARS program

Hiroaki Asaoka of TOKYO SUBARU Takenotsuka Store, who obtained the SUBARU Sales Meister qualification

International CS Initiatives

With the goal of achieving uniformly high after-sales service around the world and helping SUBARU customers drive with peace of mind, the SUBARU Customer Center works with importers around the world to help them and their dealers enhance their educational systems and overall structures. Through initiatives like the Service Advisor

Technical Training

Improving the skills of car mechanics working at dealers is crucial to gaining the customers' trust through vehicle servicing. To attain this, the SUBARU Customer Center has developed the "SUBARU Technician Education Program (STEP)" for worldwide use. This program is used to train our importers as instructors, so that SUBARU mechanics overseas can enhance their skills through them.

Further, the service advisor proposing the relevant services for customer demands can be regarded as the key person in CS improvement. We are enhancing education by developing a SUBARU education program to train service advisors, so that the services advisors closest to the customers are able to offer them a distinctive SUBARU service.



Service Advisor Education Program material (extract)

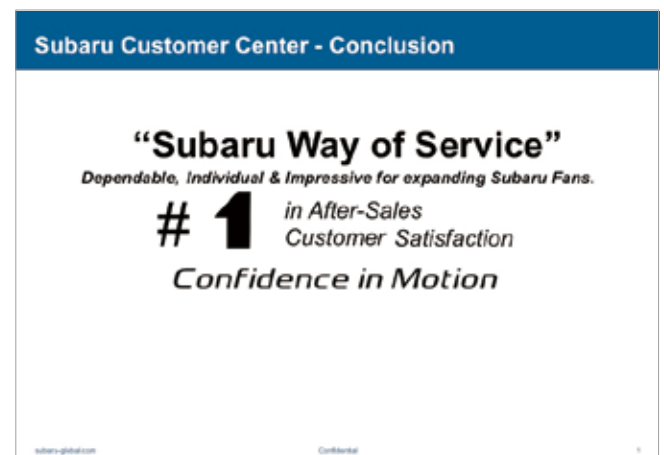


A scene from Service Advisor Education

Development Program and After-Sales Service CS No.1 Committee, we are building a corporate structure that can deliver customers service that meets their needs while ensuring that our importers and dealers worldwide offer service worthy of SUBARU.

Organizational Reinforcement

The SUBARU Customer Center sets the targets to achieve "top after-sales customer service in the region" as a part of the mid-term management plan, "Motion-V." In order to achieve this, we established our "After-Sales CS No.1 Committee" with the aim of integrating CS improvements with overseas dealerships. The meeting of the Committee was held twice last year, and under discussion were specific measures to improve CS.



Material from meeting of the After-Sales CS No.1 Committee (extract)



A scene from After-Sales CS No.1 Committee

Customers and Products

Quality Management

FY2013

Quality Policy

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.

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.

Customers and Products

Quality Management

FY2013

Response to Recalls

We are taking measures to prevent accidents and protect drivers and passengers.

The total number of recalls in FY2013 : 7

Please refer to the FHI website for the details of our response to recalls.

(In Japanese only)

[▶ http://www.fhi.co.jp/recall/](http://www.fhi.co.jp/recall/)

Customers and Products

Making Safe Vehicles

FY2013

Thoughts on Primary Safety

We are continuing to evolve automobile safety technology on various fronts. However, the ideal is that no danger should be encountered, and the basis of this is correct judgment and operation by the driver.

Primary Safety is based on an approach that

enhances safety through initial and basic design techniques for the automobile form and interface. To realize safe, concentrated driving without distraction, SUBARU pays meticulous attention to details of the instrument panel and seat design, including visibility design.

Click here for more details. [▶ http://www.subaru.jp/about/technology/spirit/safety/sdesign01.html](http://www.subaru.jp/about/technology/spirit/safety/sdesign01.html)

Thoughts on Active Safety

Active Safety is an approach to safety based on preventing accidents, assuming that accidents may occur. In the event of an accident, for safe avoidance it is important to maintain vehicle stability no different from normal, under a variety of weather and road conditions. Based on the idea that the ultimate drive fosters safety, the exceptional fundamental performance delivered by our horizontally-opposed SUBARU BOXER engine and Symmetrical All-Wheel Drive are the basis for refinement of vehicle performance that enables users to drive with confidence in all kinds of environment and climate.

Click here for more details.

▶ <http://www.subaru.jp/about/technology/spirit/safety/asafety01.html>



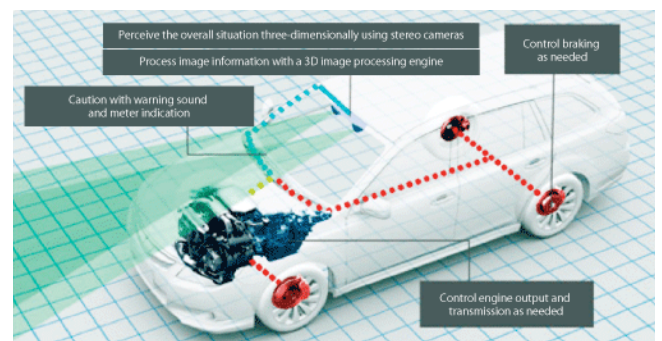
Horizontally-opposed engine



Symmetrical All-Wheel Drive

Thoughts on Pre-crash Safety

Pre-crash Safety is an approach to safety that supports the driver's driving operations and predicts hazards with the aim of helping reduce damage in the event of a collision. SUBARU was quick to become involved in pre-crash safety, and has promoted its development. EyeSight (Ver.2) adopts a stereo camera for judging conditions in front of the vehicle as well as linkage to the engine, transmission and brakes for hazard avoidance, and has been highly evaluated as an advanced driving support system.



EyeSight (Ver.2) system illustration

Click here for more details. [▶ http://www.subaru.jp/about/technology/spirit/safety/pcsafety01.html](http://www.subaru.jp/about/technology/spirit/safety/pcsafety01.html)
(Available only in Japanese)

Thoughts on Passive Safety

Passive Safety is an approach to safety technology that aims to minimize damage in the event of an accident. SUBARU promotes development informed by safety ideas that take in all aspects of the vehicle. With an original crash safety body featuring a new Ring-Shaped Reinforcement Frame Body Structure, and engine layout, etc., for mitigating collision impact on vehicle occupants, cabin occupants are, of course, protected. But SUBARU also considers collision with pedestrians in its safety system, for which it is highly acclaimed, not only in Japan but also throughout the world.

Click here for more details. [▶ http://www.subaru.jp/about/technology/spirit/safety/psafety01.html](http://www.subaru.jp/about/technology/spirit/safety/psafety01.html)



New Ring-Shaped Reinforcement Frame Body Structure illustration courtesy of the National Agency for Automotive Safety & Victims' Aid (NASVA)

Customers and Products

Making Safe Vehicles

FY2013

FY 2012 Car Assessment Results

FY 2012 Car Assessment Results

In FY 2012, the IMPREZA and LEGACY both won the Japan New Car Assessment Program (JNCAP)*1 Five Star Award*2 under its new overall evaluation of safety performance. For the LEGACY, this was its second consecutive year to win the award. Overseas, all models in the SUBARU lineup sold in the U.S. were selected as 2013 Top Safety Picks*3 by the Insurance Institute for Highway Safety (IIHS). In addition, as a result of their performance in the small overlap frontal collision test newly introduced by the IIHS, the LEGACY and OUTBACK received the 2013 Top Safety Pick Plus*4 award, the highest rating currently established by the IIHS. Additionally, the FORESTER received Euro New Car Assessment Program (Euro NCAP)'s*5 highest safety rating of five stars in 2012, while the FORESTER and BRZ received the highest rating of five stars by the Australasian New Car Assessment Program (ANCAP)*6.



JNCAP

- IMPREZA received JNCAP Five Star Award 2012.
- LEGACY received JNCAP Five Star Award 2012.



IIHS

- All 2012 model year SUBARU cars received 2013 Top Safety Pick.
- 2013 model year LEGACY and OUTBACK (manufactured after Aug. 2012) received 2013 Top Safety Pick Plus.



Euro NCAP

- FORESTER awarded five stars in 2012 rating.



ANCAP

- FORESTER awarded five stars.
- BRZ awarded five stars.



*1 A program in which the Ministry of Land, Infrastructure, Transport and Tourism and the National Agency for Automotive Safety & Victims' Aid (NASVA) jointly assess vehicle safety performance and disclose the results to the public.

*2 To earn five stars, a vehicle must attain a minimum 170 points in the new overall safety performance rating, fulfilling level 4 or better in the full-wrap frontal collision test, offset frontal collision test, side collision test, neck injury protection performance test in a rear collision, pedestrian head protection performance test, and pedestrian leg protection performance test.

*3 A car safety performance index. To be listed, a vehicle must achieve "good" ratings in offset frontal crash and side crash tests, a rollover test, and evaluations of seat/head restraints for protection against neck injuries in rear impacts.

*4 To receive the Top Safety Pick Plus award, a vehicle must attain four "good" and one "acceptable" ratings or better in offset frontal crash and side crash tests, evaluations of seat/head restraints for protection against neck injuries in rear impacts, a rollover test and small overlap frontal crash test.

*5 Car safety assessment program conducted since 1997 by an independent body comprising transport authorities and vehicle-related organizations in European countries.

*6 Car safety assessment program conducted since 1993 by an independent body comprising transport authorities and vehicle-related organizations in Australia and New Zealand.

Customers and Products

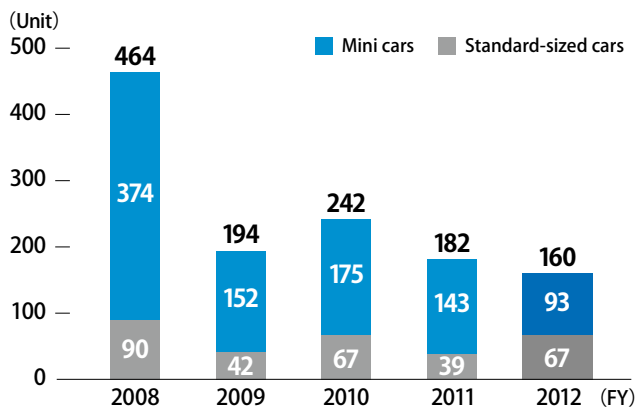
Approaches to Welfare Vehicles

"TRANSCARE Series" - from Standard-sized Cars to Mini Cars

SUBARU has been playing its role in the development and dissemination of welfare vehicles that allow the disadvantaged and the aged to ride at ease, aspiring toward "sharing the happiness of living through cars for everybody." SUBARU started producing and selling welfare vehicles for the disabled in 1980 and now is well known for the "TRANSCARE series." The TRANSCARE series

offers a wide range of options, from standard-sized cars to mini cars. We aim to develop vehicles that provide comfortable driving for both people who are in care and for care providers. We will keep working to make an effort to enrich this series for all customers' comfortable and reliable driving experience.

■ Number of TRANSCARE Series Sold



FORESTER TRANSCARE Wing Seat (Lift type)

Employees

Human Resource Development

FY2013

Human Resource Development (HRD) Philosophy

We offer a variety of training programs to help each employee create a vision of his or her future self and make proactive efforts to realize this vision.

Among our level-based training programs, the Startup Program helps all employees who have risen to a higher level adapt to their new responsibilities and focuses on logical problem solving. With the goal of helping employees obtain and enhance business skills, we also offer training programs for each type of position within the company.

As a new initiative for FY2013, we established a program to help employees attend business school. With a view to accelerating our global HRD, we also established programs to facilitate foreign language acquisition and training in companies overseas.

HRD Philosophy

We seek to realize the SUBARU human resources ideal of highly engaged and autonomous employees by helping employees develop the ability to identify and solve problems themselves.



Educational Organization Chart

Ability-based Grade	Company-wide Programs				Individual Programs at Each Site		
	Education by Grade		Education by Job Skill			Global-talent Development	Self-development Support
Manager Class	New Training at the Time of Promotion	Career Plan Training for Manager Class	Professional Program Examples: -Logical Thinking -Leadership -Presentation -Financial Analysis, etc.	Education by Job Skill Examples: -Intellectual property -Financial accounting -Legal work -Quality specialty, etc.	Educational Program Variety of programs are available according to employees level. STEP 0-6	Correspondence Education, etc.	Training at each business site Official certification support, etc.
Regular Employee		Performance Review Training					
New Employees Training							
New Recruits Training							

Employees

Human Resource Development

FY2013

SUBARU Technical School

We opened the SUBARU Technical School (STS) in 2005 with the goal of training young technicians to become future leaders. By transmitting to the next generation technical expertise and work methods that are tailored to all skill levels and reflect the highest standards of safety and excellence, STS is helping to ensure the high quality of SUBARU products going forward.



A scene from a machining training at STS

Employees

Work-life Balance Initiatives

FY2013

■ Promoting Work-life Balance (Work-life Balance Approach)

We believe that supporting work-life balance helps employees express their abilities at the highest level, and we therefore strive to create a work environment that allows employees to raise children and take care of family members in need. We believe that for employees to feel fulfilled and empowered in their work, they need to be able to enjoy family and community activities while choosing the values and lifestyles that are right for them. For this reason, we support work-life balance through a variety of initiatives.

Employees

Work-life Balance Initiatives

FY2013

Supporting Each Employee's Work and Household

In FY2013, to support employees both at work and at home, we continued our leave and short work-time systems, including the childcare leave system that can be extended to the first April after the child becomes two years old, the short work-time system available until children commence 4th grade in elementary school, and the leave or short-work time system for elderly care.

In addition, in accordance with the Next Generation Education and Support Promotion Act, we formulated our corporate voluntary action plan in two phases and completed the plan, achieving the targets for the first phase (April 2005 through March 2007) and the second phase (April 2007 through March 2010), which led to the acquisition of Certification by the Minister of Health, Labor and Welfare Minister (the *Kurumin* Mark).

At present we are directing our efforts towards achieving the goals of the third phase of the action plan, which was formulated in April 2010.



Work-life Balance Recommended Performance

Implementation	Overview	FY2009	FY2010	FY2011	FY2012	FY2013	
Childcare leave (persons)	System that enables employees to obtain leave for childcare	Male	1	1	6	2	3
		Female	112	84	91	90	73
		Total	113	85	97	92	76
Care leave (persons)	System that enables employees to obtain leave for family care with the necessary care conditions	8	4	5	6	3	
Paid vacation acquisition rate	Promotion of once per month	89.3%	88.3%	86.6%	88.2%	85.7%	
No overtime day	Two days set in the week for increasing work efficiency and fulfillment of private life	Implemented continually					

Employees

Diversity Initiatives

FY2013

Promoting Diversity

For our company to continue offering customers value not found in competing products, each FHI employee needs to be able express his or her abilities as an individual with unique values. For this reason, FHI values differences in gender, nationality, culture, and lifestyles of employees and strives to create workplace environments in which everyone finds it easy to work.



Employees

Diversity Initiatives

FY2013

Supporting Employees with Disabilities

At FHI, we strive to create workplace environments in which people with disabilities can truly shine. To achieve this goal, we leverage the ideas and opinions of our employees with disabilities and their family members. As of March 31, 2013, FHI employed 162 persons with disabilities, mainly in manufacturing work. The percentage of employees with disabilities for FY2013 was 1.62%, which was below the legally mandated rate of 2.0%. We are working to hire more people with disabilities and make our workplace environments even more conducive to their employment.



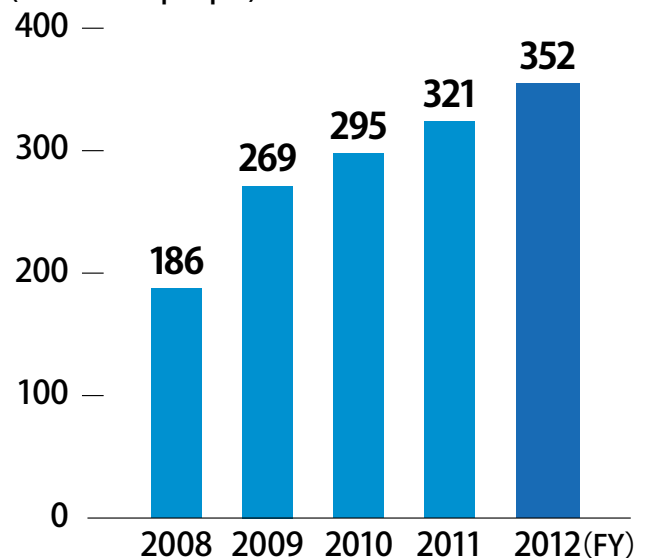
The height of automatic door switches and work stations is set at a level that is convenient for those using wheelchairs.

Senior Partner Program: Reemployment for Employees over 60-year-old

We introduced the "Senior Partner Program" in 2003 to rehire employees after the 60-year-old retirement age. This reemploys the aged and better strengthens our human resources. In addition to meeting the demands of the "Revised Law Concerning Stabilization of Employment of Older Persons" since April 2013, we have revised the existing system so that retired workers can put their experience and skills to further use, and have devised a system whereby those who wish to work beyond retirement age can do so at FHI and at our associated group companies.

We have been improving the work environment so that the reemployed will be able to work more comfortably. We will promote re-hiring senior people after their retirement at 60 to use their experience and abilities for fostering a new generation of workers.

■ Number of Workers Over the Age of 60 (Number of people)



Global Human Resources Initiatives

At our Gunma Manufacturing Division, we welcome employees from Brazil, Peru, China, and many other countries. Even people whose conversational Japanese is advanced may have difficulty with complex instructions about manufacturing processes or specialized vocabulary. For this reason, we produce manuals in a wide variety of languages and offer interpretation services as needed. We also provide Japanese employees opportunities to receive language training and engage in extended training programs overseas, helping them enhance their communication with people from other countries and understand cultures different from their own.



Manual written in Portuguese

Universal Design Initiatives

With the goal of establishing more comfortable workplaces, we systematically plan continuous workplace improvements in the areas of work environment, work methods, and environmentally responsible facilities, among others. We practice universal design in our facilities, aiming to make break areas, toilets, smoking areas, and cafeterias as barrier-free as possible.



Employee Data

		FY2009	FY2010	FY2011	FY2012	FY2013
Managers and sales people (persons)	Male	11,968	12,118	119,42	11,740	12,451
	Female	875	891	875	834	861
	Total	12,843	13,009	12,817	12,574	13,312
Male to female ratio (%)	Male	93%	93%	93%	93%	94%
		7%	7%	7%	7%	6%
Average age		38.8	38.7	38.8	38.6	38.9
Average length of continuous employment (years)		18.0	17.7	17.7	18.0	17.3
Number of managers (persons)	Male	1,068	1,081	1,051	1,049	1,049
	Female	2	2	3	5	5

Employees

Occupational Health and Safety

FY2013

Philosophy of Occupational Health and Safety

In line with the Corporate Philosophy, we consider occupational health and safety to be a critical responsibility of management. Our Health and Safety Philosophy is, "We make health and safety the first priority in all of our work." Based on this philosophy, all managers and employees work to ensure health and safety in their workplaces while continuously striving to make a working environment more pleasant and comfortable for all.



Health and Safety Philosophy

We make health and safety
the first priority in all of our work.

Basic Policy of Health and Safety

Aiming for zero incidents of occupational accidents, traffic accidents, diseases, and fire disasters, all employees recognize the importance of health and safety and strive to improve equipment, environments, and work methods, while raising the level of management and awareness in order to create safe and comfortable workplaces.

Employees

Occupational Health and Safety

FY2013

Aiming for Zero Industrial Accidents

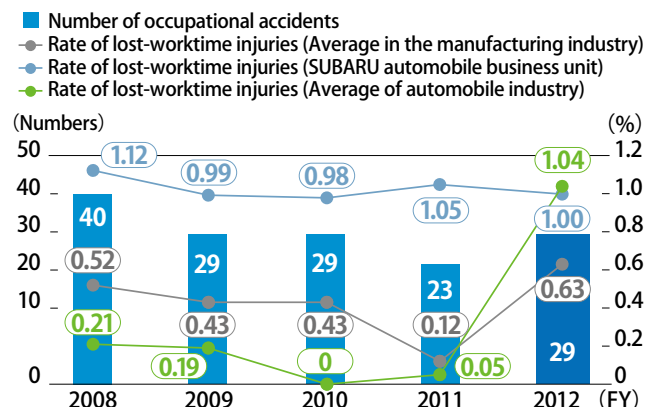
At the start of each fiscal year, each FHI business site conducts a Health and Safety Kickoff Meeting that aims to raise awareness about industrial accidents, road safety, and health management. With the ultimate goal of zero industrial accidents for the year, the general manager of each site talks to workplace leaders about the health and



Safety and Health Kick Off Meeting

safety policies and initiatives for the fiscal year. All FHI sites strive to continuously improve their health and safety management systems and risk assessment activities so as to prevent industrial accidents and raise the overall level of health and safety in the workplace.

Occurrence of Industrial Accidents and Rate of Lost-worktime Injuries



In FY2013, the number of incidences of occupational accidents was 29, resulting in a rate of lost worktime, indicating the extent of damage, of 1.04, which is above the average value.

In FY2014, we are implementing preventive measures against accidents at work, and further bolstering efforts to share occupational accident information, in an effort to achieve zero occupational accidents and reduce the rate of lost worktime.

Improving the Work Environment

Since taking out a panel, which weighed 7 to 10 kg and had the width of 2 to 2.4 m, by bending over used to easily cause backaches, an assist device was set up to ease the work burden.



Working by using an assist device

Encouraging Employees to Be More Aware of Traffic Safety

We conduct a range of activities to raise employees' awareness of traffic safety, wanting to prevent them from getting involved in traffic accidents both in their business and private lives. At the Gunma Manufacturing Division, we provide hands-on training using actual vehicles as part of our voluntary traffic safety activities in the workplace. Training includes right turns with the correct timing, entering a garage and other maneuvers, not only from the driver's viewpoint but also from others' viewpoints.

At the Handa Plant of the Utsunomiya Manufacturing Division, employees attend the "school for night traffic safety" to learn how to drive safely at night. For example they learn differences in visibility between day and night, as well as the effects on visibility of distant and nearby headlights, colors of pedestrians' clothes, and the use of reflective jackets by pedestrians.



Hands-on Training

Employees

Healthcare

Promoting Healthy Bodies and Minds

We are aggressively promoting employee health management. Our approach is not only to prevent health problems, but also to systematically maintain and promote mental and physical health.

Specifically, we are working to prevent diseases and administer healthcare by assigning staff at each

division for health checkups and specialized health guidance (e.g. remedies to avoid metabolic syndrome, exercise guidance, mental healthcare, nutritional guidance), health consultations to those diagnosed with a cautionary concern in a medical checkup, counseling and other healthcare services.

Approaches to Health Support

At FHI, the Health Support Office at each division implements a variety of health support measures matched to the nature of the particular workplace. Post-diagnostic measures, mental health measures, prevention of heat stroke in hot environments and non-smoking guidance are positioned as important activities, and implementation is ongoing while obtaining external support. In addition, based on the results of workplace inspections and medical checkups, the Office provides advice to work environment management and work management. Other than these industrial healthcare activities, the Health Support Office considers the convenience of employees, and while connecting with local medical organizations for diagnoses of acute and chronic diseases, provides a consultation service for employees suffering from health problems.

In the treatment for infections such as new strains of influenza required by crisis management, the Health Support Office provides information and enlightened

opinions on diseases at any time, but in future will make a special effort to implement speedy and accurate measures, and with "Health in body and mind is the basis of doing a good job" in mind, endeavors to further promote the health of employees in cooperation with other departments.



Commitment to Mental Health

From the past, we have worked in cooperation with industrial physicians, clinical psychologists and health and safety staff to conduct mental health measures. At the same time we are involved in providing mental health workshops and the like at each division for regular workers and managers. In FY2013, we issued the "Mental

Health Dealing Manual for Managers" in-house booklet and introduced a system effective from FY2014 that enables smooth resumption of work after a period of absence, among other measures to create a work environment in which employees are able to work with peace of mind.

Employees

Communication with Labor Union

Communication with Labor Union

FHI and its labor union have a 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 labor and management maintain a good relationship.

Environment

Summary

Environmental Policy

Based on the corporate philosophy, FHI recognizes the global environmental issue as one of the most important management issues and had set the environmental policy

on April 1998. FHI strives to be a socially responsible company for realizing sustainable society.

Environmental Policy [Established in April 1998, revised in March 2010]

In recognition of the close relationship between the global environment and business activities, we will deliver "Green Products" from "Clean Plants and Offices" through "Green Logistics" and "Clean Dealers" to customers in order to ensure the sustainable development of the society.

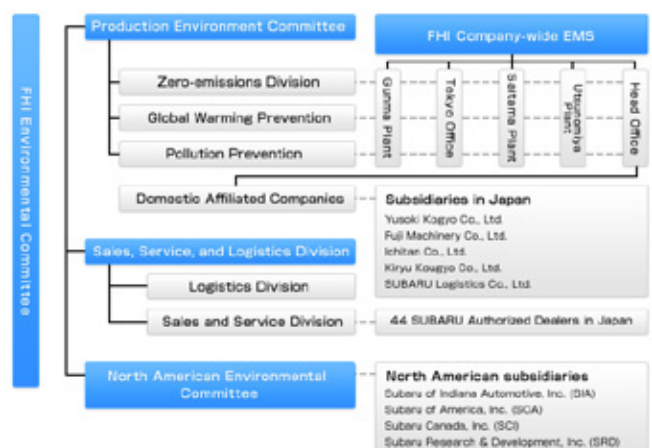
Also, while strictly observing laws and regulations, local agreements and industrial codes, we will commit ourselves to contributing to society and local communities, voluntary ongoing improvement and the prevention of pollution.

- Green Products...Design and R&D of environment-friendly SUBARU brand products written CSR Policy
- Clean Plants...Reduction of environmental burden in the production process
- Clean Offices...Reduction of environmental burden through our business operations
- Green Logistics...Reduction of environmental burden in the distribution of products
- Clean Dealers...Support to dealerships in their environmental preservation activities
- Upgrading of Management...Contribution to the society, information disclosure and stepped up environmental activities by the whole SUBARU Group

Organization

Established to implement the Environmental Policy and Voluntary Plan for the Environment, FHI's environmental management organization comprises two main entities that cross corporate divisions: the Company-wide Environmental Management System (EMS) and the Environmental Committee.

Serving as the head of the Company-wide EMS and the chairperson of the Environmental Committee, the director responsible for environmental issues conducts environmental reviews twice a year. We proactively implement environmental protection activities, comprehensively managing our progress and continuously revising the direction of future efforts.



Summary of 5th Voluntary Plan for the Environment (FY2013 to FY2017)

FHI has established the 5th Voluntary Plan for the Environment for the period FY2013 to FY2017. Based on our Environmental Policy, we have set even higher environmental protection targets while adding new environmental measures to ensure compliance with laws and regulations and to foster cooperation on environmental issues within the automobile industry. Based on this plan, we will contribute to society through our products, striving always to produce even greener

products at green plants and offices and delivering them to customers via green logistics and green dealers.

Our entire Group shares this plan and works together to ameliorate and eliminate environmental problems on a continuous basis. Our environmental initiatives introduced here are categorized into four groups: global warming countermeasures, resource recycling, pollution prevention and reduction of hazardous chemical usage, and environmental management.

Global Warming Countermeasures

- Launched hybrid cars in the Japanese market in 2013
- Introduced horizontally-opposed direct injection turbo engine
- Made horizontally-opposed diesel engine compliant with Euro 6
- Fully met fuel economy and greenhouse gas standards worldwide
- Implemented CO₂ emissions reduction initiatives in plants in Japan and overseas

Resource Recycling

- Improved fuel economy by 30% vs. previous models
- Introduced Eco Driving Assist Devices
- Continued collection of used bumpers
- Maintained zero waste emissions from production sites in Japan
- Designed new vehicles to be highly recyclable, aiming for 95% recycling rate by 2015

Pollution Prevention and Reduction of Hazardous Chemical Usage

- Added models achieving emissions 75% lower than 2005 government requirements
- Reduced volatile organic compounds (VOCs) and substances on the Pollutant Release and Transfer Register (PRTR)
- Developed technologies to enhance fuel economy, improve and reduce emissions, and reduce noise
- Complied with laws and regulations in each region (e.g. EU directives)
- Continued initiative to reduce to zero environmental accidents or claims that exceed legal standards in each country

Environmental Management

- Expanded development and implementation of advanced safe driving assist systems (e.g., EyeSight Version 2)
- Expanded implementation of Supplier CSR Guidelines to business partners of Aerospace and Industrial Products Company
- Promoted Group-wide ISO 14001 certification, including affiliates
- Publicly disclosed wide range of environmental information
- Supported maintenance of Eco Action 21 certification by dealers in Japan
- Publicly disclosed Life Cycle Assessment (LCA) data
- Implemented greening initiatives that respected biodiversity

FHI's Voluntary Plan for the Environment (FY2013 to FY2017)

[1] Global Warming Countermeasures

Field	Item	Target/Initiative (FY2017)	FY2013			FY2014		
			Target	Results	Evaluation	Target		
Green Products	Improving fuel economy	◆ Continue to improve fuel economy through full model changes and annual model changes.	◇ Improve fuel economy by 30% compared with previous models through innovative shift to environmental engines/CVT. ◇ Introduce horizontally opposed direct-inject engines to the market.	Improve fuel economy at the time of full model changes and annual model changes. Introduce the direct-injection turbo engine and environmental CVT to the market.	Introduced LEGACY and FORESTER equipped with the newly developed direct-injection engine + CVT to the market.	○	Promote the development of fuel economy improvement measures for each model's full model change.	
		◆ Improve fuel economy to ensure compliance with fuel economy/GHG emissions standards in each country/region.	◇ Japan: Meet the 2015 Fuel Economy Standards without fail. ◇ Overseas: Meet the fuel economy/GHG emissions standards in each region.	Continuously conduct fuel economy and CO ₂ monitoring in Japan and Europe.	Japan: Met the 2015 Fuel Economy Standard for four out of nine categories. Europe: Reduced CO ₂ emissions by 5% compare to the 2011 result, and cleared the regulation with ease.	○	Continuously conduct the fuel economy monitoring in China in addition to Japan and Europe.	
	Using clean energy	Automobiles	◆ Release a hybrid car into the market.	◇ Release a hybrid car into the Japanese market in 2013.	Surely complete the development of the new hybrid system.	Completed the development of the new hybrid system for the Japanese market, and ensured the introduction of hybrid models to the Japanese market in 2013 early summer.	○	Promote further improvement of the hybrid system.
			◆ Conduct research to release EVs in the market.	◇ Foster research into EVs.	Continuously promote research for future introduction of EVs to the market.	Conducted survey in the US and other markets in consideration of PHEV introduction.	○	Continuously promote research for introduction of EV and PHEV to the market.
		◆ Improve diesel engines to expand their sales in the market.	◇ Promote measures to comply with the Euro 6 regulation for horizontally-opposed diesel engines.	Transfer the advanced development of the Euro 6 regulation-compatible technologies to mass-production development.	The development stage has been transferred to the mass-production stage.	○	Promote introduction of horizontally-opposed diesel engines with taking advantage of the Euro 6 regulation compliant technologies.	
	Industrial products	◆ Establish technologies to reduce exhaust gas and improve fuel economy by applying electronic control to general-purpose engines.	◇ Increase the number of models for fuel-injection general-purpose engines and foster their market introduction.	Design the fuel-injection system for EX40 general-purpose engines, and evaluate the system of the first sample model.	Conducted system evaluation of the first sample model. Power and exhaust gas level has been improved while problems with the system stability have been ascertained.	○	Continuously take measures for establishing the production specification of fuel-injection system.	
		Curbing global warming regarding air conditioning refrigerants	Automobiles	◆ Promote the development of air conditioners using refrigerants with low global warming potentials.	◇ Further promote the development of air conditioners using refrigerants with low global warming potentials.	Promote the development of air conditioners using refrigerants with low global warming potentials.	Expanded introduction of models equipped with air conditioners using refrigerants with low global warming potential in some region.	○
	Clean Plants, Logistics and Offices	Manufacturing plants	◆ Reduce CO ₂ emissions per unit of sales at domestic manufacturing plants.	◇ Reduce CO ₂ emissions per unit of sales by 10% from the FY2007 level by FY2017 at domestic manufacturing plants.	Reduce CO ₂ emissions per unit of production at domestic manufacturing plants by 6% from the FY2007.	Reduced CO ₂ emissions per unit of production at domestic manufacturing plants by 29% compared with FY2007.	○	Reduce CO ₂ emissions per unit of production at domestic manufacturing plants by 7% compared with FY2007.
			◆ Foster CO ₂ emissions reduction activities at overseas manufacturing plants.	◇ Set the medium-term CO ₂ emissions reduction targets and conduct activities to attain them at overseas manufacturing plants.	Set the FY2014 CO ₂ emissions reduction targets (147,000 ton-CO ₂ or less).	Set the FY2014 CO ₂ emissions reduction targets. Cleared the FY2013 CO ₂ emissions reduction targets.	○	Set the FY2015 CO ₂ emissions reduction targets.
		Logistics	◆ Foster CO ₂ emissions reduction activities synchronized with the Act on the Rational Use of Energy.	◇ Reduce per-unit energy use by 1% every year. (comparing to: FY2007)	Set the target per-unit energy use in Japan and overseas at 32.21 kg.	Achieved 31.36 kg of per-unit energy use, and cleared the target. (6% reduction from the FY2007 target, and 8.3% reduction from the FY2007 result.)	○	Aim to reduce 7% of per-unit CO ₂ emissions compare to FY2007.
Offices		◆ Ensure compliance with the Act on the Rational Use of Energy.	◇ Reduce per-unit energy use by 1% across the company (including offices) every year. (Comparing to: FY2010)	Reduce per-unit energy use by 3% comparing to FY2010. Target per unit = 13.46 kL/one hundred million yen.	Reduced per-unit energy use by 16.3% comparing to FY2010. Achievement per unit = 11.56 kL/one hundred million yen.	○	Achieve 4% reduction of per-unit energy use compare to FY2010. Target per unit = 13.32 kL/one hundred million yen.	

■ [2] Resource Recycling

Field	Item		Target/Initiative (FY2017)	FY2013			FY2014	
				Target	Results	Evaluation	Target	
Green Products	Improving recyclability	Automobiles	<ul style="list-style-type: none"> ◆ Continue to implement measures to comply with the Act on Recycling, etc. of ELVs. ◆ Continue to implement measures to make parts and materials more detachable/ separable. 	◇ Promote design suitable for recycling for new models to increase the actual recycling rate to 95% by 2015.	Promote design suitable for recycling for new models to increase the actual recycling rate to 95% by 2015.	Maintained more than 95% of recycling rate. Expanded the use of olefin resin in new models to foster the 3Rs and designed products giving more consideration to their recyclability, for example by decreasing the number of components.	○	Continuously maintain more than 95% recycling rate.
Clean Plants and Offices (Dealers)	Manufacturing plants		◆ Continue the appropriate disposal of waste and the suppression of waste generation.	◇ Continue the appropriate management of waste and the suppression of waste generation by increasing the yield and packaging methods.	Suppress the volume of waste generation to 21,874 tons or less.	Cleared the target with 15,802 tons of waste generation. Continuously conducting compliance management.	○	Suppress waste generation to 15,861 tons or less. Continue the appropriate management of waste and the suppression of waste generation.
			◆ Continue zero emissions (zero landfill waste either directly or indirectly) at both domestic and overseas plants.	◇ Continue zero emissions at both domestic and overseas plants.	Japan: Maintain zero emissions Overseas: Maintain zero emissions	Japan: Maintaining zero emissions Overseas: Maintaining zero emissions	○	Japan: Maintain zero emissions Overseas: Maintain zero emissions
			◆ Reduce water use at both domestic and overseas plants.	◇ Reduce water use across Group companies in and outside Japan.	Reduce water use per production at domestic plants by 1% compare to FY2012.	Reduced water use per production at domestic plants by 19% compare to FY2012. (Since the production number has increased, water use per production at overseas plants has been slightly increased compare to FY2012.)	○	Reduce water use per production at domestic plants by 2% compare to FY2012. Reduce water use at overseas plants.
	Offices (Domestic dealers)	Automobiles	◆ Ensure compliance with the Act on the Rational Use of Energy.	◇ Continue the recovery of used bumpers.	Establish the new recycle scheme for used bumpers without compliance risks.	The new scheme was completed, and has been applied since April 2013. Result of FY2013 was 34,142 bumpers.	○	Continuously operate and improve the new scheme.

■ [3] Pollution Prevention and Reduction of Hazardous Chemical Substance Usage

Field	Item		Target/Initiative (FY2017)	FY2013			FY2014	
				Target	Results	Evaluation	Target	
Green Products	Reduction in exhaust gas	Automobiles	<ul style="list-style-type: none"> ◆ Foster the introduction of low-emission vehicles for the improvement of air quality. 	<ul style="list-style-type: none"> ◇ Japan: Increase the number of FHI's automobile models achieving emissions by 75% lower than the 2005 emission standards. ◇ Overseas: Foster the introduction of low-emission vehicles to improve air quality in each country and region. 	<p>Japan: Increase the number of models achieving emissions by 75% lower than the 2005 emission standards.</p> <p>Overseas: Foster the introduction of low-emission vehicles in each country and region.</p>	<p>Japan: The rate of low-emission vehicles has increased to 97% from the 2011 achievement of 94%.</p> <p>Overseas: Transition to Euro 5b has completed in Europe. In China, acquired an approval prior to the introduction of the new emission regulations.</p>	○	<p>Japan: Continuously increase the number of models achieving emissions by 75% lower than the 2005 emission standards.</p> <p>Overseas: Continuously introduce low-emission vehicles in each country and region.</p>
			Reduction in noise	<ul style="list-style-type: none"> ◆ Develop technologies to achieve higher fuel economy and reduction in exhaust gas and noise. 	<ul style="list-style-type: none"> ◇ Develop noise reduction technologies in consideration of the driving conditions on urban roads. 	<p>Promote the development of technologies that reduce environmental noise and offer enjoyment of driving.</p>	<p>Tried to achieve both environmental consideration and enjoyment of driving by introducing the new hybrid system to Japanese market.</p>	○
	Reduction in the use of substances of concern	<ul style="list-style-type: none"> ◆ Foster management and reduction in the use of substances of concern. ◆ Overseas: Ensure compliance with related laws and regulations, including the EU directives. 	<ul style="list-style-type: none"> ◇ Enhance the management of chemical substances used in products. ◇ Develop technologies to foster replacement with substances with lower environmental impact. 	<p>Enhance the management of chemical substances with the International Material Data System (IMDS). Comply with the EU-ELV mercury-free directive executed on July 2012.</p>	<p>Promoted obtaining the IMDS data in wider area. Surely conducted mercury free with the new FORESTER.</p>	○	<p>Enhance the chemical substances management with the IMDS. Promote replacement with substances having lower environmental impact.</p>	
Clean Plants	Management and reduction in the use of substances of concern at manufacturing plants	Automobiles	<ul style="list-style-type: none"> ◆ Continue to reduce the release of PRTR substances to the environment. 	<ul style="list-style-type: none"> ◇ Identify and manage the chemical substances regulated by the PRTR law and reduce the use of these substances. 	<p>Continue to identify and manage chemical substances.</p>	<p>Confirmed 33 substances and continued management of those.</p>	○	<p>Increase the accuracy of identification and management of chemical substances, and enhance measures for reducing emission volume.</p>
			<ul style="list-style-type: none"> ◆ Further reduce per-unit VOC emissions (g/m²) from manufacturing lines. 	<ul style="list-style-type: none"> ◇ Reduce per-unit VOC emissions to below 45.5 g/m²*. (a 50.2% reduction from the FY2001 level) 	<p>Reduce per-unit VOC emissions to below 49.7 g/m².</p>	<p>The result was 49.5 g/m², and cleared the target.</p>	○	<p>Reduce per-unit VOC emissions to below 48.9 g/m².</p>
			<ul style="list-style-type: none"> ◆ Conduct activities to reduce leakages of hazardous substances to outside the premises, complaints, and non-compliance with the legal standards to zero. 	<ul style="list-style-type: none"> ◇ Conduct activities to reduce environmental incident, complaints, and non-compliance with the legal standards to zero. ◇ Set stricter voluntary standards and conduct small-risk elimination activities. 	<p>Reduced to zero the number of leakages of hazardous substances to the outside of premises, complaints, and non-compliance with the legal standards.</p>	<p>The number of leakages of hazardous substances to the outside premises, complaints, and non-compliance with the legal standards was zero.</p> <p>There were two incidents of waste fluid leakage at the Gunma Manufacturing Division, but both cases were handled within the premises and did not drain out the premises.</p>	○	<p>Continue to reduce to zero the number of leakages of hazardous substances to outside the premises, complaints, and non-compliance with the legal standards. Complete the corrective action for two incidents which occurred in FY2013, and share the process to promote prevention of a leakage incident to outside the premises.</p>

*The target value of VOC emissions has revised to 45.5g/m² from the previous 41.3g/m². It is because the VOC contained in the paint used in production lines were not included in the total.

[4] Environmental Management

Field	Item		Target/Initiative (FY2017)	FY2013			FY2014
				Target	Results	Evaluation	Target
Green Products	Research on traffic environments	Automobiles	<ul style="list-style-type: none"> ◆ Work further on Intelligent Transport System (ITS) and foster the development of traffic accident prevention technologies for a safer and more comfortable motorized society. ◇ Foster measures for the development of an Advanced Safety Vehicle (ASV). ◇ Foster measures for the development of a Driving Safety Support System (DSSS). 	Conduct activities according to the 5th Advanced Safety Vehicle (ASV) project. Promote the development and industry-wide feasibility study of the Cooperative Adaptive Cruise Control (CACC) system.	Continuously studied problems handled by each Working Group. Developed the basic logic of the CACC system, and evaluated its basic effect on a test course.	○	Promote activities according to the 5th AVS project. Promote development of the CACC system and the industry-wide field test. Conduct the field demonstration of the CACC system at the ITS World Congress Tokyo 2013.
			<ul style="list-style-type: none"> ◆ Foster the use of the advanced safe driving system and develop technologies to further sophisticate it. ◇ Develop more technologies for the expanded use of the "EyeSight (ver. 2)" advanced safe driving system. 	Increase models using the "EyeSight (ver. 2)" advanced safe driving system. Study and carry out the global expansion plan.	Promoted increasing of models using the "EyeSight (ver. 2)" advanced safe driving system according to the global expansion plan.	○	Globally expand the number of models using the "EyeSight (ver. 2)" advanced safe driving system, and promote measures for active safety assessment in each country.
	Promotion of lifecycle assessments	<ul style="list-style-type: none"> ◆ Disclose more lifecycle assessment (LCA) data. ◇ Disclose LCA data starting with cars that have undergone full model changes. 	Disclose LCA data of the BRZ and new FORESTER.	Disclosed LCA data of the BRZ in July, and new FORESTER in December.	○	Measure and disclose the LCA data of models at the timing of full model change.	
Improving Environmental Management	Green procurement activity		<ul style="list-style-type: none"> ◆ Request both domestic and overseas suppliers to establish and maintain environmental management systems. ◇ Request suppliers, including new supplies to maintain the systems. ◇ Review and revise the green procurement guidelines as necessary. 	Maintain the Environmental Management System (EMS). [Automobile, aerospace] [Automobile, aerospace] 345 companies (100%) [Aerospace] 79 companies (100%) [Industrial products] Japan: 133 companies (100%) Overseas: Prepare for the self-evaluation report	Maintained the EMS establishment.	○	Maintain the EMS.
		<ul style="list-style-type: none"> ◆ Reduce the use of substances of concern. ◇ Encourage suppliers to enhance the management and reduce the use of substances of concern in parts and materials. 	Promote the reduction of the use of substances of concern. [Automobile] 1. Survey all the substances contained in the foreign products. 2. Survey containing and switching of substances of concern. 3. Confirm compliance of the law related to reduction of substances of concern. [Aerospace] Reduce the use of substances of concern. [Industrial products] Continue to survey containing of substances of concern and decide the switching plan.	Promoted the reduction of the use of substances of concern. [Automobile] 1. Conducted the survey by IMDS. 2. Conducted the survey on EU-ELV directives. 3. Collected and checked a compliance confirmation document. [Aerospace] Continued not to procure regulated substances. [Industrial products] Conducted survey on the REACH regulations.	○	Promote the reduction of the use of substances of concern. [Automobile] 1. Survey all the substances contained in the foreign products. 2. Survey containing and switching of substances of concern. 3. Confirm compliance of the law related to reduction of substances of concern. [Aerospace] Continued not to procure regulated substances. [Industrial products] Determine the target value of substances of concern. [Industrial products] Continue to survey containing of substances of concern and decide the switching plan.	
		<ul style="list-style-type: none"> ◆ Set the supplier CSR guidelines and distribute the copies to suppliers. (Aerospace and Industrial Products Companies) ◇ Set the guidelines and increase suppliers' awareness of the guidelines. 	Promote the CSR procurement. [Automobile] Increase the awareness of the guideline. [Aerospace] Settle the guideline content. [Industrial products] Set the guideline and distribute it to suppliers.	Promoted the CSR procurement under the guideline. Concerning to the Aerospace business, the guideline was set in the second half of the year. [Aerospace] Set the guideline in the second half of the year. [Industrial products] Created the Supplier CSR Guideline and distributed to suppliers at the end of March.	○	Promote the CSR procurement under the guideline. Consider the creation of the company-wide guideline. [Aerospace] Spread use of the guideline. [Industrial products] Give the widest possible publicity to the guideline.	
	Support to dealers' environmental protection activities	Automobiles	<ul style="list-style-type: none"> ◇ Support all dealers in maintaining the "Eco Action 21" certification. ◇ Support the voluntary implementation of environmental measures, such as energy conservation and waste reduction measures under the "Eco Action 21". 	Make sure to continue the "Eco Action 21" certification.	Continued the "Eco Action 21" certification throughout all 44 dealers.	○	Support all dealers to continue the "Eco Action 21" certification.
Promotion of environmental protection activities, including biodiversity conservation in cooperation with local communities		<ul style="list-style-type: none"> ◆ Continue to participate in environmental events, make exchanges with local inhabitants, and hold plant tours. ◆ Continue to conduct cleanup and greening activities, including biodiversity conservation efforts. ◆ Give support to environmental organizations' activities. ◇ Proactively continue to hold plant tours and events within the premises, and give environmental classes. ◇ Continue cleanup activities around the premises. ◇ Foster greening activities in consideration of biodiversity conservation. 	Accept teachers to the OJT program. Continue SUBARU Community Exchange activities. Set and issue the biodiversity policy. Start identify the relationship between biodiversity and business activities.	Besides teacher education, conducted the visiting environmental classes and accepted students' company visit. Cleaned up Kanayama, Ota-City, at the event of SUBARU Community Exchange Association. Disclose the biodiversity policy and actions in the 2013 CSR Report. Consulted some companies about measures to understand relationship between biodiversity and business activities. Participated in the biodiversity seminars and collected latest information.	○	Continue to educate teachers, give visiting environmental classes, and accepting students' company visit. Disclose biodiversity measures in the 2013 CSR Report. Continue to identify the relationship between biodiversity and business activities.	

Field	Item	Target/Initiative (FY2017)	FY2013			FY2014	
			Target	Results	Evaluation	Target	
Improving Environmental Management	Disclosure of Environmental Information	◆ Timely disclose environmental information through regular publication of reports and other documents.	◇ Report about environmental activities in the CSR report and provide latest information at the website.	Issue the CSR report. Revise child programs at the visitor center.	Issued the CSR Report in September. Renewed visuals and Kids Book, and newly opened website for children. As a result, the comprehensive program for children combined with the existing factory story has established.	○	Issue the 2013 CSR Report. Newly open the Environment page on our website, and effectively send off various information.
		◆ Improve and enhance the content of environmental reports. (Compliance with the environmental reporting guidelines, inclusion of Group companies in the scope of reporting)	◇ Foster compliance with the environmental reporting guidelines and improve the content of environmental reporting.	Switch the environmental reporting guideline to its 2012 version from the 2007 version.	The version of environmental reporting guideline was switched to 2012 version. Disclosed LCA on environmental concern in the value chain.	○	Increase the rate of compliance with the 2012 guideline, and enrich the content of the report.
		◆ Participate in environmental fairs to publicize the company's environmental measures.	◇ Continue to participate in Eco-Products to widely publicize the company's eco-friendly products and services.	Participate in the Eco-Products Exhibition.	Did not participate in the Eco-Products Exhibition in 2012. (Instead, continuously took part in the Environmental Fair at Ota City.)	×	Participate in the Eco-Products Exhibition to widely appeal our environmental initiatives.
	Implementation of environmental education and awareness activities	◆ Continue environmental and social education under the internal education system.	◇ Hold more education, enlightenment and presentation events for the environment.	Continue to hold various kinds of education, and provide the information in and out the company.	Explain our environmental initiatives at various occasions and to the media. • Press Release June issue: Automobile Recycling Performance, ISO50001 certification acquisition at SIA, • In-house magazine "Shuhou" May issue: Becoming harder to comply with Environment-related laws. July issue: ISO50001 certification acquisition at SIA, Kanayama cleaning August issue: Introduction of co-generation system at Gunma Manufacturing Division.	○	Actively conduct educational plans and activities at various occasions.
		◆ Continuously enlighten employees through in-house magazines and other media.					
		◆ Continue to hold lectures and workplace meetings to present improvement examples.					
	Environmental Management System Establishment	◆ Maintain ISO 14001 certification for the integrated EMS at all the bases.	◇ Share the internal auditing and environmental education systems for more rational EMS activities.	Share the internal auditing between each site secretariat.	Shared the internal auditing eight times to uniform the quality level of the auditing.	○	Continuously conduct the shared internal auditing and uniform the style of auditing to raise the overall level.
		◆ Make continuous improvements to the EMS.					
		◆ Increase cooperation with subsidiaries to maintain and enhance the consolidated EMS.	◇ Encourage more subsidiaries to acquire certification for the integrated EMS to level up the system.	Promote activities aiming for expansion of certification area.	Subaru Logistics Co., Ltd. has acquired the certification. All companies in the Domestic Affiliated Company Subcommittee has acquired the certification.	○	Promote activities to acquire the certification for the entire company group including members of the Domestic Affiliated Company Subcommittee.

Compliance

Compliance with Laws and Regulations

Basic Compliance Policy

Compliance Philosophy

FHI views compliance to be a key responsibility of management and firmly believes that only through company-wide implementation of compliance can our business have a strong foundation. FHI strives to engage in fair and just corporate activities that comply with laws and regulations, our own internal rules, and the standards of society.

Corporate Code of Conduct and Conduct Guidelines

FHI has established a Corporate Code of Conduct and Conduct Guidelines as standards to help ensure compliance with laws and regulations. They are explained in detail in the Compliance Manual, which is given to all FHI executives and employees to help them maintain compliance in their daily actions.

About the Corporate Code of Conduct

On the basis of our corporate philosophy, we established the basic guidelines that officers and employees must observe with regard to stakeholders such as customers, business partners, shareholders and society.

About the Conduct Guidelines

The basic guidelines listed in the Corporate Code of Conduct specifically determine the standards of conduct for all officers and employees to practice in our daily business activities.



Compliance training

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

Compliance System and Administration

FY2013

Compliance System/Organization and Administration

A company-wide committee established to promote corporate compliance, the Compliance Committee conducts deliberations and discussions, renders determinations, and encourages the exchange of

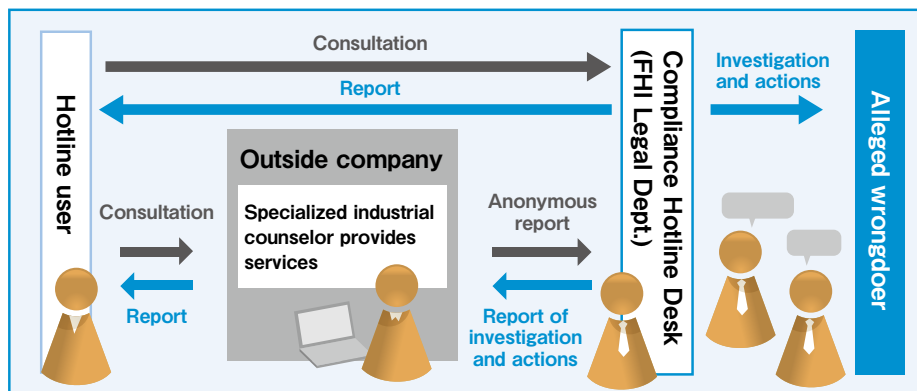
information on key compliance issues. Every year, each department plans its own compliance program, continuously and autonomously implementing compliance initiatives.

Compliance Hotline

In addition to discussing with their supervisors any compliance issues they encounter, FHI Group employees have the option of using the Compliance Hotline and reporting issues directly to the Hotline Desk located within FHI. After receiving information via mail, telephone, or email, employees assigned to the Hotline Desk research situations and take appropriate actions based on FHI's internal rules. The names and departments of those

making reports are kept strictly confidential to prevent reprisals. Since April 2008, a company external to the FHI Group has provided services to the Hotline Desk, allowing the Compliance Hotline to extend its hours and helping to ensure the confidentiality of the names and departments of those making reports. The result has been greater ease of use for all employees making use of the hotline.

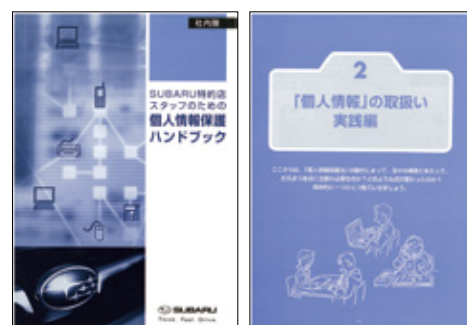
Compliance Hotline (Flow from consultation to solution)



Compliance Hotline Card

Personal Information Protection Initiatives

To comply with the Personal Information Protection Act, FHI has reviewed its internal systems and rules and publicly disclosed its privacy policy. Since Subaru dealers in Japan handle a wide range of customer information, we have reviewed each dealer's compliance with our rules and created a Personal Information Protection Handbook for Subaru Dealers. In this way, we are working to ensure that all employees understand the importance of protecting personal information.



Handbook for SUBARU Dealer Staff

Compliance

Compliance System and Administration

FY2013

Compliance Activity Achievements

In order to ensure compliance with laws and regulations, FHI and all our group companies join forces and work in harmony. In FY2013, over 3,100 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 complements the above seminars by holding study meetings on legal matters required in their jobs and compliance motivation training. Staffs 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.



Compliance Handbook for Affiliated Companies



100 Case Studies of Compliance Issues

Information Disclosure

Information Disclosure

FY2013

Information Disclosure Philosophy

By disclosing information about our corporate strategy and activities in a fair, proper, and timely manner, FHI seeks to increase the transparency of management and increases the understanding of FHI on the part of our stakeholders, thereby building with them a relationship of trust.

Fuji Heavy Industries Ltd. Top Page

<http://www.fhi.co.jp/>



Information Disclosure

Information Disclosure

FY2013

Information Disclosure on Our Website

Our website includes an Investor Relations section that provides up-to-date IR information. We also distribute the latest financial reports and other IR-related information by email to those who register. Currently more than 900 people take advantage of this free email service. We also provide an Investor Relations site designed specifically for smartphone access.

Also, our IR site was ranked 1st in the industry in the "Fiscal 2012 Listed Company Website Quality Ranking" hosted by Nikko Investor Relations Co., Ltd. for six years in a row (about 4,000 companies evaluated), and also positioned 1st in the industry in the "Investor Relations Site Ranking in 2013" by Gomez Consulting Co., Ltd. for seven consecutive years.



FINANCIAL REPORT



FHI website

Follow this link for the latest IR information.

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

Private Investor Briefings

FHI holds private investor briefings to provide easy-to-understand information on a range of topics, from company history to recent business results. In addition,

we hold Q&A sessions to help investors gain a deeper understanding of our company and its activities.

Plant Tours for Shareholders

We hold plant tours for shareholders to allow them to experience our actual production workplaces and gain a deeper understanding of our production policies and activities. We also hold Q&A sessions after the tours to facilitate communication between our executives and shareholders and to receive our shareholders' valuable opinions and insights, which we feed back into our continuous improvement efforts.



Plant tour for shareholders

Social Contribution

Social Contribution Policy

FY2013(Japan)

FY2013(Overseas)

Gratitude for the Local Communities

SUBARU Group has focused on CSR activities with environmental, traffic safety and social contribution activities. We have established the Social Contribution

Policy to promote social contribution activities more actively.

Social Contribution Policy

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



Social Contribution Committee

column

Donating Vehicles for Earthquake Relief in Ya'an, Sichuan Province, China

After a severe earthquake struck Sichuan Province on April 20, 2013, Subaru of China, Ltd. donated five Forester automobiles to five government entities in Ya'an, a city hit especially hard by the disaster: the Bifengxia Panda Base, the Lushan County Forestry Bureau, the Lushan County Education Bureau, the Tianquan County Sanitation Bureau, and the Tianquan County Agriculture Bureau. These entities are using the vehicles in a variety of relief projects, such as repairing and constructing housing, fortifying the structures of schools and other buildings, transporting victims, and delivering medicine and other relief supplies.



Donated SUBARU FORESTER

Social Contribution

Social Contribution Policy

FY2013 (Japan)

FY2013 (Overseas)

Development of Automobile Culture and Road Safety

Traffic Safety Campaign

Each of our business sites cooperates with the police and the Safe Driving Supervisor Association and hosts driving training sessions, such as that for young drivers in local communities and a safe motorbike driving demonstration by police motorcyclists. We raise awareness of traffic safety and road accident prevention through events such as offering traffic safety guidance services in the school zones around the business sites.



Left: Young driver training

Right: Traffic safety support near schools

Traffic Safety Awareness Campaign

FHI has begun operating our "SUBARU Kids" to promote awareness of traffic safety among young people.

As a member of the traffic society we actively promote awareness among employees at each of our offices and plants by providing accident prevention meetings before long holiday seasons and other occasions.



"SUBARU Kids" site for children

<http://www.fhi.co.jp/kids/>

(Available only in Japanese)

SUBARU Visitor Center

First open to the public on July 15, 2003, the Subaru Visitor Center welcomes people who visit the Yajima Plant for tours of the facility and other reasons. Inside, visitors can view historic SUBARU models and cars that set world records, as well as learn more about SUBARU's unique technologies and environmental initiatives. In FY2013, 94,676 people came to see the facilities.

For a Plant Tour application (10 to 200 people) and detailed information on the Visitor Center, please refer to the link below.

<http://www.subaru.co.jp/about/showroom/vc/>

(Available only in Japanese)



SUBARU Visitor Center



Visiting Environmental Classes

Utsunomiya Manufacturing Division offers visiting environmental classes to local elementary schools to deepen pupils' understanding of the environment. The classes target grade 5 pupils in the elementary school, and our employees visit the class as teachers to raise awareness about global warming and other environmental issues through experiments and talks. In FY2013, 48 classes for 1,483 pupils were held, making a total of 220 classes delivered to 7,031 pupils since the start of the classes in 2006. The classes and lessons are now widely accepted in the community and we have received numerous letters of thanks from the children.



Visiting environmental classes

Special Classes for Children

Through our social contribution activities in motor sports, we continue to train the next generation for the future. In these activities, students get to hear about the hands-on experience of SUBARU developers and rally drivers whose messages convey the importance of looking to the future and striving to realize their own dreams. These activities, which began in 2006, are made available, not only to elementary schools but also to junior high schools and high schools.

In FY2013, rally driver Toshihiro Arai was invited as guest speaker to Ota Municipal Ikushina Junior High School in Gunma prefecture, where he delivered a special class on the theme, "Let's learn from the way we live, the things we can do." We shall arrange more of this kind of event from now on, for the fascination and excitement they bring to future generation.



Special class for children

Accepting Students' Company Visits

Our head office accepts approximately 10 company visits per year by junior and senior high school students as a part of their school excursion to Tokyo, in the hope that the visit will help enrich their social studies and give them inspiration for their future career. During the visit, we explain SUBARU's business processes, from development and production, to sales, and the range of tasks handled by the Management Department. We hope this provides a good insight into the entire life story of a car to its eventual owner and the people and work involved in this journey.

During each visit we always receive a number of questions from the students, such as why we chose to work for FHI and about the fulfillment that we find in our jobs. Recently, we find that more and more students are interested in the work-life balance and active promotion of female workers.



A scene from company visits

SUBARU's Contribution in the Local Area

SUBARU Community Exchange Association

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

FY2013 Major Activities

- At "Flower-full Activity," flower saplings were distributed (June, September, December)
- Charity Concert (September, December)
- Charity and Friendship Golf Competition (November)
- Rakugo and Lecture of Local Rakugo Storyteller (March)

Charity Concert

At the "Friendship Concert" sponsored by the SUBARU Community Exchange Association, customers bring in towels, soaps and other daily necessities for donations to the Welfare Council in the region.



Charity concert

For details, please access the website of the SUBARU Community Exchange Association. Ichitan Co., Ltd., Kiryu Industrial Co., Ltd. and Subaru Logistics Co., Ltd. are the member of the Association.

<http://www.chiiki-kouryuukai.com/>

(Available only in Japanese)

Local Area Cleaning

FHI is conducting clean-and-beautify your neighborhood activities by employees in the vicinity of each of our offices and plants. More than 6,293 employees took part in FY2013. We plan to continue these clean-and-beautify activities from now on.



Left: Utsunomiya Manufacturing Division "Clean Campaign"
Right: Saitama Manufacturing Division "Fresh-clean Kitamoto, Leave It to Us" program

Support of Volunteer Activities

The social contribution policy sets forth clearly the participation of each employee in social action programs as a citizen. The policy is intended to make employees conscious of the need for their proactive social contributions so that a culture to do something for society remains firmly rooted in the entire company. As a specific example, an award system to honor employees who are active in volunteer activities using their own time was established in 2006. The 8th award ceremony was held in June 2013 and three employees were honored with the volunteer award.



Volunteer awards ceremony

Social Contribution

Social Contribution Policy

FY2013 (Japan)

FY2013 (Overseas)

Efforts by Subaru of America Inc. (SOA)

Eradicating Food Shortage

SOA plans to open the Subaru Choice Food Pantry in 2014 to help alleviate the regional food shortage problem. The facility aims to solve local problems by providing food and nutrition training, helping raise food awareness and controlling purchasing motivation.



Teacher Development Support

In partnership with the National Liberty Museum, Pennsylvania, SOA supports teacher education. We actively conduct support activities for young teachers to help foster respect for civil rights and to prevent bullying and violence.



Local Cleanup Activities

SOA with United by Blue (UBB) are to co-host a series of river cleanups. UBB is an ocean-friendly brand of apparel and accessories. For every product sold, UBB removes one pound of trash from our world's oceans and waterways. SUBARU employees have volunteered on cleanups for the past two years.



Efforts by Subaru of Indiana Automotive, Inc. (SIA)

Open House for 25th Anniversary

SIA was incorporated in the State of Indiana on March 17, 1987. As part of SIA's celebration of 25 years in business, the company hosted a series of events for the community, including an open house and tour of the plant. The various activities afforded SIA's customers and community leaders an opportunity to view our plant and products up close.



EyeSight Expands to North America

At the 25th Anniversary Community Luncheon, guests were able to try out the 2013 LEGACY and OUTBACK models debuting SUBARU's new EyeSight driver-assist system, which integrates Adaptive Cruise Control, Pre-Collision Braking and Vehicle Lane Departure Warning.



Greening Activities

By introducing Midwest prairie grass to the area, SIA's Prairie Grass Project is helping diversify native plants and protecting the birds that inhabit prairie. The grass can sequester more carbon dioxide than trees to help offset CO₂. By cultivating this prairie, SIA is helping choke out invasive plants and pollen around the factory.



Efforts by Subaru Canada, Inc. (SCI)

Contributing to Breast Cancer Treatment Organizations

In partnership with Golf Canada and the Canadian Cancer Society, "Golf Fore the Cure, Presented by Subaru," with the help of volunteers across the country, is providing guidance to women on the game of golf, and through organizing events is making contributions to breast cancer treatment organizations. The program has introduced more than 76,000 women to golf in the past eight years. These women have been able to raise over \$3.8 million towards the fight against breast cancer. Our goal for 2012 was \$740,000.



SUBARU Owners Meeting

On August 26, 2012, the Toronto Subaru Club held their 9th Annual Hyper-Meet at Subaru Canada's headquarters in Mississauga. The annual meet was attended by over 700 Subarists (SUBARU enthusiasts) with 400 cars participating in family-oriented and other events. Many donations were collected from the attendees, and the event was a huge success.



Food Drive

SRD is continuing its Food Drive to help reduce the food shortage in the Ann Arbor area. The Food Drive helps with food donations to people with low incomes, and SRD employees have donated 139 pounds of food.



2013 Mochitsuki Festival

In its efforts to foster good relations with the local community, SRD provides a variety of opportunities and venues for communication. On January 12, 2013, the company participated, as it does each year, in the Mochitsuki Festival, contributing to better cultural exchange and communication.



Procurement

Establishing Mutually Beneficial Relationship with Business Partners

FY2013

Procurement Policy

In keeping with our Corporate Philosophy, FHI strives to procure parts, materials, and equipment that offer excellent quality, environmental performance, and cost performance. To realize this goal, it is necessary for us to

establish relationships with our business partners based on equality, trust, mutual benefit, and dedication to continuous improvement.

Fundamental Procurement Policy

FHI has been promoting procurement activities under the following basic policy.

1 Compliance & Green Procurement

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

2 Establish Best Partnership

We 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 is 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

FHI strictly observes the Antimonopoly Act, the Act against Delay in Payment of Subcontract Proceeds, Etc., to Subcontractors, and other laws and regulations related to procurement. We are also engaged in fair trade programs in support of the Fair Trade Guidelines for the Automotive

Industry issued by the Ministry of Economy, Trade and Industry in June 2007. As part of these efforts, we offer a hotline for business partners in our supply chain to call in should they have any questions or concerns about FHI's fair trade practices.



Consultation service for promoting fair-trade[PDF: 381KB] (Japanese version only)

SUBARU Supplier CSR Guidelines

Based on the CSR Guidelines for Suppliers issued by Japan Automobile Manufacturers Association, Inc. (JAMA), we have created the SUBARU Supplier CSR Guidelines by incorporating our CSR policy for the business partners of

SUBARU Automotive Business. We expect these guidelines will help our partners to conduct further CSR activities and expand such activities jointly with their own business partners.

Five Topics in the SUBARU Supplier CSR Guidelines

FHI promotes supplier activities based on the following approach.

1 Safety and Quality

- Providing products and services that meet consumer and customer needs
- Providing appropriate information concerning products and services
- Ensuring safety of products and services
- Ensuring quality of products and services

2 Human Rights and Labor Issues

- Striving to avoid discrimination
- Respecting human rights
- Prohibiting child labor
- Prohibiting forced labor
- Compliance with the law on remuneration
- Compliance with the law on working hours
- Practicing dialogue and consultation with employees
- Ensuring a safe and healthy working environment
- Providing human resource training

3 Environment

- Implementing environmental management
- Reducing greenhouse gas emissions
- Preventing air, water, and soil pollution
- Saving resources and reducing waste
- Managing chemical substances
- Conservation of the eco system

4 Compliance

- Compliance with laws
- Compliance with competition laws
- Preventing corruption
- Managing and protecting confidential information
- Managing export trading
- Protecting intellectual property

5 Information disclosure

- Disclosing information to stakeholders

 SUBARU Supplier CSR Guidelines [PDF: 578KB]

 SUBARU Green Procurement Guidelines [PDF: 508KB] (Japanese version only)

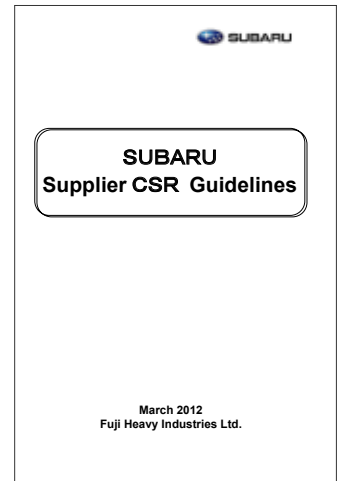
Note: The SUBARU Green Procurement Guidelines is an embodiment of the SUBARU Supplier CSR Guidelines, "(3) Environment."

I Approaches to CSR Procurement

In the past, the procurement departments of the Subaru Automobile Business, Aerospace Company, and Industrial Products Company participated in the Procurement Environmental Committee, which strived to solve environmental issues that arose in the area of procurement. In FY2012, the committee changed its name to the Purchasing Committee and expanded its mission to include both environmental and CSR issues.

The policy of the Purchasing Committee is to facilitate fair procurement practices and encourage CSR at suppliers, thereby helping to ensure fair trade with business partners and cooperative CSR-based procurement throughout the FHI supply chain.

The "SUBARU Supplier CSR Guidelines" is the reference for CSR procurement, which was issued to the suppliers of the Automobile Business in FY2012, and to those of the Industrial Products Company in FY2013. We plan to issue the guidelines to the Aerospace Company in FY2014. FHI plans to continue efforts to promote CSR procurement.



SUBARU Supplier CSR Guidelines

Corporate Governance

Corporate Governance System

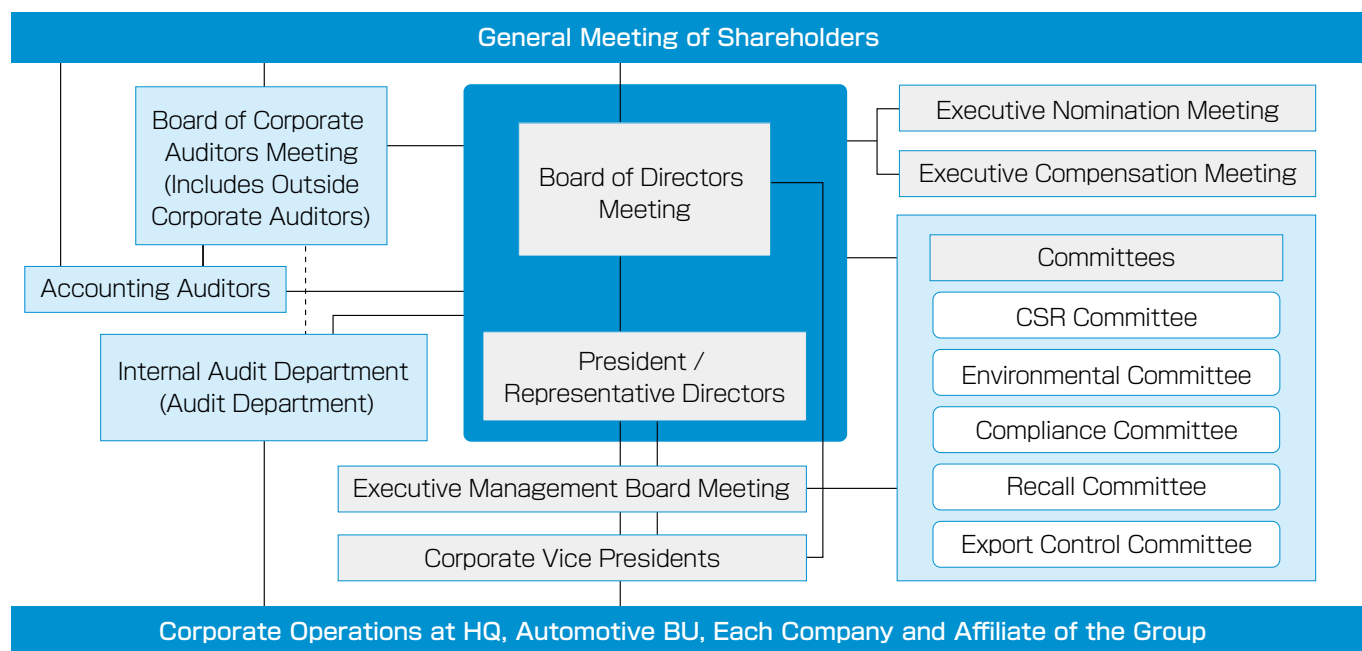
Corporate Governance System

Since June 1999, FHI has employed an executive officer system that clarifies the managerial responsibilities of executives in each division. In June 2003, we reduced the term of directors and executive officers from two years to one. Moreover, since June 2004, based on a decision of the Board of Directors, the Executive Nomination Meeting is responsible for the selection of corporate officer candidates, and the Executive Compensation Meeting is responsible for evaluating the performance and determining the compensation of executives.

Also, the execution of important business

operations is decided and supervised by the board of directors and audited by the board of corporate auditors. The board of directors consists of eight members with one of them invited from the outside as an independent member to enhance governance. The board of corporate auditors consists of four members with two of them invited from the outside for higher objectivity to monitor business management. In addition, we will take various measures to further strengthen internal control, and will also disclose information fairly and in a timely manner in order to increase management transparency.

System of Corporate Governance



Internal Controls System

Internal controls are an indispensable mechanism for achieving corporate objectives, and management is responsible for establishing them and maintaining their effectiveness and efficiency. At FHI, the Corporate Planning Department (which plays a central role in the common functions of each business) and other company-wide departments maintain close links with other departments

and companies to enhance risk management.

In addition, the Audit Department performs planned audits of each department and Group company. To support internal controls, FHI has created a system and organization to ensure compliance, which is the foundation of risk management. Further, in compliance with the Standards for Management Assessment and

Audit Concerning Internal Control Over Financial Reporting issued by the Business Accounting Deliberation Council of the Financial Services Agency on February 15, 2007, we work to continuously strengthen the internal controls system of the entire Group so as to achieve the following:

1. Effective and efficient operations
2. Reliable financial reporting
3. Compliance with laws and regulations in all business activities
4. Safeguarding of assets

Risk Management

We define risk as uncertain elements with the potential for negative impact on our business operations. While there are many types of risk, we call those risks that are particularly dangerous to our business operations and that we cannot handle through regular decision-making channels "crisis-level risks" and categorize them as follows: natural disaster, accident, internal human factors, external human factors, social factors (domestic, overseas), and compliance.

We have created manuals for dealing with each type of emergency, which delineate what communication channels are to be used once a risk is recognized, how to form crisis management headquarters, and other methods to follow to respond optimally to the situation.



FHI emergency response procedure manual and crisis management (disaster prevention) guidelines

Location-specific Business Continuity Plans (BCPs)

With the goal of minimizing any reduction of service to customers and preventing loss of market share and corporate value, we have created a BCP for each business unit to maintain business operations or restore them as quickly as possible in the event of an emergency. Should our resources (employees, physical assets, monetary assets) be affected by an emergency, we will leverage our remaining resources to minimize the shutdown of priority operations and restore all operations to their original state as quickly as possible. We have also established an Emergency Response Policy, in accordance with which we strive to maintain operations in the event of an emergency.

Emergency Response Policy

- ① Give first priority to people's survival and physical safety.
- ② Minimize loss of stakeholder interests and corporate value.
- ③ Act always with honesty, fairness, and transparency, even in an emergency.

Comparison with Guidelines

GRI Guidelines

ISO26000

Comparison with GRI Guidelines

To create a sustainability report meeting the international standard, Fuji Heavy Industries, Ltd. uses core subjects of the ISO26000 and the GRI G3.1 Sustainability Reporting Guidelines as references.

Visit www.iso.org for details of the ISO26000 standard, and www.globalreporting.org for details of the GRI Guidelines.

Extent of reporting ○ : Full, △ : Limited, × : Not reported

▶ CP: Corporate Profile ▶ CSR: CSR/Environment

*Core indicator

(As of August 2013)

Section	Indicator	Extent of Reporting	Articles on the website
1. Strategy and Analysis			
1.1	Statement from the most senior decision maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	○	▶ CP: Message from President ▶ CSR: Message from the President
1.2	Description of key impacts, risks, and opportunities.	○	▶ CP: CSR ▶ CSR: Message from the President ▶ CSR: The Fuji Heavy Industries Group's CSR ▶ CSR: Environmental Vision

Section	Indicator	Extent of Reporting	Articles on the website
2. Organizational Profile			
2.1	Name of the organization.	○	▶ CP: Overview
2.2	Primary brands, products, and/or services.	○	▶ CP: Philosophy ▶ CP: Guide to FHI
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	○	▶ CP: Facilities
2.4	Location of organization's headquarters.	○	▶ CP: Overview
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	○	▶ CP: Facilities ▶ CSR: Global Commitment
2.6	Nature of ownership and legal form.	○	▶ CP: Overview
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	×	
2.8	Scale of the reporting organization, including: <ul style="list-style-type: none"> ● Number of employees; ● Number of operations; ● Net sales (for private sector organizations) or net revenues (for public sector organizations); ● Total capitalization broken down in terms of debt and equity (for private sector organizations); and Quantity of products or services provided. 	○	▶ CP: Overview ▶ CP: Facilities
2.9	Significant changes during the reporting period regarding size, structure, or ownership including: <ul style="list-style-type: none"> ● The location of, or changes in operations, including facility openings, closings, and expansions; and ● Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations). 	×	
2.10	Awards received in the reporting period.	○	▶ CSR: Customers and Products ▶ CSR: Global Commitment

Section	Indicator	Extent of Reporting	Articles on the website
3. Report Parameters			
Report Profile			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	○	▶ CSR: Editorial Policy
3.2	Date of most recent previous report (if any).	○	▶ CSR: Editorial Policy
3.3	Reporting cycle (annual, biennial, etc.).	○	▶ CSR: Editorial Policy
3.4	Contact point for questions regarding the report or its contents.	○	▶ CSR: Editorial Policy
Report Scope and Boundary			
3.5	Process for defining report content, including: <ul style="list-style-type: none"> ● Determining materiality ● Prioritizing topics within the report ● Identifying stakeholders the organization expects to use the report. 	○	▶ CSR: Editorial Policy
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	○	▶ CSR: Editorial Policy
3.7	State any specific limitations on the scope or boundary of the report.	○	▶ CSR: Editorial Policy
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	×	
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	○	▶ CSR: Environmental Management
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	×	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	×	
GRI Content Index			
3.12	Table identifying the location of the Standard Disclosures in the report.	○	▶ CSR: Comparison with Guidelines
Assurance			
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	×	

Section	Indicator	Extent of Reporting	Articles on the website
4. Governance, Commitments, and Engagement			
Governance			
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	○	▶ CP: Corporate Governance ▶ CSR: Corporate Governance
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	○	▶ CP: Board of Directors/Executive Officers ▶ CP: Corporate Governance ▶ CSR: Corporate Governance
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	○	▶ CP: Corporate Governance ▶ CSR: Corporate Governance
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	○	▶ CP: Corporate Governance ▶ CSR: Corporate Governance
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	×	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	×	

Section	Indicator	Extent of Reporting	Articles on the website
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	×	
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	○	▶ CP: Philosophy ▶ CSR: The Fuji Heavy Industries Group's CSR
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	○	▶ CSR: The Fuji Heavy Industries Group's CSR
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	×	
Commitments to External Initiatives			
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	○	▶ CP: Corporate Governance CSR: Making Safe Vehicles CSR: Environmental Vision
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	×	
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: <ul style="list-style-type: none"> ● Has positions in governance bodies; ● Participates in projects or committees; or ● Provides substantive funding beyond routine membership dues. 	×	
Stakeholder Engagement			
4.14	List of stakeholder groups engaged by the organization.	○	▶ CP: CSR ▶ CSR: The Fuji Heavy Industries Group's CSR
4.15	Basis for identification and selection of stakeholders with whom to engage.	○	▶ CP: CSR ▶ CSR: The Fuji Heavy Industries Group's CSR
4.16	Basis for identification and selection of stakeholders with whom to engage.	○	▶ CSR: Communication with Customers ▶ CSR: Communication with Labor Union ▶ CSR: Information Disclosure ▶ CSR: Third-party Opinion
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	○	▶ CSR: Communication with Customers

Section	Indicator	Extent of Reporting	Articles on the website
5. Performance index			
Economic			
Management Approach			
	Goals and Performance	×	
	Policy	×	
	Additional Contextual Information	×	
Economic Performance			
EC1*	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	×	
EC2.*	Financial implications and other risks and opportunities for the organization's activities due to climate change.	×	
EC3.*	Coverage of the organization's defined benefit plan obligations.	×	
EC4.*	Significant financial assistance received from government.	×	

Section	Indicator	Extent of Reporting	Articles on the website
Market Presence			
EC5.*	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	×	
EC6.*	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	○	▶ CSR : Procurement
EC7.*	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	×	
Indirect Economic Impacts			
EC8.*	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	○	▶ CSR: Social Contribution
EC9.*	Understanding and describing significant indirect economic impacts, including the extent of impacts.	×	
Environment			
Management approach			
	Management approach	○	▶ CSR: Environment ▶ CSR: Environmental Vision
	Goals and Performance	○	▶ CSR: Environment ▶ CSR: Environmental Vision
	Policy	○	▶ CSR: Environment ▶ CSR: Environmental Vision
	Organizational Responsibility	○	▶ CSR: Environment ▶ CSR: Environmental Vision
	Training and Awareness	○	▶ CSR: Environmental Communication
	Monitoring and Follow-Up	○	▶ CSR: Environment ▶ CSR: Environmental Vision
	Additional Contextual Information	×	
Materials			
EN1*	Materials used by weight or volume.	○	▶ CSR: Plant and Office Initiatives
EN2*	Percentage of materials used that are recycled input materials.	○	▶ CSR: Plant and Office Initiatives
Energy			
EN3*	Direct energy consumption by primary energy source.	○	▶ CSR: Plant and Office Initiatives
EN4*	Indirect energy consumption by primary source.	○	▶ CSR: Environmentally-friendly Automobiles
EN5	Energy saved due to conservation and efficiency improvements.	○	▶ CSR: Environmentally-friendly Automobiles ▶ CSR: Plant and Office Initiatives ▶ CSR: Approaches to Logistics ▶ CSR: Approaches to Sales ▶ CSR: Global Commitment
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	○	▶ CSR: Environmentally-friendly Automobiles ▶ CSR: Plant and Office Initiatives
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	○	▶ CSR: Environmentally-friendly Automobiles

Section	Indicator	Extent of Reporting	Articles on the website
Water			
EN8*	Total water withdrawal by source.	○	▶ CSR: Environmental Performance
EN9	Water sources significantly affected by withdrawal of water.	×	
EN10	Percentage and total volume of water recycled and reused.	×	
Biodiversity			
EN11*	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	△	▶ CSR: Environmental Management
EN12*	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	○	▶ CSR: Environmental Management
EN13	Habitats protected or restored.	○	▶ CSR: Environmental Management
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	○	▶ CSR: Environmental Management
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	×	
Emissions, Effluents, and Waste			
EN16*	Total direct and indirect greenhouse gas emissions by weight.	○	▶ CSR: Environmentally-friendly Automobiles ▶ CSR: Approaches to Logistics ▶ CSR: Global Commitment ▶ CSR: Environmental Performance
EN17*	Other relevant indirect greenhouse gas emissions by weight.	○	▶ CSR: Environmental Performance
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	○	▶ CSR: Environmentally-friendly Automobiles ▶ CSR: Plant and Office Initiatives CSR: ▶ CSR: Approaches to Logistics ▶ CSR: Global Commitment ▶ CSR: Environmental Performance
EN19*	Emissions of ozone-depleting substances by weight.	○	▶ Product Information: Automobile Recycling Law (available only in Japanese)
EN20*	NOx, SOx, and other significant air emissions by type and weight.	○	▶ CSR: Environmentally-friendly Automobiles ▶ CSR: Environmental Performance
EN21*	Total water discharge by quality and destination.	×	
EN22*	Total weight of waste by type and disposal method.	○	▶ CSR: Plant and Office Initiatives CSR: ▶ CSR: Environmental Performance
EN23*	Total number and volume of significant spills.	△	▶ CSR: Environmental Management
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, I, III, and VIII, and percentage of transported waste shipped internationally.	×	
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	×	
Products and Services			
EN26*	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	○	▶ CSR: Environment ▶ CSR: Environmental Vision ▶ CSR: Environmentally-friendly Automobiles ▶ CSR: Automobile Recycling
EN27*	Percentage of products sold and their packaging materials that are reclaimed by category.	○	▶ CSR: Approaches to Logistics
Compliance			
N28*	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	○	▶ CSR: Environmental Management

Section	Indicator	Extent of Reporting	Articles on the website
Transport			
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	○	▶ CSR: Approaches to Logistics
Overall			
EN30	Total environmental protection expenditures and investments by type.	○	▶ CSR: Environmental Management
Social			
Labor Practices and Decent Work			
Management Approach			
	Goals and Performance	×	
	Policy	○	▶ CSR: Human Resource Development ▶ CSR: Work-life Balance Initiatives ▶ CSR: Diversity Initiatives ▶ CSR: Occupational Health and Safety ▶ CSR: Healthcare ▶ CSR: Communication with Labor Union
	Organizational Responsibility	○	▶ CSR: Human Resource Development ▶ CSR: Work-life Balance Initiatives ▶ CSR: Diversity Initiatives ▶ CSR: Occupational Health and Safety ▶ CSR: Healthcare ▶ CSR: Communication with Labor Union
	Training and Awareness	○	▶ CSR: Human Resource Development
	Monitoring and Follow-Up	○	▶ CSR: Occupational Health and Safety
	Additional Contextual Information	×	
Employment			
LA1*	Total workforce by employment type, employment contract, and region, broken down by gender.	△	▶ CSR: Diversity Initiatives
LA2*	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	△	▶ CSR: Diversity Initiatives
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	×	
LA15*	Return to work and retention rates after parental leave, by gender.	×	
Occupational Health and Safety			
LA4*	Percentage of employees covered by collective bargaining agreements.	×	
LA5*	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	×	
Occupational Health and Safety			
LA6	Percentage of total workforce represented in formal joint management worker health and safety committees that help monitor and advise on occupational health and safety programs.	×	
LA7*	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities, by region and by gender.	×	
LA8*	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	○	▶ CSR: Healthcare
LA9	Health and safety topics covered in formal agreements with trade unions.	×	

Section	Indicator	Extent of Reporting	Articles on the website
Training and Education			
LA10*	Average hours of training per year per employee by gender, and by employee category.	×	
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	○	<ul style="list-style-type: none"> ▶ CSR: Human Resource Development ▶ CSR: Diversity Initiatives
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	×	
Diversity and Equal Opportunity			
LA13*	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	○	▶ CSR: Diversity Initiatives
Equal Remuneration for Women and Men			
LA14*	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	×	
Human Rights			
Management Approach			
	Goals and Performance	○	▶ CSR: Procurement
	Policy	×	
	Organizational Responsibility	×	
	Training and Awareness	×	
	Monitoring, Follow-Up and Remediation	×	
	Additional Contextual Information	×	
Investment and Procurement Practices			
HR1*	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	×	
HR2*	Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening, and actions taken.	×	
HR3*	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	×	
Non-Discrimination			
HR4*	Total number of incidents of discrimination and actions taken.	×	
Freedom of Association and Collective Bargaining			
HR5*	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	×	
Child Labor			
HR6*	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	×	
Forced and Compulsory Labor			
HR7*	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	×	
Security Practices			
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	×	

Section	Indicator	Extent of Reporting	Articles on the website
Indigenous Rights			
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	×	
Assessment			
HR10*	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	×	
Remediation			
HR11*	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	×	
Society			
Management Approach			
	Goals and Performance	○	<ul style="list-style-type: none"> ▶ CSR: The Fuji Heavy Industries Group's CSR ▶ CSR: Social Contribution
	Policy	○	<ul style="list-style-type: none"> ▶ CSR: The Fuji Heavy Industries Group's CSR ▶ CSR: Social Contribution
	Organizational Responsibility	○	▶ CSR: The Fuji Heavy Industries Group's CSR
	Training and Awareness	×	
	Monitoring and Follow-Up	×	
	Additional Contextual Information	×	
Local Communities			
SO1*	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	×	
SO9*	Operations with significant potential or actual negative impacts on local communities.	×	
SO10*	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	×	
Corruption			
SO2*	Percentage and total number of business units analyzed for risks related to corruption.	×	
SO3*	Percentage of employees trained in organization's anti-corruption policies and procedures.	×	
SO4*	Actions taken in response to incidents of corruption.	×	
Public Policy			
SO5*	Public policy positions and participation in public policy development and lobbying.	×	
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	×	
Anti-Competitive Behavior			
SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.	×	
Compliance			
SO8*	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	×	

Section	Indicator	Extent of Reporting	Articles on the website
Product Responsibility			
Management Approach			
	Goals and Performance	○	<ul style="list-style-type: none"> ▶ CSR: The Fuji Heavy Industries Group's CSR ▶ CSR: Quality Policy, Quality Management
	Policy	○	<ul style="list-style-type: none"> ▶ CSR: The Fuji Heavy Industries Group's CSR ▶ CSR: Quality Policy, Quality Management
	Organizational Responsibility	○	<ul style="list-style-type: none"> ▶ CSR: Quality Policy, Quality Management ▶ CSR: Making Safe Vehicles
	Training and Awareness	○	<ul style="list-style-type: none"> ▶ CSR: Communication with Customers
	Monitoring and Follow-Up	○	<ul style="list-style-type: none"> ▶ CSR: Communication with Customers
	Additional Contextual Information	○	<ul style="list-style-type: none"> ▶ CSR: Approaches to Welfare Vehicles
Customer Health and Safety			
PR1*	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	○	<ul style="list-style-type: none"> ▶ CSR: Communication with Customers ▶ CSR: Quality Policy, Quality Management ▶ CSR: Making Safe Vehicles
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	×	
Product and Service Labeling			
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	○	<ul style="list-style-type: none"> ▶ CSR: Communication with Customers ▶ CSR: Quality Policy, Quality Management ▶ CSR: Making Safe Vehicles
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	×	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	○	<ul style="list-style-type: none"> ▶ CSR: Communication with Customers
Marketing Communications			
PR6*	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	×	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	×	
Customer Privacy			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	×	
Compliance			
PR9*	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	×	

Comparison with Guideline

GRI Guidelines

ISO26000

Comparison with ISO26000

To meet the international standard, Fuji Heavy Industries, Ltd. uses core subjects of the ISO26000 Guideline and the GRI G3.1 Sustainability Reporting Guidelines as references.

Visit www.iso.org for details of the ISO26000 standard, and www.globalreporting.org for details of the GRI guideline.

Core Subjects	Issues	Related Items
Organizational governance	<ol style="list-style-type: none"> 1. Outline of organizational governance 2. Organizational governance and social responsibility 3. Decision making process and structure 	<ul style="list-style-type: none"> ▶ The Fuji Heavy Industries Group's CSR ▶ Compliance ▶ Corporate Governance
Human rights	<ol style="list-style-type: none"> 1. Due diligence 2. Human rights risk situations 3. Avoidance of complicity 4. Resolving grievances 5. Discrimination and vulnerable groups 6. Civil and political rights 7. Economic, social and cultural rights 8. Fundamental principles and rights at work 	<ul style="list-style-type: none"> ▶ Diversity Initiatives ▶ Procurement ▶ Approaches to Welfare Vehicles
Labor practices	<ol style="list-style-type: none"> 1. Employment and employment relationships 2. Conditions of work and social protection 3. Social dialogue 4. Health and safety at work 5. Human development and training in the workplace 	<ul style="list-style-type: none"> ▶ Human Resource Development ▶ Work-life Balance Initiatives ▶ Diversity Initiatives ▶ Occupational Health and Safety ▶ Communication with Labor Union
The environment	<ol style="list-style-type: none"> 1. Prevention of pollution 2. Sustainable resource use 3. Climate change mitigation and adaptation 4. Protection of the environment, biodiversity and restoration of natural habitats 	<ul style="list-style-type: none"> ▶ Environment ▶ Environmental Vision ▶ Environmental Management ▶ Environmentally-friendly Automobiles ▶ Plant and Office Initiatives ▶ Approaches to Logistics ▶ Approaches to Sales ▶ Automobile Recycling ▶ Environmental Communication ▶ Global Commitment ▶ Environmental Performance
Fair operating practices	<ol style="list-style-type: none"> 1. Anti-corruption 2. Responsible political involvement 3. Fair competition 4. Promoting social responsibility in the value chain 5. Respect for property rights 	<ul style="list-style-type: none"> ▶ Procurement
Consumer issues	<ol style="list-style-type: none"> 1. Fair marketing, factual and unbiased information and fair contractual practices 2. Protecting consumers' health and safety 3. Sustainable consumption 4. Consumer service, support, and complaint and dispute resolution 5. Consumer data protection and privacy 6. Access to essential services 7. Education and awareness 	<ul style="list-style-type: none"> ▶ Communication with Customers ▶ Quality Policy, Quality Management ▶ Making Safe Vehicles ▶ Information Disclosure ▶ Environmentally-friendly Automobiles
Community involvement and development	<ol style="list-style-type: none"> 1. Community involvement 2. Education and culture 3. Employment creation and skills development 4. Technology development and access 5. Wealth and income creation 6. Health 7. Social investment 	<ul style="list-style-type: none"> ▶ Social Contribution ▶ Environmental Communication

Third-party Opinion

Third-party Opinion

This is the third time I have been asked to write a third-party opinion on the CSR Report of Fuji Heavy Industries Group. On this occasion, as well as seeing the content of the report, I had the honor of being given a tour of the Gunma Manufacturing Division. I summarized my impressions based on the above.

Further use of web media

Over the past three years, there has been steady progress in migrating print material to the Web, and from this year on, the website will be the base for publication. Owing to this development, readers are able to access items of interest and check details immediately by selecting tags. They are also led smoothly to related information, and any requested information is also made readily available in a package. I would like to see even more effort towards making published information available via the Web in future. I look forward in particular to further enhancement of links to related information.

For example, in the present report, while there are links to details of matters such as Subaru's safety concepts, handling recalls and the efforts Fuji Heavy Industries is putting into its contribution to local communities, as regards the various plans and manuals FHI has formulated, all that is available is an indication of their existence and a simple explanation. It is not possible to check the actual content. Since there is a demand for the provision of detailed information regarding risk management, particularly from the viewpoint of consumers and investors, I look forward to seeing links to risk management-related texts such the emergency response procedure manual and crisis management guidelines as well as Business Continuity Plans (BCPs) per business site.

Disclosure of negative information

As I pointed out the previous year, the CSR report conveys FHI's enthusiasm and determination to pursue driving quality, protection of the environment and safety throughout the development and production processes of its cars and other products. At the same time, there still is an impression that only positive information that FHI would like to promote to stakeholders is emphasized in the report. To enhance the CSR report's function as a tool for communication with stakeholders, it is necessary to clarify so-called negative information such as specific kinds of comments and requests from stakeholders and how FHI is dealing with them, as well as deficiencies observed so far and areas that require further improvement. I would like to read more about the kinds of opinions and suggestions received by the SUBARU Customer Center, why the number of occurrences of industrial accidents and the rate of lost worktime are above the average, and the kind of performance shown by the compliance hotline system.



Ms. Mami Oku

Professor
Tokyo Metropolitan University

Profile

Graduated from the Faculty of Economics, Yokohama National University. After completing her postgraduate course in the Department of International and Business Law of the said university, from 1993 through 1998, she served as researcher at the Tokyo Institute for Municipal Research, and from 1998 through 2006 as Assistant Professor at the Faculty of Environmental Studies of Nagasaki University. At present, she is Professor and Director of the Division of Urban Policy, Faculty of Urban Liberal Arts of Tokyo Metropolitan University. She also serves as a member of the Eco-Action 21 judging panel. Specializing in environmental law and administrative law, Prof. Oku is the author of *Environmental Laws System of EC and Environmental Management Measures* (publisher: the Tokyo Institute for Municipal Research); *Approaches to Environmental Laws* (SEIBUNDO Publishing Co., Ltd.); *Frontlines of Municipal Environmental Administration* (GYOSEI Corporation); *Environmental Business Handbook* (Chuohoki Publishing Co., Ltd.); and others.

Environmental protection initiatives and their relations with business activities

The various initiatives being promoted under the 5th Voluntary Plan for the Environment, which launched last year, are systematically organized into the following categories: namely, "Global Warming Countermeasures," "Resource Recycling," "Pollution Prevention and Reduction of Hazardous Chemical Substance Usage" and "Environmental Management." An assessment of the state of progress in each category is indicated in an easy-to-understand manner. Environmental impact and environmental cost are ascertained quantitatively through operation of the environmental management system and use of environmental accounting, etc., and I think the connection to the evaluation of performance is extremely good. Looking at the performance evaluation for FY2013, all except one item are evaluated as "Achieved," so perhaps you could think about setting even higher targets.

Conservation of biodiversity activities are dealt with by Environmental Management, and contents have been enhanced each year. Last year, a survey was conducted of the ecosystem in the greenbelt at the Oizumi Plant of Gunma Manufacturing Division, and a diversity of

animal and plant species were identified. This kind of grasp of actual circumstances will have an important bearing on studies of specific initiatives in future. I had the pleasure of being shown around the greenbelt at the Oizumi Plant. There, I heard the cry of the quail from somewhere in the bushes, felt close to signs of a variety of wildlife, and had the impression that this was an oasis of plants and animals of the region. I look forward to the results of the ecosystem survey being shared with local people, and use of the area in children's education, as well as development of efforts along with the local community to protect and nurture this precious natural environment.

Moreover, for the future, as I pointed out two years ago, bearing in mind the relations between biodiversity conservation and business activities, as far as possible I would like to gain an understanding of the quantitative impact on biodiversity throughout the lifecycle of each product, including supply chains that begin with procurement of materials and parts, and at each stage of use, disposal, recycling and reuse. I would also like to see studies of specific countermeasures based on this analysis.

What I expect from SUBARU in the future

The more I hear about SUBARU cars, and the more I observe the actual products, the more I am convinced that they are meant to simultaneously achieve safety and enjoyment. Not to appear eccentric, SUBARU pursues automobile development on three fronts: namely, performance, environmental protection and safety. The

term 'SUBARU-like' derives from the company's steadfast attitude and efforts in this direction. I think that by deepening this inherent attribute, the company will gain the support and trust of a wide range of stakeholders. I, too, look forward to seeing how SUBARU's iconic qualities will deepen and evolve from now on.



2013 Environment





Environmental Vision

Message from the Chairman of the Environmental Committee

Promoting environmental initiatives for the sustainable development of society

I sincerely thank you for your exceptional understanding and continued support of the company.

In recognition of environmental problems, Fuji Heavy Industries, Ltd. (FHI) formulated a Voluntary Plan for the Environment in 1993, which treated environmental initiatives as a business challenge.

The 5th Voluntary Plan for the Environment FY2013–FY2017, which follows up from the 4th plan, was announced in 2012. This report covers the follow-up status of each environmental issue; namely, the global warming countermeasures, resource recycling, pollution prevention and reduction of hazardous chemicals, and environmental management.

This report also considers the SUBARU XV Hybrid, which launched in June 2013 featuring Subaru's first hybrid system. This model is equipped with a horizontally-opposed engine and symmetrical AWD, and achieves excellent fuel economy while supporting driving enjoyment with peace of mind.

Although the business environment surrounding the company is continually in flux, whatever the circumstances, we stick to our environmental initiatives with the aim of achieving sustainable development of society.

With the above in mind, I would like to ask for your further support for our future.



Mitsuru Takahashi
Director and Corporate Executive Vice President
Chairman of the Environmental Committee

Environmental Policy

Environmental Policy [Established in April 1998, revised in March 2010]

In recognition of the close relationship between the global environment and business activities, we will deliver "Green Products" from "Clean Plants and Offices" through "Green Logistics" and "Clean Dealers" to customers in order to ensure the sustainable development of society.

Also, while strictly observing laws and regulations, local agreements and industrial codes, we will commit ourselves to contributing to society and local communities, voluntary ongoing improvement and the prevention of pollution.

- Green Products - Design and R&D of environmentally friendly Subaru brand products
- Clean Plants - Reduction of environmental burden in the production process
- Clean Offices - Reduction of environmental burden through our business operations
- Green Logistics - Reduction of environmental burden in the distribution of products
- Clean Dealers - Support to dealerships in their environmental preservation activities
- Upgrading of Management - Contribution to the society, information disclosure and stepped up environmental activities by the whole Subaru Group

Summary of the 5th Voluntary Plan for the Environment (FY2013 to FY2017)

FHI has established the 5th Voluntary Plan for the Environment for the period FY2013 to FY2017. Based on our Environmental Policy, we have set even higher environmental protection targets while adding new environmental measures to ensure compliance with laws and regulations and to foster cooperation on environmental issues within the automobile industry. Based on this plan, we will contribute to society through our products, striving always to produce even greener products at green plants and offices and delivering them to customers via green logistics and dealers.

Our entire Group shares this plan and works together to ameliorate and eliminate environmental problems on a continuous basis. Our environmental initiatives introduced here are categorized into four groups: global warming countermeasures, resource recycling, pollution prevention and reduction of hazardous chemical usage, and environmental management.

The 5th Voluntary Plan for the Environment

Global Warming Countermeasures



Launched hybrid cars in the market in 2013



Improved fuel economy by 30% compared to previous models



Introduced horizontally-opposed direct injection turbo engines

Made horizontally-opposed diesel engines compliant with Euro 6

Fully conformed fuel economy and greenhouse gas standards worldwide

Implemented CO₂ emissions reduction initiatives in domestic and overseas plants

Promoted Eco Driving Assist Devices

Resource Recycling



Continued collection of used bumpers



Maintained zero emission from production sites in Japan and overseas

Designed new vehicles to be highly recyclable, aiming for 95% recycling rate by 2015

Pollution Prevention and Reduction of Hazardous Chemical Usage



Added models achieving emission levels 75% lower than 2005 gasoline standards



Developed technologies to enhance fuel economy, improve and reduce emissions, and reduce noise

Complied with laws and regulations in each region (e.g. EU directives)

Reduced VOCs and substances on the PRTR

Continued initiatives to reduce to zero environmental accidents or claims that exceed legal standards in each country

Environmental Management



Expanded development and implementation of advanced safe driving assist systems (e.g., EyeSight)



Promoted Group-wide ISO 14001 certification, including affiliates

Publicly disclosed wide range of environmental information



Supported maintenance of Eco Action 21 certification by domestic dealers

Publicly disclosed Life Cycle Assessment (LCA) data



Implemented greening initiatives that respected biodiversity




Expanded implementation of Supplier CSR Guidelines to business partners of the Aerospace and Industrial Products Companies

The 5th Voluntary Plan for the Environment (FY2013 to FY2017)

 [1. Global Warming Countermeasures](#) [PDF]

 [2. Resource Recycling](#) [PDF]

 [3. Pollution Prevention and Reduction of Hazardous Chemical Usage](#) [PDF]

 [4. Environmental Management](#) [PDF]



Environmental Management

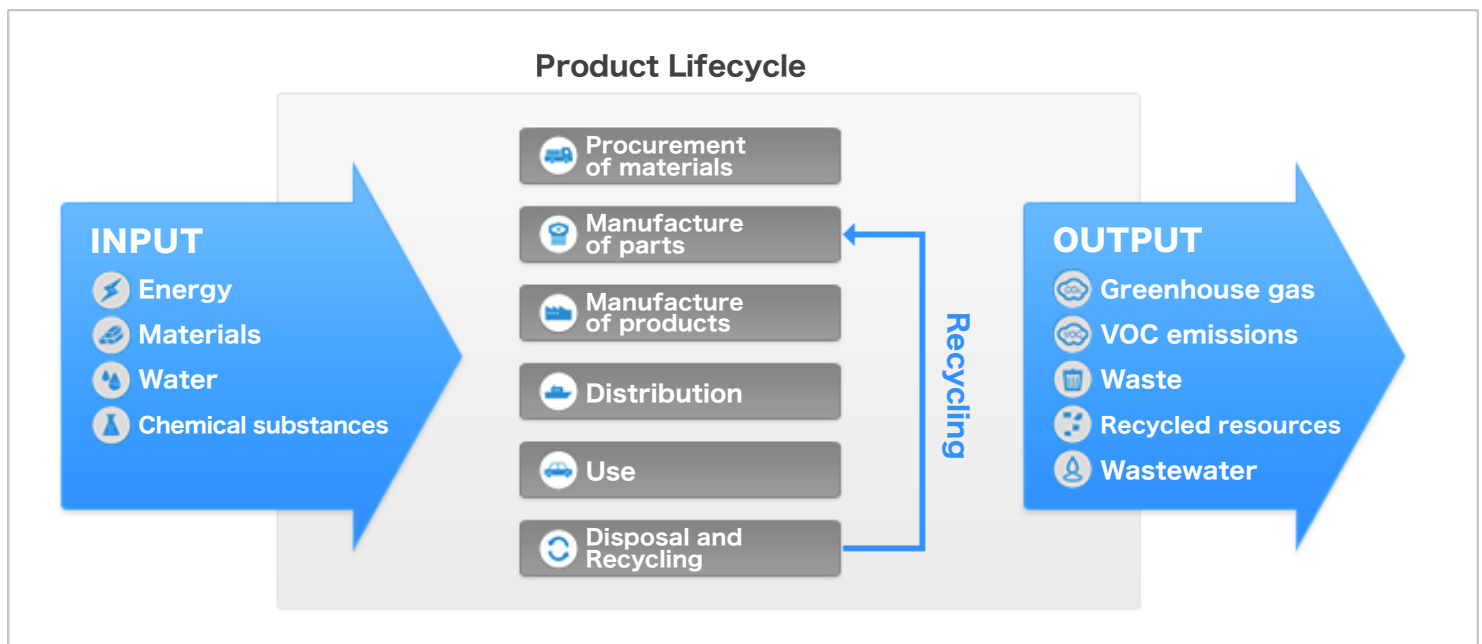
Interaction of Global Environment and Business Activities

The Fuji Heavy Industries Ltd. (FHI) Group recognizes environmental conservation as one of the most important issues that we face, and promotes environmental management by the Group as a whole.

Our products have an impact on the environment throughout their life cycle stages, including the procurement of materials, manufacture, use, and disposal, because of the use of resources such as energy and materials and because of the emission of greenhouse gases and the generation of waste.

In order to reduce the life cycle environmental impact of our products, we are implementing environmental measures in all stages of our business activities across the supply chain including R&D design, procurement, production, transportation, sales, and disposal.

Environmental Impact on Business Activities



Creation of a Low-carbon Society

The FHI Group endeavors to promote measures for controlling CO₂ emissions across the value chain.

We believe that we can make a contribution to the creation of a low-carbon society through the development and launch of low-emission and eco-friendly vehicles, improvements in the fuel economy of general-purpose engines, and the reduction of aircraft weight by the use of the composite material technology.

The FHI Group as a whole strives to prevent global warming by improving fuel economy, saving energy and reducing CO₂ emissions in its manufacturing activities, and improving transportation efficiency in its logistic activities.

- Automotive Business: R&D and launching of fuel efficient vehicles and eco-cars
- Industrial Products Company: Improvement of fuel economy of general-purpose engines
- Aerospace Company: Weight saving through the use of composite material technology
- All Divisions: Proactive involvement in saving energy and controlling CO₂ emissions

Environmental Risk Management

We are managing and reducing the environmental risks posed by our business activities.

For example, we have set out environmental criteria for warehouses storing hazardous materials, painting-related facilities, and wastewater treatment facilities to reduce the risks to the environment posed by these sites, such as leaks.

In FY2013, we added paint dregs recovery equipment to our painting pits for odor control, installed noise insulation for baler presses and soundproof sheet on the perimeters of our plant sites, among other measures.



Paint dregs recovery equipment



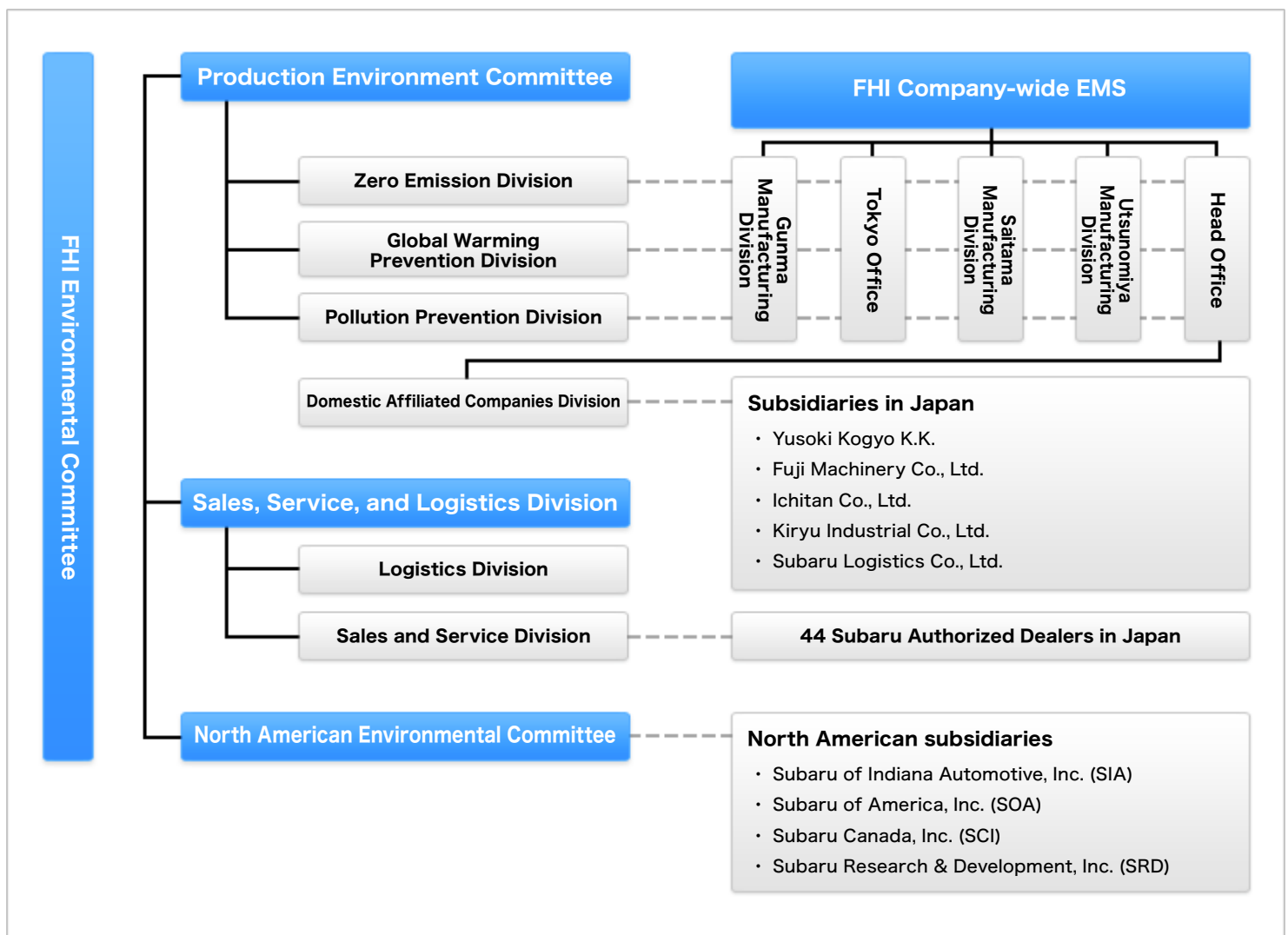
Baler press noise insulation

Organization

Established to implement the Environmental Policy and Voluntary Plan, FHI's environmental management organization comprises two main entities that cross corporate divisions: the Company-wide Environmental Management System (EMS) and the Environmental Committee.

Serving as the head of the Company-wide EMS and the chairperson of the Environmental Committee, the director responsible for environmental issues conducts environmental reviews twice a year. We proactively implement environmental protection activities, comprehensively managing our progress and continuously revising the direction of future efforts.

FHI Group Environmental Management Organization (as of June 2013)



Establishing the Environmental Management System

We are keen to build a Group-wide environmental management structure. An EMS has been established and external certifications have been acquired across business sites, business partners, domestic and overseas consolidated manufacturing companies as well as Subaru dealerships at home and abroad.

In March 2011, all 44 domestic dealers and their 477 outlets obtained Eco Action 21 (EA21) certification. This was the first achievement in Japan for a manufacturer-led dealership.

Further, in May 2012, Subaru of Indiana Automotive, Inc. (SIA), our manufacturing plant in North America, became the first U.S. car manufacturing plant to receive ISO 50001, an international certification for Energy Management Systems (EnMS). Additionally, in March 2013, Subaru Logistics Co., Ltd., received ISO14001 certification.

Besides these achievements, through global business activities as the FHI Group, we continue to promote Green Procurement in the supply chain, with an integrated environmental management system covering nine company offices, and promote the required reduction of environmentally hazardous substances.

Establishing an EMS/EnMS of the FHI Group

Categories	Manufacturing Division/Office				Dealership	
	FHI	Suppliers	Domestic Affiliated Companies	Overseas Affiliated Company	Domestic Dealerships	Overseas Dealerships
Divisions	Integrated EMS Gunma Manufacturing Division Tokyo Office Utsunomiya Manufacturing Division Handa Plant Handa West Plant Head Office Yusoki Kogyo K.K. F.A.S. Co., Ltd.	Green procurement suppliers Material suppliers	Fuji Machinery Co., Ltd. Kiryu Industrial Co., Ltd. Ichitan Co., Ltd. Yusoki Kogyo K.K. Subaru Logistics Co., Ltd. Total: 5	SIA (Production)	All domestic Subaru dealerships Total: 44	SOA, SCI Total: 2
Acquired EMS/EnMS	ISO14001	ISO14001, Eco Action 21, or self-assessment	ISO14001	ISO14001/ISO50001	Eco Action 21	ISO14001

Approaches to Biodiversity

Based on our environmental policy, FHI protects biodiversity making reference to the “Guidelines for Private Sector Engagement in Biodiversity” and the “Declaration of Biodiversity – Guide to Action Policy by Keidanren, Federation of Economic Organizations.”

As part of our biodiversity initiatives, we conducted a survey of ecosystems in greenbelt in the vicinity of the Oizumi Plant of the Gunma Manufacturing Division. Survey results confirmed the presence of more than 50 species of plants in the areas, including evergreen broad-leaved trees. In addition, it was confirmed that predators occupying a comparatively high position in the ecosystem were to be found among the animals.

From the current survey, we observed factors enabling various life-forms to inhabit the greenbelt neighboring the Oizumi Plant, and came to appreciate that the area provided an oasis for many plants and animals.

Besides this, in its continued cultivation of azaleas, the Subaru Community Exchange Association laid down the “Subaru Azalea Avenue” in Kanayama, Ota City, where local residents cooperate with grass mowing.

We are also involved in biodiversity conservation overseas.

For instance, at the Subaru of Indiana Automotive, Inc. (SIA) manufacturing plant in the U.S., they are developing the “Prairie Grass Project”.

The wild prairies of the Midwest are becoming increasingly denuded year on year.

The grass can sequester more carbon dioxide than trees to help offset CO₂, and provides the optimum environment for habitation by native birds. By growing the prairie including wildflowers, SIA is helping the generic diversity of the Indiana specific wild plants and choking out invasive plants.

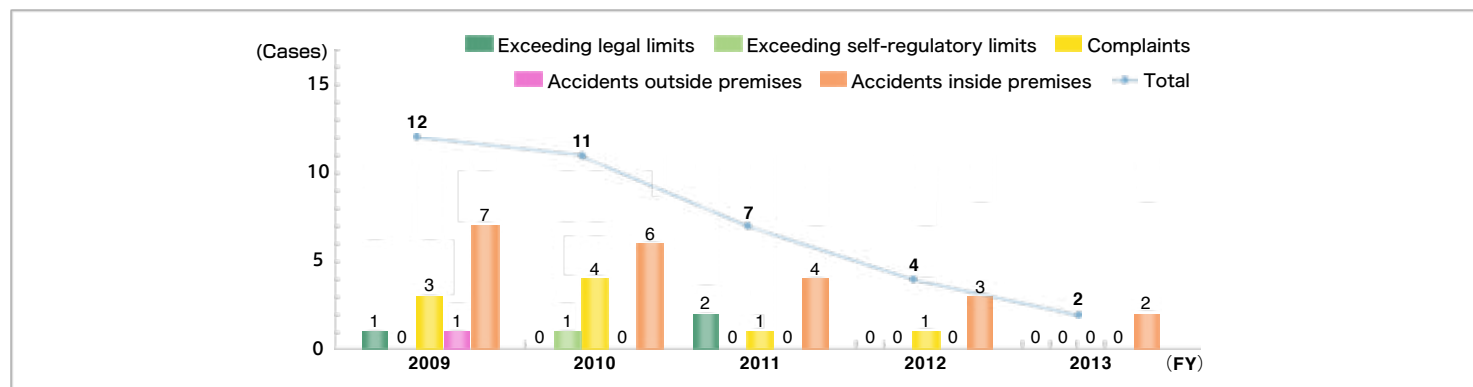
We will continue with activities aimed at harmony with the natural environment of various regions, as we promote global biodiversity conservation initiatives.



Compliance with Environmental Laws

We strive to comply with environmental laws and regulations, and reduce environment-related accidents and complaints to zero. The chart below shows the status of current five years.

Transition in the Number of Environmental Incidents, Accidents, and Complaints



◎ Status of Compliance with Environmental Laws in FY2013

We have set our voluntary standards, which are 20% stricter than the environmental standards set by law. We are committed to achieving “zero non-compliance” with both the legal and voluntary standards and achieved this target in FY2013.

◎ Environmental Complaints Received in FY2013

Record of complaints was zero.

◎ Environment-related Accidents in FY2013

We are striving to achieve the goal of zero accidents, both on and off premises. Although there were no incidents of off-premises leakages, two incidents were recorded on-premises. We accordingly put measures in place to prevent recurrence of these incidents.

Name	Number of Cases	Details	Main Corrective Measures
Gunma Manufacturing Division	2 (water pollution)	May 2012: Waste fluid was flowing out of the waste fluid tank. The leakage was contained on the premises.	Work procedure was revised and equipment was improved.
		November 2012: Fluid was flowing out of the coating surface treatment tank. The leakage was contained on the premises.	Work procedure was revised and equipment was improved.

Environmental Accounting (FHI Group's Results in FY2013)

Index and Calculation Method of Environmental Cost and Economic Effect

With reference to the guidelines of the Ministry of the Environment, FHI formulated its own guidelines according to its environmental conservation activity organization, based on which the environmental cost and economic effects are calculated. The same method is applied to FHI Group companies.

Method Used for Calculating the Environmental Cost and the Capital Expenditures

Capital expenditures (amount invested ≥ 25 million yen) that have been introduced for both environmental and other purposes, plus related costs (maintenance cost etc.), and finally labor cost are calculated on differential or pro-rata basis. For example, investment amount and environmental cost for energy saving at one manufacturing facility is calculated as follows:

$$\text{Capital Expenditures, Environmental Cost} = K \times (\text{Capital Expenditures, Maintenance Cost, etc.})$$

This “K” is an environmental impact factor that is calculated by the following scheme:

$$K = (\text{Total amount invested} - \text{Amount invested without energy saving purposes}) / \text{Total amount invested}$$

Regarding small facilities whose investment amount is less than 25 million yen, and anything purchased primarily for environmental purposes, any costs related to these environmental facilities, such as investment amount and maintenance cost, are all included in the calculation. Please note that depreciation cost is not included in the environmental cost from the viewpoint of cash flows. Small expenses such as fixed assets tax and insurance costs are also extracted from the total. Environmental cost and economic effect by environmental facilities are only recorded for three years starting from the second year after the facilities are put into operation.

FY2013 Calculation Result

Environmental cost came to 18.5 billion yen on a non-consolidated basis, up 0.79 billion yen (4.4%) from the previous fiscal year, while it amounted to 19.4 billion yen on a consolidated basis, up 0.87 billion yen (4.7%) year-on-year. The cost increase was mainly due to an increase in research and development (R&D) costs (increased by 0.68 billion yen on a non-consolidated basis). The ratio of environmental cost to sales, which is one of the environmental management indexes used on a consolidated basis, came to 1.02%.

Results of Environmental Cost and Trial Effect for FY2013

Item	Group	Environmental Cost (Millions of yen)						Environmental Investment (Millions of yen)					
		Non-consolidated			Consolidated			Non-consolidated			Consolidated		
		FY 2013	FY 2012	FY 2011	FY 2013	FY 2012	FY 2011	FY 2013	FY 2012	FY 2011	FY 2013	FY 2012	FY 2011
(1) Cost in the business area	1. Pollution prevention cost	395	306	310	543	447	462	167	116	102	215	155	103
	2. Global environmental conservation cost	32	53	41	48	84	71	360	195	90	376	235	99
	3. Resource recycling cost	515	466	447	900	777	772	0	0	0	0	1	0
(2) Upstream and downstream costs	Cost for recycling of used products/ Cost for difference from typical goods and services procurement	163	158	140	163	158	140	-	-	-	-	-	-
(3) Administration cost	Cost for monitoring environmental impact/ Cost for the implementation and maintenance of an EMS/ Cost for environmental training of employees	95	92	84	151	127	178	-	-	-	-	-	-
(4) R&D cost	R&D cost to develop products that contribute to environmental conservation	17,149	16,474	15,179	17,426	16,749	15,421	1,763	788	814	1,764	792	821
(5) Social activity cost	Cost related to donation or financial support of environmental groups	91	106	107	93	109	109	-	-	-	-	-	-
(6) Environmental remediation cost	Cost related to environmental conservation measures for the aquatic, ground, and geologic environments	98	94	80	99	99	90	6	0	1	6	0	1
(7) Other cost		0	0	0	0	0	0	-	-	-	-	-	-
Grand Total		18,537	17,748	16,388	19,423	18,550	17,243	2,295	1,099	1,007	2,362	1,183	1,024

Note: Due to rounding, the sum may not exactly match the corresponding total.

Calculation of Economic Effect for FY2013

Item	Economic effect (Millions of yen)	
	Non-consolidated	Consolidated
Reduction in energy cost due to energy conservation	240	246
Proceeds from the recycling of metals, waste liquids and cardboard boxes as valuable resources	1,256	2,320
Reduction in use of raw materials due to recycling (reduced packaging materials cost)	5.98	5.98

Companies included in the consolidated calculation

Five subsidiaries in Japan : Yusoki Kogyo K.K., Fuji Machinery Co., Ltd., Ichitan Co., Ltd., Kiryu Industrial Co., Ltd., and Subaru Logistics Co., Ltd.

Four subsidiaries outside Japan : SIA, SOA, SRD and SCI



Environmentally friendly Automobiles

Fuel Economy

Approaches and Strategy to Fuel Economy

An automobile releases CO₂ emissions as its fuel is consumed. Automobile manufacturers have made great efforts on saving the volume of fuel used, but now it is also considered as their important task to reduce CO₂ emissions and contribute to the global warming prevention. The idea for dealing with environmental issues is shifting to the total volume control.

Compared with other automobile manufacturers, Subaru is unique in terms of offering carefully selected models and producing cars that embody driving safety and pleasure by combining a horizontally-opposed engine, symmetrical AWD, and integrated safety performance. In today's environmental circumstances, we hope to provide customers with a range of products that they truly want by making the best use of our uniqueness.

In Japan, we are sequentially releasing models in the entire lineup to surpass the 2015 Fuel Economy Standards. Since introducing the new generation Boxer engine, we have deployed technologies to improve fuel economy such as the lightweight, high-efficiency Lineartronic CVT, low drag coefficient car bodies with enhanced aerodynamics and an idling stop system in the Legacy, Impreza and Forester. In addition, the Legacy and Forester adopt the next-generation Boxer direct injection turbo engine and high-torque-ready Lineartronic CVT, achieving smooth, high performance as well as exceptional environmental efficiency.

In June 2013, we introduced a hybrid system that delivers dramatically improved fuel economy while letting drivers experience the unique performance.

We will continue to improve fuel economy from now on, producing innovation for the future to offer vehicles with the distinctive character and high quality customers can enjoy.

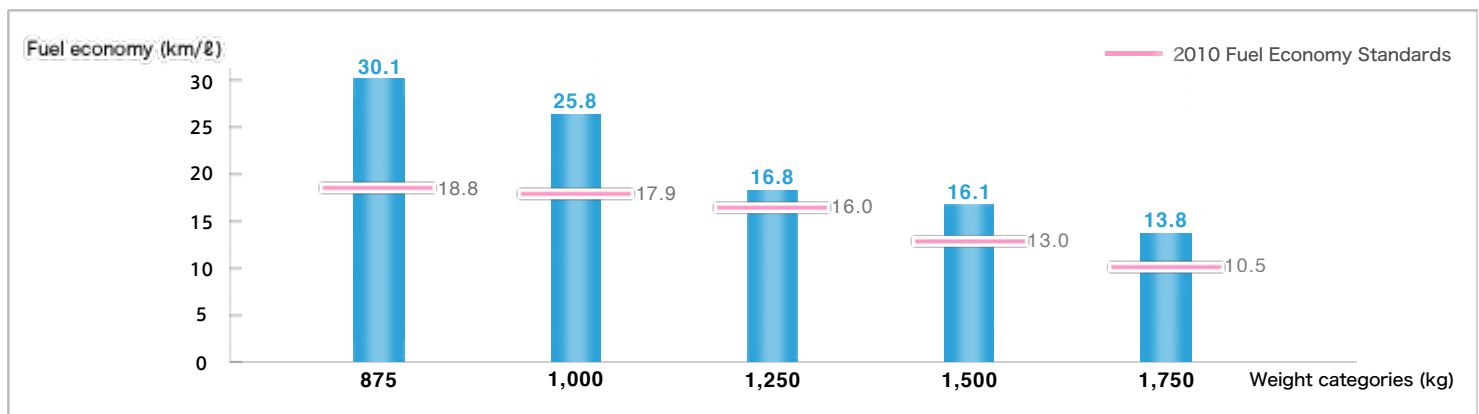
Fuel Economy Standards

Japan: Clearing the 2010 Fuel Economy Standards in All the Weight Categories

Gasoline-powered passenger cars meeting the 2010 Fuel Economy Standards accounted for about 92% of the total production, clearing the 2010 Fuel Economy Standards in all the weight categories. Gasoline-powered mini trucks met the Standards in all weight categories in FY2002. All models met the Standards in FY2003 and thereafter.

Looking towards the 2015 Fuel Economy Standards, we have already achieved standards that gain us four out of nine weight categories, while the proportion of vehicles that achieved this is 77% of the total production.

Status of Achievements for the 2010 Fuel Economy Standards



U.S. : Meeting the 2012 Model Year Corporate Average Fuel Economy (CAFE) Standards and Greenhouse Gas (GHG) Standards

We met the 2012 model year CAFE standards for passenger vehicles and light trucks as a whole. In addition, we also met the 2012 model year standard for the newly begun GHG regulations.

By clearing fuel economy and CO₂ regulations that are becoming increasingly severe worldwide, Subaru is set to further the spread of vehicles with greater fuel economy in the global market.

Low Exhaust Emissions

Basic Concept of Low Exhaust Emissions

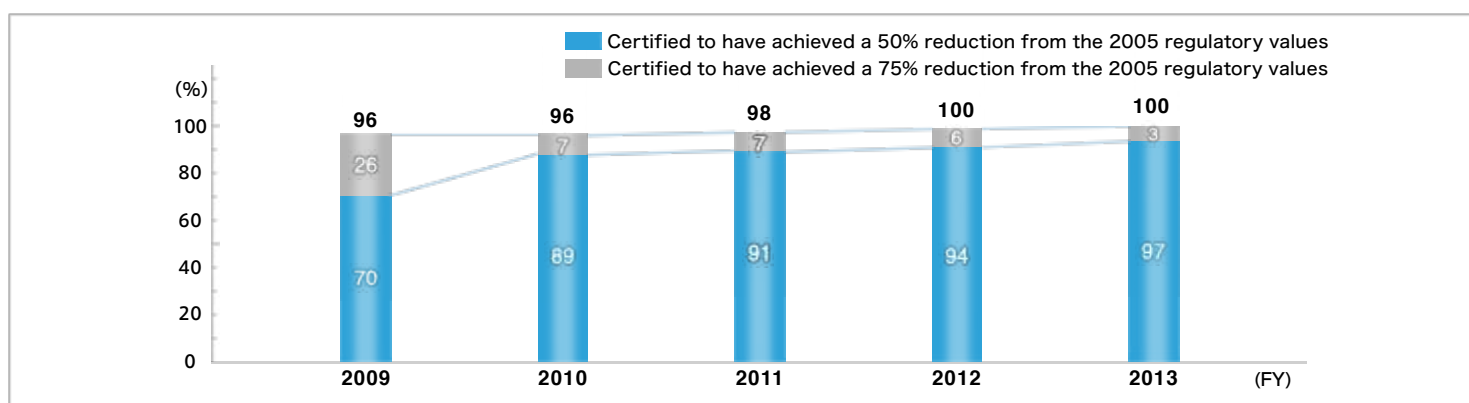
Substances such as carbon monoxide (CO), hydrocarbon (HC), nitrogen oxide (NOx), and particulate matter (PM) which are emitted from automobiles, are a cause of air pollution in metropolitan areas where there is intensive motor traffic. In order to improve the state of the air, Subaru is gradually launching low emission vehicles (certified LEV by the Ministry of Land, Infrastructure, Transport and Tourism) that meet standards stricter than the regulations.

We shall strive to conform with exhaust gas standards that are becoming increasingly strict worldwide, and sequentially introduce ever greener automobiles to the market.

Increases in the Number of Models Certified to be Low-emission Vehicles

All Subaru vehicles equipped with Natural Aspiration(N/A) engines are certified by the Japanese Ministry of Land, Infrastructure, Transport and Tourism to have achieved a 75% reduction from the regulatory values specified in the 2005 emissions standards, and such vehicles accounted for 97% of the total production quantity of Subaru gasoline-powered passenger cars. All vehicles produced by Subaru are certified low-emission vehicles (certified to have achieved a 50% reduction from the 2005 regulatory values).

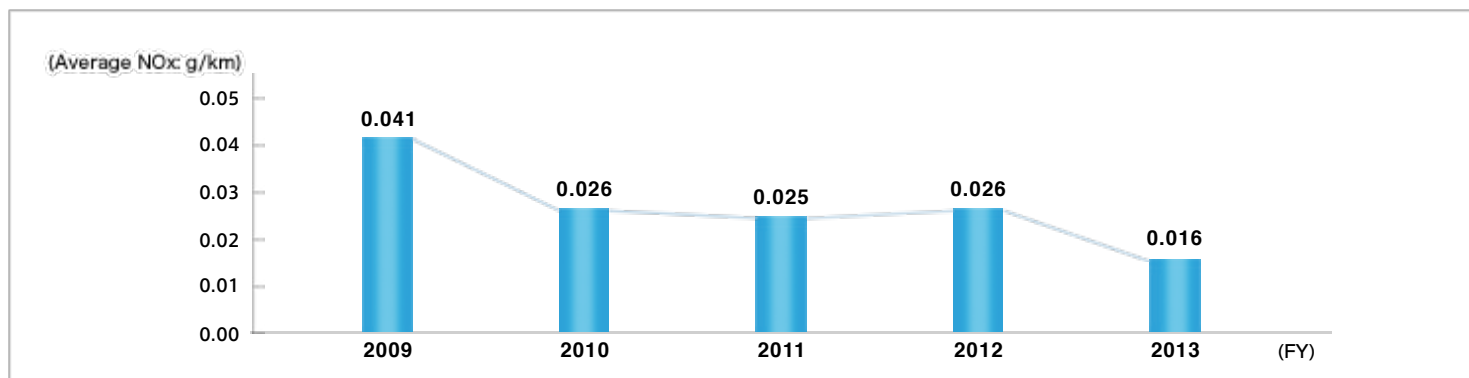
Percentage of Low-emission Gasoline-powered Passenger Cars



Year-on-year Reduction of NOx Emissions by the Release of Low-emission Vehicles

Highly concentrated NOx disturbs human health, causes acid rain and is considered to impact the environment in various other ways. The volume of NOx emissions from Subaru vehicles have been changing over years due to the release of a series of low-emission vehicles, including those meeting the government's certification, as shown in the following graph.

Average NOx Emissions of Subaru Vehicles^{*1}



*1 Calculated from the values meeting corresponding regulation (JC08CH, 10.15 + JC08C mode) at the time of shipment. In the case of models which are not applicable to the current test mode, the NOx value is calculated from the regulation value or conversion value applicable to the current test mode. The current mode means the JC08CH mode for new models and the combined mode of the 10.15 mode and the JC08C mode for existing models.

	Passenger cars		Trucks	Percentage of total
	Standard-sized cars	Mini cars	Mini cars	
Certified to have achieved a 75% reduction from the 2005 regulatory values	0	20	17	0%
Certified to have achieved a 50% reduction from the 2005 regulatory values	105,997	35,086	1,742	85%
Total	105,997	35,106	1,759	85%
			Total shipment of FY2013	167,390

Noise Reduction

We are also committed to effectively reducing vehicle noise from such prime sources as tires, engines and intake and exhaust systems.

Following to the new Impreza released in 2011, we have adopted the new-generation Boxer engine and Lineartronic CVT for the new Forester released in November 2012 to achieve both high fuel economy and comfortable acceleration with the optimal engine speed, while also reducing the noise level on urban roads.

Management of Chemical Substances (Operation of the IMDS)

Since the enforcement of the Registration, Evaluation and Authorization of Chemicals (REACH) regulations, a range of chemical substances has been regulated in various countries across the world, and also the automobile industry is required to disclose information and foster management regarding the use of chemical substances in automobiles.

We are enhancing its supply chain management by using the IMDS to identify the names and amounts of chemical substances used in several ten thousands of parts that comprise its automobiles.

Through these measures we are discontinuing the use of substances of concern (lead, mercury, cadmium, hexavalent chromium, etc.), replacing regulated substances with alternatives and fostering the disclosure of REACH-related information.

Use of Clean Energy

Fossil fuels, which are mainstream fuels for automobiles, are limited resources and now the diversification of automobile fuels is required, including the use of biofuels and other renewable energy.

For all Subaru gasoline-powered vehicles, we have completed the measures to meet the requirements for E10 fuel (E3 fuel in Japan) and the requirements (on the functions and reliability) for B7 fuel for diesel-powered vehicles.

We will continue to implement measures to foster the diversification of automobile fuels toward the creation of a sustainable motorized society.

Life Cycle Assessment (LCA)

LCA is implemented to ascertain the environmental impact of one vehicle and pursue environmental impact reduction by bundling together environmental impact reduction activities over the entire vehicle life cycle (in each step from production, through shipping and use to disposal).



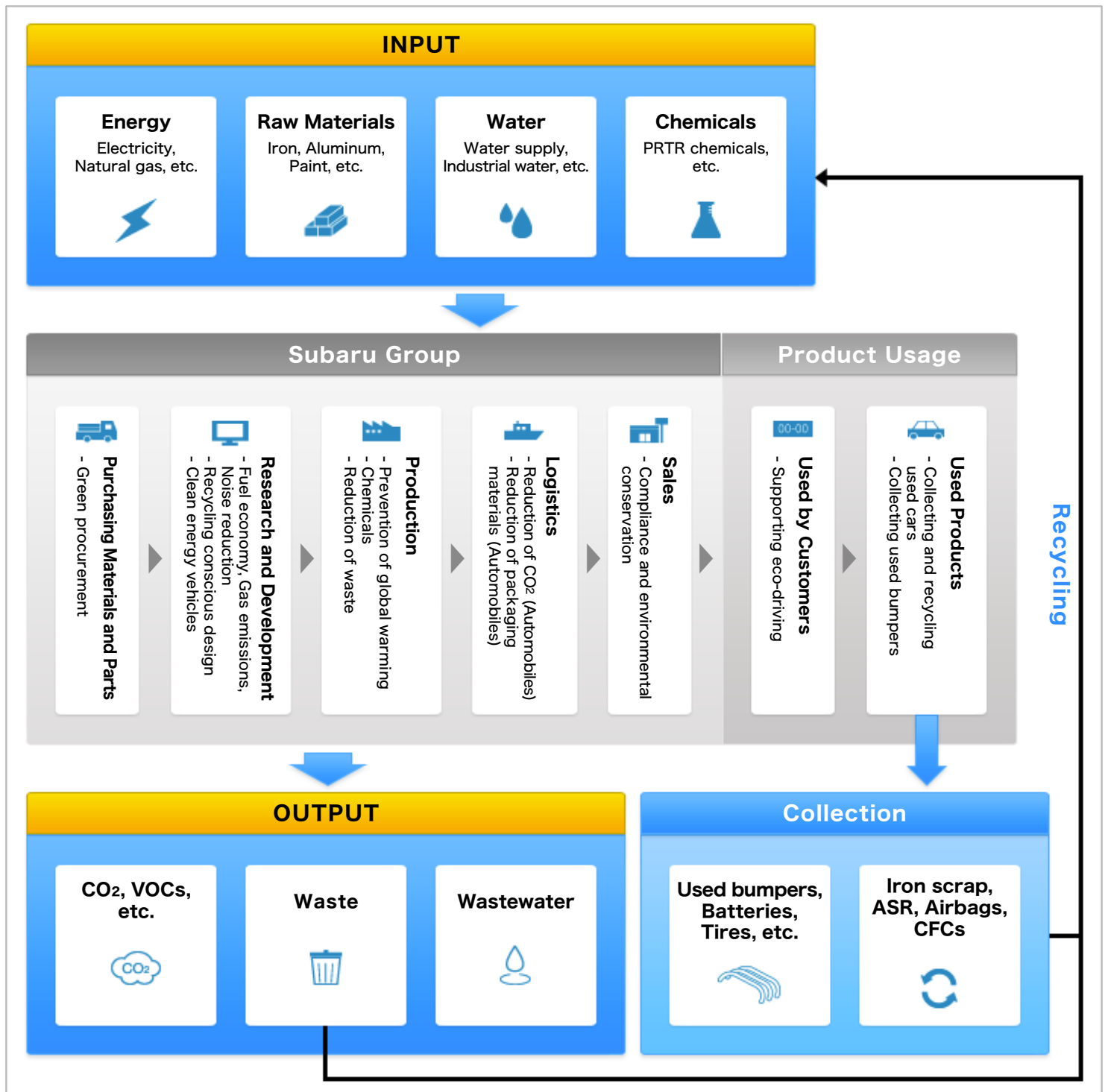
Plant and Office Initiatives

Main Input Resources and Emission Matters in Automobile Manufacturing

We are a transportation manufacturer focusing on automobiles. Automobiles, a convenient and comfortable form of transportation, are now indispensable for our life. On the other hand, automobiles draw on limited global resources and emit CO₂, which causes global warming. We strive to realize an affluent automobile society and must work even harder for a better future.

Subaru accepts the task of working towards the fusion of a global environmental response with the benefits of automobiles by considering environmental impacts and reducing the environmental burden throughout the entire life cycle of automobiles, including development, production, use, disposal, and recycling.

Overall Environmental Burden for the Automotive Business



Approaches to Preventing Global Warming

We have installed a total of six natural gas cogeneration systems in the Utsunomiya and Gunma Manufacturing Divisions, and Subaru General Training Center. These systems not only generate power but also utilize exhaust heat for air conditioning and other purposes. In July 2012 we installed an additional cogeneration system in the Gunma Manufacturing Division.

As well as these cogeneration systems, we have been implementing various means of CO₂ emissions reduction and energy saving, such as reducing standby electricity and making energy intensive processes more efficient.

Although the total emissions volume varies from year to year due to changes in production volume, a total of about 224 thousand tons of CO₂ was emitted in FY2013.

This was 18% lower than the level of FY1991.

The FY2013 reduction in CO₂ emission volume recited in the 5th Voluntary Plan for the Environment revealed a 29% reduction compared with FY2007.

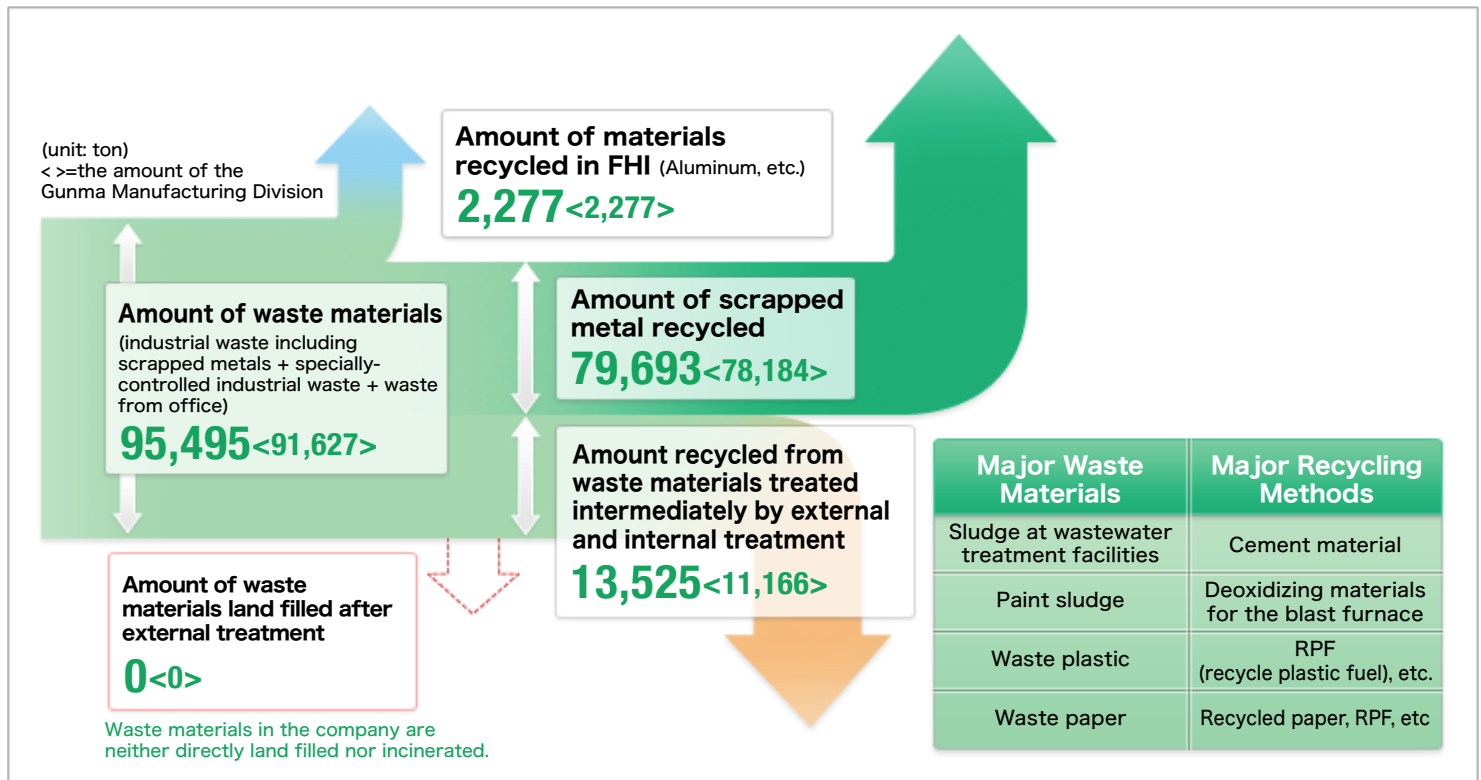


Gunma Manufacturing Division
The Main Plant's cogeneration system

Waste Reduction

All manufacturing plants have maintained zero emission for waste materials since FY2005. Outline of waste materials generated and treated in FY2013 is as follows.

Outline of Waste Materials Generated and Treated at All Manufacturing Plants and Automobile Manufacturing (Gunma Manufacturing Division) in FY2013



Reducing VOC Emissions

The amount of volatile organic compounds (VOCs) emitted from the automobile coating process was 49.5 grams per square meter in FY2013, down 45.8% from the FY2001 level. This was due to a decrease in the use of cleaning thinner and increase in the recovery of used thinner, as well as partial use of a water-based coating.

Preventing Soil and Underground Water Pollution

FHI has voluntarily undertaken soil and groundwater surveys at our facilities since 1998, and implemented purification measures and groundwater monitoring as required.

Since the Soil Contamination Countermeasures Act came into effect in 2003, we have implemented notifications and examinations in accordance with the law.

Status of Storage and Disposal of Equipment Containing PCB

We store polychlorinated biphenyl (PCB) waste material.

Toward processing, we stored PCB pollutants, etc., in specified containers and conducted transportation packing registration.



Status of work on storage in specified containers

Making Office Lighting More Efficient

We strive to save energy, not only at our manufacturing sites but also in our offices.

In FY2013, in an effort to save energy on office lighting, we renewed the existing 1,578 lighting fixtures at our Tokyo Office, Technology Buildings 1 and 2, and Omiya Subaru Building with high-efficiency fixtures incorporating reflectors and LED lights, thereby cutting power consumption by approximately 220 thousand kwh per year.

We will continue to make efforts to save energy with this kind of lighting as well as with air conditioning and other office equipment.

Approaches to Logistics

Reducing Environmental Burden by the Completed Vehicles Transportation

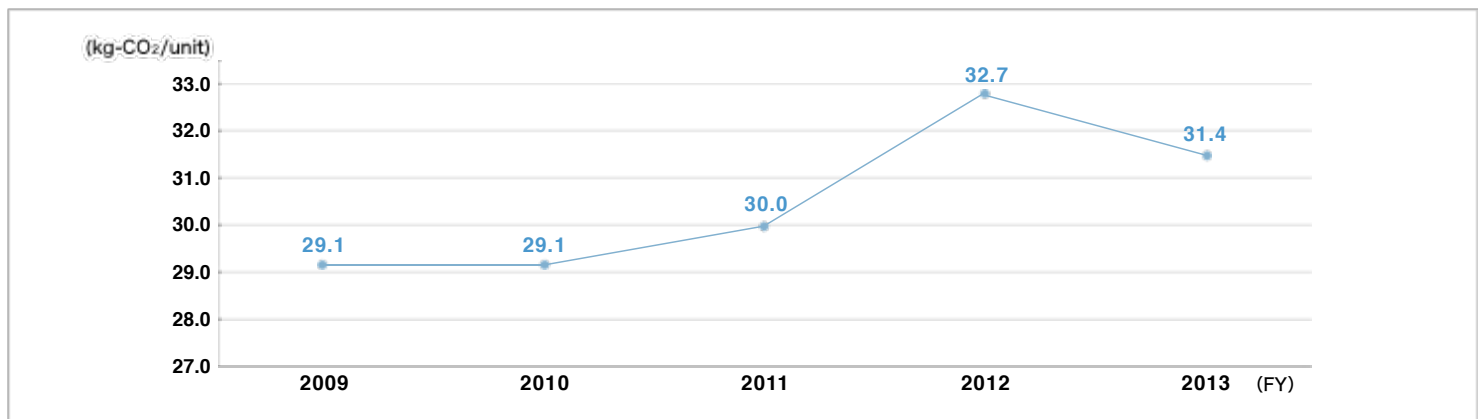
We have contributed to reducing environmental burden caused during the transportation of completed vehicles by improving transportation efficiency through such means as setting optimum transportation routes, promoting modal shifts and improving loading efficiency.

In FY2013, by promoting the cooperative transport of completed vehicles with other companies in the same industry, the total of consigned-to and consigned-from vehicles was 19,216 units, approximately 6% increase compare to the previous year.

Further, in FY2013, manufacturing of our mini cars was completely switched to OEM, and the shipping volume from Western Japan increased. For this reason, we strove to reduce our CO₂ emissions and improve loading efficiency by revising the transportation route and shorten the transportation distance.



CO₂ Emissions per Unit during Transportation



Reuse of Packaging Materials

Subaru Logistics Co., Ltd., which handles packing designs for knockdown parts, has been involved in activities to reduce environmental burden, primarily focusing on the reuse of packaging materials.

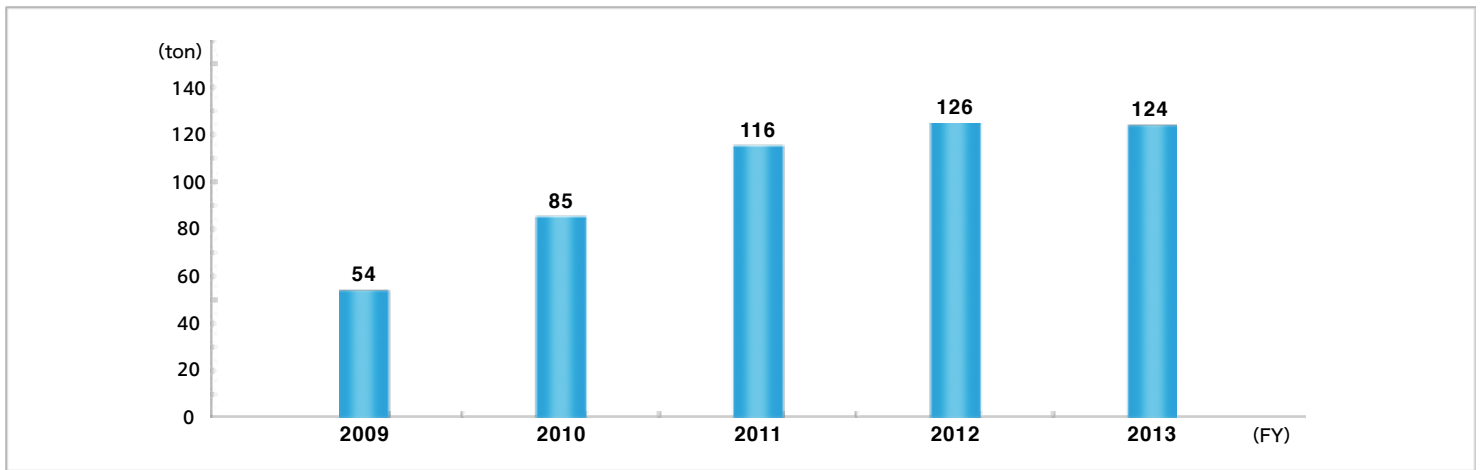
They started a project in the latter half of FY2006 to reuse packing materials of polystyrene foam for engine parts. The 1st stage started in March 2006, followed by the 2nd from December 2007, the 3rd from March 2009, 4th from June 2011, and 5th from July 2012 throughout which the reuse of the foamed materials for the rear differential gears was stepped up.

We will continue working to extend the reuse of packing materials for reduction of environmental burden.

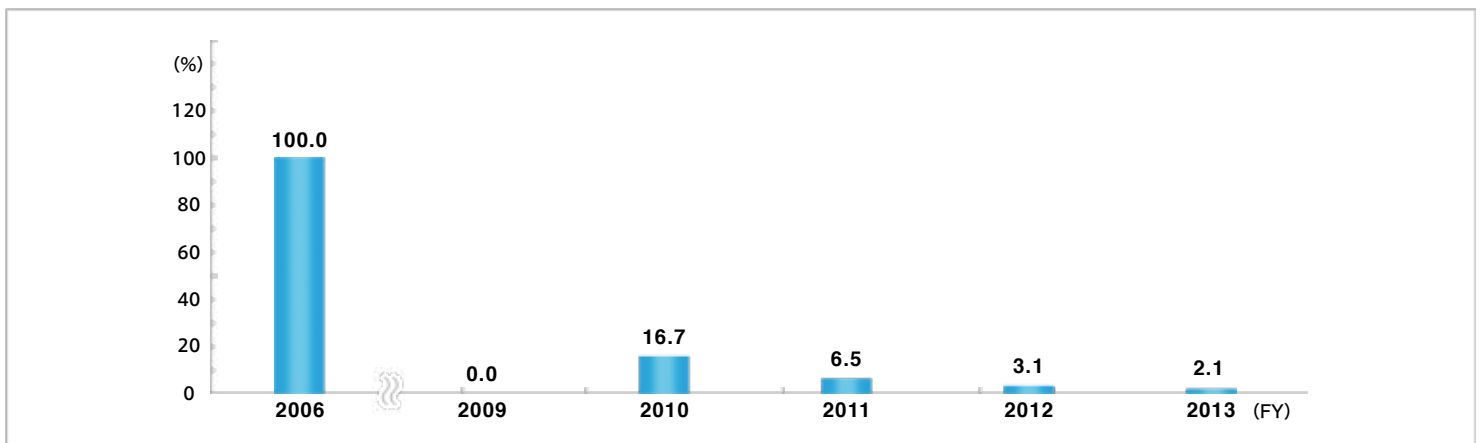


Reuse inspection and storage conditions of foam material

Amount of Polystyrene Foam Packaging Materials for Reuse



Amount of Newly Purchased Polystyrene Foam Packaging Materials





Approaches to Sales

All Domestic Dealers Obtain “Eco Action 21” Certification

In order to reinforce the environmental conservation efforts by Subaru domestic dealers, we have actively encouraged them, as well as providing support, to implement the “Eco Action 21” environmental management system created by the Ministry of the Environment based on ISO 14001.

The dealers under TOKYO SUBARU Inc. first received certification in January 2009, followed by all the other dealers in Japan (44 companies) by March 2011.

We will continue to support dealers with their voluntary environmental conservation activities.

Zero Emission by Dealers

Since April 2012, in support of environmental protection, FHI and Subaru dealers have been reinforcing appropriate treatment for waste generated in our business activities.

We reviewed conventional treatment methods and with the collaboration and cooperation of each company and industry body involved in recycling, expanded zero emission activities and aimed at domestic resource recycling. Contents of these activities are wide ranging, and include used lead-acid batteries, waste oil, used tires and metal.

We believe that by promoting zero emission activities at dealers closest to stakeholders, we are enabling the advancement of environmental conservation that will become more familiar.

By promoting corporate responsibility, effective use of resources and appropriate treatment on a nationwide scale, we believe it possible to provide a safe and secure environment in addition to providing products.

Use of LEDs for Store Lighting at Dealers

As one environmental consideration measure, we have begun to make efforts towards the introduction of LED lighting at our dealer premises, too.

We are promoting the changeover to LED lighting at any time. During building reconstruction and refurbishing, besides the fluorescent lamps used as base lighting in showrooms and maintenance shops, metal-halide lighting such as spot lamps, mercury lamps and other lighting for the exterior are switched to LED.

In addition, while providing showroom space where customers can comfortably spend time, in order to further improve the efficiency of lighting and air conditioning due to these LEDs, we also provide criteria such as showroom ceiling height and suitable lighting deployment plans.

Implementing these measures has resulted in a 40 to 50% reduction in lighting power consumption. We also standardized the measures in “SUBARU Store Guidance,” and are expanding their use at dealers nationwide.



Automobile Recycling

Promotion of Recycling Conscious Design

In order to utilize limited resources, we promote recycling conscious design in manufacturing automobiles.

Advances in Wiring Harness Dismantling

Wiring harnesses use large amount of copper. If the harnesses can be removed from used cars before they are shredded, the collection and separation of iron and copper will be enhanced and their value as resources will increase.

We are conducting studies for a harness layout and structure to enable efficient retrieval in a shorter time. The results of these studies are benefitting the 5th Legacy (released in Japan in 2009) and following models.



Material Identification Improvement

It is most important that the materials composing each part can be recognized easily when we recycle. We first started to identify the types of materials used in plastic parts in 1973—even before guidelines for the industry were established.

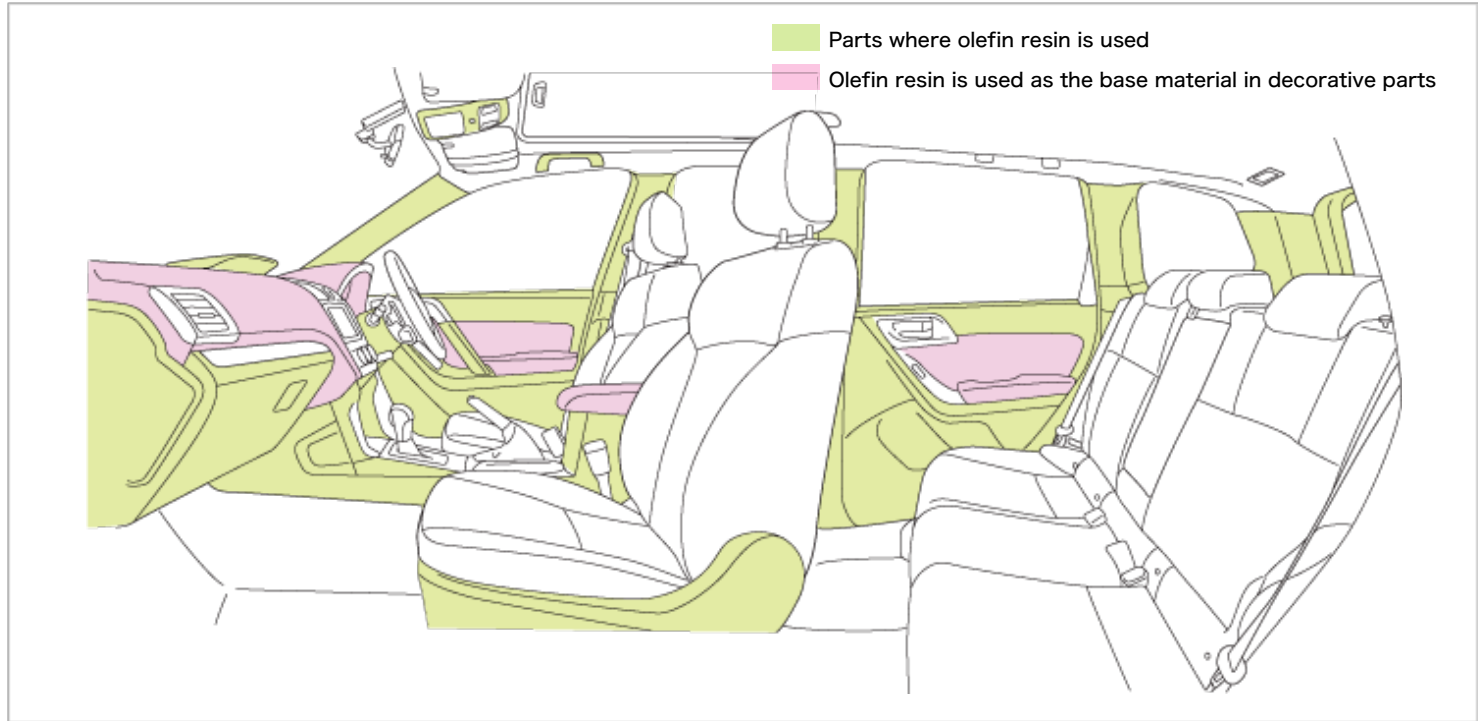
Traditionally, material identification labels were placed on hard-to-see inner surfaces, so the material could not be checked unless disassembled. Now, the identification location has been changed so that parts can be sorted without disassembly before recycling for more efficient operations.

From 2001, we changed the bumper material identification positions on all models, including the Legacy, Impreza, Forester, Exiga, and the BRZ.



Easily Recycled Materials

We use olefin resin, which is extremely easy to recycle, as the resin material for the interiors and exteriors of most FMC and new models. We will continue to expand usage of recyclable materials.



Reduction of Employment of Substances for Environmental Concern

We are actively working on reducing the environmental impact from End-of-Life Vehicles (ELV).

Reduction Target and JAMA*s Voluntary Action Program

Substance	Target (period achieved)	Details of Reduction Efforts
Lead	Since Jan. 2006	Reduce the amount per vehicle produced to less than 1/10 of 1996 level
Mercury	Since Jan. 2005	Use prohibited, except a few applications (e.g., minute amounts in combination panels, discharge headlights, and liquid crystal panels of GPS systems)
Cadmium	Since Jan. 2007	Use prohibited
Cadmium Chromium (VI)	Since Jan. 2008	Use prohibited

*JAMA: Japan Automobile Manufacturers Association, Inc.

Reducing VOCs in Vehicle Interiors

In order to reduce the use of VOCs, such as formaldehyde and toluene, which can cause nose and throat irritation, we are revising the substances contained in the components and adhesive agents used in vehicle interiors.

In the Legacy, Impreza, Forester, Exiga, and BRZ, we achieved the voluntary target by JAMA* by reducing the concentrations of the 13 substances defined by the Ministry of Health, Labor and Welfare. And, in the future, we will continue our efforts to reduce the levels of VOCs and such substances to make the environment in vehicle interiors ever more comfortable.

* Voluntary target by JAMA: To reduce interior concentrations of the 13 substances identified by the Ministry of Health, Labor and Welfare to levels equivalent to or lower than the figures stipulated in the guidelines for new models (produced and sold in Japan in 2007 and after) under the Voluntary Approach in Reducing Cabin VOC Concentration Levels initiated by JAMA.

Processing of End-of-Life Vehicles (ELVs)

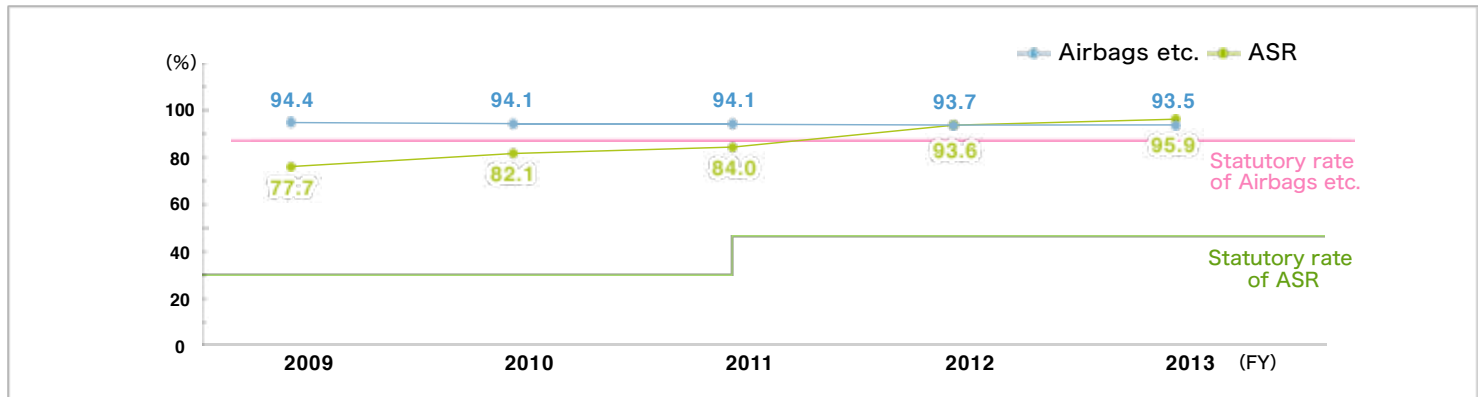
The End-of-Life Vehicle Recycling Law (Automobile Recycling Law) enforced in 2005 obligates automobile manufacturers to fully remove and appropriately treat “Automotive Shredder Residue (ASR),” “Chlorofluorocarbons (CFCs),” and “Airbags.”

The ASR recycling rate for FY2013 was 95.9%, exceeding the legal standard of 50%. We continue to update our environmental record, combining this achievement of zero landfill which was attained in May 2011.

In addition, we attained an airbag recycling rate of 93.5%, again exceeding the legal standard, which is set at 85%.

Also, the entire amount of recovered CFCs has been suitably treated.

Statutory Rate and Recycling Rate of ASR and Airbags etc.





Environmental Communication

Environmental Communication

We value the relations with all our stakeholders, and to this end have set up communication channels. We widely disseminate environmental information in each medium, and through such means as CSR reports and the website, strive to be a reliable corporation that brings peace of mind to our stakeholders. In addition, we disclose environmental information to communities neighboring our business sites, producing a “Site Report” for each of our plants.

In the Subaru Visitor Center located at the Gunma Manufacturing Division, our environmental efforts are explained in an exhibition corner called the Recycle Lab. The Utsunomiya and Saitama Manufacturing Divisions also have areas to demonstrate their waste recycling efforts.



Environment Website



Environmental information per model



Recycle Lab

Environmental Communication for Children

At the Gunma Manufacturing Division, we continue to welcome study visits to the plant as part of elementary school education. In FY2013, we had around 80 thousand children visit the site.

As a communication tool for children, we distribute a booklet which introduces the automobile manufacturing process and our environmental initiatives and is useful in the education of schoolchildren during their visits to the plant.

Available on our website, the “Factory Story” has contents describe the manufacturing processes involved at an automobile plant and explain the various mechanisms of the automobile. Additionally, in March 2013, we launched a new educational site for children known as “SUBARU KIDS.” Designed for children, the site explains in simple terms, our environmental initiatives and our involvement in traffic safety, and makes learning enjoyable for both children and their parents.

We plan to further enhance communication with children in the future.



SUBARU KIDS



FACTORY STORY

Environmental Education

We provide employees with a range of environmental education programs tailored to their needs, deeming it one of our social responsibilities to conduct activities aimed at resolving environmental problems.

In April 2012, we provided the 320 new employees of the Automotive business unit with education on environmental protection. An employee in charge of environmental issues served as the lecturer for the course, and briefed attendants on global environmental problems, our environmental policy and environmental protection activities, and the importance of making individual efforts by introducing specific examples to participants.

We also held a seminar to develop ISO14001 internal auditors to enhance the internal auditing system for the ISO14001 environmental management system and to foster environmental protection activities conducted at our workplaces. In the two-day seminar held with an invited external lecturer, participants received education for internal auditors.

In January 2013, approximately 700 employees at our Head Office received environmental conservation education using an E-learning system, and took tests to assess their level of understanding.

We believe it is important for employees to be fully aware of environmental problems and environmental efficiency on a daily basis, and to exercise this awareness in business and environmental activities. To this end, we continue to promote environmental education and enlightenment for employees.



ISO14001 internal auditor training seminar materials



E-Learning

Corporate Studies for Educators

From August 23 through 24, we participated in a training program, “Private Sector Studies for Teachers,” held by Keizai Koho Center (Japan Institute for Social and Economic Affairs), which accepted teaching staff from elementary schools, junior high schools, high schools and vocational schools.

The training program enabled teachers to deepen their understanding of approaches to corporate activities and environmental initiatives, with that aim of putting the training experience into practice in their respective educational facilities and in the management of schools.

The training included visiting our automobile manufacturing plant at the Gunma Manufacturing Division, taking test drives on our test course, attending meetings for exchanges of opinions at a vocational training facility and other opportunities to experience matters particular to an automobile manufacturer. In addition, we provided lectures on our CSR and environmental initiatives as well as personnel training, so that teachers could enhance their understanding of the company.



Approaches to the Global Environmental Activities

Subaru Group organizes the North American Environmental Committee (NAEC), involving the four manufacturing and sales subsidiaries in North America, SIA, SOA, SCI and SRD which have a particularly high environmental impact among our overseas subsidiaries. This committee shares and spreads successful cases with member companies to promote efficient and streamlined environmental activities.

In FY2013, the NAEC held meetings in June and November. NAEC member companies reported their environmental activities to the Committee and we also reported our environmental activities being undertaken in Japan. We are encouraging this Committee to further share the related information across the world.

Members of the NAEC companies had already acquired ISO 14001 Environmental Management System Certification by 2005.

They are working on pollution prevention and reduction of environmental burdens through educational training, on-site legal compliance programs, internal auditing, and other measures.

On May 2012, SIA received ISO 50001 Certification, becoming the first car manufacturing plant in the U.S. to achieve this internationally recognized accreditation. ISO 50001 details the requirements for energy management systems (EnMS).

SIA's accreditation demonstrates its environmental leadership within the automobile industry. SIA was also the first U.S. car manufacturing plant to achieve ISO 9001 Quality Management System Certification and ISO 14001 Environmental Management System Certification.

Major Overseas Subsidiary Companies

SRD: _____
Subaru Research & Development, Inc.

SIA: _____
Subaru of Indiana Automotive, Inc.

SCI: _____
Subaru Canada, Inc.

SOA: _____
Subaru of America, Inc.





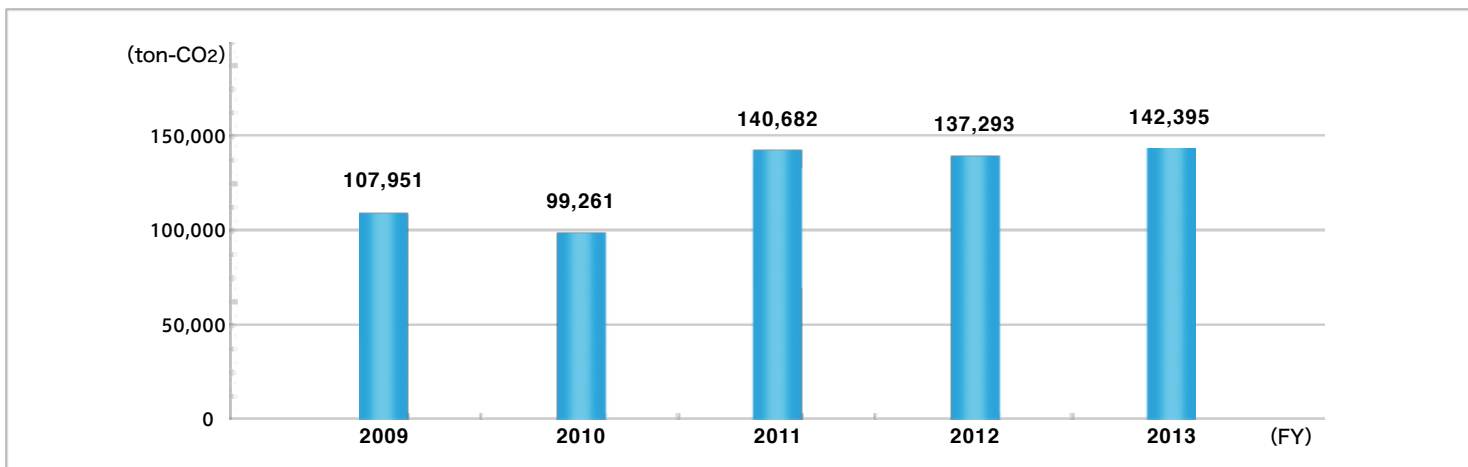
Approaches to Global Warming Prevention

To counter the serious issue of global warming, each of our North American companies is working hard to reduce total CO₂ emissions through various measures. The amount of CO₂ emitted by the four companies in North America in FY2013 totaled 142,395 tons-CO₂, increased around 4% compared with FY2012. This is due to the influence of increased production by SIA, although the amount of CO₂ produced per unit of production has decreased.

As the CO₂ emission volume increases along with the increased production volume, each of our North American companies is making various efforts to reduce CO₂.

For instance, at SOA, they have changed lighting fixtures at their head office to LED lights, and changed computer monitors to the energy-saving LED type, as part of their energy-saving activities.

CO₂ Emissions (total of four companies in North America)

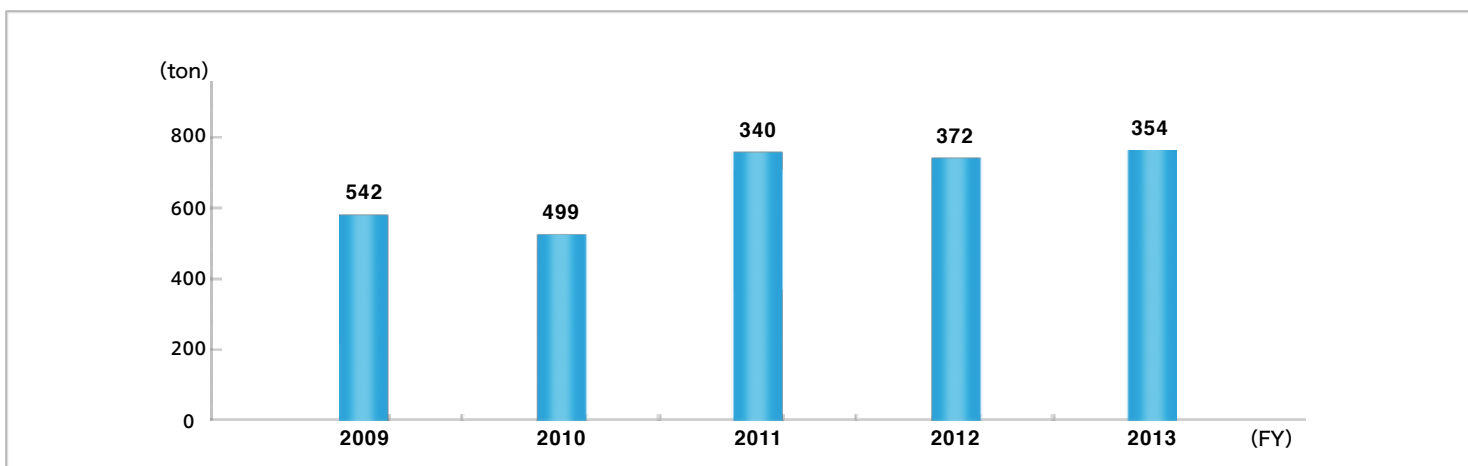


Efforts to Reduce Waste Materials

The amount of waste disposal by landfill of our four North American companies in FY2013 was 354 tons, a slight decrease of 5% compared with the FY2012 figure of 372 tons. Moreover, SIA has had a continuing record of zero landfill since 2004.

As part of their effort to reduce waste, SIA uses the filter cake emitted from their painting plant as a raw material in cement, thereby promoting waste recycling. The process commenced practical application from the first half of FY2013, in an effort to further reduce waste.

Landfill Waste Amount (total of four companies in North America)



Other Activities

Subaru Eco-friendly Dealer Program

Subaru of America, Inc. (SOA) takes great pride in not solely involved in selling high-quality Subaru vehicles, they are putting their efforts into environmental conservation.

As part of their environmental commitment, SOA developed a “Subaru Eco-friendly Dealer Program” and a pilot was announced in 2011. A dealership can achieve Subaru Eco-friendly Dealer status by meeting the following five key areas.

- 1 Energy efficiency
- 2 Water conservation
- 3 Recycling
- 4 Waste management
- 5 Community involvement

A formal announcement and program registration to our dealerships went out in late 2012. They aim to have an overall participation rate of 20% during the next two to three years.



Sustainia 100

Subaru of Indiana Automotive, Inc. (SIA) was named a top ten finalist, among 100 nominees globally, for the Sustainia Initiative.

The Sustainia Award is a new, global award recognizing tangible and available sustainability solutions across sectors and markets.

The Sustainia Award was launched by the global Sustainia Alliance and the Scandinavia’s leading independent think tank, Monday Morning, in collaboration with Governor Mr. Arnold Schwarzenegger.

SIA was nominated for having the “Best Resource Solution” for their zero landfill manufacturing. On October 2012, CSR representative from the company attended the award gala in Copenhagen, Denmark.





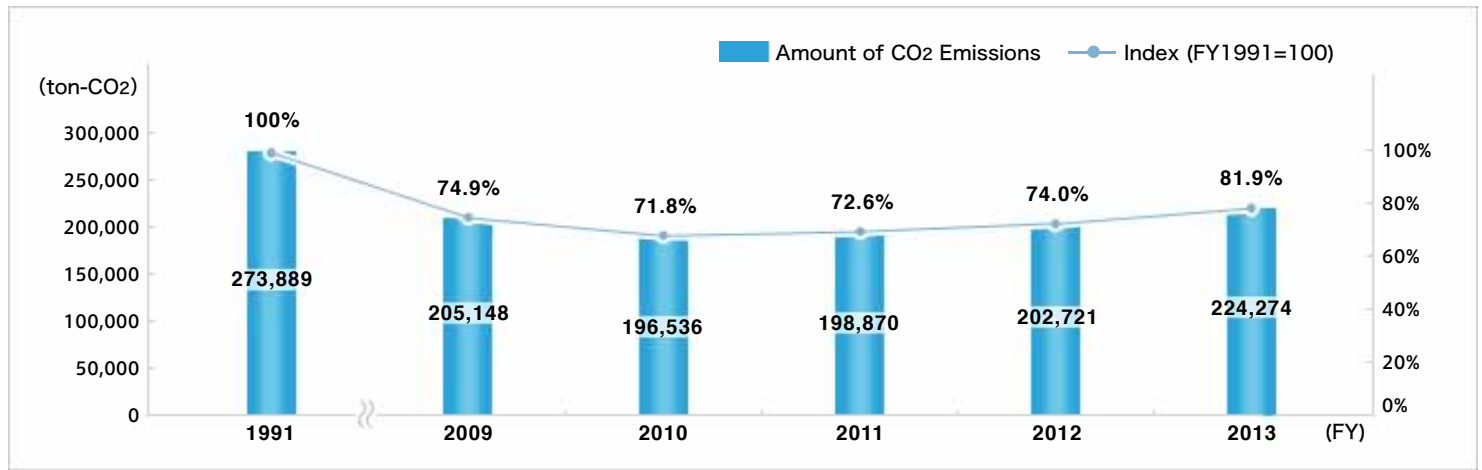
Environmental Performance

The main aspects of FHI's environmental performance* in FY2013 are shown in the following graphs.

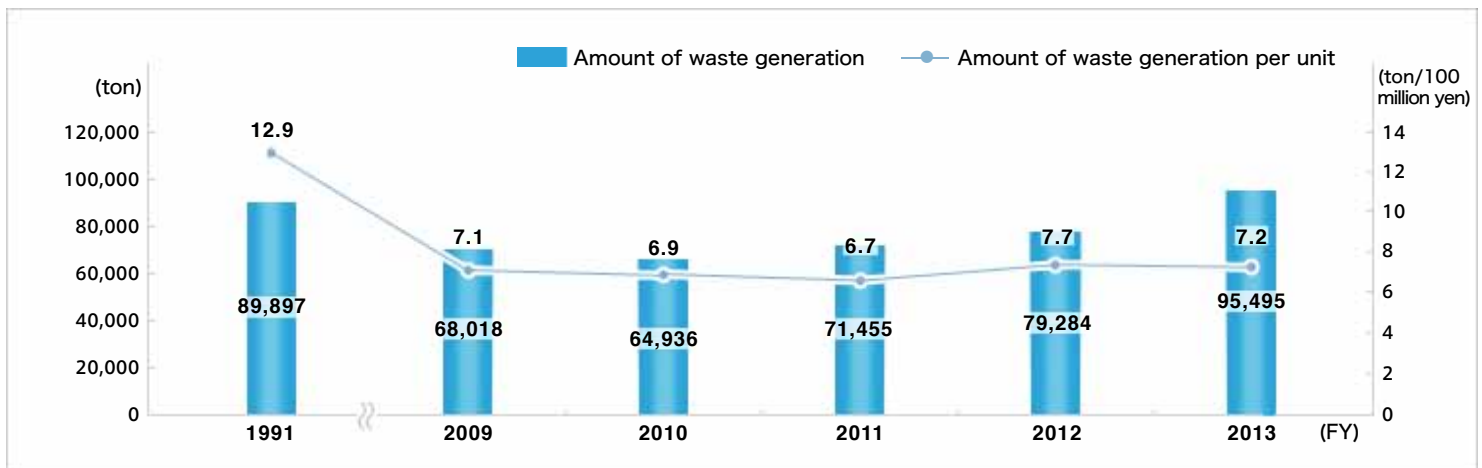
CO2 emissions and waste generation have increased from the previous year. This is due to increased production volumes of each plant compared to the previous year.

* Manufacturing Divisions covered: Gunma, Utsunomiya, Saitama and Tokyo

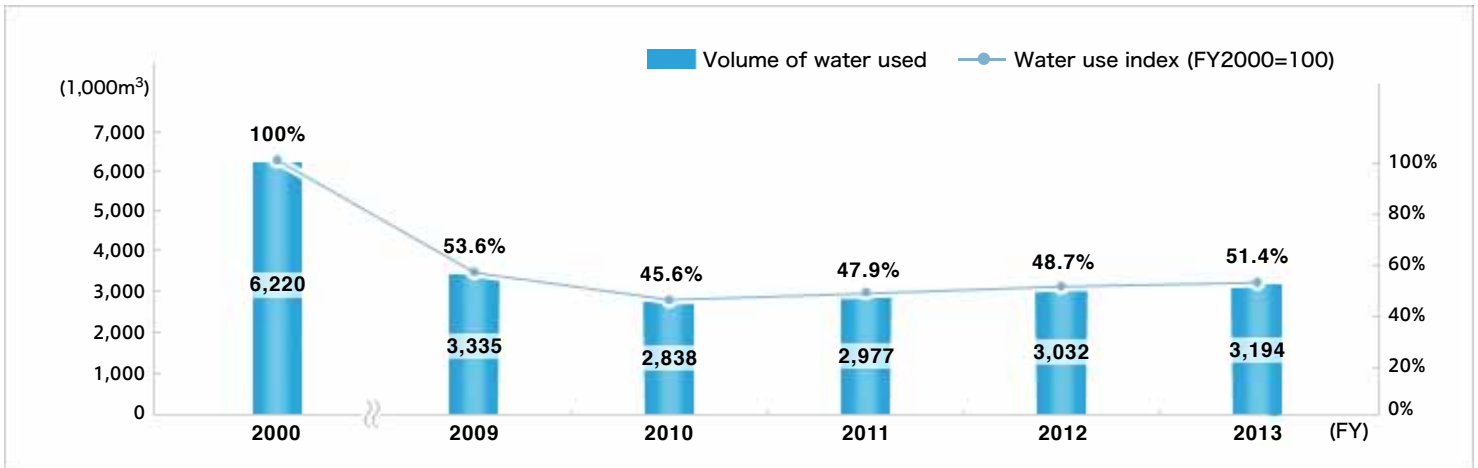
CO2 Emissions



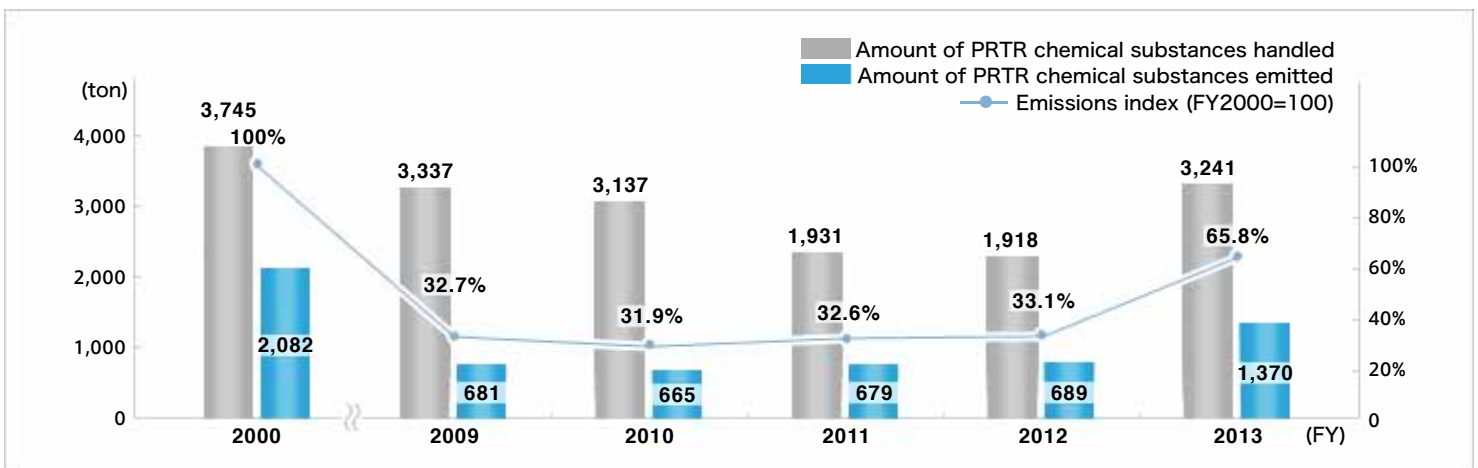
Waste Generation (includes scrap metal sold)



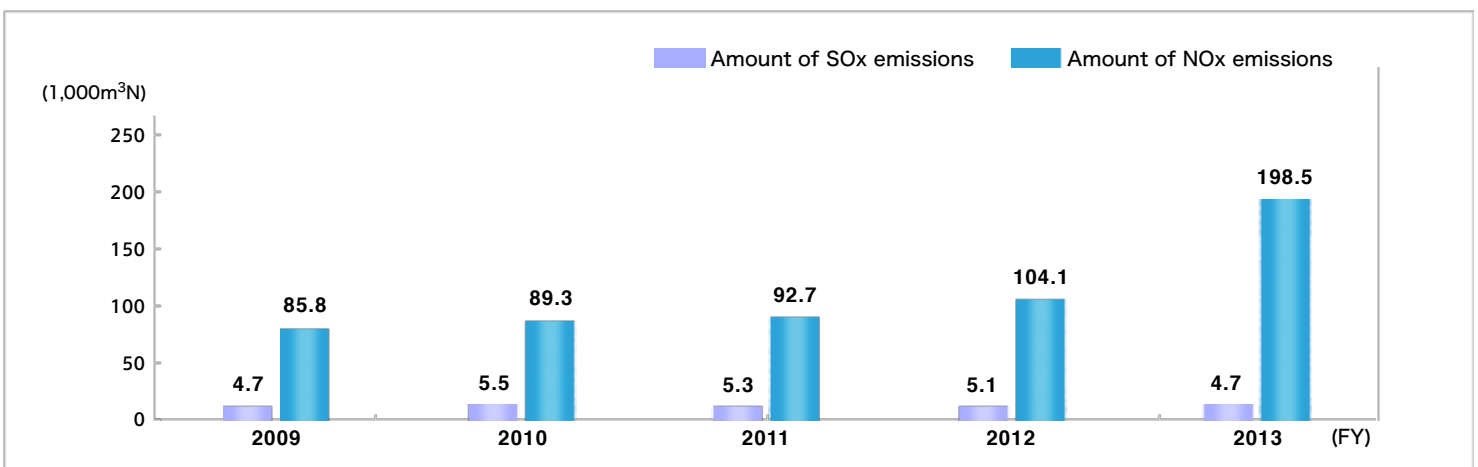
Volume of Water Used



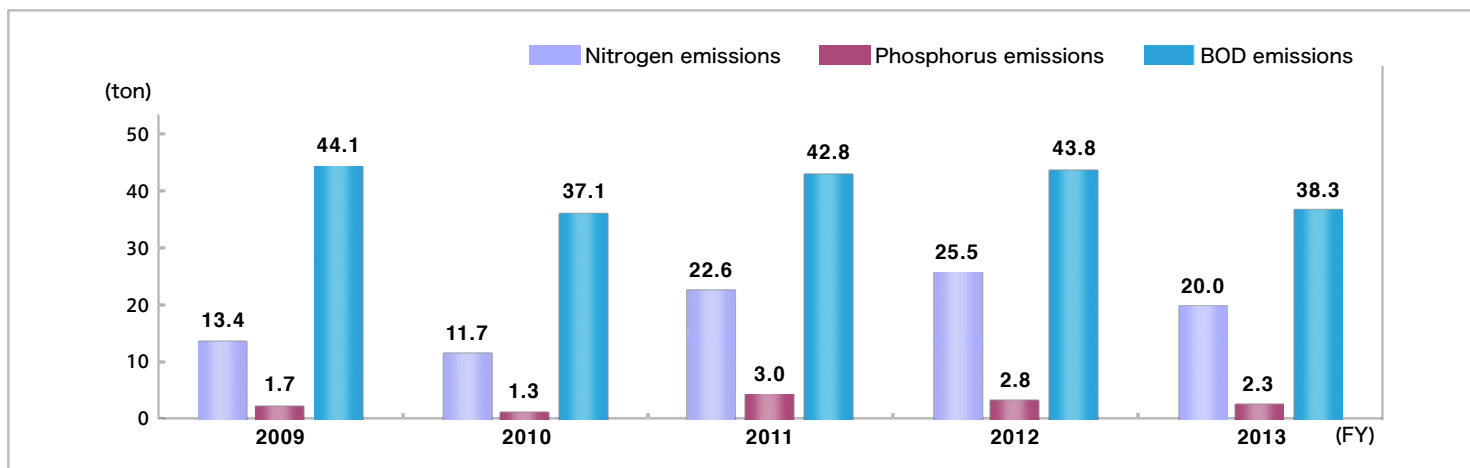
PRTR Chemical Substances



NOx and SOx



Nitrogen, Phosphorus and BOD



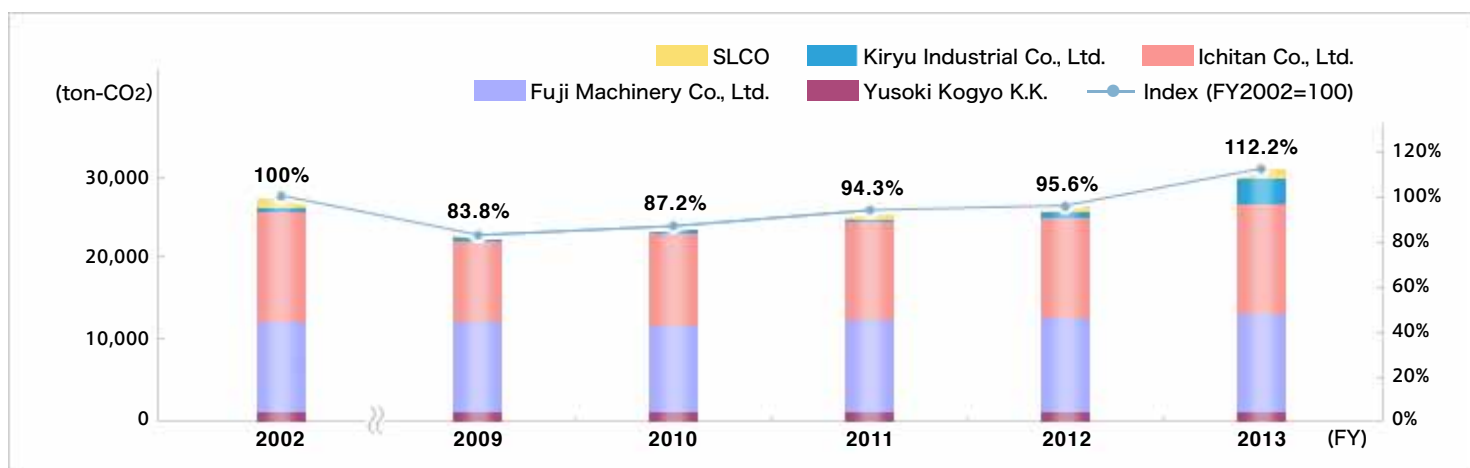
Affiliated Companies in Japan

The main aspects of environmental performance of five domestic affiliated companies* in FY2013 are shown in the following graphs.

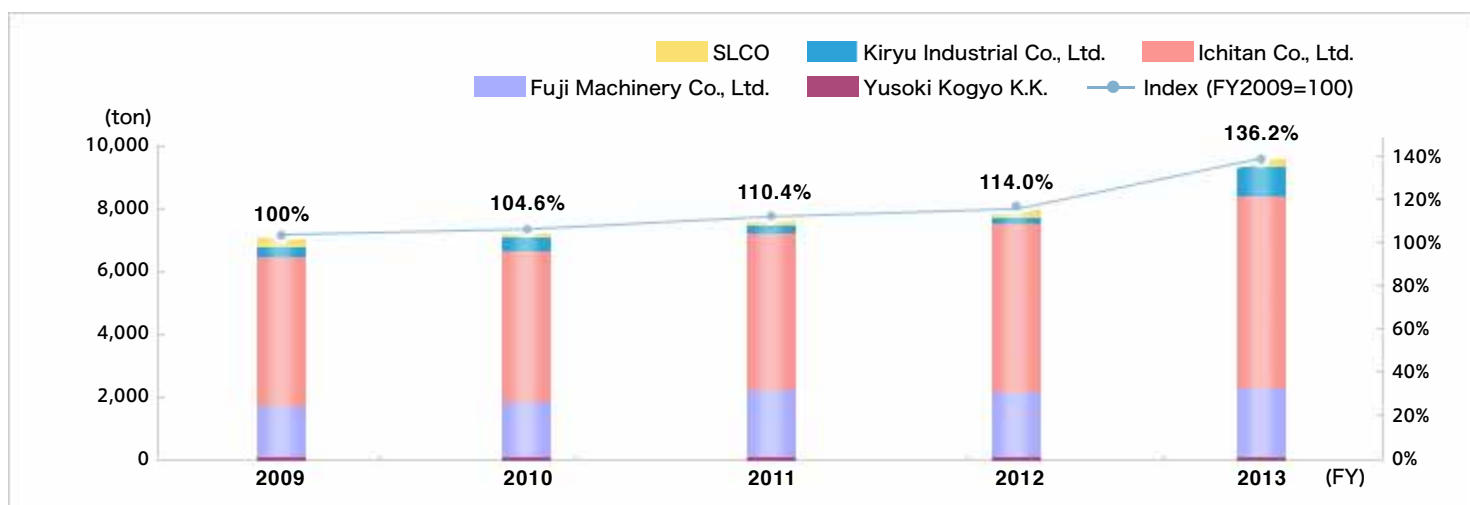
CO₂ emissions and waste generation have increased from the previous year. This is due to increased production volumes of each company compared to the previous year.

* Five affiliated companies: Yusoki Kogyo K.K., Fuji Machinery Co., Ltd., Ichitan Co., Ltd., Kiryu Industrial Co., Ltd. and Subaru Logistics, Co., Ltd. (SLCO)

CO₂ Emissions



Waste Generation



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