



SUBARU



CSR Report
Corporate Social Responsibility Report

2014

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GRI / ISO Guidelines

GRI Guidelines
ISO26000

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

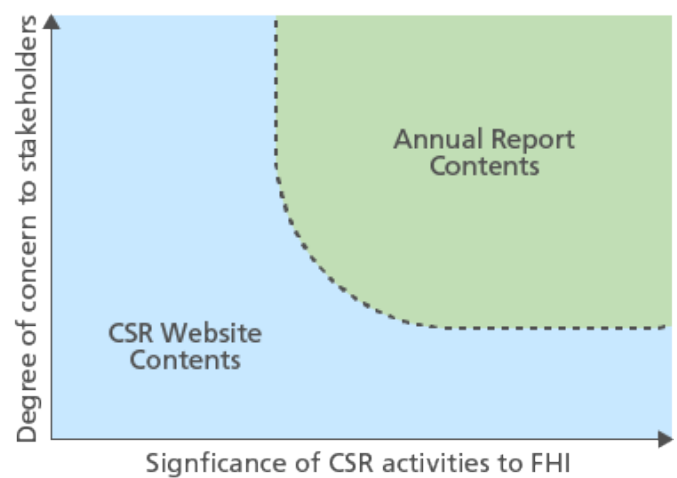
To facilitate understanding of the company's affairs by all stakeholders, from the 2013 edition, CSR activity information in the FHI's CSR Report will be integrated with the Annual Report, and the publishing media has been transferred to the website in an effort to alleviate the burden on the environment.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



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.

Guidelines Referenced

- GRI Sustainability Reporting Guidelines (Ver. 3)
- ISO26000
- Environmental Report Guidelines (2012) by the Japanese Ministry of the Environment
- Environmental Report Guidelines (2005) by the Japanese Ministry of the Environment

Issue Periods

- Previous issue: November 2013
- Current issue: August 2014
- Next scheduled issue: July 2015

Period Covered

- The report covers performance for the period of FY2014 (from April 2013 to March 2014) 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.

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](#)
- [Corporate Profile](#)
- [Investor Relations](#)
- [Financial Results](#)
- [Annual Report](#)

Thoughts on the Third-Party Opinion

We would like to express our gratitude for the valuable opinions conferred by Profession Oku in September 2013. As it is the mission of the Fuji Heavy Industries Group to contribute to the development of a sustainable society through our business, we are proactively implementing CSR activities based on one of our corporate philosophies: “We will aim to continuously promote harmony between people, society and the environment while contributing to the prosperity of society.” Based on the opinions we received last year, the public understands FHI’s consistent stance and enthusiastically encourages our CSR activities as demonstrated by comments such as “I was able to obtain more detailed information thanks to your progress in uploading content online” and “progress reports on environmental activities are easy to understand.” We seriously took in all of your opinions and suggestions and made the following improvements in the 2014 version. FHI will continue to work towards making improvements.

CSR Report 2014 Improvements

- Regarding a suggestion for “access the actual content of our activities,” FHI disclosed its companywide standardized CSR Procurement Guidelines and Quality Management System. We will continue to do our utmost to disclose the content of our CSR activities going forward.
- As suggested to “disclose all information including negative information” as well as showing “all the opinions and suggestions received by the SUBARU Customer Center,” FHI believes that acting upon the opinions of stakeholders is the basis of our CSR activities and therefore released all the opinions received by the SUBARU Customer Center starting with the 2014 Report along with our responses. We also disclosed the number of cases handled by our Compliance Hotline.
- Regarding the “revision of targets of the Voluntary Plan for the Environment,” FHI is revising them as well as evaluating results. Although no changes were made this year, we have revised targets upward in the past.
- We have been receiving suggestions regarding biodiversity for the past three years and started considering the relationship between biodiversity and our business activities at the time of this Report’s publication. We will publish results in next year’s report.

The Fuji Heavy Industries Group will execute CSR activities as a corporate citizen based on the important issue of “contributing solutions to social issues” by providing “Enjoyment and Peace of Mind” to customers. Further, FHI believes that communicating with all stakeholders through this Report is crucial and we look forward to receiving more opinions from everyone in the future.

Environmental Affairs Promotion Office
General Administration Department
Corporate Planning Department
Fuji Heavy Industries Ltd.

Message from the President

Aiming to achieve sustainable growth as a high-presence and appealing company based on the new mid-term management vision "Prominence 2020."

Yasuyuki Yoshinaga

President & CEO
Chairman of the CSR Committee



Aiming for a "Prominent" Presence

We, the Fuji Heavy Industries Group, established the five-year mid-term management plan "Motion-V" covering the period from fiscal 2012 to 2016 based on our aim to become a high-presence and appealing company revolving on the motto, "Customers Come First," and worked to realize growth. Thanks to all of you, these efforts resulted in the attainment of the main objectives of that plan two years in advance allowing us to draw a definitive line.

Meanwhile, new issues are coming to the surface including supply shortages and customer service demands in the wake of an expansion in unit sales much greater than anticipated, as well as the handling of increasingly severe environmental regulations worldwide. We are facing these various issues head on and, since the announcement of our new mid-term management vision "Prominence 2020" in May of this year in hopes of ushering in a new era, we are undertaking specific initiatives under our two major themes of enhancing the Subaru brand utilizing our small scale and unique characteristics that only Subaru can provide to further advance value-added management, and building a strong business structure to enhance our ability to cope with changes in the business environment.

Particularly in our efforts to enhance the Subaru brand, we are focusing on six aspects, namely overall performance, safety, design, environment, quality and service, and communication, wherein the pursuit of safety and handling environmental concerns are the most important themes in FHI's CSR.

Continuing to Be the No. 1 Brand in Overall Safety

Since we installed our new "EyeSight" advanced driving assist system in all Legacy vehicles in May 2005, customers have lauded it and, as of end of March last year, over 200,000 vehicles sold cumulatively in Japan are equipped with "EyeSight Ver. 2." Overseas, the United State's IIHS (Insurance Institute for Highway Safety) bestowed the highest rank of "Superior" in the Front Crash Prevention Test to "EyeSight" equipped vehicles.

Going forward, while envisioning future automated driving thanks to the evolution of the "EyeSight" driving assist system, FHI aims to become the No. 1 brand in overall safety by ensuring the absolute protection of all passengers and pedestrians in all directions from the driver's perspective.

Lifting Our Environmental Performance to the Top Level by 2020

As a means of resolving environmental issues, FHI introduced in the previous fiscal year the "Subaru XV Hybrid," which is a culmination of distinctively "Subaru" hybrid technology, as well as the new Levorg model in June of this year featuring a low-emission engine that uses Subaru's turbo technology. Thanks to your support, these automobiles were well received by a multitude of customers leading to an expansion in growth. Continuous development of these technologies going forward will allow us to engender distinctively Subaru environmentally-friendly automobiles that deliver both output performance for a comfortable ride and superior fuel efficiency. Moreover, to meet environmental restrictions in the U.S. and other major markets, FHI aims to achieve the top level in both the internal combustion engine and EVs.

Building a Strong Business Structure

Human resource development and building an organization and corporate culture, activities that support the abovementioned initiatives, are collectively considered as one crucial theme under which FHI is promoting new internal projects, further enriching our human resources including promoting diversity and reforming its organization and corporate culture. Further, we will focus on fortifying our middle management at business locations both in Japan and overseas, foster the next generation of leaders who will be charged with steering the organization in the future, and other endeavors to build a strong team of people who will drive our mid- to long-term growth. FHI will also concentrate its energies on developing a corporate culture that encourages challenges, individuality and creativity.

Becoming a Company that Earns the Empathy of its Stakeholders

Our longtime stance, “Customers Come First,” should be upheld in order for the Fuji Heavy Industries Group to have a presence on the market as an organization with a strong appeal and a medium to long term perspective, and realize sustainable growth. We are fortifying our customer service in the United States, where unit sales are increasing rapidly, and meticulously interviewing Subaru users for new vehicle development projects, among other initiatives that, as the foundation of our many business activities, we are able to keep our stance consistent and unwavering.

We will continue to fulfill our responsibilities as a corporate citizen undertaking business throughout the world and aiming to become a company that is trusted by all people everywhere. We beseech your continued support going forward.



July 2014

Yasuyuki Yoshinaga

President & CEO

Chairman of the CSR Committee

About Fuji Heavy Industries Group

Business Overview

Our Products Represent Our Commitment to Helping as Many Customers as Possible Lead More Fulfilling Lives

FHI is a transportation manufacturer, with automobiles—under the SUBARU brand—as core products, and operates the following three business units.

SUBARU Automotive Business



Leveraging Original Technology to Deliver Cars that Realize “Enjoyment and Peace of Mind”

Since we released the SUBARU 360 in 1958, we have been contributing to the development of Japan’s automobile industry. We adopted a horizontally opposed engine for the SUBARU 1000, launched in 1966, and released the world’s first-ever 4-wheel drive passenger car in 1972. Since then we have produced unique cars equipped with original technology, including the establishment of a symmetrical power train featuring a horizontally opposed engine as the “Symmetrical AWD.” Moreover, we have developed the advanced driving support system “EyeSight” and a new generation transmission, the “Lineartronic CVT.” We are thus constantly taking on new challenges in pursuit of “Enjoyment and Peace of Mind.”



SUBARU

Confidence in Motion

Brand Statement

Through “Confidence in Motion,” SUBARU aims to meet customer expectations for the freedom and fulfillment enabled by SUBARU’s uniquely satisfying driving experience.

Location

- Gunma Manufacturing Division (Ota City, Iseaki City, and Oizumi Town, Oura District, Gunma Prefecture)
- Tokyo Office (Mitaka City)

Aerospace Company



Leveraging Tradition and Innovative Technology to Develop and Manufacture a Range of Aircraft

Aerospace Company inherits its technologies and spirit of aircraft manufacturing from its predecessor, Nakajima Aircraft. Now, It has established unparalleled technologies in many categories, such as its expertise in developing aircraft structures, including composite materials for main wings, IT technology for unmanned aircraft, and sophisticated system integration combined with flight control technology. In addition to developing and manufacturing helicopters, fixed-wing aircraft, and unmanned aircraft, this in-house company also participates in development and production of large passenger aircraft. Based on the original technology cultivated to date, the Aerospace Company constantly takes on challenges in new fields aiming to develop into an aircraft manufacturer with a global presence.

Location

• Utsunomiya Manufacturing Division
(Utsunomiya City, Tochigi Prefecture)

Industrial Products Company



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

The Industrial Products Company develops, manufactures, and markets ROBIN general-purpose engines used in construction and industrial machines as well as products incorporating these engines. It also supplies high-performance engines used in snowmobiles and buggies, construction machinery for building social infrastructure and agricultural machinery, snow ploughs and generators to help with life in harsh natural environments, and leisure equipment to add color to affluent lifestyles in diverse countries around the world. In the field of general-purpose engines, it has the leading share of the Japanese market and ranks third in the global market, exporting to nearly 100 countries with a high reputation for reliability and durability.

Location

• Saitama Manufacturing Division
(Kitamoto City, Saitama Prefecture)

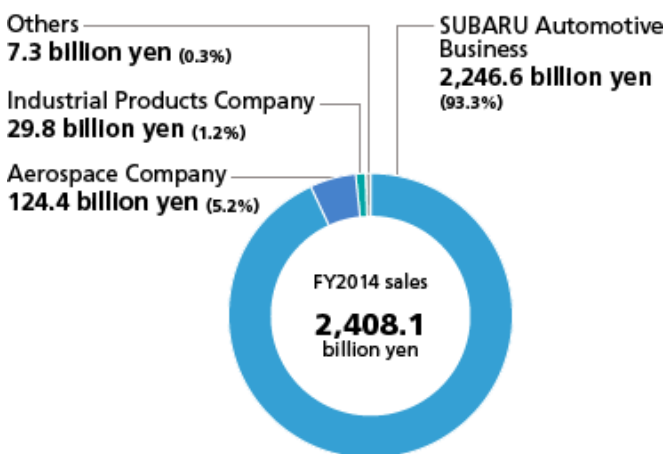
Corporate Overview (As of March 31, 2014)

Name	Fuji Heavy Industries Ltd.
Established	July 15, 1953
Paid-in Capital	153.8 billion yen
Employees	28,545 (Consolidated) 13,034 (Non-consolidated)
Head Office	(Relocated to the address below from August 18, 2014) Ebisu Subaru Building, 1-20-8, Ebisu, Shibuya-ku, Tokyo 150-8554, Japan Phone: +81-3-6447-8000

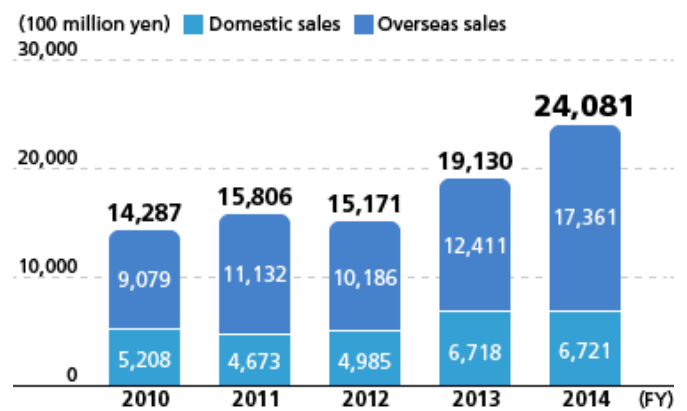
Sales	2,408.1 billion yen (Consolidated) 1,689.6 billion yen (Non-consolidated)
Operating Income	326.5 billion yen (Consolidated) 248.4 billion yen (Non-consolidated)
Ordinary Income	314.4 billion yen (Consolidated) 252.3 billion yen (Non-consolidated)
Net income	206.6 billion yen (Consolidated) 173.1 billion yen (Non-consolidated)

*The figures for Sales through Net Income are for FY2014.

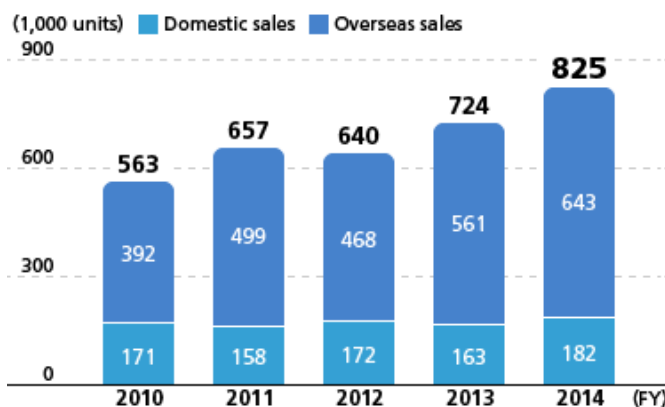
FY2014 Sales Ratio by Business Unit



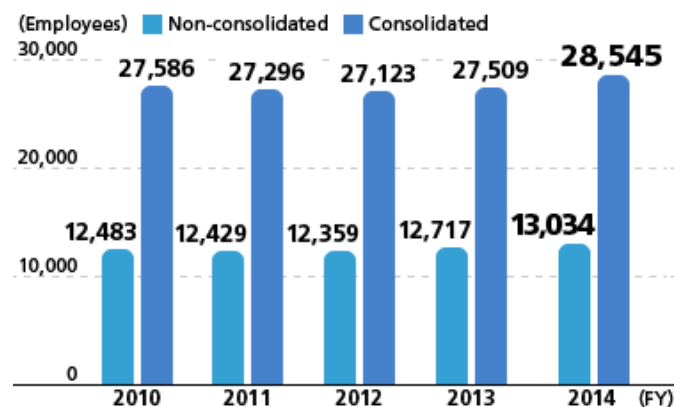
Trends in Sales



Trends in the Number of Car Sales



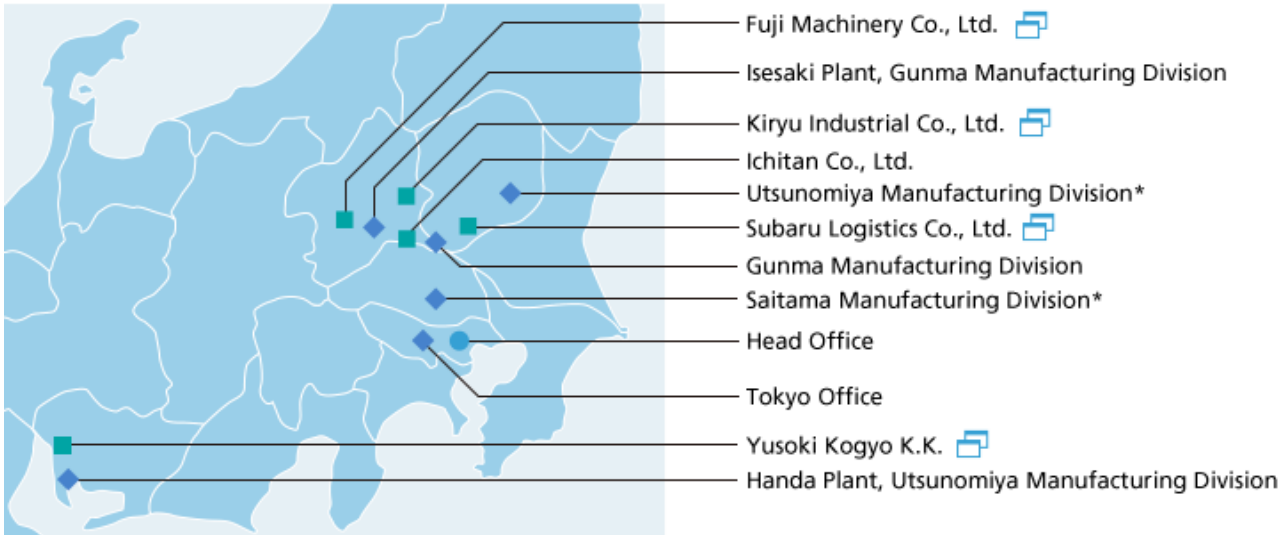
Trends in the Number of Employees



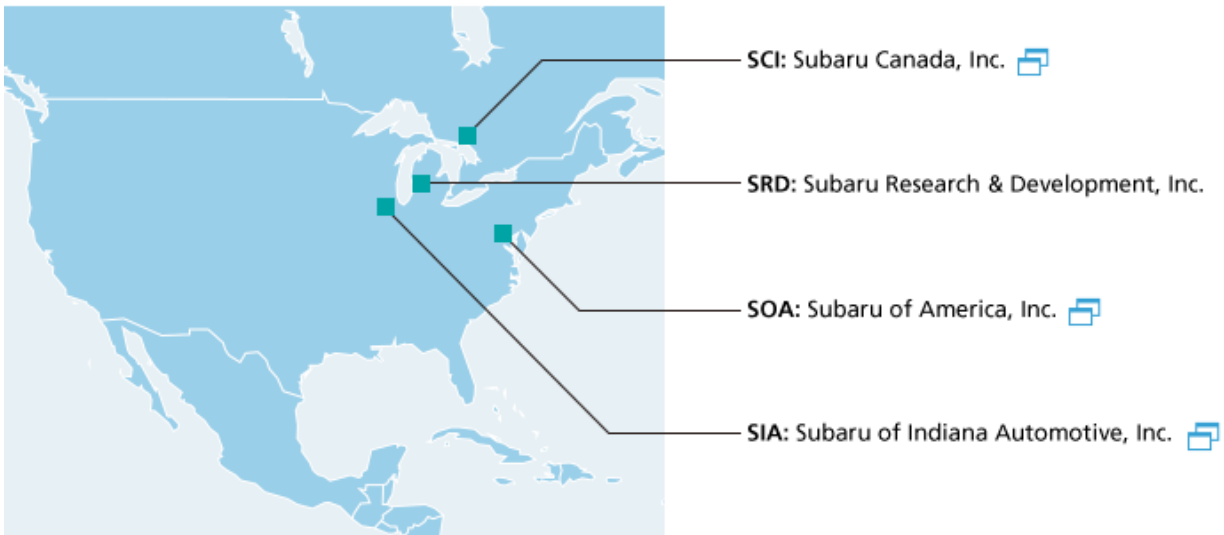
* Due to rounding off, the figure in the graph may not match up with the sum of the ratios

Business Sites

FHI and Domestic Subsidiary Companies



Overseas Subsidiary Companies



● Head Office ◆ FHI Business Sites ■ Affiliated Companies

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

Feature

Contributing to the resolution of social issues through vehicle manufacturing

Eternal themes –
Taking on safety and environmental challenges



The authentic sports utility vehicle Levorg is the newest embodiment of Subaru's automobile manufacturing prowess made utilizing creative technologies and fusing high safety, drive enjoyment and environmental performance. We invited Ms.

Iwasada, a journalist specialized in automobiles, to visit us and speak with our engineers in charge of developing the Levorg regarding Subaru's development concept and the possibilities and other aspects of safety and environmental technologies.

Participants



Rumiko Iwasada
Auto Journalist

In addition to vigorously compiling information mostly on compact automobiles, she focuses on people, roads, autos and medical treatment to find ways to reduce traffic accidents, injuries and deaths. She works as an investigative commissioner for the Ministry of Land, Infrastructure, Transport and Tourism among others, providing suggestions and proposals to benefit transportation for society and formulate transportation related government policy from a citizen's perspective. She also focuses her efforts on providing lectures for instructors at various driving schools and participates in safe driving programs.



Yasunori Kumagai
Project General Manager
Subaru Product & Portfolio
Planning Division

Mr. Kumagai joined FHI in 1983 and was engaged in exterior design and body development and design at the Body Design Division. After serving as assistant section chief and then section chief in charge of exterior design at that Division, he became Product & Portfolio Planning Division manager and came to be in charge of product development for the new Legacy in April 2005. From October 2009, he was appointed Project General Manager for the Legacy in charge of annual renewals and upgrades from the 1st to the 4th years (up to the latest model). From January 2012, he has been serving concurrently as Project General Manager for the Levorg.



Minoru Kagawa
Assistant Section Chief in
Charge of Model Development
Vehicle Research & Testing
Control Department
Subaru Technology Division

Mr. Kagawa joined FHI in 1990 and in the 2nd Power Unit Research and Experiment Department worked on power unit material research and strength, rigidity, seal functions and other essential factor development. From April 2007, he became assistant section chief at the Vehicle Research & Testing Control Department in charge of overall development model performance for the mini car, Tribeca, Exiga and others. From October 2011, he became charged with overall vehicle performance in Levorg development.



Yasuichi Koike
Tokyo 1st Power Unit Research
and Experiment Department

Mr. Koike joined FHI in 1993 and, after working on engine testing and development for the third and fourth generation Legacy, second generation Impreza and the Subaru BRZ/Toyota 86, among others, he assumed his current position in 2013. He is involved in supervising engine testing and development for the Levorg.



Kiyohide Shiojima
Manager in Charge of Wheels &
Axles
No. 2 Mechanism Design
Section
Chassis Design Department

Mr. Shiojima joined FHI in 1987 and worked on the development and design of the first generation Legacy. He developed the suspension of the 4th generation Legacy and made its wheels and axles, launched the Tribeca, and made wheels and axles for the 5th generation Legacy before becoming Team Leader in charge of developing wheels and axles for the 4th generation Impreza from 2007 and the Levorg and WRX from August 2012. He has been charged with developing the next-generation Impreza XV since April 2013.

Facilitator: Brain Center Inc.

1 The paramount mission of an automobile manufacturer is the pursuit of safety



Focusing on the fundamental safety of automobiles to avoid accidents

— Although safety and environment are examples of the major social responsibilities of automobile manufacturers, the fortification of safety is an extremely crucial social issue that directly relates to human life. I would like to ask the concepts and initiatives of Fuji Heavy Industries with regard to safety.

Kumagai For an automobile manufacturer that provides vehicles to society, realizing safety is the most important mission. At Subaru, based on our “ALL-AROUND SAFETY” philosophy, we always look to improve safety with the ultimate goal of making an accident-free automobile.

Kagawa Our stance on safety as the most important consideration is a Subaru tradition since our founding. For example, in an advertisement for the Subaru 360 launched in 1958, we promote its wide windshield that allows drivers to check left and right at railroad crossings with one glance.

Kumagai Only a company such as ours that previously produced aircraft could have focused on the fundamental “primary safety” capability that consists of a wide field of vision and seating that provides operability and prevents fatigue when driving. Even today, Subaru vehicles are equipped with side windows designed to allow drivers to see objects 1 meter in height. This is so that children anywhere around the vehicle can be seen from the driver’s seat without fail.



Iwasada Recently, prioritizing design has resulted in sacrificing the field of vision with nothing to compensate for it. However, there is an increase in the number of vehicles equipped with side-view cameras and other safety devices.

Kumagai Even with such devices installed, the Subaru design concept requires that first and foremost the driver’s position can allow easy visual confirmation.

Iwasada Based on this fundamental safety, various safety technologies can be added.

Kagawa For example, we have “Active Safety” technology that prevents dangerous situations when driving. Subaru vehicles feature a horizontally-opposed engine mounted at a low position and a vertically-assembled transmission, with bilaterally symmetric powertrain that delivers superior weight balance for high drive stability. The symmetrical AWD incorporated in the powertrain provides even more safety.

Kumagai Some vehicles lose their footing when passing through puddles on the highway on rainy days. However, if equipped with symmetrical AWD, the vehicle is able to grip the road at all times with excellent balance using all four wheels to realize stable driving even under bad circumstances. Such a vehicle provides high stability and maneuverability even when avoiding danger on the road thanks to quick handling and braking.

Iwasada Four-wheel drive vehicles are best known for handling snow and ice covered roads and off-roading, however, Subaru is consistently on the forefront of development to unleash the great safety effects of four-wheel drive for regular road and highway driving.

Kagawa Yes, the Subaru concept is to link drivability and maneuverability to safety.



Realizing top class safety performance from many years of persistent research

- We have a well-established reputation in “passive safety” in accidents thanks to Subaru’s collision safety performance and other attributes.

Kagawa FHI believes that, even in automobile accidents, the protection of human life is the responsibility of the manufacturer and, since the time of the Subaru 360, we have made repeated crash tests and other activities to improve our collision safety performance. These accumulated research and development results have led to the introduction of the New Ring-Shaped Reinforcement Frame Body Structure, which protects passengers in collisions as in a metal basket, as well as an engine that slips under the chassis in a collision to prevent injury, among others. In addition, to alleviate the impact on pedestrians, we set a buffer space between the engine and the grill and make part of the bumper in a way that absorbs shocks. These are but a few of our added safety features.



Kumagai Today, Subaru automobiles are highly praised by evaluators both in Japan and overseas for their safety performance, however, this was not attained overnight. Over half a century of slow and steady accumulated effort went into the realization of safety in our vehicles.

Iwasada In addition, recently, the “EyeSight” pre-crash safe driving assist technology that detects collision danger is becoming synonymous with the Subaru brand.

Kumagai Lately, many automobile manufacturers have launched vehicles equipped with pre-crash systems, therefore, our “EyeSight” is believed to consist of relatively new technology. But the fact is that FHI started developing it as far back as 1989. EyeSight is the product of continuous research spanning a quarter of a century, released in 2008 after the technology was enhanced based on a dual-camera system that came about following repeated trial and error and through a development sustainability crisis. Even after that, we tuned up EyeSight’s performance and functions, brought down Ver. 2’s price to a low ¥100,000 in 2010 and proliferated it. The new Levorg has the latest Ver. 3 onboard.

Kagawa There is much advanced technology and know-how compressed in EyeSight that cannot be easily replicated by pre-crash systems that have recently come on the market. Actually, EyeSight received the highest evaluation in tests of rival pre-crash systems by an automobile magazine.

Iwasada From the basic and reliable “primary safety” to drivability and collision safety that remains unaffected by weather or road conditions to an accident-free automobile with EyeSight, serious efforts to make Subaru safe from all aspects have made FHI exemplary in the automobile industry and, as a driver myself, I firmly believe it to be a manufacturer worthy of my trust.

Subaru’s ALL-AROUND SAFETY

Increased rigidity provides overwhelming danger avoidance performance

- High-rigidity body
- Increased rigidity suspension

Primary Safety



Passive Safety

High strength and lightweight with high tensile strength steel

- New Ring-Shaped Reinforcement Frame Body Structure

Symmetrical layout for a well-balanced grip of the road

- Symmetrical All-Wheel Drive

Active Safety

Pre-crash Safety

Improved recognition performance to realize sophisticated driver assist for danger avoidance

- EyeSight (Ver.3)

2 Advanced safety and environment technologies embodied by the Levorg



New generation downsizing turbo engine with high-dimension drive and fuel efficiency

— Next I would like to ask those in charge of development regarding Subaru's safety and environment technologies embodied in the new Levorg model.

Kumagai The Levorg is the new sports utility vehicle launched as the essential successor to the Legacy Touring Wagon, which has been on the market for 25 years. The Levorg is the result of fully leveraging the technologies and know-how of “fun and safe” automobile manufacturing fostered over many years by Subaru with a careful and meticulous consideration for detail pursuing the essence of the automobile sought after by users.

Iwasada Where are the technological features?

Kagawa One place is the power unit. FHI newly developed the 1.6L and 2.0L DIT direct-injection turbo engine. The higher end type equipped with the 2.0L engine is the high performance model that unleashes overwhelming output capacity, while the 1.6L engine mounted model is the typical new generation Subaru featuring high-dimension drive performance akin to a sports utility vehicle with 17.4km/L fuel efficiency (JCO8 mode: same below).

Koike By the way, since the fuel efficiency of the current model Impreza 1.6L FF is 17.6km/L, fantastic fuel performance is realized in both the AWD model with the turbo engine and the non-turbo FF model with the same emissions. It was also designed with a focus on low-speed torque for a comfortable ride even in the frequent stop and go conditions of Japanese roads.

Kumagai These engines are classified as “downsizing turbo,” which have recently garnered attention as environmentally-friendly engines used mostly in Europe. The conventional turbo was mainly added to boost the power of high-output engines and improve drive performance. Downsizing turbos compensate for the loss in power that results from reducing the emissions of engines to make them more fuel efficient and realize superior drive performance.

Koike The most difficult task in development was to obtain the target output and fuel performance not with high octane but with regular gasoline in the 1.6L direct-injection turbo engine.

Kagawa The downsizing turbo in European automobiles requires high octane gasoline for almost all models. However, unlike Europe, because regular gasoline is prevalent in Japan, we absolutely had to make the high-fuel efficiency focused 1.6L run on regular as a contrast to European vehicles.

Koike In the development process, besides we engine specialists, we confer with various staff in charge of transmissions, chassis, tires, etc. to discuss drive and fuel performance. During discourses, whenever the target fuel efficiency could not be reached, I would often whisper to Mr. Kumagai, the development manager, “why not make it high octane?” However, looking back, keeping the regular fuel specification was a good thing.



Iwasada High octane fuel also costs more and so the longer you use an automobile the more advantageous regular fuel becomes.

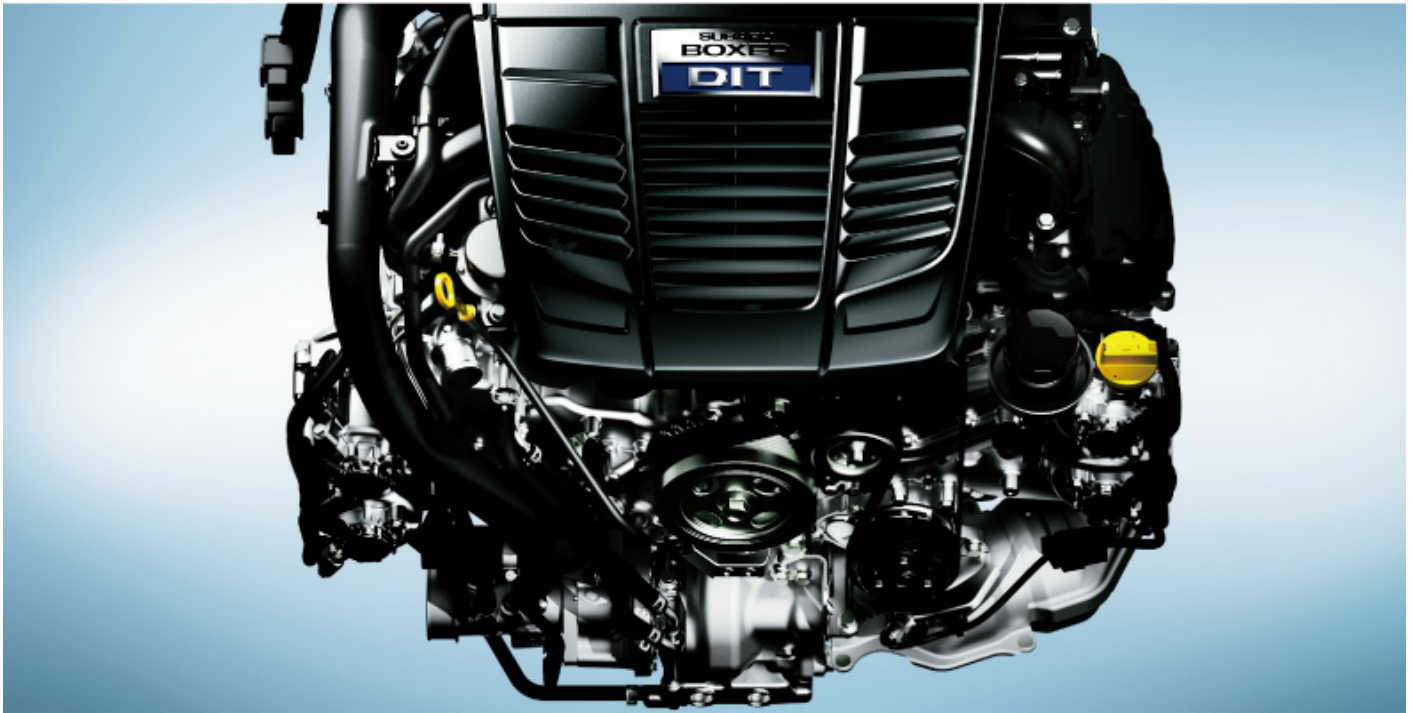
Koike From the perspective of maintenance cost, more users are happy with regular fuel vehicles, and the burning of low octane gasoline is good for the environment, a social issue. In addition, we succeeded in differentiating Subarus from European vehicles with two key features: 4-wheel drive and regular gasoline.

Iwasada How did turbo technology rank in Subaru’ s development?

Kumagai Turbo is one of the core technologies of Subaru and was included in our vehicle lineup from the very first generation Legacy all the way to the current Imprensa. As environmental regulations become stricter and fuel efficiency increases, the industry is cutting out the turbo and some makers put an end to research, however, Subaru made improvements to meet the gas emission requirements and fuel efficiency demands of the age and tenaciously conducted continuous turbo power unit research and development as a means to realize an enjoyable drive.

Iwasada So your aggressive efforts to develop proprietary technologies resulted in an early response to the market inflow of the downsizing turbo, which came about for environmental considerations.

Kumagai That’ s exactly right.



Joint development of optimized tires specially made for the Levorg

— To achieve the Levorg's drive and environmental performance, not only the power unit but also the tires must play an important role.

Kagawa Yes. Such high level drive and fuel performance are the result of close collaboration between the engine development team and the vehicle development team that includes tires. Mr. Shiojima was charged with tire development.

Shiojima For the Levorg, we jointly developed new specialized tires optimized for that model with a tire manufacturer in order to achieve our high drive and fuel efficiency targets.

Iwasada What type of performance was the focus during development?

Shiojima Tires are the only components of an automobile that touch the ground. Their features greatly affect drive performance, safety performance and fuel performance, among others. They first have to demonstrate basic performance, namely “run, turn and stop,” at high levels. Among them, stopping, or braking features, depends greatly on the tires themselves, and development has been centered on their ability to stop without fail not only on dry road surfaces but also on wet ones.



- Iwasada** Automobiles today feature various safety technologies such as ABS and sideslip prevention, among others, however, without tire performance, these technologies will not deliver the anticipated effects. This is why we, unsatisfied with commercially-available tires, deserve credit for working in conjunction with a manufacturer to develop specialized tires.
- Shiojima** Another difficult task was increasing fuel efficiency while maintaining basic performance. Enhancing a tire's grip strength improves braking and maneuverability, however, this is met by a great counterforce against the tire's turning action thus negatively affecting drive while gaining fuel efficiency. To resolve this, we worked to obtain optimal grip strength and turn resistance values to realize a tire that makes possible both a safe and enjoyable drive and superior fuel performance.
- Kumagai** Although commercially-available low fuel consumption tires (eco tires) provide good fuel performance, they cannot realize the sports utility vehicle drive conditions of the Levorg. For this reason, a tire with both the characteristics of a low fuel consumption tire and a sports car tire was necessary.
- Kagawa** When we started development, we presented target performance and budget figures to multiple tire manufacturers, however, their initial response was to state technological difficulties in their attainment. Despite this, rigorous negotiations resulted in development with a tire manufacturer with a track record for making low fuel consumption tires.
- Iwasada** For this manufacturer to agree to such stringent development requirements rejected by other companies, it is likely that the Subaru passion exhibited to realize the Levorg was passed on to them.
- Kumagai** Yes. It is thanks to the work done by the engineers of both companies together that the tire was realized. Repeated prototypes and evaluations led to an extremely high performance tire.

3 Further evolving EyeSight for the future



Innovating the stereo camera and enhancing danger aversion functions

— How is safety performance evolving?

- Kumagai** During the development of the Levorg, the latest EyeSight ver. 3 was installed in addition to high levels of safety from all aspects based on Subaru's "ALL-AROUND SAFETY" concept.
- Kagawa** Drive performance, braking power, maneuverability and other aspects that assist safe driving were thoroughly enhanced. Grip the steering wheel and you will understand the truly remarkable level of stability such as when cornering on wet road surfaces.
- Iwasada** Because you perfected the fundamental automobile performance of "run, turn and stop" in the Subaru, pre-crash systems that function to avoid and alleviate danger in emergencies are more effective. How has EyeSight ver. 3 evolved from its earlier versions?
- Kumagai** With ver. 3, the advent of the stereo camera that expanded the field of vision and visible confirmation distance by approx. 40% enhanced recognition performance. In addition, color imaging enabled the recognition of braking by automobiles located in front. Such high level performance and function made way for further evolution of pre-crash braking functions that avert collisions when danger is detected along with new functions such as side controls based on steering operation assist.
- Kagawa** For example, enhanced recognition performance increased the velocity range at which collision avoidance or injury alleviation is possible with pre-crash braking from 30 km/h or less with ver. 2 to 50 km/h or less with ver. 3. Also, we added the "Pre-crash Steering Assist" function that automatically applies the brakes and increases turning ability on the inward wheel when the driver operates the steering to turn the vehicle in an effort to avoid colliding with a wall or barrier. Furthermore, we newly installed the "Active Lane Keep" function that maintains the vehicle in the center and restricts its movement outside the lines by using stereo cameras to identify the white lines on both sides of the road and assisting steering when driving over 65 km/h on highways and automobile-dedicated roads.

Kumagai In addition to the above, ver. 2 had “AT Unintended Forward Movement Prevention Control” to prevent accidents from false starts caused by mistakenly stepping on the accelerator pedal instead of the brake pedal, however, ver. 3 not only prevents unintended forward movement but also has “AT Unintended Backward Movement Prevention Control” that sounds an alarm and restricts output when it detects stomping on the accelerator when backing up the vehicle and the system determines that an unintended backward movement was made.



Striving to create an accident-free automobile for the aging society

Iwasada I think these new functions are very effective because automobiles are frequently driven in reverse in parking lots and we often hear of falls from multistoried parking garages by drivers who mistaken the brake and gas pedals. Particularly in Japan, the number of elderly drivers will continue to increase sharply. Although each individual is different, since driving ability deteriorates with aging, each of the functions of EyeSight ver. 3 driver assist may likely play a crucial role in the car society of tomorrow. I would like to see more and more vehicles equipped with EyeSight ver. 3 going forward.

— Moreover, cases of serious automobile accidents occurring due to a loss of capacity by the driver resulting from the onset of a sudden illness while on the road are becoming a social problem in recent years.

Iwasada Thanks to Subaru's pursuit of better safety technologies, even if the driver makes a mistake or his or her operation is impaired by a sudden medical emergency, technology that functions to avoid an accident or keep injury at a minimum is applied to the extent possible.

Kagawa As we envision future automated driving, FHI will not only plan the further evolution of EyeSight functions, but also enhance safety from all aspects including primary safety, drive stability safety and collision safety.

Iwasada Beyond this, your dream is to realize an accident-free automobile.

Kumagai Yes. If accidents can be prevented with EyeSight and other features, there would be no victims or perpetrators and there would be no need to repair or replace automobiles that weren't necessary in the first place. If we could reduce the number of accidents, then traffic congestion as well as ambulance and police dispatches could be reduced.

Iwasada In other words, to make an accident-free automobile, safety is the obvious focus, but we are also able to decrease the loss of society including with respect to the environment.

Kumagai With our sights set widely all the way up to this field, our goal is to provide better vehicles for society.

Kagawa Of course, to us as an automobile manufacturer, the environment is one of the important issues that can never be avoided, akin to safety. Going forward, we expect the introduction of stringent environmental regulations in Europe, the U.S. and China, among other jurisdictions, with respect to which we will of course comply without fail, but also strive to achieve the highest environmental performance in the industry through engine fuel savings and electrification.

Koike Through early compliance with the world's highest environmental standards, we believe we will be able to deliver environmental performance that surpasses the expectations of even Japanese users.

— Lastly, Ms. Iwasada, since you have interviewed all other automobile manufacturers, how do you rate Subaru and what are your expectations and desires.

Iwasada I believe that Subaru is an extremely serious manufacturer of automobiles that seeks to perfect the basic vehicle values of safety, environment and drive. Despite its limited research and development resources compared with large automobile manufacturers, I feel that Subaru succeeded in pioneering the worldwide application of EyeSight and other revolutionary technologies because of your unwavering conviction with respect to making vehicles and tradition of valuing the challenges faced by of engineers. Even though Subaru is expanding its business globally centered on the U.S. market, the development of automobiles with careful consideration for road conditions and user needs in Japan, as in the case of the Levorg, is heartening to Japanese people. Going forward, the industry will likely experience intensifying rivalries in the area of development as manufacturers face environmental regulations and automated drive, among other issues, however, despite this, I want for you to continue providing vehicles with the Subaru appeal that showcase the technical genius of each and every engineer and the results of their teamwork.



— Thank you very much for taking the time for this interview today.



The Fuji Heavy Industries Group's CSR



We practice CSR activities that are based on our management strategy under our business philosophy of aiming to become "a compelling company with strong market presence" to deliver the shared values of "Enjoyment and Peace of Mind" to all of our stakeholders, including our customers. We also seek the realization of a sustainable society by reflecting opinions from all of our stakeholders in our management strategy.

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.

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)

- 1 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 Industries
- 2 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



Customers and Products

Provide society useful and optimally safe products and services that earn customers' satisfaction and confidence.



Employees

Respect the diversity, individuality, and personality of employees and ensure that work environments are as safe and comfortable as possible.



Environment

Address environmental issues proactively in recognition of their importance for all mankind.



Compliance

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.



Information Disclosure

Communicate transparently with stockholders and other stakeholders, disclosing corporate information proactively and fairly.



Social Contribution

Maintain proactive social action programs as a good corporate citizen.



Procurement

Conduct procurement appropriately and work with suppliers to promote corporate social responsibility.



Corporate Governance

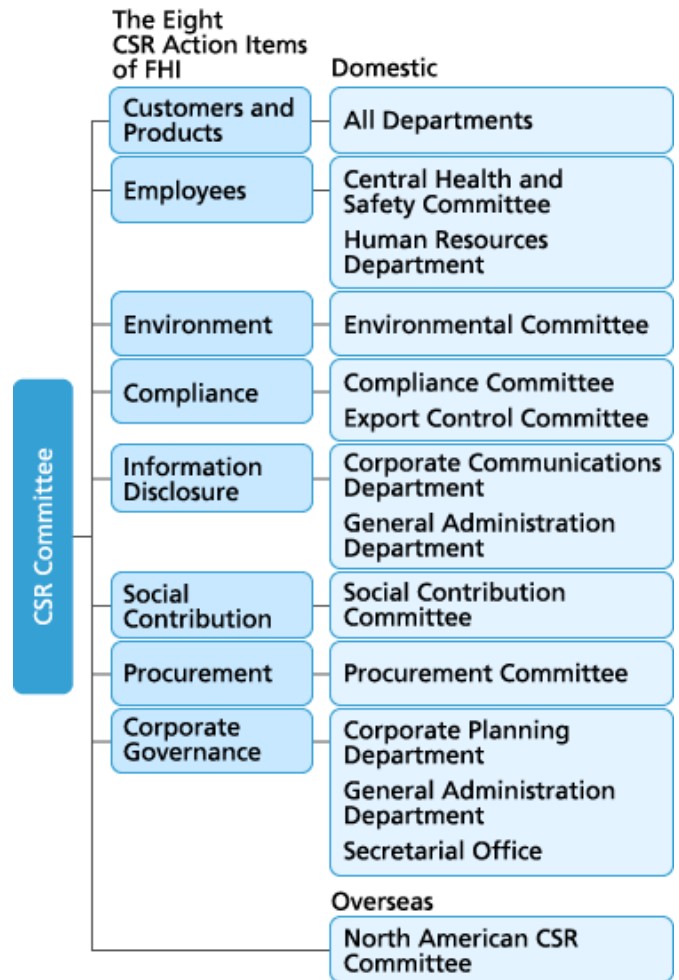
Make it a key responsibility of management to ensure that appropriate CSR policies are adopted throughout the corporate group, and undertake appropriate initiatives to address any emergencies that may arise.

*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.

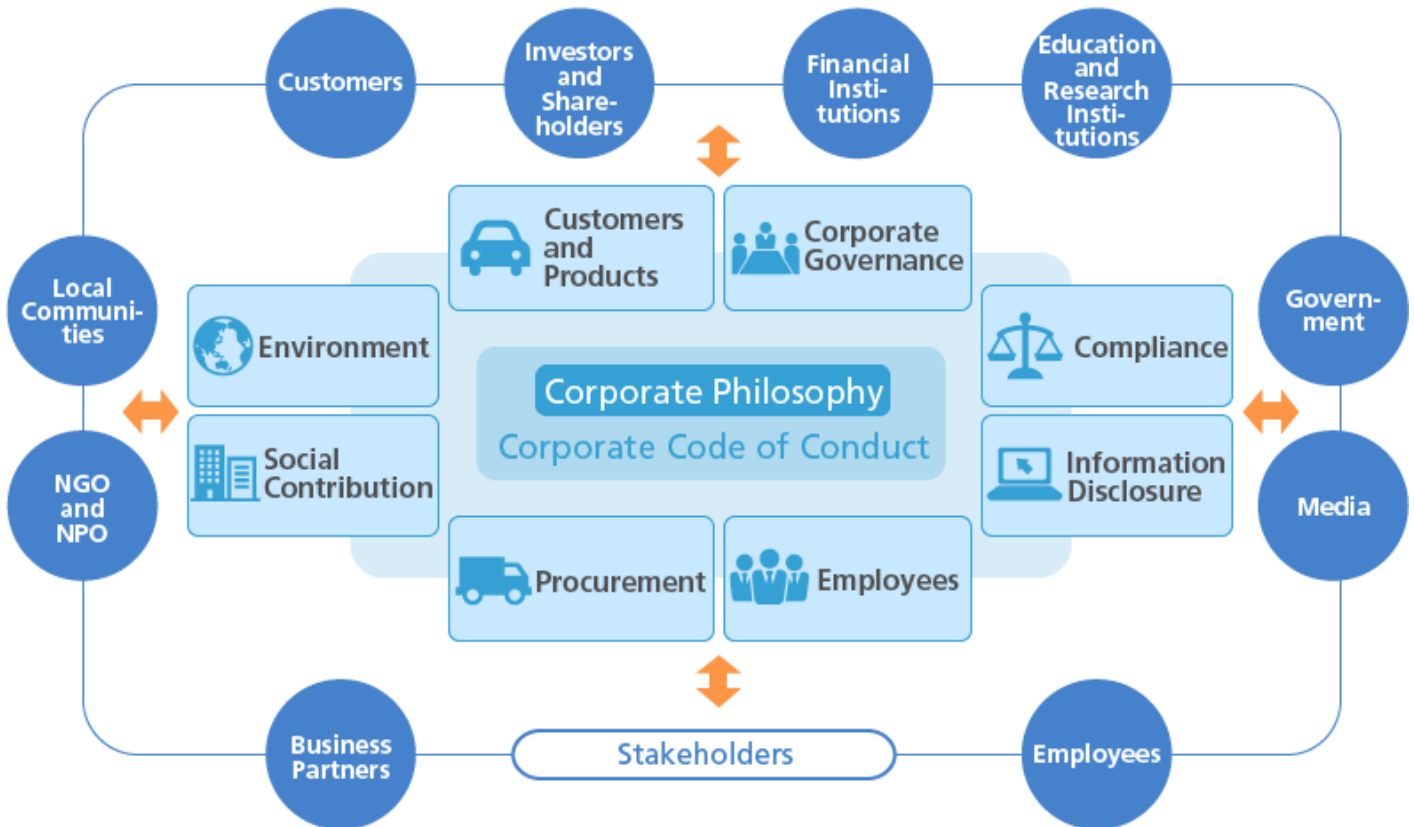
Organization Chart



Relationship to Stakeholders

In our mid-term management plan announced in FY2012, 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





Efforts to Raise Customer Satisfaction Levels

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 summarized the attitude and actions needed for sales divisions in Japan to achieve this goal. Sharing the same goal, our dealers in Japan 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.**



Establishment of SUBARU Customer Center

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: "accurate, prompt, appropriate, fair, and courteous" 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)

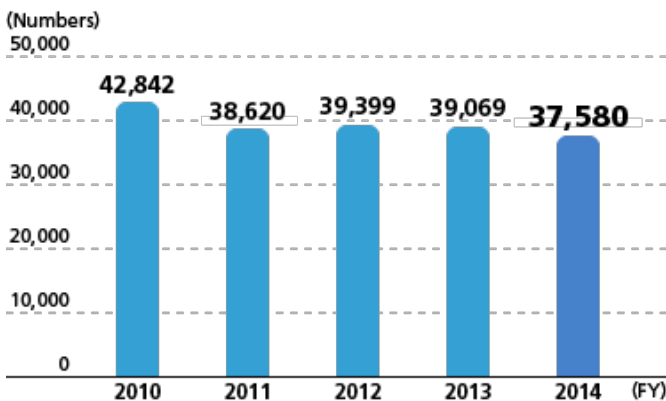
Please contact SUBARU Customer Center if you have any inquiries as below,

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

Office Hours 9:00am – 5:00pm (Weekdays)*
(Japan Time) 9:00am – 12:00am/1:00pm – 5:00pm
 (Saturdays, Sundays and Public holidays)

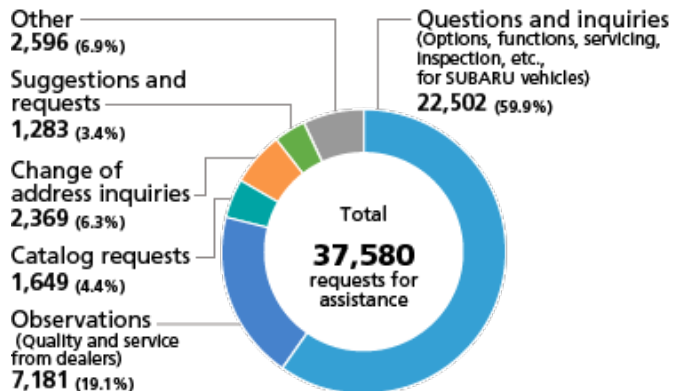
*Information service only for Opinions/Comments/Guidance is available on weekdays 12:00am – 1:00pm, and on Saturdays, Sundays and public holidays

Trends in Requests for Assistance from Customers



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

Breakdown of Requests for Assistance from Customers



Customer Satisfaction Survey

Evaluation through In-house Survey: SUBARU Customer Questionnaire

Our goal is to build up relationships with our customers by offering the “Enjoyment and Peace of Mind” stated in the SUBARU Declaration so that they continue to choose SUBARU over the long-term. We conduct the SUBARU Questionnaire directed at customers who bought a vehicle at one of our dealers. At SUBARU, we take the comments and requests of customers that we learn from the results of the survey seriously, and we have continued to make improvements at each of our dealers.

FY 2014 saw continuous improvements in customer satisfaction levels. These improvements included specific achievements in the “Overall rating of the dealer you used” category in which the positive response rate consisting of “Extremely satisfied” and “Satisfied” accounted for 84.7% (82.2% in FY 2013).

By supporting mobility that is fun and safe for our customers, and realizing the tenets of the SUBARU Declaration going forward, we aim to build up relationships whereby customers continue to choose SUBARU over the long term.

Number of valid response to the SUBARU Questionnaire

FY 2014: 80,362 responses/year

FY 2013: 67,383 responses/year

Results of External Customer Satisfaction Survey

In the second Japanese Customer Service Index (JCSI) survey conducted by Service Productivity & Innovation for Growth (SPRING) in FY2014, SUBARU won the No.1 rating for customer satisfaction among the 13 automotive companies and brands included in the Automobile Dealership Division of the survey.



Customer Satisfaction (CS) Activities Focusing on Dealers

We are offering support and promotional services to SUBARU dealerships, which form our point of contact with customers, to continuously raise the level of customer satisfaction, which underpins our brand image.

We provide feedback on customer opinions and requests obtained from SUBARU Questionnaires to SUBARU dealers and related departments, and work to improve products, quality, sales and after-sales service.

Training Human Resources at Dealerships to Deliver “Enjoyment and Peace of Mind”

We work to develop human resources through a range of training programs so that all staff at SUBARU dealerships in Japan put the SUBARU Declaration into practice and can perform in a way that gives satisfaction to customers.

We also work to train staff outside of Japan, making use of in-country training, training in Japan and online learning.

Number of Trainees Enrolled in Dealer Education Program in Japan

	2013 (first half)	2013 (last half)	Total
Manager, sales	1,145	1,073	2,218
Technical staff, other	1,285	953	2,238
Total	2,430	2,026	4,456

*Includes business trip training, etc.

SUBARU Customer Center

We established the SUBARU Customer Center as a specialized organization to engage in such roles as providing service and technical information, guidance for service management and support for human resource development to dealerships inside and outside Japan. The SUBARU Academy, which is responsible for occupation- and job grade-specific training, is also part of the SUBARU Customer Center.



Training program for SUBARU staff

SUBARU Academy

The SUBARU Academy provides occupation-specific training for sales staff, service advisors and technical staff at dealerships inside and outside Japan as well as job grade-specific training for employees ranging from newly recruits through to dealership managers and management officers.

The SUBARU Training Center, where the SUBARU Academy is located, opened in 2005 in Hachioji City, Tokyo. In addition to various training rooms, it also houses a test course, servicing and training equipment and accommodation facilities which consist of 133 rooms with a maximum capacity of 165 people.



SUBARU Training Center

STARS Sales Professional Certification Program

We established the SUBARU STAFF TRAINING AND RATING SYSTEM (STARS)* sales professional certification program in FY2013 as recognition of staff with the ability to provide customers with “Enjoyment and Peace of Mind” and support. We run tests covering areas such as knowledge about automobiles, ability to make proposals and customer service skills to determine the level of a salesperson’s certification.

Starting in FY2015, in addition to salespeople, we have also made technical staff and service advisors eligible for certification under STARS as we aim to reinforce our system for giving customers an even greater sense of “Enjoyment and Peace of Mind.”

* 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

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.

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's "Confidence in Motion."

Technical Training

Improving the technical skills of our technical staff is essential to delivering service that gives our customers peace of mind.

Consequently, in addition to running a Train the Trainer (TTT) professional development system for the instructors who provide tuition for our technical staff worldwide, SUBARU offers the Subaru Technician Education program (STEP), a technical education curriculum that aims to train technical staff to be able to handle increasingly sophisticated automobile technology. In addition, we work to improve technical capabilities by using skill certification testing to provide motivation for training.



Service Advisor Education Program material (extract)



A scene from Service Advisor Education

Organizational Reinforcement

The SUBARU Customer Center works in partnership with dealerships outside Japan to improve their technical and customer service skills so that customers continue to choose SUBARU. We seek close communication to speed up the resolution of problems through such means as the regional meetings we hold in addition to twice-yearly conferences for leading overseas dealerships held in Japan.



Quality Management

Our Approach to Quality

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.

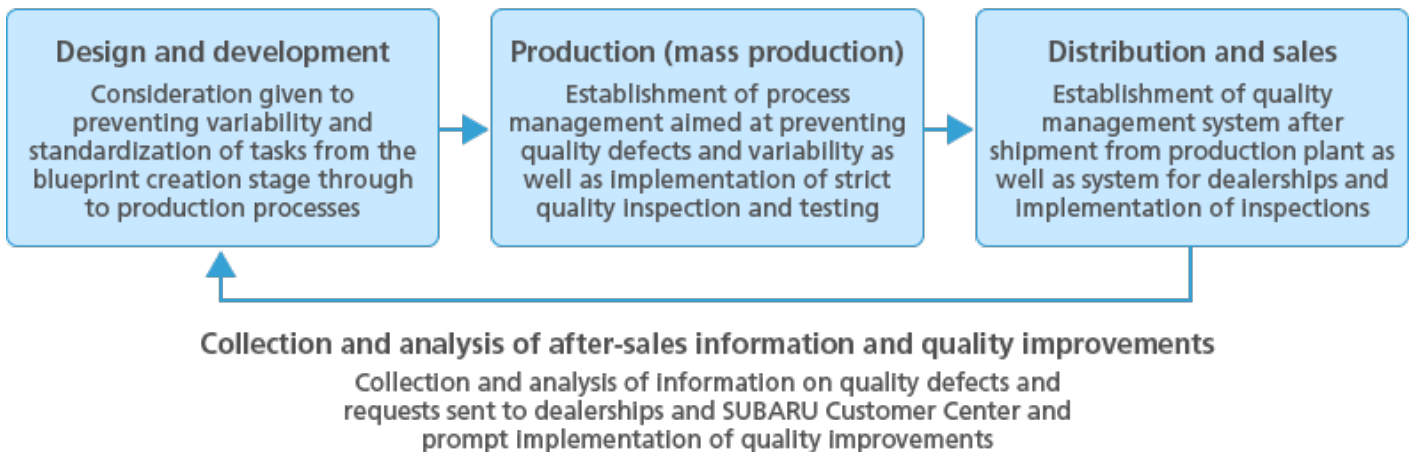
Product Quality Management System

- 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.

Operation of Quality Management Cycle

Based on the Quality Management System, FHI works to assure quality in each process from design and development through to sales as well as creating a cycle to create even higher quality products. In addition, FHI strives to work through this cycle swiftly in order to meet customer needs without any delay.

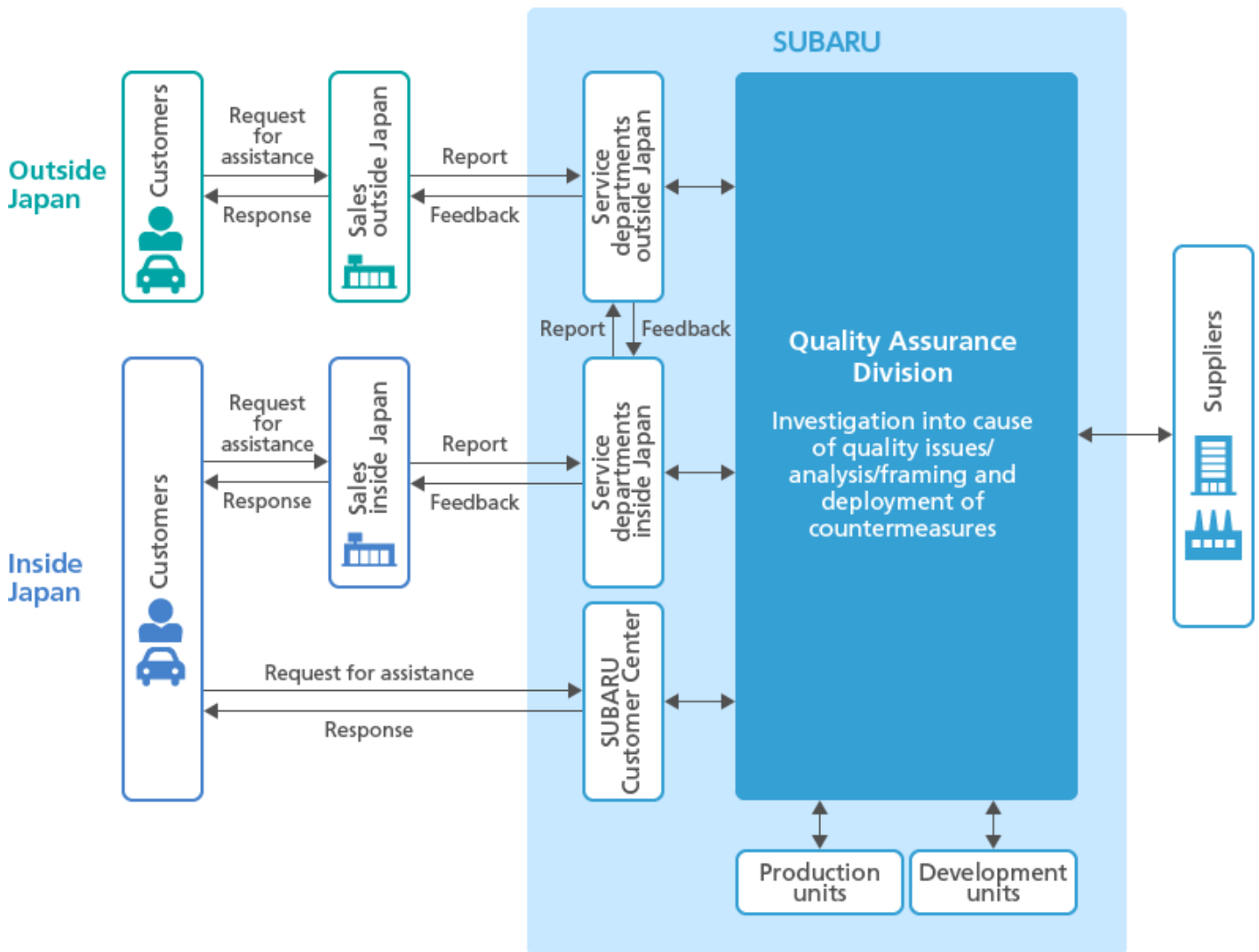
Quality Management Cycle



Creating a System Aimed at Improving Quality

At SUBARU, we have established a quality improvement system centered on the Quality Assurance Division in order to analyze after-sales quality defects and customer requests to develop and produce even higher quality. We collect customers' opinions from around the world and identify quality issues. In addition to investigating the cause of the quality issues, we frame countermeasures, which we deploy to the relevant in-house department and/or supplier.

Quality Improvement System



Implementing Quality Control Training

We have developed a curriculum around quality control as part of employee education with the aim of upgrading the level of quality assurance and control. We not only provide education in line with the job grade of employees, but also training to develop quality control experts, individual programs for each business site and other educational programs.

Main curriculum around quality control

- Introductory quality training: Quality Control Training (Introduction)
- Education for instructors: Quality Control Training (Foreman)
- Education for skilled occupations: Quality Control Training (Introduction/Foreman)
- Other employees: open classes at each workplace

Efforts at the Aerospace Company

Quality Management System Based on Aerospace Industry Standards

FHI's Aerospace Company has built a quality management system that conforms to the JIS Q9100 quality management system standard for the aerospace industry. The International Aerospace Quality Group (IAQG), to which the world's aircraft manufacturers belong, formulated this management standard.

FHI is one of the Council members of the Japan Aerospace Quality Group (JAQG) under which Japan's aerospace companies take part in IAQG activities, and we have contributed to the creation of management standards and the establishment of operating regulations for the management system certification program.

Efforts Aimed at Improving Quality

FHI's Aerospace Company engages in a range of activities aimed at improving quality and preventing errors.

In addition to examining customer satisfaction and product quality from diverse angles at "Quality Meetings" held four times a year, the Aerospace Company has designated November as the "Quality Month" for each year, engaging in activities that include lectures and distribution of educational leaflets to all employees. The lecture for FY2014 was entitled The Fundamentals and Principles of Countermeasures to Human Error and was presented by Ryutaro Kawano, Professor of Medical Safety and Director of the Medical Simulation Center, School of Medicine, Jichi Medical University. More than 500 people were involved including employees from assistant manager level and above, the company president and suppliers. The Aerospace Company has also established an Improvement Suggestion System that aims to foster a year-round climate that allows employees to demonstrate their creativity independently and quality to be improved.

Response to Recalls

We are taking measures in response to recalls* in order to prevent accidents and protect customers.

In the event of product defects, not only do we respond properly based on the laws and regulations of each country, but we also determine the specific details of our response by promptly establishing a committee structure for staff from departments involved in quality, including those outside of Japan, to investigate. Moreover, we send direct mail outs from our dealerships to affected customers to inform them that they can have their cars repaired free of charge.

*Recall: A system under which when an automobile might not or does not conform to road vehicle safety standards and the cause lies in the design or manufacturing process, the manufacturer notifies the Ministry of Land, Infrastructure, Transport and Tourism to that effect, recalls the automobiles and repairs them free of charge.

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

(In Japanese only)

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

Pursuing Safety Based on the Concept of ALL-AROUND SAFETY

SUBARU has worked to build cars with the concept that everyone should enjoy comfortable mobility with peace of mind all the time. The pursuit of safety is one important theme in achieving this. SUBARU ALL-AROUND SAFETY, the basic concept for this, means that we aim for safety under all environments. SUBARU people are working to improve all aspects of safety under a variety of conditions, including Active Safety that assumes accidents may occur and prevents them, Pre-crash Safety that supports the driver's driving operations and includes hazard avoidance by the vehicle itself if needed to avoid a collision with the aim of helping reduce damage in the event of a collision, and Passive Safety to minimize damage in the event of an accident.



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-global.com/safety.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.



Horizontally-opposed engine



Symmetrical All-Wheel Drive

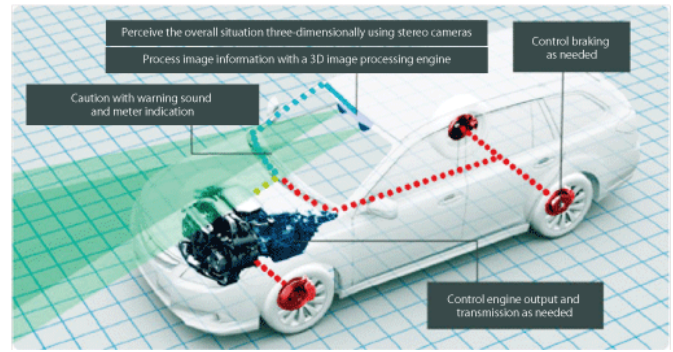
Click here for more details.

<http://www.subaru-global.com/safety.html>

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. Moreover, in June 2014, in addition to substantially upgrading the stereo camera with a complete redesign, including its recognition performance, we launched the new model WRX and Levorg equipped with EyeSight (Ver.3) with added steering assist control.



EyeSight (Ver.2) system illustration

Click here for more details. (Available only in Japanese)

<http://www.subaru.jp/about/technology/spirit/safety/pcsafety01.html>

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-global.com/safety.html>

FY 2013 Car Assessment Results

The U.S.' IIHS*1 named the IMPREZA and XV Crosstrek as the 2014 TOP SAFETY PICK,*2 with the "EyeSight" equipped LEGACY, OUTBACK and FORESTER receiving the highest score of "Superior" in the Front Crash Prevention Test, which began in 2013, and becoming the 2014 TOP SAFETY PICK+,*3 the highest overall award.

Also, ANCAP*4 gave WRX the highest rank of Five Stars.

*1 Insurance Institute for Highway Safety

*2 The IIHS, in vehicle safety information publications, designates a vehicle as TOP SAFETY PICK if it received the score of "Good" in four of its five tests, namely the Offset Frontal Test, Rear Crash Test, Side Crash Test, Roof Strength Test and Small Overlap Front Test, and the score of "Acceptable" or higher in one of the tests.

*3 In addition to satisfying the TOP SAFETY PICK requirements, if a vehicle receives the score of "Basic" or higher in the Front Crash Prevention Test, it is named TOP SAFETY PICK+.

*4 ANCAP is an independent organization composed of the transportation authority of Australia and New Zealand that has been providing safety assessments since 1993.

FY2013 Commendations

IIHS

- IMPREZA, XV Crosstrek and WRX are named 2014TSP
- EyeSight equipped LEGACY, OUTBACK and FORESTER are named 2014TSP+



ANCAP

- WRX receives Five Stars



"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.

In September 2013, we exhibited at the 40th International Home Care & Rehabilitation Exhibition, Japan's largest comprehensive exhibition of welfare equipment, presenting the SUBARU XV HYBRID and the Forester TRANSCARE based around the theme: "You'll like getting out." Our booth was visited by many people.



SUBARU Exhibit Booth at the 40th International Home Care & Rehabilitation Exhibition

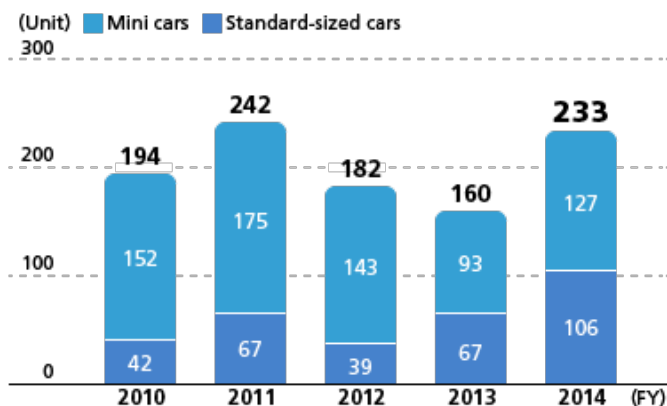


Providing customers with explanations



Levorg TRANSCARE Wing Seat (Lift type)

Number of TRANSCARE Series Sold





Human Resource Development (HRD) Philosophy

We offer a variety of training programs aimed at developing highly engaged, autonomous human resources, which is the human resources ideal based on our HRD Philosophy. 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. We offer support for employees to attend business school. With a view to accelerating our global HRD, we have 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.



A Scene from grade-specific training

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	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							

Initiatives to Transmit Skills

We opened the SUBARU Technical School (STS) in 2006 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.

We provide training that matches the skill levels of trainees, who consist of employees ranging from new graduates to those in their mid-twenties. In FY2014, 421 students took and completed courses, bringing the cumulative number of successful trainees to 2,087.



Basic Skills Training at STS

Comment from a Trainee

Training in Skills that Cannot be Learnt from Textbooks Alone

I learnt so much knowledge of immediate use on the job and skills that cannot be learnt from textbooks alone from veteran instructors. In training sessions, I tested my skills against fellow students who were both friends and rivals and was able to feel that every day was fulfilling. I want to utilize the knowledge, skills and valuable experience I gained at the SUBARU Technical School in my workplace.

Koji Watanabe, No. 1 Trim Section, No. 1 Manufacturing Department, SUBARU Manufacturing Division

Fair Evaluations and Support for Development of Skills

Mechanisms for the upgrading of skills aimed at growth based on fair personnel evaluations are essential to develop the autonomous human resources that FHI is aiming for.

To this end, FHI positions and utilizes its personnel system which is made up of occupational skill certification programs, performance assessment system, goal management system, personnel rotations, and the education and training systems as a tool for the development of human resources. In addition to objectively evaluating job outcomes and performance levels for skills through the operation of the personnel system, supervisors and their subordinates share the challenges necessary for growth. Under the goal management system, all FHI employees have an interview with their supervisors three times a year (goal setting, interim confirmation, outcome confirmation).



Work-Life Balance Initiatives

Promoting Work-Life Balance (Work-Life Balance Approach)

FHI aims to create a group of highly engaged, autonomous human resources, and we believe that it is important to establish an environment that allows each individual among our diverse employees to fully express their unique abilities.

We work on promoting diversity in work styles as well as enhancing our schemes in order to respect the diversity of our employees and achieve Work-Life Balance.

Supporting Each Employee's Work and Household

To support employees both at work and at home, we established 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 FY2014, we expanded eligibility for special leave to care for a sick child and increased the period of short-time work while caring for a sick family member to enable even more employees to have flexibility in taking advantage of our schemes.

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.



The *Kurumin* Mark

Work-Life Balance Recommended Performance

Implementation	Overview		FY2010	FY2011	FY2012	FY2013	FY2014
Childcare leave (persons)	System that enables employees to obtain leave for childcare	Male	1	6	2	3	6
		Female	84	91	90	68	124
		Total	85	97	92	71	130
	Rate of returning to work after childcare leave		—	—	—	—	100
	Retention rate one year after returning to work		—	—	—	—	98.5
Care leave (persons)	System that enables employees to obtain leave for family care with the necessary care conditions		4	5	6	3	5
Paid vacation acquisition rate	Promotion of once per month		88.3%	86.6%	88.2%	85.7%	86.9%
No overtime day	Two days set in the week for increasing work efficiency and fulfillment of private life		Implemented continually				



Diversity Initiatives

Promoting Diversity

For our company to continue offering customers value not found in competing products, each FHI employee needs to be able to 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.



The main building at the Gunma Main Plant provides accessibility with wheelchair ramps



Creating workplace environments in which diverse employees find it easy to work, regardless of gender, nationality or lifestyle

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.

In FY2014, we established SUBARU Bloom Co., Ltd. as an initiative to increase employment of people with disabilities. The company plans to be accredited as a special subsidiary under the Act on Employment Promotion etc., of Persons with Disabilities.

As of March 31, 2014, FHI employed 168 persons with disabilities, mainly in manufacturing work. The percentage of employees with disabilities for FY2014 was 1.57%, which was below the legally mandated rate of 2.0%. Going forward, FHI and SUBARU Bloom will work to hire more people with disabilities and make our workplace environments even more conducive to their employment with the aim of meeting the legally mandated rate.



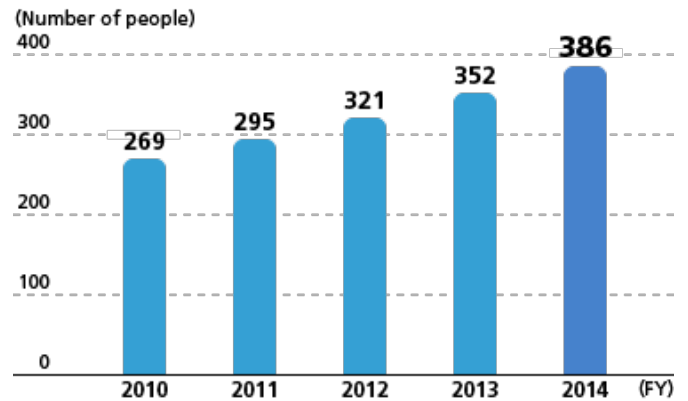
The height of automatic door switches and work stations is set at a level that is convenient for those using wheelchairs.

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



Global Human Resource Development Initiatives

FHI recruits both new graduates and mid-career employees regardless of their nationality, and we employ non-Japanese nationals as permanent and temporary employees.

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 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. In FY2014 the Gunma Manufacturing Division accepted Chinese interns under the Foreign Trainee Internship Program. At the end of FY2014, 183 interns were actively involved, bringing energy to workplaces and helping in production activities.

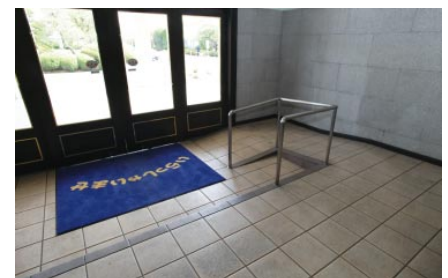


Manual written in Portuguese

Universal Design Initiatives

With the goal of achieving the guidelines for a comfortable working environment,* 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.

*Guidelines for a comfortable working environment: "guidelines for measures to be taken by employers for the creation of a comfortable working environment" in the Industrial Safety and Health Act.



Wheelchair ramp installed in the entrance of the main building of the Gunma Main Plant

Employee Data

		FY2010	FY2011	FY2012	FY2013	FY2014
Number of employees	Male	12,118	11,942	11,740	12,451	12,784
	Female	891	875	834	861	871
	Total	13,009	12,817	12,574	13,312	13,655
Male to female ratio (%)	Male	93	93	93	94	94
	Female	7	7	7	6	6
Average age		38.7	38.8	38.6	38.9	38.8
Average length of continuous employment (years)		17.7	17.7	18.0	17.3	16.6
Number of managers	Male	1,077	1,047	1,043	1,044	1,029
	Female	2	3	5	5	4



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.



Yajima Plant, Gunma Manufacturing Division

Health and Safety Philosophy

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

Basic Policy of Health and Safety

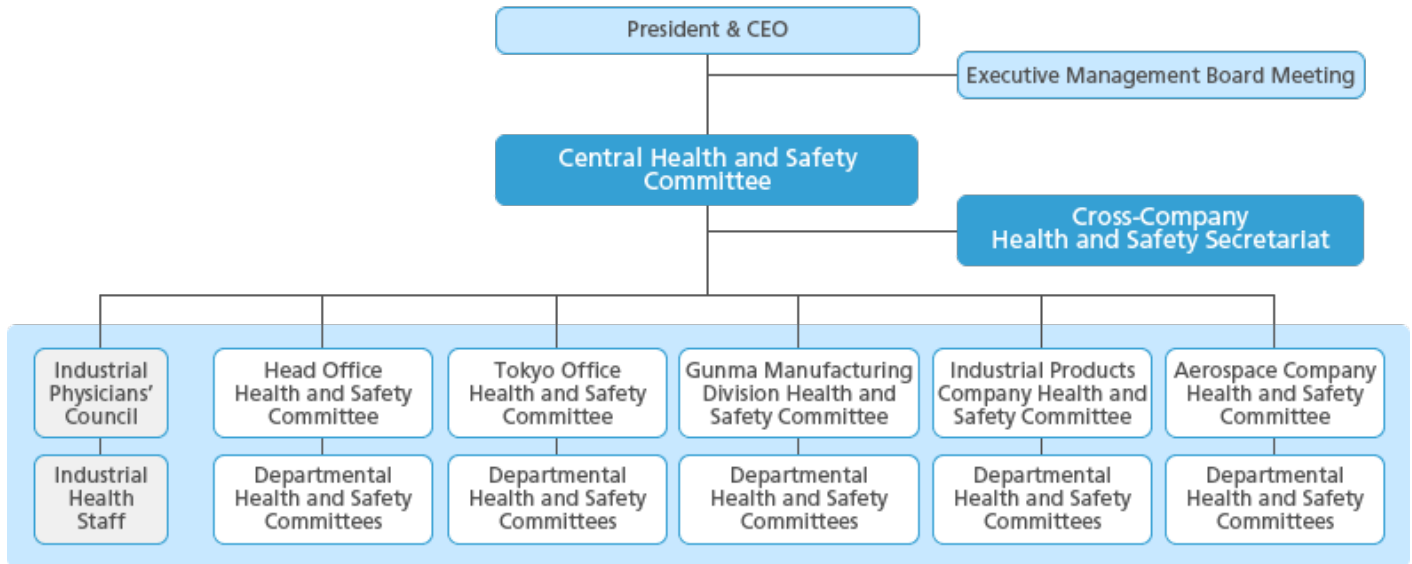
Aiming for zero incidents of occupational accidents, traffic accidents, diseases, and fire disasters, all employees recognize the importance of health and safety and strive to improve equipment, environments, and work methods, while raising the level of management and awareness in order to create safe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

Health and Safety Management System

FHI established the Central Health and Safety Committee composed of an equal number of members from the company and the labor union for the purpose of preventing employee accidents and diseases and improving the working environment.

In addition, site Health and Safety Committees have been set up at each of the companies to deliberate on the policies issued by the Central Health and Safety Committee as well as basic issues. Furthermore, Health and Safety Committees at plants, departments and section have been established where necessary as sub-organizations.

Health and Safety Organization Chart



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 preventing 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 policies and initiatives for the fiscal year.

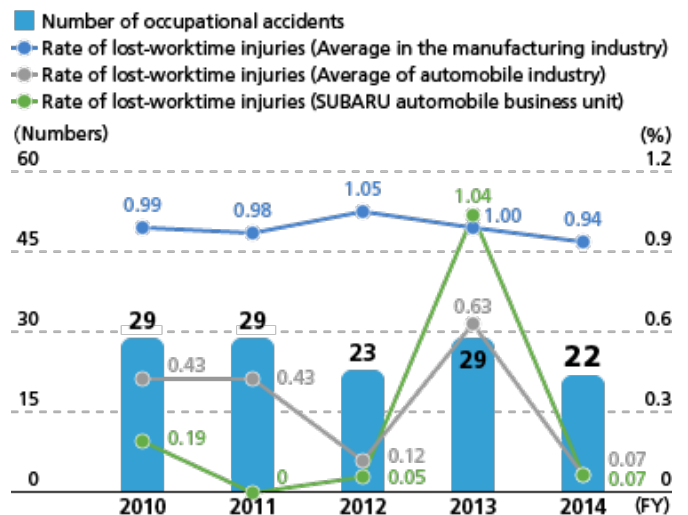
In addition, each site establishes activity targets and plans and promotes initiatives to achieve them so that employees constantly maintain awareness about preventing accidents while going about their day-to-day work.

In FY2014, there were 22 incidents of industrial accidents. The lost-worktime injury rate, which indicates the severity of accidents, was 0.07, equal to the average for the automobile manufacturing industry as a whole. In FY2015, we are aiming for zero industrial accidents with a focus on "Compliance with rules on standard working hours" and "Implementing hazard prediction for non-routine work."



FY2015 Safety and Health Kick Off Meeting

Occurrence of Industrial Accidents and Rate of Lost-Worktime Injuries



Risk Assessment Activities

In order to create safer workplace environments, FHI carries out risk assessment activities that identify potential risks within the workplace and attempt to prevent them. The results of assessments are reflected in annual health and safety activities in an effort to reduce risk systematically.

Road Safety Support Activities

In order to prevent all traffic accidents whether they be during work, commuting or private time, FHI conducts driving aptitude testing that incorporates psychological testing for all employees of the Automotive Business, the Aerospace Company and the Industrial Products Company, in which commuting by car is popular. We inform the employees concerned about the results of aptitude testing and strive to promote safer driving.

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.

Comments from an Industrial Physician

A Stronghold Defending the Health of Working People

Technological innovation and the diversification of needs has given rise to the phenomenon of workers being forced to adapt to the job, which subjects them to mental and physical stress and is believed to be involved exacerbating lifestyle diseases, mental health issues and musculoskeletal disorders to name a few. Therefore, at FHI, the Health Support Office is central in running health support activities for employees from the perspective of preventing health problems as well as early detection and treatment.

Among these activities, the Health Support Office focuses on providing health advice and follow-up treatments after medical checkups, smoking cessation advice, mental health plans, and advice concerning work methods and the work environment. Moreover, the Office also disseminates seasonal alerts on issues such as heatstroke and influenza countermeasures and information on familiar hot topics such as measures to address lifestyle diseases via the in-house intranet and safety and health committees, working to promote awareness and spread knowledge. It also provides advice at the planning stage for healthy menus at the employee canteen. In addition, the Office supports health management that includes primary diagnosis and treatment of disease and referrals to specialist healthcare institutions as well as playing a role as a general health consultation service. We hope to help maintain and promote the health of employees through our health support activities as a stronghold defending the health of working people into the future.



Hiroataka Fujita
Industrial Physician, Tokyo Office

Commitment to Mental Health

We work in cooperation with industrial physicians, clinical psychologists and health and safety staff (public health nurses and nurses) attached to the Health Support Office 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 created the "Mental Health Dealing Manual for Managers" in-house booklet and introduced the "Return to Work Program Schemes" (trial return to work, gradual return to work), 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.



Building Positive Labor–Management Relations

FHI and its labor union hold a Labor and Management Council at least once a month for smooth corporate management and mutual communication, discussing issues such as management policy and overviews of business results, production, matters to do with sales and workers' conditions. Changes to operations that will have a significant impact on employees are discussed in advance.

Labor-management relations in recent years have remained positive with the establishment of a relationship based on mutual understanding and trust through close communication.



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.

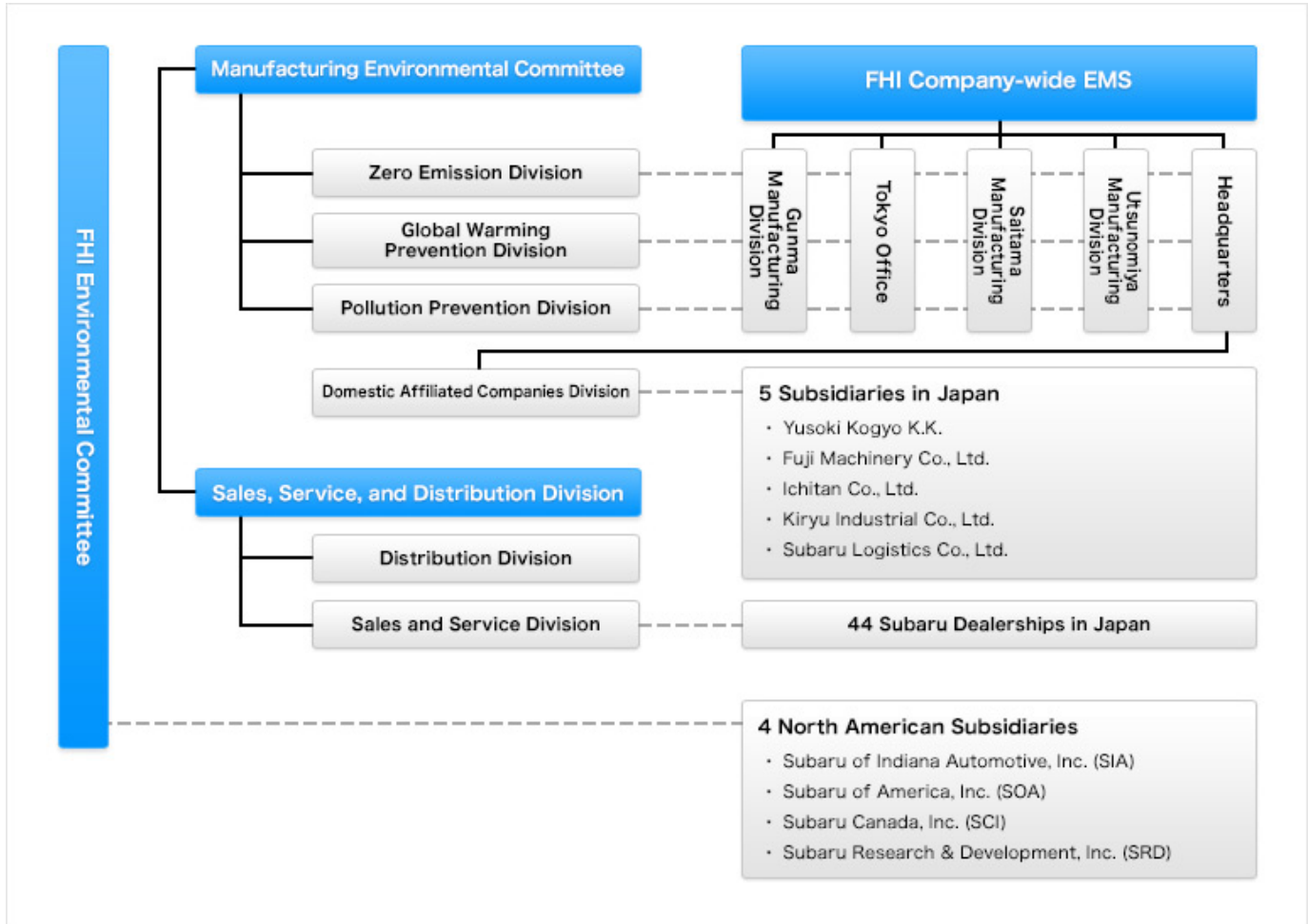
- Green Products...Design and R&D of environment-friendly SUBARU brand products written CSR Policy
- Clean Plants...Reduction of environmental burden in the production process
- Clean Offices...Reduction of environmental burden through our business operations
- Green Logistics...Reduction of environmental 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.

FHI Group Environmental Management Organization (as of June 2014)



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.

The 5th Voluntary Plan for the Environment



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

 [PDF 222KB] [\[1\] Global Warming Countermeasures](#)

 [PDF 84KB] [\[2\] Resource Recycling](#)

 [PDF 173KB] [\[3\] Pollution Prevention and Reduction of Hazardous Chemical Substance Usage](#)

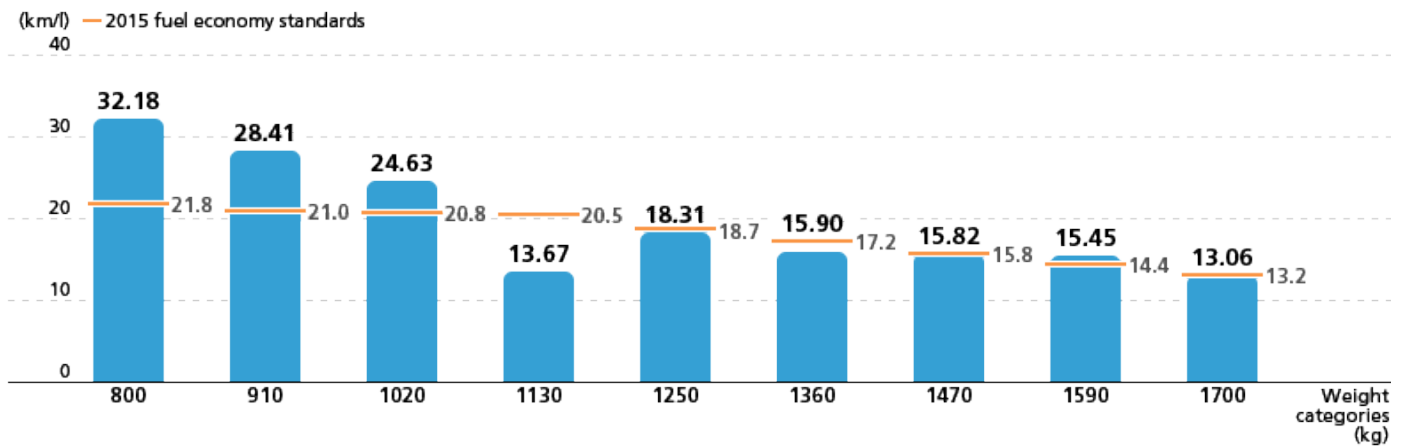
 [PDF 180KB] [\[4\] Environmental Management](#)

Environmental Data Highlights

Fuel Economy Standards

- Japan: Meeting the 2015 Fuel Economy Standards in 5 of the 9 weight categories
- U.S.: Meeting the 2013 Model Year Corporate Average Fuel Economy (CAFE) Standards and Greenhouse Gas (GHG) Standards

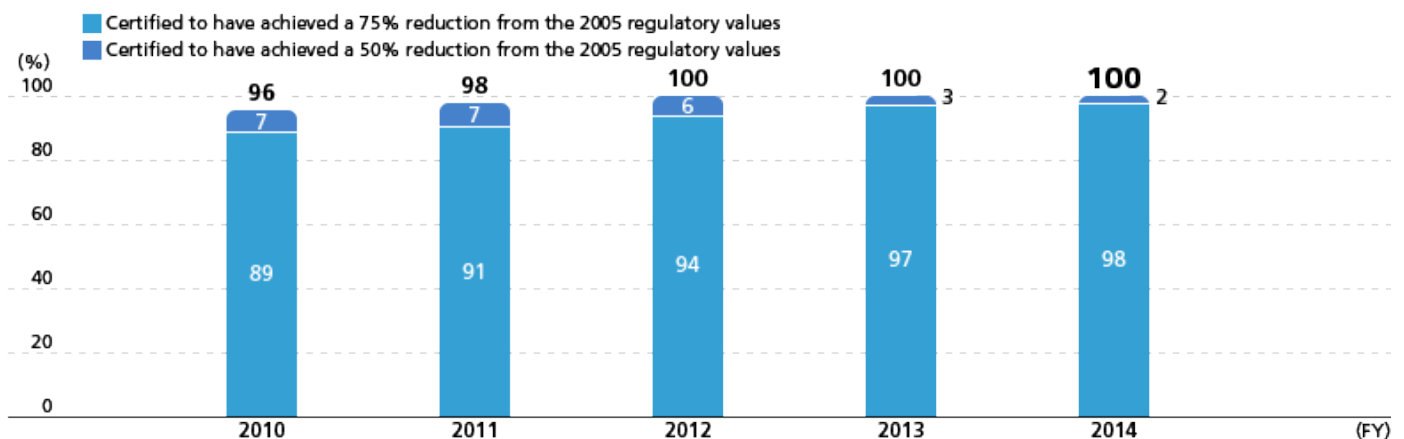
Status of Achievements for the 2015 Fuel Economy Standards



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

- Cars with 75% reduction from the 2005 emissions standards increased to account for 98% of car production quantity
- All vehicles certified as low-emission vehicles (certified to have achieved at least a 50% reduction from the 2005 emissions standards)

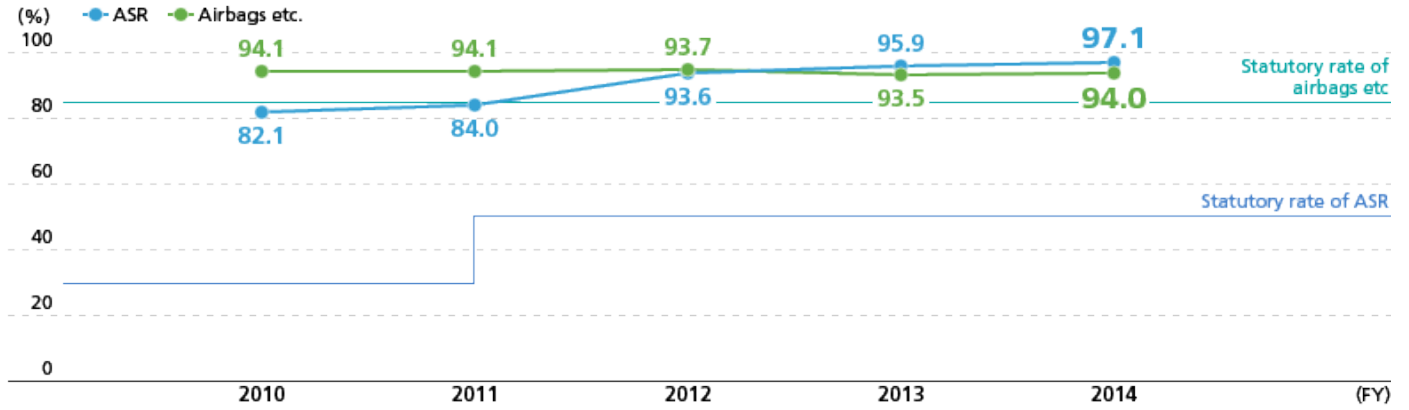
Percentage of Low-Emission Gasoline-Powered Passenger Cars

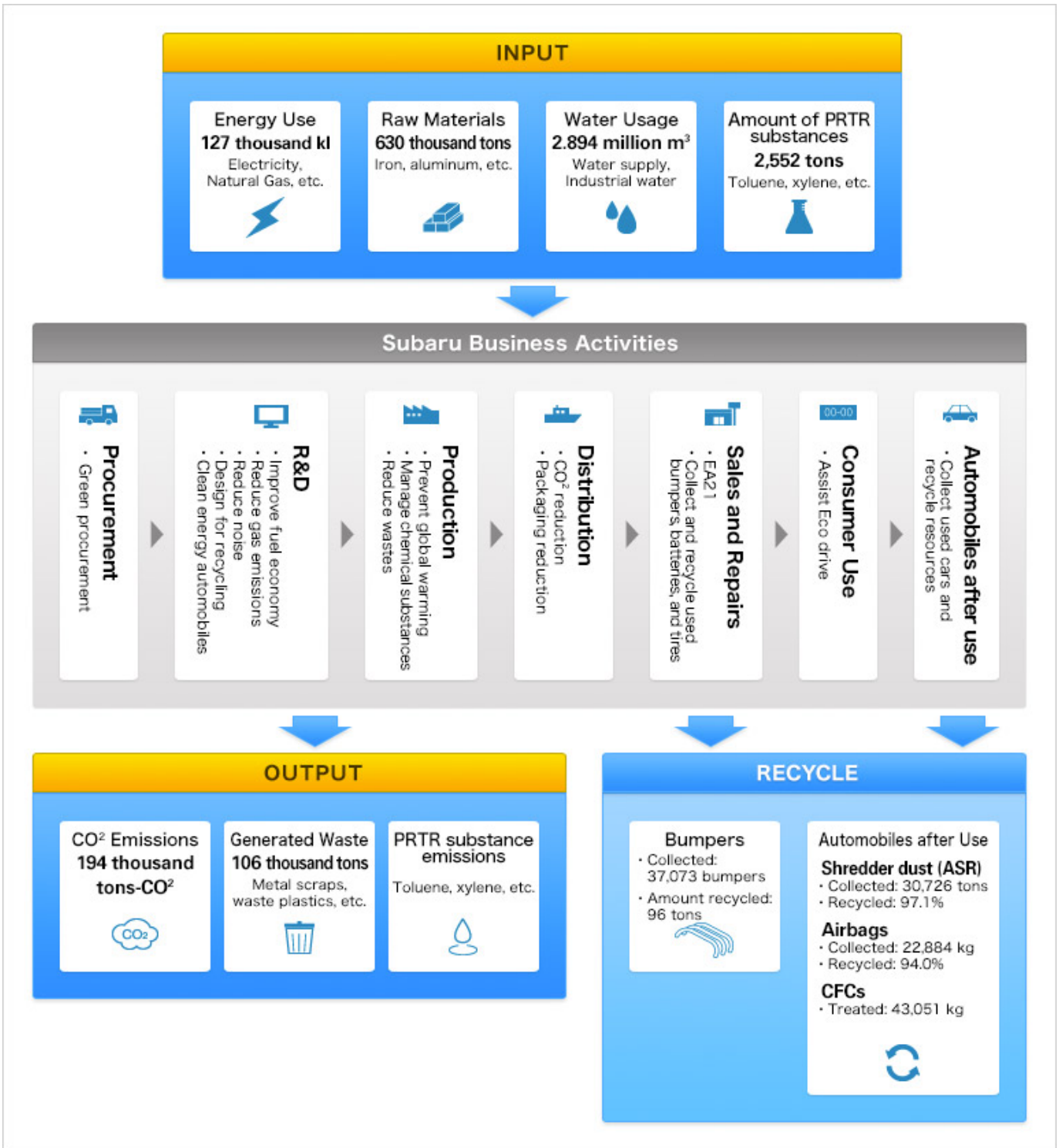


Automobile Recycling

- Automotive Shredder Residue (ASR) recycling rate was 97.1% (compared with the FY2015 legal standard of 70%)
- Monthly record on zero landfill, achieved in May 2011, maintained
- Airbag recycling rate of 94.0% achieved (compared with legal standard of 85%)
- Entire amount of recovered CFCs suitably treated

Statutory Rate and Recycling Rate of ASR and Airbags etc.





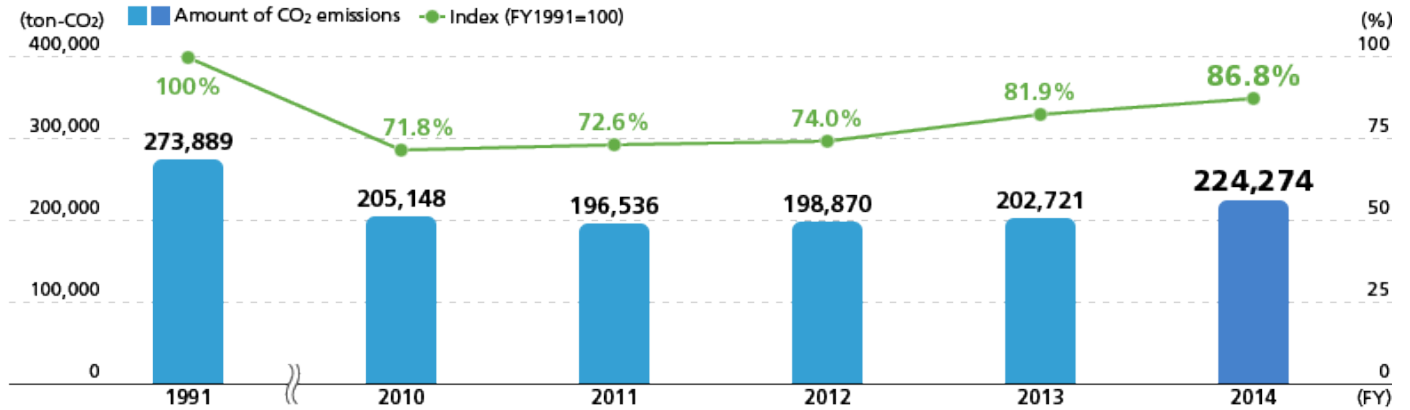
This shows the principal environmental burdens relating to FHI's automobile manufacturing, sales and other activities. LCA and Scope 3 are calculated separately.

FY2014 Environmental Performance

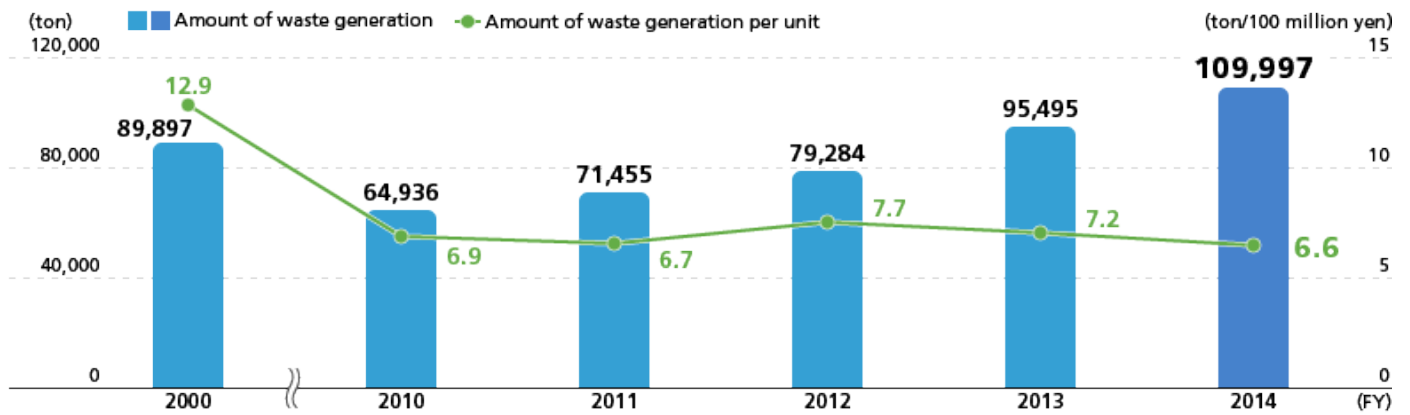
● CO2 emissions and waste generation increased from the previous fiscal year due to higher production volumes.

* Sites covered: Gunma Manufacturing Division, Tokyo Office, Saitama Manufacturing Division and Utsunomiya Manufacturing Division

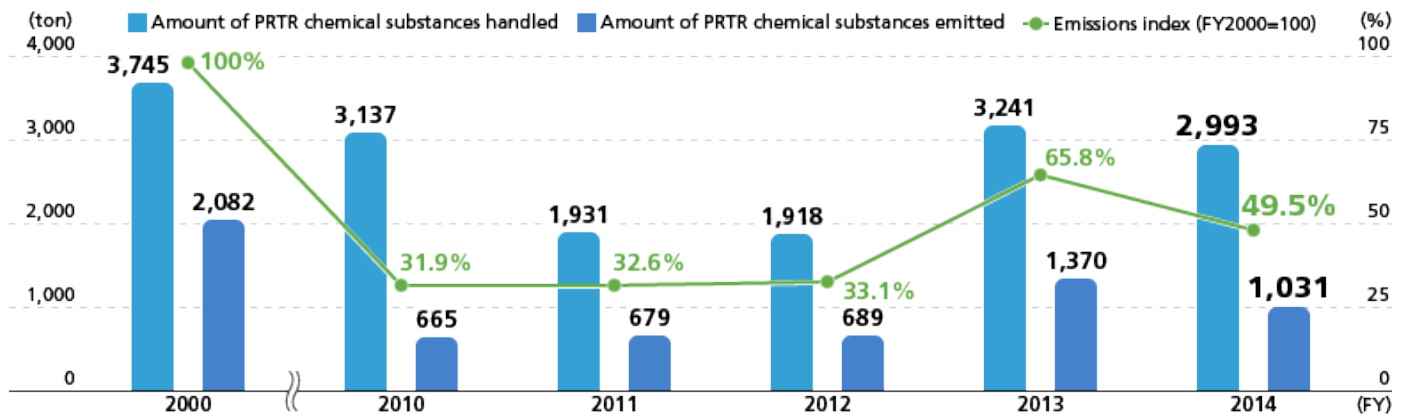
CO2 Emissions



Waste Generation (includes scrap metal sold)



PRTR Chemical Substances





Thorough Implementation of Compliance Activities

Basic Compliance Policy

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.



Compliance Manual

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.

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.

Compliance Regulations

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



Compliance System and Administration

Compliance System/Organization and Administration

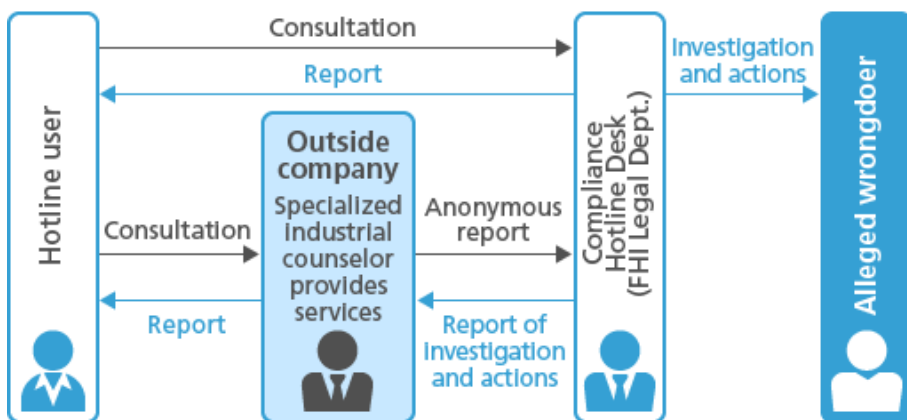
A company-wide committee established to promote corporate compliance, the Compliance Committee conducts deliberations and discussions, renders determinations, and encourages the exchange of information on key compliance issues. Every year, each department plans its own compliance program, continuously 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. In FY2014, there were 53 consultations with the Compliance 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 the compliance of each of the 44 dealers, including affiliated companies, 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 Activity Achievements

Based on the belief that FHI and all our group companies need to join forces and work in harmony to ensure thorough implementation of compliance, we provide compliance training and practical legal training for employees of all group companies. This training is hosted by the Legal Department and education sections of the Human Resources Department and approximately 4,000 people took part in FY2014. 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.



Left: Compliance Handbook for Affiliated Companies
Right: 100 Case Studies of Compliance Issues



Compliance training

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/english/>



Information Publication for Employees

Every month a monthly in-house magazine is published for the purpose of sharing information on corporate policies and initiatives as well as lifting the motivation of employees and promoting communication. So far, we have published over 700 issues since the first printing in April 1956. In February 2014, we began posting internal information on our intranet in an effort to provide information to employees on a broader and timely basis.

FHI also has a means to promote direct communication with employees through periodical visits by management to each place of business and workplace.



In-house magazine "Shuho"

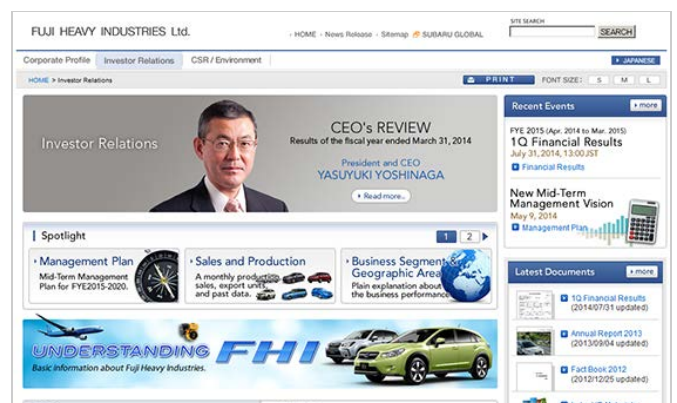
IR Information Disclosure on Our Website

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 2013 Listed Company Website Quality Ranking" hosted by Nikko Investor Relations Co., Ltd. for seven years in a row (about 3,600 companies evaluated), and also positioned 1st in the industry in the "Investor Relations Site Ranking in 2014" by Gomez Consulting Co., Ltd. for eight consecutive years.

Follow this link for the latest IR information.

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



Webpage "Investor Relations"

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.

For fiscal 2013, 49 groups with 87 individuals participated at the Yajima Plant on the grounds of our Gunma Manufacturing Division in March 2014. Some of the comments we received from participating investors include "I got to know a lot more about SUBARU and feel more affinity to the company" and "it was very interesting to see more things that can't ordinarily be seen."



Plant tour for shareholders in FY2014



Gratitude for the Local Communities

FHI 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 Committee

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.



Efforts in Japan

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 a safe motorbike driving demonstration by police motorcyclists. We raise awareness of traffic safety and road accident prevention through activities that include sticking reflective materials that help prevent nighttime traffic accidents to utility poles and events such as offering traffic safety guidance services in the school zones around the business sites.



Left: Activity to stick reflective materials that help prevent nighttime traffic accidents to utility poles

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 FY2014, 95,963 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

TOPICS

President & CEO Yasuyuki Yoshinaga Gives Visiting Lecture on “Let’s Live through our Individuality” at University Campus

In October 2013, a lecture meeting was held at the Tama campus of Chuo University aimed at getting students to study with a broad global perspective, and Yasuyuki Yoshinaga, FHI President & CEO took the rostrum. Mr. Yoshinaga gave a presentation about the “individuality” of SUBARU reached through personal experience and business strategy. All in all about 1,100 people listened to his speech, and a lively Q&A session was also held.

In addition, with SUBARU cars on display outdoors, as well as the offer of EyeSight experiences, many students stopped and listened to explanations from FHI staff.



The 600-person capacity classroom was full and live video was also provided in the classroom next door



Outdoor displays and EyeSight experiences were also on offer

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 FY2014, 43 classes for 1,368 pupils were held at 23 schools, making a total of 263 classes delivered to 8,399 pupils since the start of the classes in 2006. The classes and lessons are now widely accepted in the community.

In addition, starting in FY2014, we have widened the activities to elementary schools in Handa, Aichi Prefecture, where the Handa Plant is located. We held classes at three schools for 270 pupils that included making paper aeroplanes with the participation of parents.



A class on the environment at an elementary school in Utsunomiya

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.



A scene from company visits

Special “Let’s Learn from the Way We Live” Classes for Children

Since 2006, students at elementary, junior high and high schools have been hearing 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.

In June 2014, 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." After his speech, he offered rally car inspections and demonstration drives.



Toshihiro Arai (left) and FHI employee (right) giving presentations



The children were also excited about the powerful rally car driving

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.

FY2014 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 their unneeded 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. 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"

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 9th award ceremony was held in June 2014 and three employees were honored with the volunteer award.



Front row: The three employees who received the award
Back row from left: Kazuo Hosoya, Corporate Senior Vice President, Jun Kondo, Deputy President, Yasuyuki Yoshinaga, President & CEO, Mitsuru Takahashi, Corporate Executive Vice President



Efforts Outside of Japan

Efforts by Subaru of America Inc. (SOA)

Water Blues Green Solutions – Call to Action for a Sustainable Water Future

With national partner Penn State University Broadcasting, Subaru is helping to promote awareness of the role that green infrastructure can play in creating a sustainable water future. The interactive documentary, Water Blues Green Solutions is to drive development of strategies addressing issues of flooding, drought, and pollution by adopting new ways of thinking about how to protect, restore and preserve our rivers and sources of drinking water.



Subaru Hunger Initiatives in US

Subaru participates in a variety of initiatives which, since 2008, have provided more than 818,000 meals to help alleviate hunger in communities across the U.S. Subaru employees help the Food Bank of South Jersey sort and organize donated food that will help to feed families, children and senior citizens in need.



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

Innovation Challenge Award

SIA received the 2013 Innovation Challenge Award for Zero Waste. The Campbell Institute/Stewardship Action Council Innovation Challenge honors organizations for their achievement in the planning and/or implementation of an innovative program which addresses specific key environmental, health or safety topics. The 2013 Challenge focused on zero waste and off-the-job public/private partnership.



Efforts by Subaru Canada, Inc. (SCI)

Ronald McDonald House Toronto

SCI was presented with a lovely gift to recognize our ongoing efforts in supporting the House. This special gift of art was created by children staying at the House using syringes as a means of therapeutic and artistic expression.



Efforts by Subaru Research & Development, Inc. (SRD)

2013 SRD-CA Site Tour

The site tour was held on Saturday, May 18, 2013. It involved six-year old children and their parents. It was noted that the parents, mainly the fathers, were very interested in the tour! There was a presentation about SRD, a vehicle demonstration and also an Eyesight demonstration.



Efforts by Subaru of China, Ltd. (SOC)

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



Our Approach to Procurement

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.

Even for employees, FHI provides legal and regulatory training for those in charge of procurement and transmits notices and alerts on our intranet to ensure that business is conducted properly.

 [Consultation service for promoting fair-trade \[PDF: 381KB\]](#)

(Japanese version only)

Revision of CSR Guidelines for Suppliers

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.

Until now, FHI implemented the Supplier CSR Guidelines in the SUBARU Automotive Business and Industrial Products Company, however, in FY2014, we revised their content creating a standardized version for all partners companywide, including the Aerospace Company. We have always expected our partners to implement and promote CSR activities that include their suppliers.

From FY2014, FHI began to investigate partners with regard to conflict minerals. We will continue to conduct CSR procurement going forward.



SUBARU Supplier CSR Guidelines

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)

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

Promotional System for Appropriate Business Practices and 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.

Communication with Partners

In an effort to communalize with partners our mid- to long-term management strategies and our sales, production and procurement policies, FHI has been hosting "Purchasing Policy Briefings" every spring. We also periodically exchange information by participating in "Cooperation Meetings" comprised of our partners.

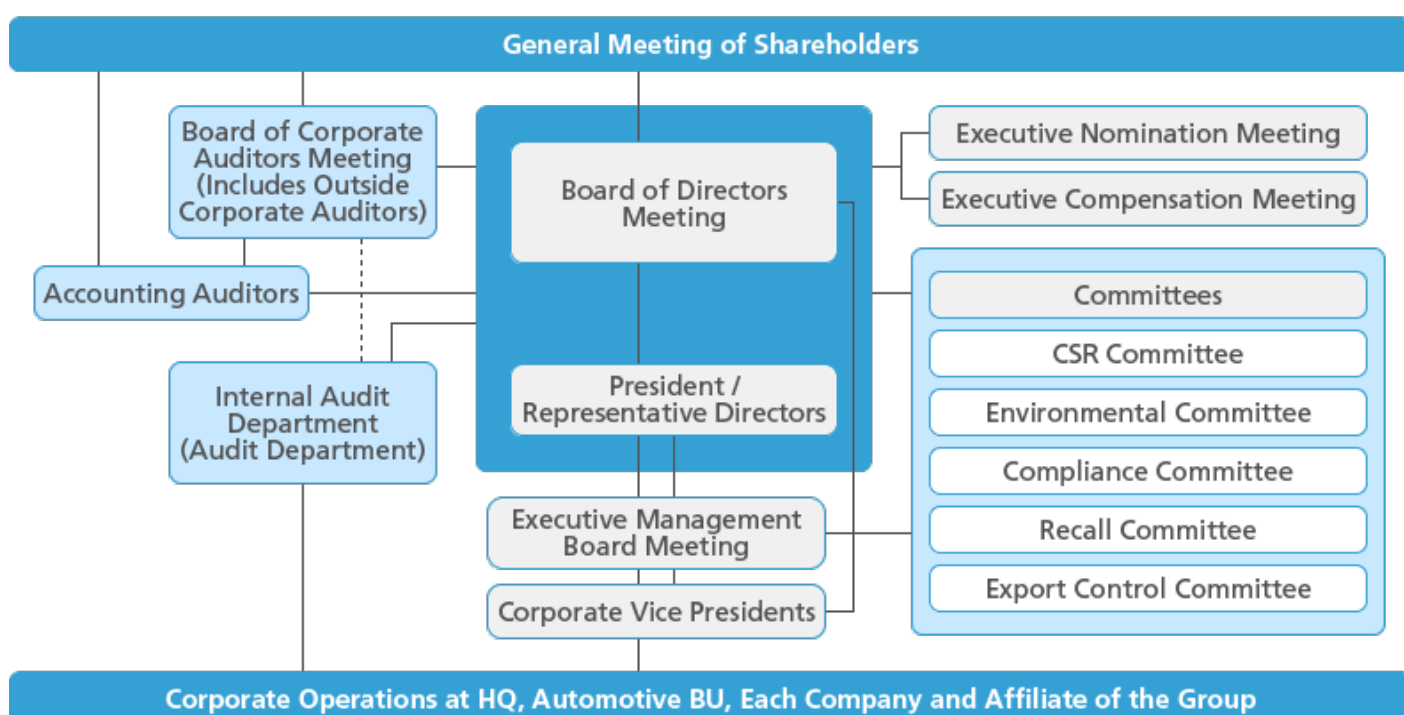
Once a year, FHI hosts "General Cooperation Meetings" as a venue to speak directly to partners. Those meetings are followed by awards bestowed to those partners that have particularly contributed to technology and quality.

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 seven 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.

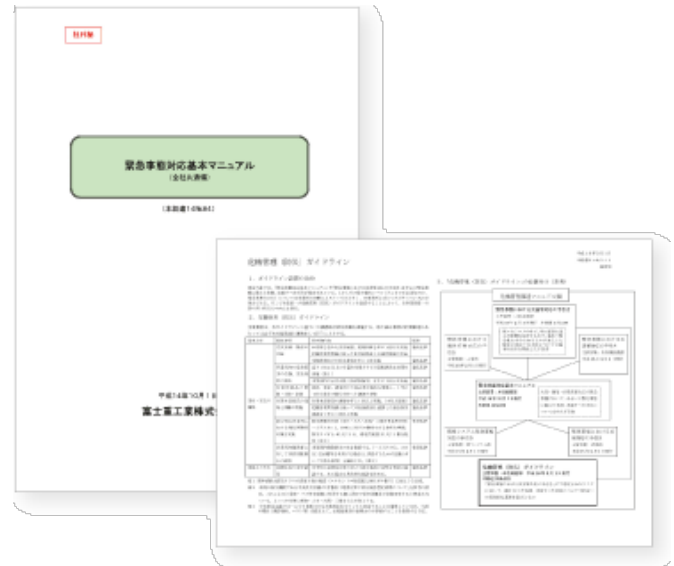
In addition, the Audit Department performs planned audits of each department and Group company. To support internal controls, FHI has created a system and organization to ensure compliance, which is the foundation of risk management. Further, in compliance with the Standards for Management Assessment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

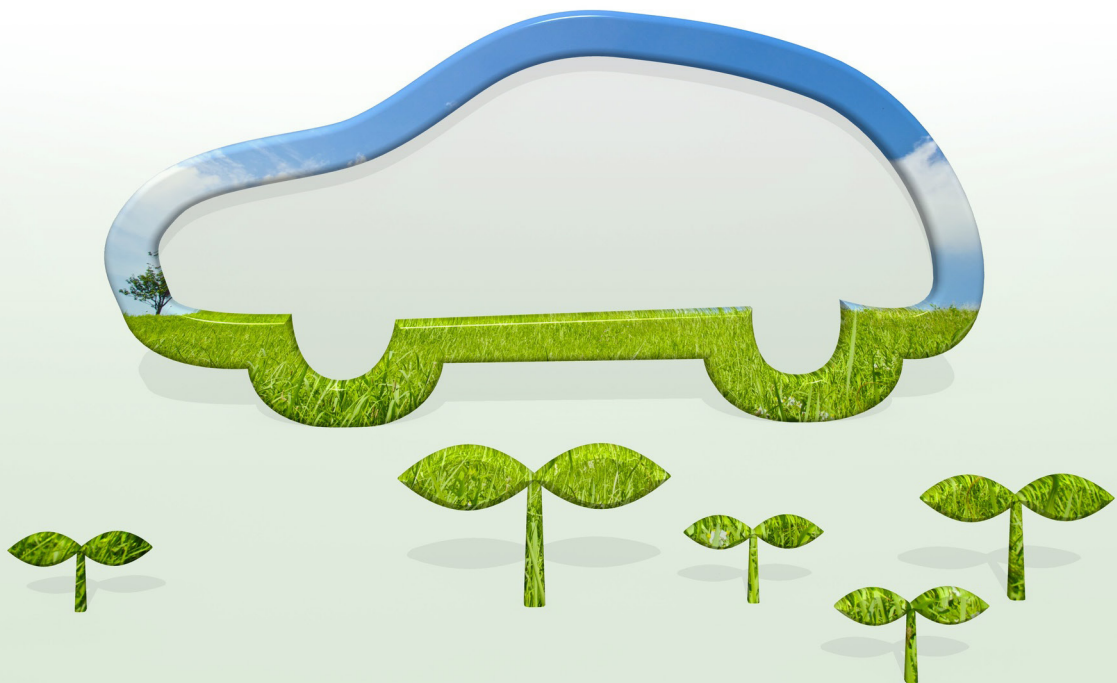
With the goal of minimizing any reduction of service to customers and preventing loss of market share and corporate value, we have created a BCP for each business unit to maintain business operations or restore them as quickly as possible in the event of an emergency. Should our resources (employees, 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.



2014 Environmental Report





Environmental Vision

Message from the Chairman of the Environmental Committee

Toward the Sustainable Development of Society

◎ The Global Environment and Industrial Activities

Recognizing the close connection between the global environment and our business activities, Fuji Heavy Industries, Ltd. (FHI) strongly believes that it is essential to reduce the environmental impact by carrying out global warming measures and resource recycling in the manufacturing and sales of automobiles, aircraft, and engines.

◎ Looking Back on FY2013

We formulated our independent Voluntary Plan for the Environment in 1993, and are currently implementing the 5th Voluntary Plan for the Environment (FY2012–2016). In 2013, we launched the SUBARU XV HYBRID, Subaru's first hybrid vehicle, and it was well-received as a "fun-to-drive hybrid" that contains the unique characteristics of Subaru vehicles. In addition, the LEVORG, a new type of sports touring vehicle, was announced, thereby answering the problem of the coexistence of driving and environmental performance with new ideas and technology.

In the manufacturing process, we have implemented initiatives to reduce CO2 emissions, continue achieving zero emissions, and reduce environmental risk.

We also supported Subaru dealerships to further advance their environmental efforts.

As for environmental management, we have continued to work toward ISO 14001 integrated certification, and were able to gain certification as planned.



Mitsuru Takahashi

Director and Corporate
Executive Vice President

Chairman of the
Environmental Committee

◎ Toward the Sustainable Development of Society

In 2014, we will continue to implement the 5th Voluntary Plan for the Environment (FY2012–2016) and contribute to the sustainable development of society by reliably promoting global warming measures, resource recycling, pollution prevention and reduction of hazardous chemical use, and environmental management.

Environmental Policy

Environmental Policy (Established in April, 1998, revised in March 2010)

Recognizing the close connection between the global environment and our business activities, we strive to work towards the sustainable development of society by bringing "Green Products" from "Green Factories and Offices" through "Green Distribution and Retail" to the customers.

In addition to observing laws and regulations, global conventions, and industrial standards, we intend to work towards social and global contributions, independent and sustainable improvements, and pollution prevention.

- Green Products - Research and development (R&D) and product design of environmentally friendly Subaru brand products
- Green Factory - Reduction of environmental impact in the manufacturing phase
- Green Office - Reduction of environmental impact, primarily focusing on office work
- Green Distribution - Reduction of environmental impact in the distribution phase
- Green Retail - Support for environmental conservation activities of dealerships
- Enhanced Management - Enhancement of Subaru group environmental activities such as social contributions and information disclosure

Summary of the 5th Voluntary Plan for the Environment (FY2012-2016)

As the 5th Voluntary Plan for the Environment, we created a voluntary environmental conservation plan for the period from FY2012 to FY2016. This plan is based on our Environmental Policy, and we have set even higher environmental conservation targets and are incorporating precise environmental measures so as to contribute to society with our products by delivering green products from green factories and offices through green distribution and retail to the customer.


This idea is held in common among all group companies, not just our company, as a guideline, and the entire group is proactively involved in improving environmental problems on a continuous basis. Our environmental initiatives introduced here are categorized into four groups: global warming measures, resource recycling, pollution prevention and reduction of hazardous chemical use, and environmental management.

◎ The 5th Voluntary Plan for the Environment (FY2012-2016)

Global Warming Measures

- Launched hybrid cars into the market in 2013 
- Improve fuel economy by 30% over older models 
- Launch horizontally-opposed direct injection turbo engines 
- Promoted eco drive assist
- Make horizontally-opposed diesel engines Euro 6 compatible
- Achieve fuel economy and GHG standards globally
- Promote activities to reduce CO2 emissions from production facilities in Japan and overseas
- Expand vehicles achieving a 75% reduction from the 2005 regulatory values 
- Reduce VOC and PRTR substances

Resource Recycling


- Continue collection of used bumpers  
- Continue zero emissions at production facilities in Japan and overseas
- Promote new car design to focus on recyclability and contribute to a 95% recycle rate targeted in 2015

Pollution Prevention and Reduction of Hazardous Chemical Use

- Promote development of noise reduction technology that is also capable of improving fuel economy and reducing emissions
- Observe laws and regulations for each country and region such as EU directives
- Continue initiatives to keep environmental accidents or claims from exceeding regulatory standards

Environmental Management


Deploy EyeSight (ver.3) that makes major advancement in driving safety features



Disseminate supplier CSR guidelines to vendors (Aerospace and Industrial Products Companies)

Promote ISO 14001 integrated certification including affiliates


Promote release of a wide range of environmental information



Support domestic dealerships in maintaining Eco Action 21 certification

Promote disclosing Life Cycle Assessment (LCA) data

Promote greening activities that consider biodiversity



Fuji Heavy Industries Voluntary Plan for the Environment (FY2012-2016)

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

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

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

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

The 5th Voluntary Plan for the Environment (FY2012 to FY2016)

[1] Global Warming Measures

Field	Item	Target/Initiative (Up to FY2016)	FY2013			FY2014		
			Target	Results	Evaluation	Target		
A. Green Products	Fuel economy improvement	<ul style="list-style-type: none"> Continue to improve fuel economy through full model changes and annual improvements. Promote fuel economy improvements to conform to fuel economy/GHG emissions standards in each country/region. 	<ul style="list-style-type: none"> Improve fuel economy by 30% over older models through innovations to environmental engines/CVTs. Introduce horizontally opposed direct-injection turbo engines to the market. Japan: Meet the 2015 Fuel Economy Standards. Overseas: Meet the fuel economy/GHG emissions standards in each region. 	Promote the development to improve fuel economy for full model changes.	Completed the development of a new-type LEGACY with a 10% improvement in fuel economy over older models due to overall improvements in the vehicle including the engine, transmission, and body.	○	Promote expanding the use of fuel improvement technology introduced in the new-type LEGACY to FORESTER and IMPREZA.	
		<ul style="list-style-type: none"> Introduce hybrid cars into the market. Conduct research aimed at the launch of electric vehicles in the market. Promote diesel engines' improvement and launch into the market of diesel engines. 	<ul style="list-style-type: none"> Introduced hybrid cars into the Japanese market in 2013. Promote electric vehicle research. Promote compliance with the Euro 6 for horizontally-opposed diesel engines. 	Promote further performance improvements to the hybrid system.	Introduced the XV Hybrid to the Japanese market in June 2013. Completed the review of specifications to begin verification testing.	○	Begin verification testing and complete verification.	
	Clean energy use	<ul style="list-style-type: none"> Promote and establish technologies to reduce exhaust gas and improve fuel economy by fusing electronic control and general-purpose engines. 	<ul style="list-style-type: none"> Promote development of fuel-injection general-purpose engine models and promote their wide introduction into the market. 	Continue to promote research for introducing electric vehicles and PHEVs into the market.	Completed feasibility study in the US and other markets for introducing electric vehicles and PHEVs.	○	Continue to promote research for introducing electric vehicles and PHEVs to the market.	
		<ul style="list-style-type: none"> Promote the development of air conditioners that use low global warming potential refrigerants. 	<ul style="list-style-type: none"> Further promote the development of low global warming potential air conditioners. 	Promote development of low global warming potential air conditioners.	Continued development of low global warming potential air conditioners.	○	Promote development of low global warming potential air conditioners.	
	B. Green Factories, Distribution, and Offices	Production facilities	<ul style="list-style-type: none"> Reduce CO₂ emissions per unit of production at domestic production facilities. Promote activities to reduce CO₂ emissions at overseas production facilities¹. 	<ul style="list-style-type: none"> Reduce CO₂ emissions per unit of production by 10% from FY2006 level by FY2016 at domestic production facilities. For overseas production facilities, set medium term CO₂ emissions targets and conduct activities to attain them. 	Reduce CO ₂ emissions per unit of production at domestic production facilities by 7% from FY2006 level.	Reduced CO ₂ emissions per unit of production by 40% from FY2006 level at domestic production facilities.	○	Reduce CO ₂ emissions per unit of production at domestic production facilities by 8% from FY2006 level.
			<ul style="list-style-type: none"> Promote CO₂ emissions reduction activities synchronized with the Energy Saving Law. Ensure compliance with the Energy Saving Law. 	<ul style="list-style-type: none"> Use FY2006 per unit of CO₂ emission as BM, and reduce emission by 1% every year. Use FY2009 per unit of energy use as BM, and reduce energy use by 1% every year (across the company including offices). 	Aim for a 7% reduction of per unit of CO ₂ emissions using FY2006 as BM.	Reached the annual target (per unit of CO ₂ emission of 31.88 kg/unit for completed vehicles by achieving 28.69 kg/unit. (Results: a 10% reduction).	○	Aim for an 8% reduction of per unit of CO ₂ emissions using FY2006 as BM.
		Offices	<ul style="list-style-type: none"> Reduce water use at both domestic and overseas production facilities. 	<ul style="list-style-type: none"> Reduce water use at production facilities across Group companies in and outside Japan. 	Reduce water use per unit of production at domestic production facilities by 2% from FY2011 level.	Reduced water use per unit of production at domestic production facilities by 3% from FY2011 level.	○	Reduce water use per unit of production at domestic production facilities by 3% from FY2011 level.
			<ul style="list-style-type: none"> Continue the collection of used bumpers. 	<ul style="list-style-type: none"> Continue the collection of used bumpers. 	Continue to operate and improve the new recycle scheme.	Through the General Affairs IT Specialists Committee, the new scheme continued to be improved, and 37,073 bumpers were collected. Among them, 141.6 tons were used as recycled material, and 96.0 tons in the company's products.	○	Continue to operate and improve the new scheme, and promote resource recycling of exchanged bumpers after repairs at dealerships.

¹ SIA: Subaru of Indiana Automotive, Inc.

The 5th Voluntary Plan for the Environment (FY2012 to FY2016)

[2] Resource Recycling

Field	Item	Target/Initiative (Up to FY2016)	FY2013			FY2014	
			Target	Results	Evaluation	Target	
A. Green Products	Recyclability improvement	<ul style="list-style-type: none"> Continue to implement measures to comply with the Automobile Recycling Law. Continue to implement measures to make parts and materials more detachable, separable, and sortable. 	<ul style="list-style-type: none"> Promote new model designs that consider recycling, and contribute to an actual recycling rate of 95% by 2016. 	Maintain an actual recycling rate of 95% or greater.	Maintained a recycling rate of 95% or greater.	○	Maintain a recycling rate of 95% or greater.
B. Green Factories and Offices (Dealerships)	Production facilities	<ul style="list-style-type: none"> Continue the appropriate disposal of waste and reducing waste generation. 	<ul style="list-style-type: none"> Continue the appropriate management of waste and reducing waste generation by improving yield and packaging. 	Reduce the volume of waste generation to 17,045 tons ¹ or less. Continue appropriate management of waste and the suppression of waste generation.	Reached the target of 16,517.6 tons of waste generation. Through the introduction of waste plastic fees, reduced the amount of industrial waste generated.	○	Suppress waste generation to 18,121 tons or less. Continue the maintenance and clarification of generated volumes through fees and production changes the suppression of waste generation.
		<ul style="list-style-type: none"> Continue zero emission (zero landfill waste either directly or indirectly) at both domestic and overseas production facilities. 	<ul style="list-style-type: none"> Continue zero emission at both domestic and overseas production facilities. 	Japan: Maintain zero emission. Overseas: Maintain zero emission.	Japan: Maintained zero landfill waste. Overseas: SIA maintained zero landfill waste.	○	Japan: Continue zero landfill waste. Overseas: SIA to continue zero landfill waste.
		<ul style="list-style-type: none"> Reduce water use at both domestic and overseas production facilities. 	<ul style="list-style-type: none"> Reduce water use at production facilities across Group companies in and outside Japan. 	Reduce water use per unit of production at domestic production facilities by 2% from FY2011 level.	Reduced water use per unit of production at domestic production facilities by 3% from FY2011 level.	○	Reduce water use per unit of production at domestic production facilities by 3% from FY2011 level.
	Offices (Domestic dealerships)	<ul style="list-style-type: none"> Continue the collection of used bumpers. 	<ul style="list-style-type: none"> Continue the collection of used bumpers. 	Continue to operate and improve the new recycle scheme.	Through the General Affairs IT Specialists Committee, the new scheme continued to be improved, and 37,073 bumpers were collected. Among them, 141.6 tons were used as recycled material, and 96.0 tons in the company's products.	○	Continue to operate and improve the new scheme, and promote resource recycling of exchanged bumpers after repairs at dealerships.

¹ The targets for the FY 2013 generated waste volumes were revised in light of production increases. (Originally 15,861 tons -- Revised to 17,045 tons; the original unit base 1.19 tons/100 million yen -- Revised to 1.06 tons/100 million yen)

■The 5th Voluntary Plan for the Environment (FY2012 to FY2016)

(3)Pollution Prevention and Reduction of Hazardous Chemical Use

Field	Item	Target/Initiative (Up to FY2016)	FY2013			FY2014
			Target	Results	Evaluation	Target
A. Green Products	Reduction in emissions	<ul style="list-style-type: none"> Promote the introduction of low-emission vehicles to improve air quality. 	<ul style="list-style-type: none"> Japan: Increase the number of models (produced by FH) achieving a 75% reduction from the 2005 regulatory values. Overseas: Promote the introduction of low-emission vehicles to improve air quality in each country and region. 	<ul style="list-style-type: none"> Japan: Continue to increase the number of models achieving a 75% reduction from the 2005 regulatory values. Overseas: Promote the introduction of low-emission vehicles in each country and region. 	<ul style="list-style-type: none"> Started mass production of the new-type WRX that is compliant with Euro 6b. 	<ul style="list-style-type: none"> Japan: Continue to increase the number of models achieving a 75% reduction from the 2005 regulatory values. Overseas: Continue to introduce low-emission vehicles in each country and region.
	Reduction in noise	<ul style="list-style-type: none"> Promote the development of technologies for noise reduction that can also improve fuel economy and reduce emissions. 	<ul style="list-style-type: none"> Promote the development of noise reduction technologies that consider driving conditions on urban roads. 	<ul style="list-style-type: none"> Promote the development of technologies that reduce environmental noise and provide driving enjoyment. 	<ul style="list-style-type: none"> Implemented CVT control that both considers the environment and provides driving enjoyment into the LEVORG. 	<ul style="list-style-type: none"> Further pursue driving methods and establish consideration for the environment and driving enjoyment at a high level.
	Reduction in the use of environmentally hazardous substances	<ul style="list-style-type: none"> Promote the management and reduction in the use of environmentally hazardous substances. Overseas: Comply with related laws and regulations, including the EU directives. 	<ul style="list-style-type: none"> Improve management of chemical substances contained in products. Promote the development of technologies to switch to substances with lower environmental impact. 	<ul style="list-style-type: none"> Promote improved management of chemical substances using the International Material Data System (IMDS). Promote switching to substances with lower environmental impact. 	<ul style="list-style-type: none"> Started obtaining IMDS data even in Japan and promoted improved management of chemical substances using IMDS. Promoted switching from lead and brominated flame retardants to substances with lower environmental impact. 	<ul style="list-style-type: none"> Promote expanding (+US) the range of IMDS data acquired. Promote switching to substances with lower environmental impact.
B. Green Factories	Management and emission reduction of environmentally hazardous substances at production facilities	<ul style="list-style-type: none"> Continue to reduce emissions of PRTR substances into the environment. 	<ul style="list-style-type: none"> Identify and manage the chemical substances regulated by the PRTR law and promote further reduction in the use of these substances. 	<ul style="list-style-type: none"> Improve accuracy in identifying and managing specified chemical substances, and enhance initiatives for emission reduction. 	<ul style="list-style-type: none"> Continued identifying the use and emissions of PRTR regulated substances through improved and maintained accurate management. 	<ul style="list-style-type: none"> Improve accuracy in identifying and managing specified chemical substances, and promote initiatives leading to emissions reduction.
		<ul style="list-style-type: none"> Further reduce per unit of VOC emissions (g/m²) at production lines. 	<ul style="list-style-type: none"> Reduce per unit of VOC emissions to below 49.3 g/m² (a 48.1% reduction from the FY2000 level). 	<ul style="list-style-type: none"> Reduce per unit of VOC emissions to below 49.3 g/m². 	<ul style="list-style-type: none"> Achieved a reduction to 49.2 g/m², and satisfied the target. 	<ul style="list-style-type: none"> Reduce per unit of VOC emissions to 47.2 g/m² or less by improving finer emission control.
		<ul style="list-style-type: none"> Promote activities targeting the elimination of occurrences of hazardous substances leaking off site, complaints, and exceeding legal standards. 	<ul style="list-style-type: none"> Promote activities targeting the elimination of occurrences of hazardous substances leaking off site, complaints, and exceeding legal standards through environmental risk reduction activities. Set stricter voluntary standards and conduct small-risk elimination activities. 	<ul style="list-style-type: none"> Eliminate the occurrences of hazardous substances leaking off site, complaints, and exceeding legal standards. Complete corrective action of two on-site accidents that occurred the previous fiscal year, deploy measures horizontally, and promote prevention of off-site leaking incidents. 	<ul style="list-style-type: none"> Although there were two minor accidents that were dealt with on-site, the goal of eliminating off-site leaking incidents and complaints was met. There was one incident of exceeding legal standard in water quality measurements. [A pH of 4.5 was measured compared to the standard pH of 5-9 of the Aerospace Company]. 	<ul style="list-style-type: none"> Eliminate all occurrences of hazardous substances leaking off site, complaints, and exceeding legal standards. Enhance management of trends of periodic analysis for observance of legal standards, promote the corrective action for the two on-site accidents that occurred in FY2013, deploy the measures horizontally, and continue prevention of off-site leaking incidents.

*1 Target values for VOC emissions for FY2013 and beyond were revised due to change in the production method (FY2013: revised to 49.3 g/m² from 48.9 g/m²; FY2016: revised to 47.4 g/m² from 45.5 g/m²).

■The 5th Voluntary Plan for the Environment (FY2012 to FY2016)

(4)Environmental Management

Field	Item	Target/Initiative (Up to FY2016)	FY2013			FY2014
			Target	Results	Evaluation	Target
A. Green Products	Research on traffic environments	<ul style="list-style-type: none"> Work further on Intelligent Transport System (ITS) and the development of traffic accident prevention technologies in order to realize a safer and more comfortable roaduser society. 	<ul style="list-style-type: none"> Promote efforts to develop an Advanced Safety Vehicle (ASV). Promote efforts to develop a safe driving support system that is in coordination with infrastructure. 	<ul style="list-style-type: none"> Conduct activities based on the 5th Advanced Safety Vehicle (ASV) promotion plan. Promote development and industry-wide feasibility study of the Cooperative Adaptive Cruise Control (CACC) system. Present demonstrations of accident prevention support by inter-vehicle communications and a CACC test bed at the Tokyo ITS World Congress 2013. 	<ul style="list-style-type: none"> Each working group continued to promote activities based on the FY2013 plans. Identified developmental issues for making CACC into practical use through field tests, and took part in activities for reviewing guidelines for application. Participated in the Tokyo ITS World Congress 2013 Showcase. Carried out demonstrations of accident prevention support by inter-vehicle communications and CACC field tests to introduce the technology. 	<ul style="list-style-type: none"> Continue to promote activities based on the 5th ASV promotion plan. Promote development to put accident prevention support by inter-vehicle communications and CACC into practical use. Continue to promote development of advanced safety system for further expansion and advancement.
		<ul style="list-style-type: none"> Expand deployment of an advanced safe driving system and promote the development of technologies for further enhancement. 	<ul style="list-style-type: none"> Further promote technological development to expand deployment of "EyeSight (ver. 2)"; advanced safe driving assist system. 	<ul style="list-style-type: none"> Continue the global deployment plan for "EyeSight (ver. 2)" and promote compatibility with prevention safety assessment of each country. 	<ul style="list-style-type: none"> To be compatible with assessment of each country, continued to promote development based on the global development plan. EyeSight equipped LEGACY, OUTBACK, and FORESTER vehicles received a Superior rating from the IIHS (IHS) for the forward collision avoidance performance evaluation and was awarded the 2014 TSP (Top Safety Pick+). 	<ul style="list-style-type: none"> Continue to identify assessment trends of each country and promote rolling of deployment plans and continuous technological development.
	Promotion of lifecycle assessment	<ul style="list-style-type: none"> Promote disclosure of lifecycle assessment (LCA) data. 	<ul style="list-style-type: none"> Promote disclosure of LCA data starting with cars that have undergone full model changes. 	<ul style="list-style-type: none"> Continue to calculate and disclose LCA data for cars that have undergone full model changes. 	<ul style="list-style-type: none"> Calculated LCA for the XV HYBRID, and disclosed the results on the internet. 	<ul style="list-style-type: none"> Continue to calculate and disclose the LCA data for models that have undergone full model changes.
Green procurement activities	<ul style="list-style-type: none"> Request both domestic and overseas suppliers to maintain the structure to establish environmental management systems (EMS). 	<ul style="list-style-type: none"> Maintain the structure to establish EMS including new suppliers. Review the green procurement guidelines and revise as necessary. 	<ul style="list-style-type: none"> Maintain the structure to establish EMS. 	<ul style="list-style-type: none"> Maintained the structure to establish EMS. Automobile (264 companies established (100%)) Aerospace (CF) 79 companies established (100%) Industrial Products (CF) 139 companies established (100%) 	<ul style="list-style-type: none"> Continue to maintain the structure to establish EMS. 	
	<ul style="list-style-type: none"> Reduce environmentally hazardous substances. 	<ul style="list-style-type: none"> Encourage suppliers to further improve management of and reduce the use of environmentally hazardous substances contained in parts and materials. 	<ul style="list-style-type: none"> Promote environmentally hazardous substance reduction. Automobile (1) Investigate contents of outsourced parts. 2. Investigate contents and replacement of environmentally hazardous substances. 3. Confirm compliance to laws and regulations related to reduction of environmentally hazardous substances. Aerospace (CF) Continue non-use of regulated parts/substances. Industrial Products (CF) Continue to investigate the environmentally hazardous substance content and formulate a plan to replace them. 	<ul style="list-style-type: none"> Promoted environmentally hazardous substance reduction. Automobile (1) Investigated using IMDS. 2. Implemented investigations for EU-ELV directives. 3. Collected and checked compliance confirmation documentation. Aerospace (CF) Continued non-use of regulated parts/substances. Industrial Products (CF) Continuing the collection of investigation reports. 	<ul style="list-style-type: none"> Promote the reduction of environmentally hazardous substances. Automobile (1) Investigate contents of outsourced parts. 2. Investigate contents and replacement of environmentally hazardous substances. 3. Confirm compliance to laws and regulations related to reduction of environmentally hazardous substances. Aerospace (CF) Continue non-use of regulated parts/substances. Industrial Products (CF) Formulate a plan to replace environmentally hazardous substances. 	
	<ul style="list-style-type: none"> Set supplier CSR guidelines and deploy them to suppliers. (Aerospace and Industrial Products Companies) Automobile Division has already finished setting and deploying. 	<ul style="list-style-type: none"> Set guidelines and promote deployment and awareness raising of the guidelines to suppliers. 	<ul style="list-style-type: none"> Promote CSR procurement activities based on guidelines. Study making the guidelines' company-wide version. Aerospace (CF) Deploy guidelines. Industrial Products (CF) Disseminate guidelines. 	<ul style="list-style-type: none"> Promoted CSR procurement activities based on the guidelines. Automobile (264 companies established (100%)) Aerospace (CF) 79 companies established (100%) Industrial Products (CF) 139 companies established (100%) 	<ul style="list-style-type: none"> Promote CSR procurement activities based on the guidelines. Disseminate and promote the guidelines. Study biodiversity conservation activities. 	
Promotion of environmental conservation activities among dealerships (Green Retail)	<ul style="list-style-type: none"> Support dealerships' environmental activities. 	<ul style="list-style-type: none"> Support all dealerships maintain "Eco Action 21" certification. Support voluntary implementation of environmental measures, such as energy conservation and waste reduction measures, under "Eco Action 21". 	<ul style="list-style-type: none"> Confirm continuation of "Eco Action 21" certification. Continue to propose recovery of different wastes and work toward energy conservation, particularly electricity and gas, using Eco Action 21 tools in order to reduce costs and improve the environmental awareness of dealerships. 	<ul style="list-style-type: none"> In addition to continuing support, the General Affairs IT Specialists Committee deployed points of concern at the time of certification renewal. By having General Affairs IT Specialists Committee take up environmental projects, supported waste reduction and energy conservation of dealerships. 	<ul style="list-style-type: none"> In continuation of the previous fiscal year, support all dealerships to maintain "Eco Action 21" certification. In addition to supporting D-SPECs utilization, urge reduction activities at the dealerships by proactively sending energy use results from FH. 	
C. Expanding Environmental Management	Promotion of environmental conservation activities, including biodiversity conservation, in cooperation with local communities	<ul style="list-style-type: none"> Continue to participate in environmental events, and make friendly exchanges with and support factory tours of residents near factories. 	<ul style="list-style-type: none"> Continue to give factory tours, hold on-site events, and carry out environmental exchange classes. 	<ul style="list-style-type: none"> Continue to implement teacher training, environmental education at elementary schools, and on-site middle school students training. 	<ul style="list-style-type: none"> Conducted 43 environmental class visits (1368 participants) at the Utsunomiya Manufacturing Division. 	<ul style="list-style-type: none"> Continue environmental class visits. Continue to foster identification of the connection between biodiversity and our business activities, and release the results.
		<ul style="list-style-type: none"> Continue to conduct cleanup and greening activities, including biodiversity conservation efforts, near factories. 	<ul style="list-style-type: none"> Continue cleanup activities around factories and offices. 	<ul style="list-style-type: none"> Disclose biodiversity initiatives in the 2013 CSR report. 	<ul style="list-style-type: none"> Disclosed biodiversity initiatives in the 2013 CSR Report. 	<ul style="list-style-type: none"> Continue to identify the connection between biodiversity and our business activities.
		<ul style="list-style-type: none"> Support activities of and work with environmental organizations. 	<ul style="list-style-type: none"> Promote greening activities taking biodiversity conservation into consideration. 	<ul style="list-style-type: none"> Continue to identify the connection between biodiversity and our business activities. 	<ul style="list-style-type: none"> Prepared to foster identification of the connection between biodiversity and our business activities. 	<ul style="list-style-type: none"> Continue to identify the connection between biodiversity and our business activities.
Disclosure of environmental information	<ul style="list-style-type: none"> Disclose environmental information through regular publication of environmental reports and other documents in a timely manner. 	<ul style="list-style-type: none"> Provide environment report in the form of CSR report and provide updated information on the website. 	<ul style="list-style-type: none"> Issue the 2013 CSR report. Create a new Environmental Top Page in our website, and provide information efficiently. 	<ul style="list-style-type: none"> Issued the 2013 CSR Report in August, and its English version and brochure in November. Created a new top page, and improved navigation and usability. 	<ul style="list-style-type: none"> Create a 2014 environmental website and provide information there. 	
	<ul style="list-style-type: none"> Improve and enhance the contents of environmental reports. (Compliance with environmental reporting guidelines, inclusion of Group companies in the scope of reporting) 	<ul style="list-style-type: none"> Improve compliance to environmental reporting guidelines of the Ministry of the Environment, and improve the content of environmental reporting. 	<ul style="list-style-type: none"> Improve compliance with the 2012 environmental reporting guidelines, and promote enhanced report content. 	<ul style="list-style-type: none"> Referenced not only the environmental reporting guidelines but also the GRI guidelines (G2000), and posted a comparison table for the GRI guidelines (G2000). 	<ul style="list-style-type: none"> Enrich the content of the report. 	
	<ul style="list-style-type: none"> Participate in environmental events and publicize corporate environmental efforts. 	<ul style="list-style-type: none"> Continue to participate in Eco-Products Exhibitions to widely publicize the company's eco-friendly products and efforts. 	<ul style="list-style-type: none"> Participate in the 2013 Eco-Products Exhibition and widely publicize the company's eco-friendly products and efforts. 	<ul style="list-style-type: none"> Participated in the 2013 Eco-Products Exhibition, and publicized our environmental vehicles including the XV HYBRID. 	<ul style="list-style-type: none"> Participate in the 2014 Eco-Products Exhibition to widely appeal our eco-friendly products and efforts. 	
Promotion of environmental education and awareness activities	<ul style="list-style-type: none"> Continue environmental and social education under the in-house education system. 	<ul style="list-style-type: none"> Hold more environmental education, enlightenment and presentation events. 	<ul style="list-style-type: none"> Using a variety of opportunities, proactively implement environmental education and educational activities. 	<ul style="list-style-type: none"> In the October 2013 issue of Nihon Ecology, our President's message was featured in interviews of top environmental managers and introduced the company's environmental efforts such as the XV HYBRID, SIA, and e-learning. The e-learning system was updated, and all employees underwent environmental education using the e-learning system at the Tokyo Office and Headquarters. 	<ul style="list-style-type: none"> Using a variety of opportunities, proactively implement environmental education and educational activities. 	
	<ul style="list-style-type: none"> Continue to hold lectures and workplace meetings to present improvement examples. 	<ul style="list-style-type: none"> Promote sharing the internal auditing and environmental education systems for more practical ESG activities. 	<ul style="list-style-type: none"> Continue mutual internal auditing and aim at improving the system overall by sharing forms. 	<ul style="list-style-type: none"> Created an unified, company-wide internal audit check sheet, and held 10 audits (two more than previously) between Aug 25 to Sep 27, and identified four inconsistencies and 15 recommendations. 	<ul style="list-style-type: none"> Promote making unified company-wide procedures for internal audits. 	
Establishment of an Environmental Management System	<ul style="list-style-type: none"> Maintain ISO 14001 integrated certification of all company outlets. 	<ul style="list-style-type: none"> Promote sharing the internal auditing and environmental education systems for more practical ESG activities. 	<ul style="list-style-type: none"> Continue mutual internal auditing and aim at improving the system overall by sharing forms. 	<ul style="list-style-type: none"> Created an unified, company-wide internal audit check sheet, and held 10 audits (two more than previously) between Aug 25 to Sep 27, and identified four inconsistencies and 15 recommendations. 	<ul style="list-style-type: none"> Promote making unified company-wide procedures for internal audits. 	
	<ul style="list-style-type: none"> Make continuous improvements to the Environmental Management System. 	<ul style="list-style-type: none"> Encourage more subsidiaries to acquire the ISO 14001 integrated certification in order to improve the system. 	<ul style="list-style-type: none"> Promote group-wide integrated certification focused on domestic affiliated companies that are the members of Domestic Affiliated Companies Division. 	<ul style="list-style-type: none"> The meeting of the Domestic Affiliated Companies Division was convened and three companies were confirmed for joining (one has already joined). 	<ul style="list-style-type: none"> Continue to promote activities for group-wide integrated certification. 	

* Eco Action 21: An environmental management system developed by the Ministry of the Environment based on ISO 14001, aiming at easy implementation by small-to-medium sized corporations.



Environmental Management

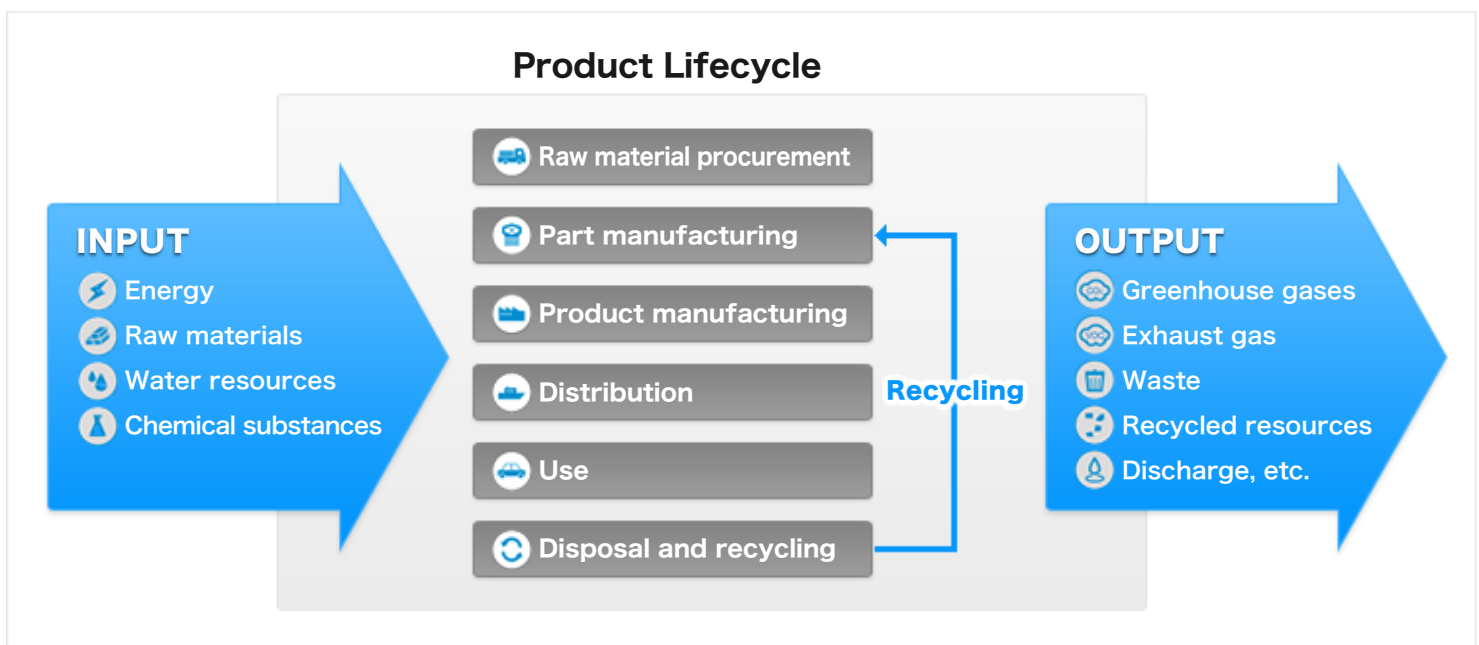
Connection between Global Environment and Business Activities

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 raw materials, manufacture, use, and disposal. These impacts include the use of resources such as energy and materials, the emission of greenhouse gases and the generation of waste.

In order to reduce the environmental impact of our products during their life cycles, we are promoting environmental initiatives at all stages of our business activities including the supply chain.

Business Activities and Environmental Impact



Building a Low Carbon Society

The FHI Group promotes initiatives to control CO₂ emissions across the value chain.

We believe that we are contributing to building a low-carbon society through our business activities of developing and launching fuel efficient and eco-friendly vehicles, improving the fuel economy of general-purpose engines, and reducing the weight of aircraft by using composite material technologies.

Furthermore, the FHI Group as a whole strives to prevent global warming by carrying on proactive efforts such as energy conservation and controlling CO₂ emissions in manufacturing and improving transportation efficiency in distribution.

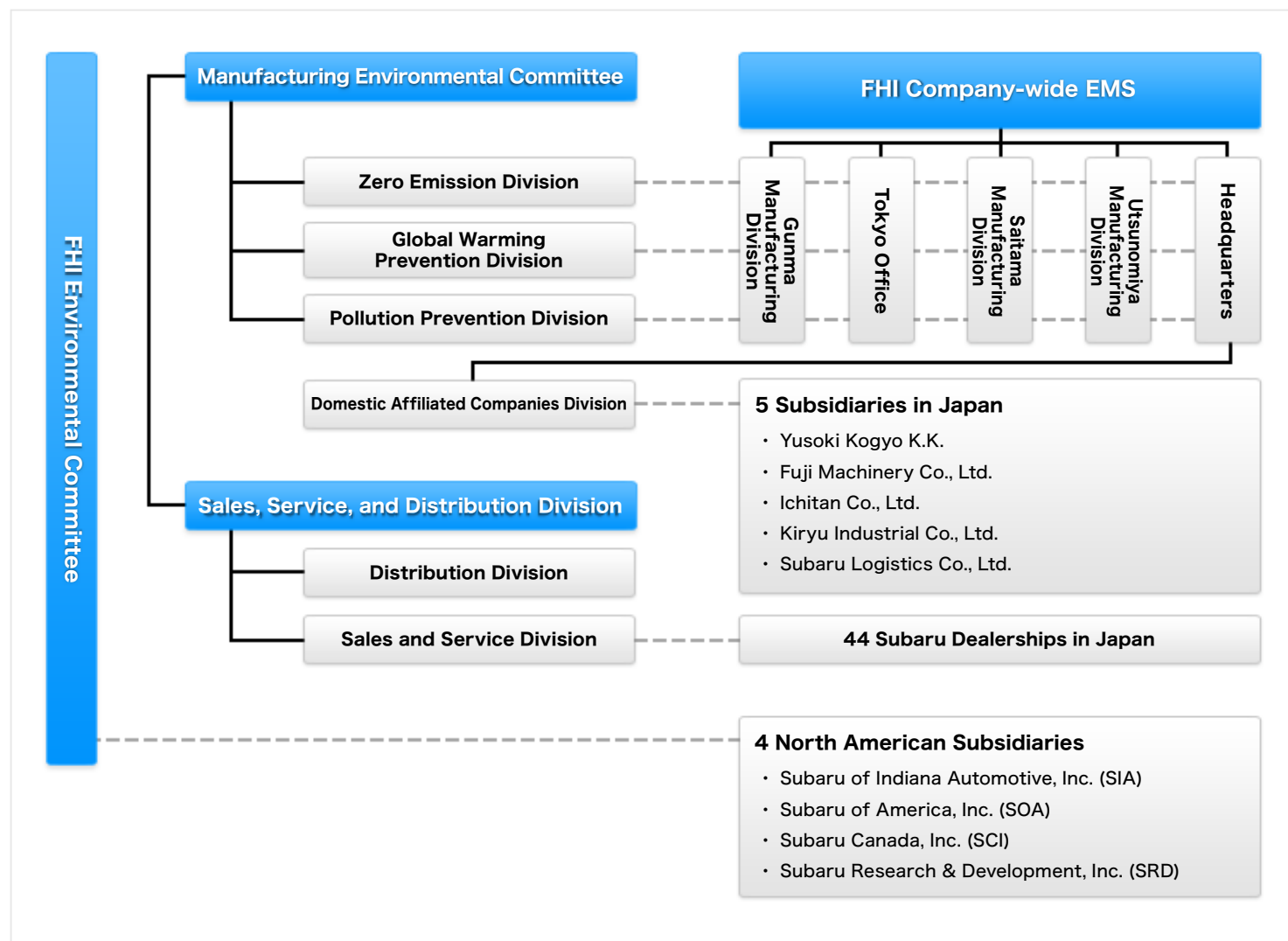
- Automobile: R&D and launch of fuel efficient and eco-friendly vehicles
- Industrial Equipment: Improvement in fuel economy of general-purpose engines
- Aerospace: Weight reduction by using composite material technologies
- Common: Efforts in energy conservation and controlling CO₂ emissions

Organization

We established an environmental management structure across the organization with two pillars of the Company-wide Environmental Management System (EMS) and the Environmental Committee in order to reach the goals of our Environmental Policy and Voluntary Plan.

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. The director proactively promotes environmental conservation activities, comprehensively managing the progress and the direction of our efforts.

FHI Group Environmental Management Organization (as of June 2014)



Status of Establishing the Environmental Management System

We are also actively engaged in building a group-wide environmental management structure, and have established an EMS at our offices, vendors, domestic and overseas consolidated manufacturing companies, and Subaru dealerships at home and abroad, and have acquired external certifications.

In March 2011, all of our 44 domestic dealerships and their 477 outlets obtained Eco Action 21 (EA21) certification, which was the first in Japan among all automobile manufactures.

In May 2012, SIA, the center of production in North America, also became the first automobile production facility in the United States to obtain ISO 50001 certification, the international standard for energy management systems (EnMS), and continues to actively promote these activities.

Further, in March 2013, Subaru Logistics Co., Ltd., received ISO 14001 certification.

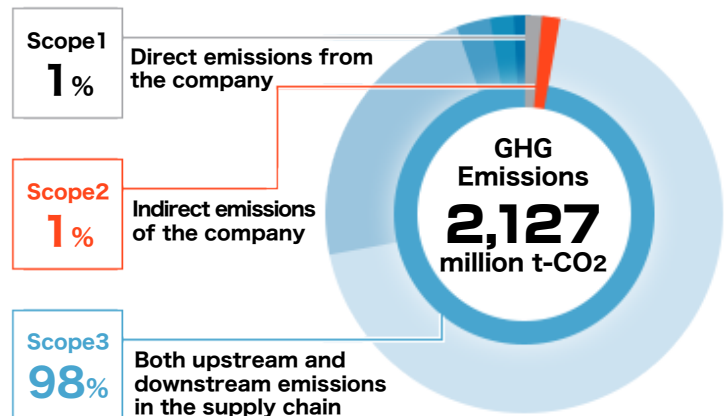
In addition to these achievements, through global business activities as the FHI Group, we continue to promote green procurement in the supply chain, establishment of a company-wide environmental management system covering nine company offices, and green procurement in the group to reduce environmentally hazardous substances.

Status of Establishing EMS/EnMS in the FHI Group

Factories and Offices					Dealerships	
Category	FHI	Vendor	Domestic Consolidated Production and Distribution Companies	Overseas Consolidated Production Company	Domestic Consolidated Dealerships	Overseas Consolidated Dealerships
Divisions	Company-wide EMS Gunma Manufacturing Division Tokyo Office Utsunomiya Manufacturing Division Handa Plant West Handa Plant Headquarters Yusoki Kogyo K.K. F.A.S. Co., Ltd.	Green procurement Raw material procurement vendors	Fuji Machinery Co., Ltd. Kiryu Industrial Co., Ltd. Ichitan Co., Ltd. Yusoki Kogyo K.K. Subaru Logistics Co., Ltd. Total: 5 companies	SIA	All domestic Subaru dealerships Total: 44 dealerships	SOA SCI Total: 2 dealerships
Acquired EMS/EnMS	ISO14001	Either ISO 14001 or Eco Action 21	ISO14001	ISO14001 ISO50001	Eco Action 21	ISO14001

Green house Gas Emissions in the Supply Chain

Green house gas (GHG) emissions in the supply chain for FY2013 was 212.74 million t-CO₂. In FY2013, we participated in the Ministry of the Environment "Support for Calculating Supply Chain Green house Gas Emissions toward an Environmental Information Disclosure Infrastructure," and received assistance from NTT Data Institute of Management Consulting, Inc. in Scope 3 calculations. We will continue to promote identifying and managing GHG emissions.



© Scope 3 Breakdown

Division	Category	Category Greenhouse Gas Emissions (t-CO ₂)	Calculation Scope, etc.
Upstream	1 Purchased goods and services	5,497,952	Consolidated
	2 Capital goods	229,606	Consolidated
	3 Fuel and energy related activities not included in Scopes 1 or 2	44,508	Those businesses subject to Energy Saving Law
	4 Transportation and delivery (upstream)	617,590	Those businesses subject to Energy Saving Law + non-consolidated domestic automobile division
	5 Waste generated in operations	3,617	Major domestic and foreign outlets consolidated
	6 Business travel	3,111	Consolidated
	7 Employee commuting	10,012	Consolidated
	8 Leased assets (upstream)	–	N/A
Downstream	9 Transportation and delivery (downstream)	–	N/A
	10 Processing of sold products	3,194	Consolidated domestic automobile divisions
	11 Use of sold products	14,273,196	Domestic and foreign automobiles + domestic general-purpose engines
	12 End-of-life treatment of sold products	23,535	Non-consolidated domestic automobiles
	13 Leased assets (downstream)	–	N/A
	14 Franchises	52,806	Domestic outlets not subject to Energy Saving Law
	15 Investments	–	N/A

Biodiversity conservation activities

Based on our environmental policy, we are involved in biodiversity conservation, referencing to the “Guidelines for Private Sector Engagement in Biodiversity,” “Declaration of Biodiversity – Guide to Action Policy by Keidanren, Federation of Economic Organizations,” etc.

In FY2013, we made preparations for understanding the relationship between business activities and biodiversity and identifying the potential risks, and began activities in FY2014.

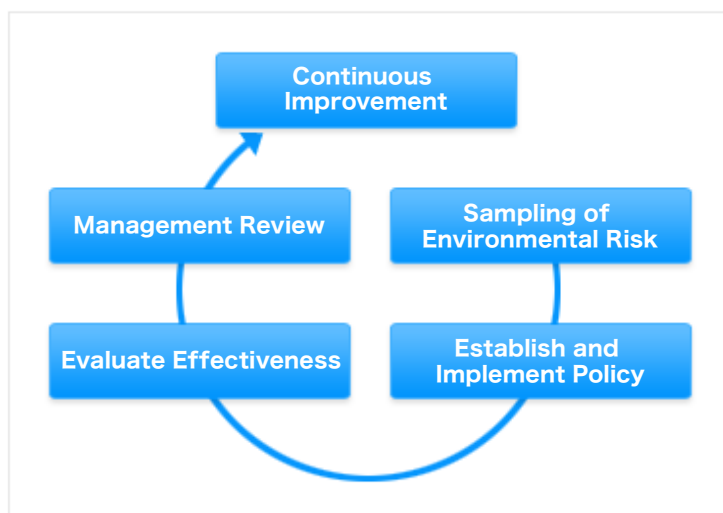
We are also involved in biodiversity conservation overseas. For example, the Subaru of Indiana Automotive, Inc. (SIA) manufacturing plant in the U.S. has teamed with a local high school to actively develop paths taking into consideration the status of endemic vegetation and also a botanical garden that allows the school to grow some of its food for school cafeteria. In addition, the high school students, leaders in the next generation, were introduced to SIA environmental and biodiversity conservation activities, and were led to a deeper understanding of the biodiversity of the region.

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



Environmental Risk Management

We work to prevent and minimize environmental risk in our business activities (such as environmental accidents, pollution, or non-compliance with laws and regulations) by periodic sampling and management of environmental risks. In addition, we standardize the management flow in case of environmental risk and practice during non-emergency times so that when an environmental risk does occur, emergency response or measures to prevent reoccurrence can be implemented immediately. This also prevents secondary risk due to confusion from occurring.

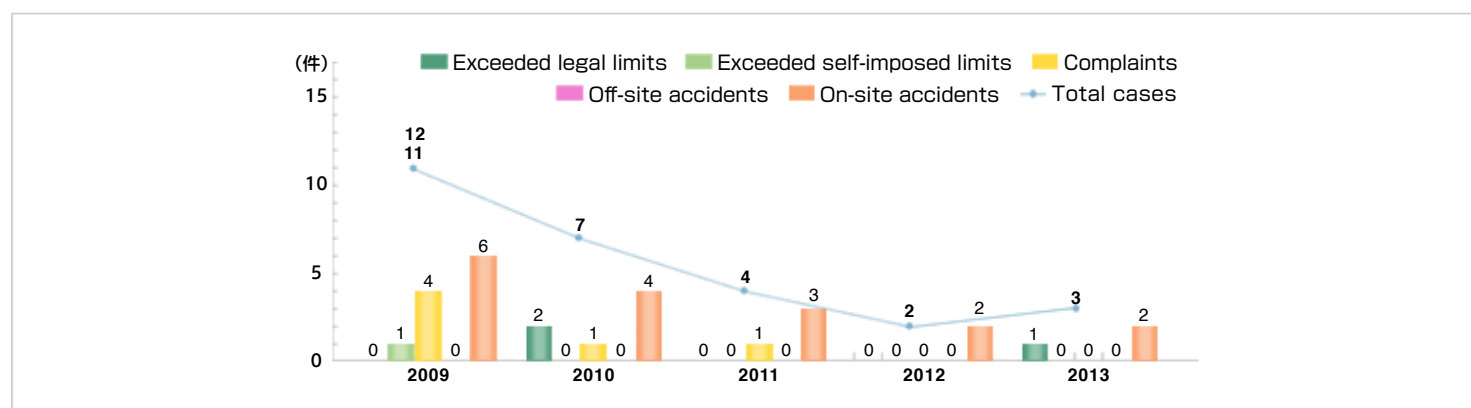


Status of Compliance with Environmental Laws and Regulations

We strive to be in compliance with environmental laws and regulations, and to eliminate environment-related accidents and complaints.

The figure below shows the results of the last five years.

Number of Cases Exceeding Environmental Laws and Regulations, Environmental Accidents, and Complaints



◎ Status of Compliance with Environmental Laws and Regulations 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. In FY2013, there was one case of exceeding legal limits and we implemented measures to prevent a reoccurrence.

Name	Number of Cases	Details	Main Corrective Measures
Utsunomiya Manufacturing Division	1 case for water quality	March 2014: Concentration of hydrogen ions exceeded the legal standard (Concentration was pH4.5 while the legal standard is ph5-9.).	Work procedures were reviewed and staff was retrained.

◎ Environmental Complaints Received in FY2013

No complaints were received.

◎ Status of Environmental Accident Occurrences in FY2013

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

Name	Number of Cases	Details	Main Corrective Measures
Gunma Manufacturing Division	2 cases for water quality	July 2013: Waste fluid flowed out of the waste fluid tank. The leak was contained on-site.	Work procedures were reviewed and equipment was improved.
		January 2014: Fuel leaked from parts delivery truck. The leak was contained on-site.	The parts delivery company was instructed to prevent reoccurrence, and other parts delivery companies were asked to prevent occurrences.

Environmental Accounting (FHI Group FY2013 Results)

Environmental Cost Approach and Calculation Method

Independent guidelines have been established according to the FHI environmental conservation activity organizations, referring to the Guidelines of the Ministry of the Environment, and environmental costs are calculated and summarized according to these guidelines. FHI Group companies in Japan and abroad use the same for calculations.

Environmental Cost and Capital Investment Calculation Method

Capital investments and related expenses for environmental equipment (investments of 25 million yen or more), and labor costs are calculated on a differential or pro-rata basis.

For example, investments and environmental costs for energy conservation at a production facility are calculated as follows:

$$\text{Capital investment and environmental cost} = \{(\text{Total investment} - \text{Investment not for energy conservation}) / \text{Total investment}\} \times (\text{Capital investments for the production facility, maintenance costs, etc.})$$

In case of smaller facilities with investments of less than 25 million yen, the costs for capital investments and maintenance costs are totaled, as long as they are for environmental purposes.

In addition, depreciation of equipment investment is not included in the environmental cost from the viewpoint of cash flows. Small expenses, such as fixed assets taxes and insurance costs, are also omitted from the total.

Environmental cost and economic effect of environmental facilities are only included for three years starting from the second year after the facilities are put into operation.

FY2013 Calculation Results

Environmental cost came to 21 billion yen on a non-consolidated basis, up 2.46 billion yen (13.3%) from the previous fiscal year, and 22.2 billion yen on a consolidated basis, up 2.73 billion yen (14.0%).

The cost increase was mainly due to an increase in research and development (R&D) costs (2.55 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 0.92%.

FY2013 Environmental Costs and Effects Calculation Results

Item	Category	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	340	395	306	489	543	447	167	167	116	215	215	155
	2. Global environmental conservation cost	28	32	53	90	48	84	360	360	195	376	376	235
	3. Resource recycling cost	513	515	466	1,098	900	777	0	0	0	0	0	1
(2) Upstream and downstream costs	Recycling related cost Cost arising from changes in product materials	128	163	158	128	163	158	-	-	-	-	-	-
(3) Administration cost	Cost for monitoring environmental impact Cost for the Environmental management Cost for environmental education	86	95	92	137	151	127	-	-	-	-	-	-
(4)R&D cost	R&D cost for environmental impact reduction	19,696	17,149	16,474	19,999	17,426	16,749	2,275	1,763	788	2,276	1,764	792
(5) Social activity cost	Cost related to donation, etc. for environmental conservation groups	103	91	106	106	93	109	-	-	-	-	-	-
(6) Environmental remediation cost	Cost to remedy soil and underground pollution	103	98	94	103	99	99	6	6	0	6	6	0
(7) Other cost		0	0	0	0	0	0	-	-	-	-	-	-
Grand Total		20,997	18,537	17,748	22,150	19,423	18,550	2,807	2,295	1,099	2,874	2,362	1,183

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

FY2013 Economic Effect Calculation Results

Item	Economic effect (Millions of yen)	
	Non-consolidated	Consolidated
Reduction in energy cost from energy conservation	11	34
Sales from recycling (sales of valuable items: metals, waste liquids, and cardboard boxes)	1,811	2,959
Reduction in use of raw materials due to recycling (reduced packaging materials cost)	7.07	12.12

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.

Five subsidiaries outside Japan: SIA, SOA, SRD, SCI and SOMI



Environmentally Friendly Automobiles

Fuel Economy

Approaches and Strategies for Improving Fuel Economy

An automobile releases carbon dioxide (CO₂) in proportion to the fuel consumed.

Traditionally, the focus was on saving as much fuel as possible, but now the issue for companies is how to reduce carbon dioxide emissions and contribute to preventing global warming. In other words, we are now transitioning to an environmental era for total emission control.

Compared with other passenger automobile manufacturers, Subaru is unique in terms of offering a carefully selected limited number of models and of producing cars that embody safe and enjoyable driving by combining a horizontally-opposed engine, symmetrical AWD, and integrated safety performance. In response to the transition to the new environmental era, we believe we can provide customers with products that they want by making the best use of our uniqueness.

In Japan, we continue to expand the lineup sequentially with models that surpass the 2015 Fuel Economy Standards. Since introducing the new generation Boxer engine, we have deployed technologies to improve fuel economy such as the new 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 drive as well as exceptional environmental efficiency. In June 2013, we introduced a hybrid system model that delivered dramatically improved fuel economy while letting drivers experience the fun drive unique to Subaru. Also in June 2014, we launched the newly developed, new-type LEVORG with a 1.6L direct injection turbo engine (intelligent DIT) that provides both superior fuel economy and power performance.



We will continue to work on improving fuel economy, producing innovation for the future, and offering vehicles with the distinctive character and high quality that customers can enjoy.

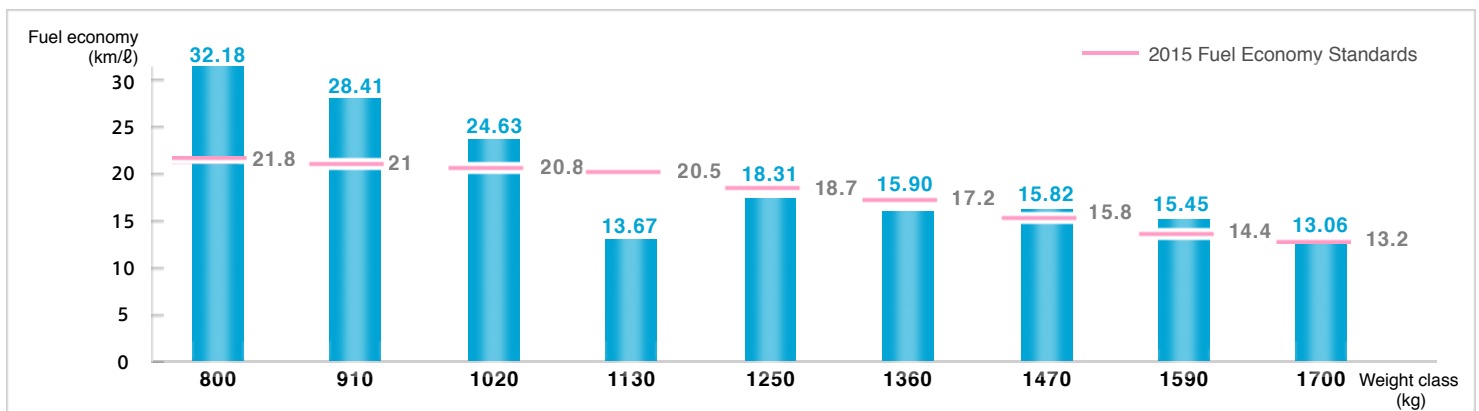
Fuel Economy Standards

Japan: Achieved 2015 Fuel Economy Standards in 5 of 9 Weight Classes

Gasoline-powered passenger cars meeting the 2015 Fuel Economy Standards accounted for about 87% of the total production, and 5 of the 9 weight classes of Subaru vehicles sold cleared the 2015 Fuel Economy Standards.

Looking toward the 2020 Fuel Economy Standards, the Subaru XV Hybrid has already achieved the standards for two weight classes, while the proportion of manufactured vehicles that achieved the standard has come to be 11%.

FY2015 Fuel Economy Standards Achievement Status



US: Achieved 2013 Model Year Corporate Average Fuel Economy (CAFE) Standards and Greenhouse Gas (GHG) Standards

While CAFÉ standards and GHG standards becoming stricter every model year, we met both standards for the 2013 model year. Not only clearing fuel economy and CO₂ regulations that are becoming stricter worldwide, Subaru is also set to further spread vehicles with greater fuel economy in the global market.

Low Exhaust Emissions

Approach to Low Exhaust Emissions

Carbon monoxide (CO), hydrocarbons (HC), nitrogen oxides (NO_x), and particulate matter (PM) emitted from automobiles are a cause of air pollution, particularly in urban areas with a high concentration of automobiles.

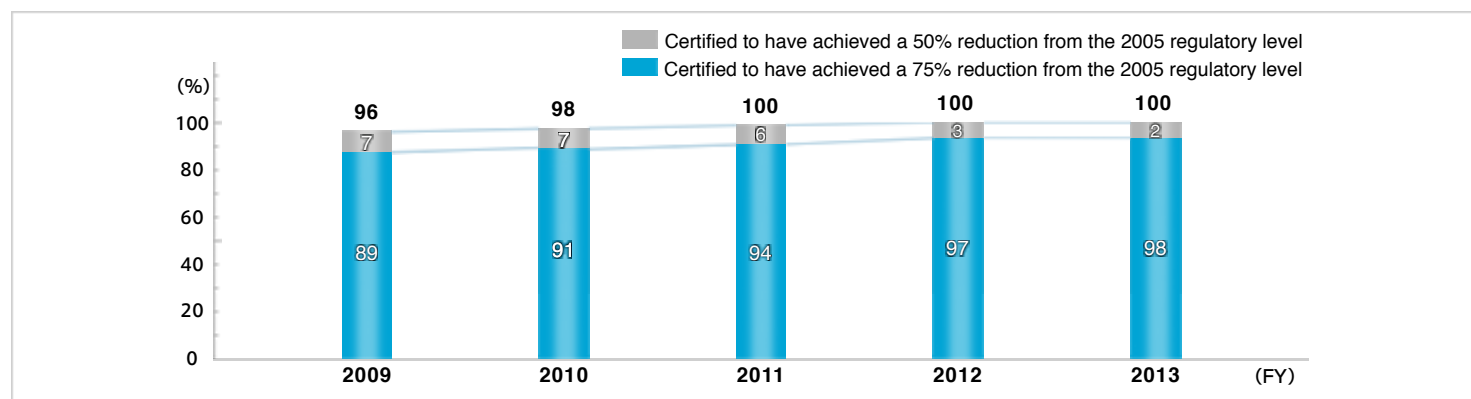
In order to improve the state of air pollution, Subaru introduced low emission vehicles (certified by the Ministry of Land, Infrastructure, Transport and Tourism) that meet standards stricter than the regulations.

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

Improvement and Popularization of Certified 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 the number of vehicles achieving the 75% reduction increased to 98% of the total production quantity. All vehicles produced by Subaru are certified low-emission vehicles (certified to have achieved at least a 50% reduction from the 2005 regulatory values).

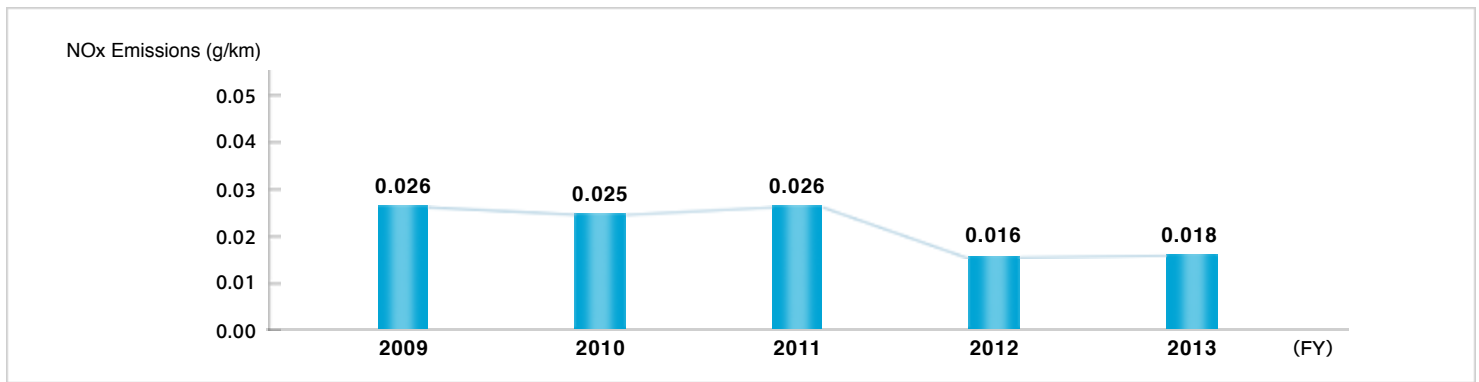
Percentage of Low Emission Gasoline-powered Passenger Vehicles



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

A high concentration of NO_x affects human health and negatively impacts the environment, such as by causing acid rain. The volume of NO_x emissions from Subaru vehicles has been changing over time due to the release of a series of low-emission vehicles, including those meeting the government's certification, as shown in the following figure.

◎ 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 that do not support the current test mode, calculations were made from the regulation value or conversion value corresponding to the current test mode. The current mode is JC08CH mode for new models, and the combined mode of the 10.15 mode and the JC08C mode for existing models.

◎ Number of Eco Cars* Shipped (FY2013)

Percentage of eco cars shipped now accounts for 87% of all.

		Passenger cars		Trucks	Percentage
		Standard-sized cars	Mini cars	Light trucks	
Certified to have achieved a 75% reduction from the 2005 regulatory values	Hybrids	13,438	0	0	7%
	Internal combustion engines	108,080	39,395	1,500	80%
Certified to have achieved a 50% reduction from the 2005 regulatory values		0	0	28	0%
Total		121,518	39,395	1,528	87%
Total number of vehicles shipped in FY2013					186,248

* Eco cars: vehicles that achieved both the fuel economy standards based on the Energy Saving Law and low emission vehicle certification based on the low emission vehicle certification procedures.

Noise Countermeasure

We are working to actively reduce road noise from automobiles.

We promote the development of technology that can effectively reduce vehicle noise from primary sources such as tires, engines and intake and exhaust systems.

Following the new FORESTER released the previous year, the LEVORG, which went on sale in June 2014, adopted the new-generation Boxer engine and new-generation Lineartronic CVT to reduce noise level on urban roads, while achieving both high fuel economy and fun-to-derive acceleration with the optimal engine speed.

Management of Chemical Substances (Operation of the IMDS)

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

We are promoting improvement in supply chain management by using the IMDS in order to identify the names and amounts of each chemical substance used in the several tens of thousands of parts that are in our automobiles.

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

Clean Energy Use

Fossil fuels, which are mainstream fuels for automobiles, are limited resources, and a shift to diverse fuels that are both interchangeable and renewable such as biofuels is now required.

All Subaru gasoline-powered vehicles sold worldwide are compatible (functionality and reliability) with E10 fuel (E3 fuel in Japan) and the diesel-powered vehicles with B7 fuel.

We will continue to promote compatibility with a diversity of automobile fuels for the creation of a sustainable motorized society.



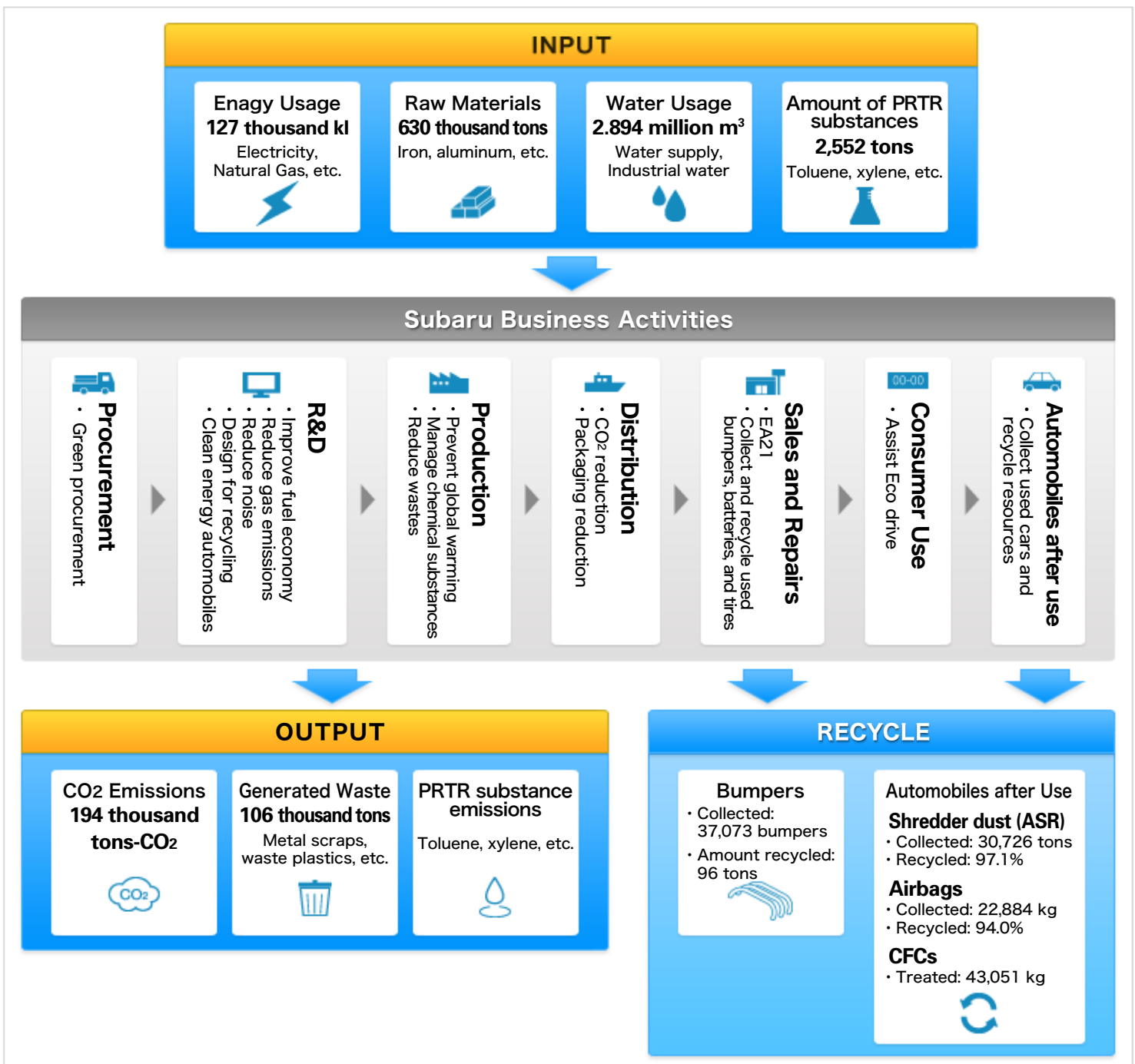
Plant and Office Initiatives

Main Input Resources and Emission Matters in Automobile Manufacturing

We are a transportation machine manufacturer focusing on manufacturing and selling automobiles. Automobiles have become a convenient and comfortable mode of transportation that are indispensable for our lifestyles. On the other hand, automobiles consume limited global resources and emit CO₂, which causes global warming. We recognize these two sides to the automobile, and based on this recognition we believe that we must work toward an “affluent automobile society.”

We believe that it is our responsibility to work towards a fusion of global environmental support (major improvement in fuel efficiency) with the benefits of automobiles (comfortable ride, convenience, reliability) by considering the impact on the environment and reducing the environmental burden throughout the entire life cycle of our automobiles, including development, production, use, disposal, and recycling.

Our Overall Environmental Burden from Automobiles



Global Warming Prevention Activities

We promote global warming prevention activities by continuing various energy conservation programs such as installing energy conserving equipment, improving productivity, and fuel conversion.

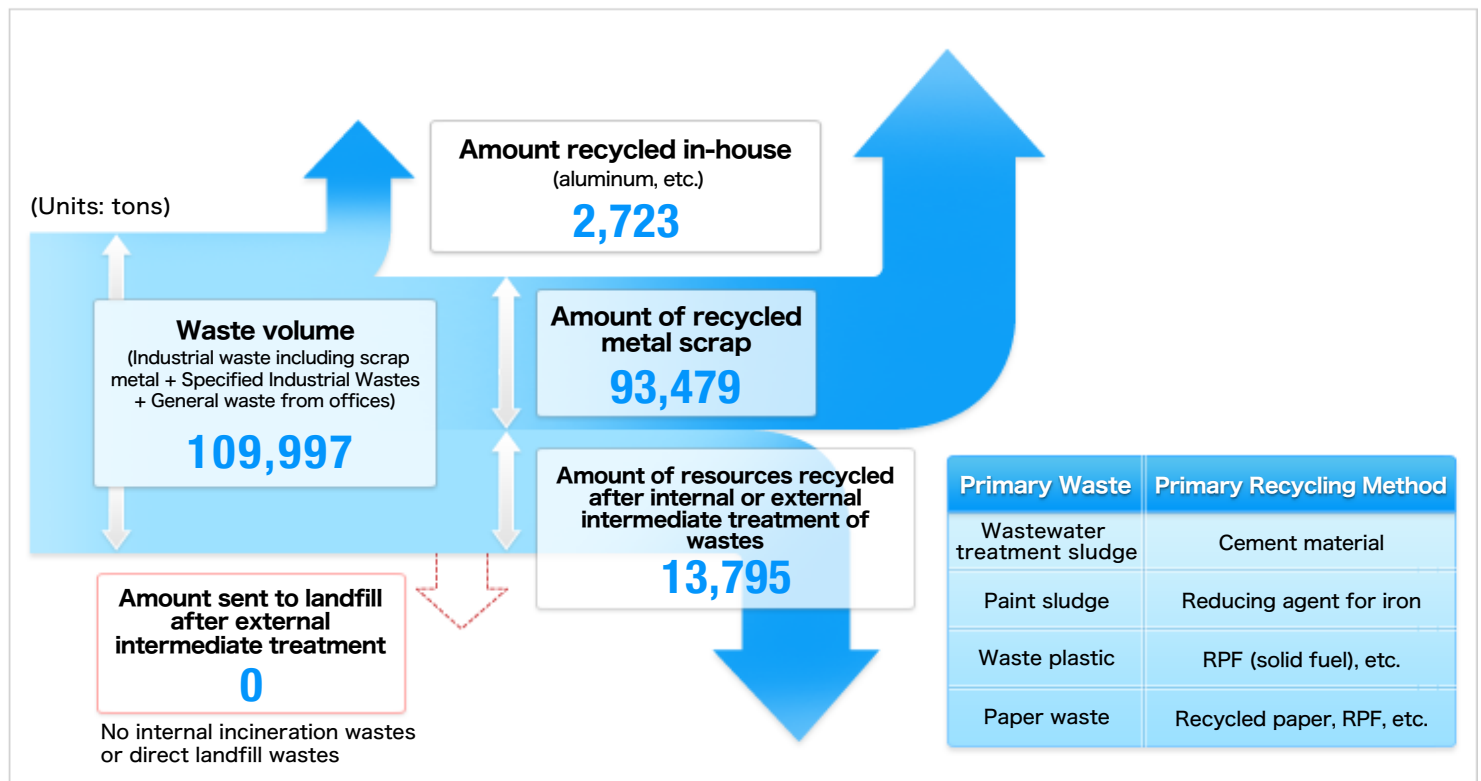
The 5th Voluntary Plan for the Environment called for 40% reduction in CO₂ emissions per unit of sales in FY2013 from FY2006, which was achieved.

Waste Reduction

All our manufacturing plants in Japan and abroad have maintained zero emission for waste materials since FY2004.

A summary of total waste generated and treated in FY2013 is as follows.

Summary of Total Waste Generated and Treated in FY2013 for All Business Offices and Automobile Manufacturing (Gunma Manufacturing Division)



VOC Reduction

The amount of volatile organic compounds (VOCs) emitted from the automobile coating process was 49.2 g/m² in FY2013, down 46.2% from FY2000 levels.

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.

Prevention of Soil and Underground Water Pollution

We have voluntarily performed soil and groundwater tests at our facilities since 1998, and implemented purification measures and groundwater monitoring as required.

Since the 2003 Soil Contamination Countermeasures Act came into effect, we have been filing reports and conducting tests in accordance with the law.

Status of Storage and Management of PCB Wastes

We store polychlorinated biphenyl (PCB) waste materials on-site.
In FY2013, PCB wastes (condenser) from both the Gunma and Utsunomiya Manufacturing Division were treated.



PCB waste transportation operation

Eco Initiatives at New Head Office

We promote energy conservation not only at our manufacturing sites but also in our offices.

In August 2014, we move our headquarters from Shinjuku to Ebisu.
For the new Head office, we pursue an environmentally friendly office that conserves energy and reduces environmental impact by maximizing use of natural energies, such as solar lighting, solar power generation, solar water heating, air conditioning with external air, and by installing environmental equipment such as green roofs, and LED lighting with presence sensors.





Initiatives for Distribution

Reducing the Environmental Impact of Transporting Subaru Automobiles

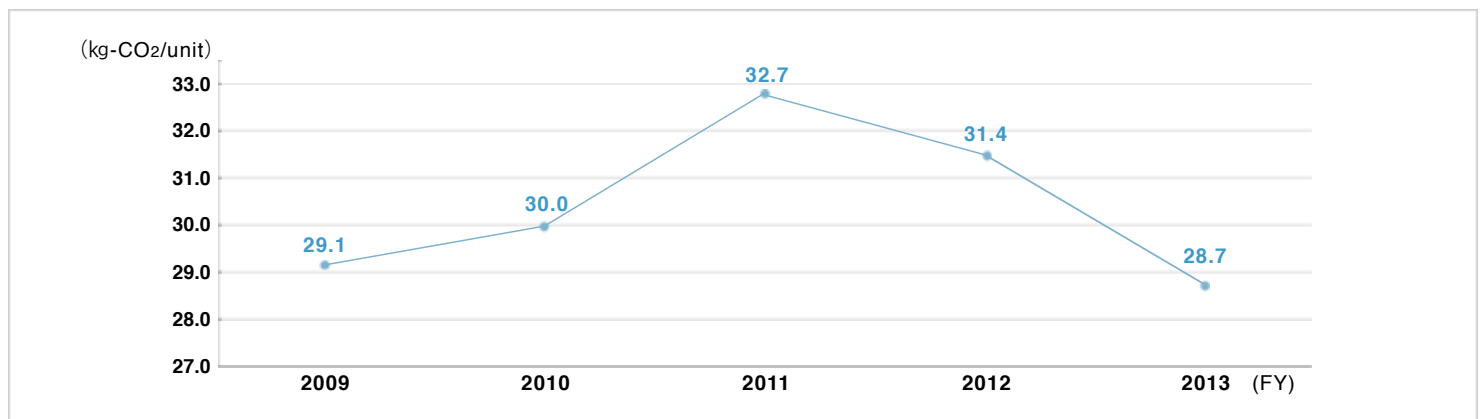
During the transport of Subaru automobiles, we are contributing to reducing the environmental burden by promoting efficient transport, such as setting optimized transportation routes, promoting modal shifts, and improving loading efficiency.

Since FY2013, we were able to improve fuel economy by using the highways in the Tokyo metropolitan area. We also reduced CO2 emissions by 22% from the previous year by reviewing the overseas transportation routes for OEM vehicles.

In FY2013, the shared transport of finished vehicles with other companies in the same industry was 67% of the previous year.



CO2 Emissions during Transport per Subaru Vehicle



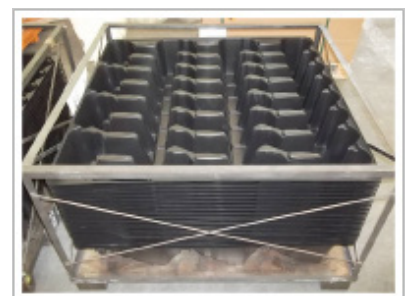
Reuse of Packing Materials

Subaru Logistics Co., Ltd., which handles packaging and transport for complete knock-downs (CKD) parts of Subaru automobiles, has been carrying out activities to reduce environmental impact, focusing on the reuse of packaging materials.

The amount of reused packaging material in FY2013 was 486.5 tons, an increase of 296% over the previous year, and the ratio of newly purchased reused packaging materials was 41.9%, a 40 point increase from the previous year.

The increase was due to adding dunnage used for aluminum wheels to the list of new reused packaging materials.

We will continue activities to reduce environmental impact by expanding the reuse of packaging materials.



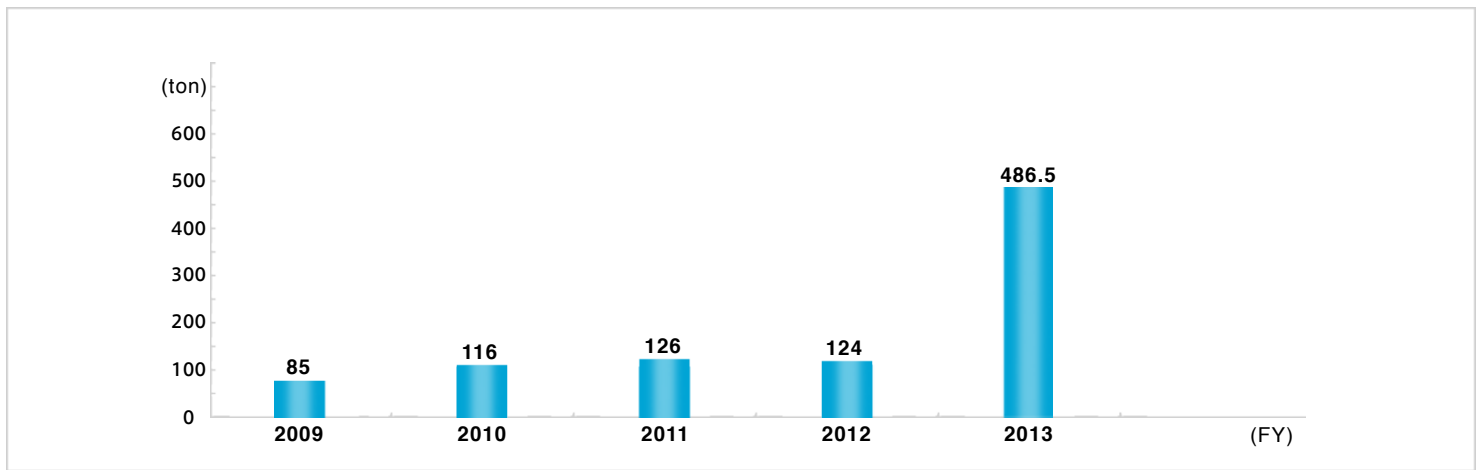
Dunnage for aluminum wheels



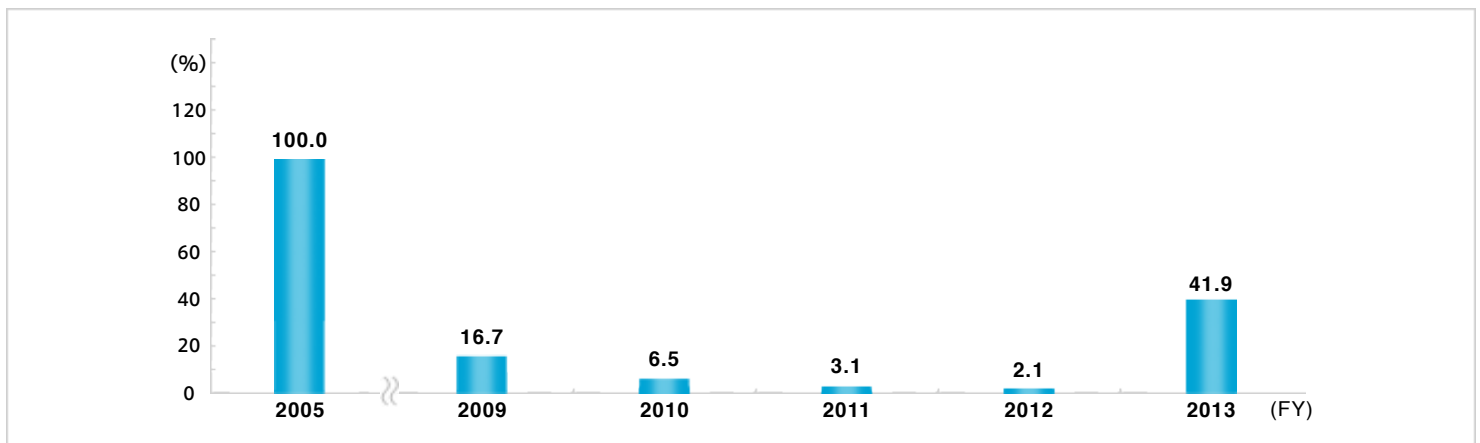
Small part packaging

* CKD : Complete knock down

Amount of Reused Packaging Materials



Newly Purchased Ratio for Reused Packaging Materials





Initiatives for Sales

All Domestic Dealers Obtain "Eco Action 21" Certification

In order to strengthen the environmental conservation efforts by Subaru domestic dealers, we have actively encouraged, as well as provided support for introducing the "Eco Action 21" environmental management system, created by the Ministry of the Environment based on ISO 14001.

Certification was first acquired by Tokyo Subaru Inc. in January 2009, and certification of all dealers and outlets in Japan were completed in March 2011. Since then we are striving to keep up our efforts. We are the only domestic automobile manufacturer to acquire Eco Action 21 certification for all companies, outlets, and offices.

We will continue to support the Subaru team with voluntary environmental conservation activities through Eco Action 21.

Zero Emission at Dealers

From April 2012, Subaru dealers began improving appropriate treatment activities for waste generated from their business activities to promote environmental conservation.

Collaboration and cooperation with a body of companies and industrial organizations are being carried out for resource recycling as well as a review of conventional treatment methods, leading to zero emission activities targeting resource recycling within Japan. Various activities are being developed, including recycling of used lead-acid batteries, waste oil, used tires, etc.

The result of these activities in FY2013 was that 1,052 tons of used lead-acid batteries, 1,783 kiloliters of used oil, and 91,134 used tires were collected and recycled.

We believe that by promoting zero emission activities at dealers closest to stakeholders, environmental conservation activities that are more familiar can be advanced.

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

Energy saving at Dealers

In addition to installing environmentally friendly equipment, such as LED lighting, at our dealers, we are promoting installation of "Heat Shielding Natural Cooling Roof" in order to improve the work environment and air conditioning load of service facilities that keep customer's vehicles.

The Heat Shielding Natural Cooling Roof allows reduction of the load due to air conditioning during summer, improvement in the work environment for staff, and prevention of heat stroke. The performance of this roof is not degraded by dirt accumulation or the passage of time because the heat shield is formed by shade and air layers. With this equipment, the interior temperature of service facilities is lowered 3-5°C and power consumption for air conditioning is reduced by about 30%.

We aim for a better work environment where we can take good care of our customers' precious vehicles.



Automobile Recycling

Promotion of Recycling Conscious Design

In order to use limited resources effectively, we promote recycling conscious design in automobile manufacturing.

Advances in Wiring Harness Dismantling

Advances in Wiring Harness Dismantling

Since wiring harnesses use a large amount of copper, if harnesses were removed from used cars before shredding, the separation of iron and copper can be improved and the value as resources increased.

We are conducting research into a harness layout and structure that enables efficient retrieval in a shorter time. The results are incorporated into new models subsequent to the 5th generation LEGACY (released in Japan in 2009).



Material Identification Improvement

Material Identification Improvement

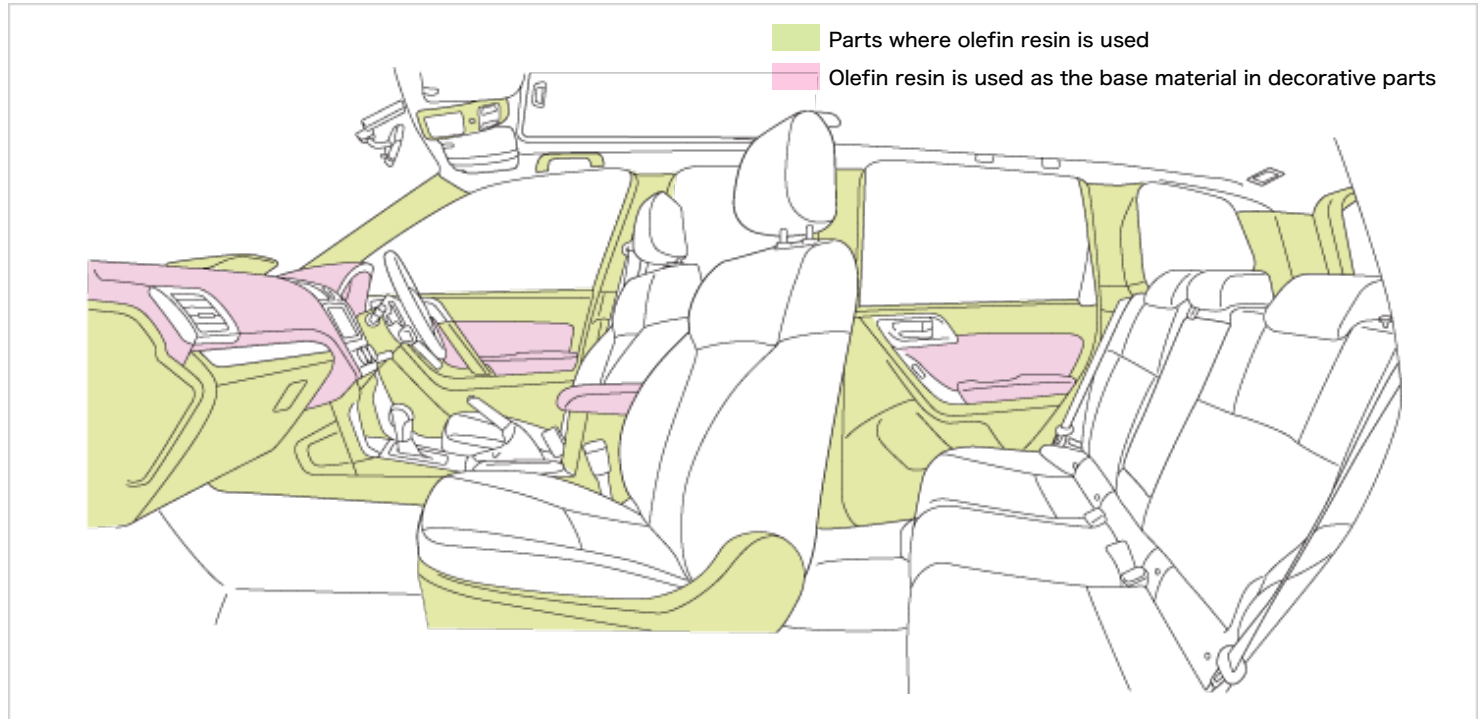
The verification of materials is important for recycling part materials. We were the first to start the identification of the types of materials used in plastic parts in 1973, before guidelines for the industry were established. Previously, material identification labels were placed on hard-to-see inner surfaces, so the material could not be verified 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 implemented this labeling for bumpers on all Subaru models, including the LEGACY, LEVORG, IMPREZA, FORESTER, EXIGA, and BRZ.



Use of Easily Recyclable Materials

We use olefin resin, which is extremely easy to recycle, as the resin material for the interiors and exteriors of most FMCs and new models.

We will continue to expand its use.



Reducing Environmentally Hazardous Substances

We are also actively working on reducing the environmentally hazardous substances in automobiles.

We promote achieving the Japan Automobile Manufacturers Association (JAMA) reduction targets for cars in development, further reducing lead and mercury and using alternatives to environmentally hazardous substances such as brominated flame retardants.

Reduction Target and JAMA*s Voluntary Action Program

Substance	Target(Implemented since)	Details of Reduction Efforts
Lead	Since Jan. 2006	Reduce the amount used per vehicle to less than 1/10 of 1996 levels
Mercury	Since Jan. 2005	Use prohibited, with a few exceptions (e.g., minute amounts in discharge headlights, and liquid crystal panels)
Cadmium	Since Jan. 2007	Use prohibited
Hexavalent Chromium	Since Jan. 2008	Use prohibited

* JAMA: Japan Automobile Manufacturers Association, Inc.

Reducing VOCs in Vehicle Interiors

We are reviewing the components and adhesive agents used in vehicle interiors in order to reduce the use of volatile organic compounds (VOCs), such as formaldehyde and toluene, which are said to cause nose and throat irritation.

In the LEGACY, LEVORG, IMPREZA, FORESTER, EXIGA, and BRZ, we achieved the voluntary target by JAMA* by reducing the concentration of the 13 substances defined by the Ministry of Health, Labor and Welfare to levels below the indoor concentration guideline values.

We will continue our efforts to reduce the levels of VOCs and such substances to further make the environment in vehicle interiors comfortable.

* Voluntary target by JAMA: To reduce cabin 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.

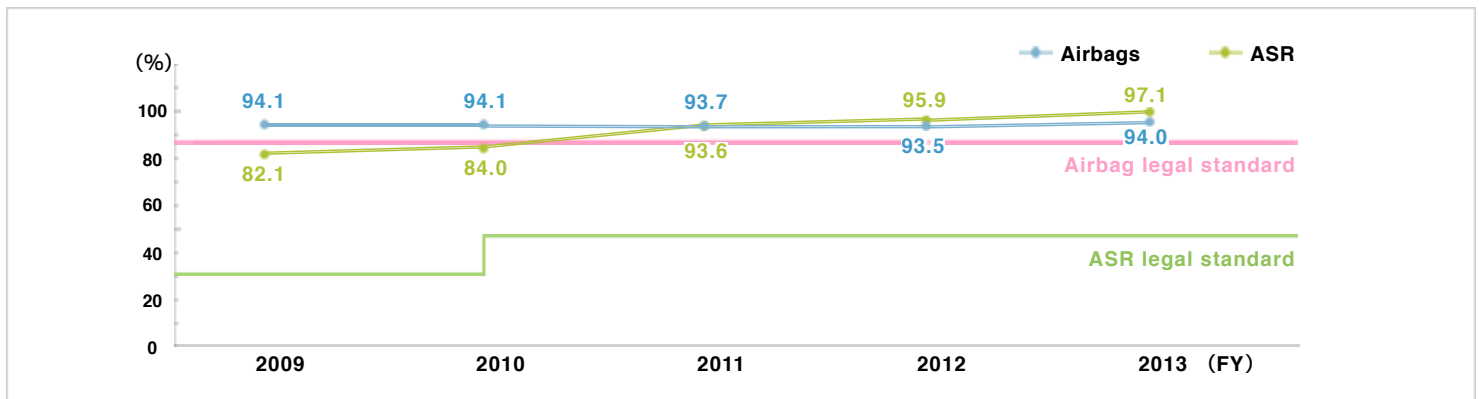
Processing of End-of-Life Vehicles (ELVs)

The Automobile Recycling Law enacted 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 97.1%, already satisfying the 2015 legal standard of 70%. In addition, we have been keeping our monthly record of zero landfill, which was first attained in May 2011.

As for airbags, we attained a recycling rate of 94%, exceeding the legal standard of 85%. Also, the entire amount of recovered CFCs has been appropriately treated.

Recycling Rate and Legal Standards for ASR and Airbags





Environmental Communication

Environmental Communication

We value the relations with all our stakeholders, and to become a trustworthy corporation that brings peace of mind to our stakeholders, we widely disseminate environmental information through various media, such as CSR reports and our website. We provide additional environmental information to communities neighboring our factories through a “Site Report” issued for each of our factories.



Homepage of our environment website



Environmental information of each model

Environmental Communication for Children

We promote a variety of activities for children living near our production facilities.

◎ Gunma Manufacturing Division

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 83 thousand children visit the site.



◎ Utsunomiya Manufacturing Division

In FY2006, we started the environmental class visit program, where our employees visit elementary schools in Utsunomiya City to deepen children’s understanding about environmental problems. In FY2013, about 1,370 children participated.

We also started the environmental class visit program in Handa, Aichi, in FY2014.



We will continue to improve our programs on environmental communication for children



Environmental Education

Environmental Education

We regard initiatives for environmental problems as one of our social responsibilities as a corporation, and provide employees at all levels and departments with a range of environmental education programs.

In April 2013, we began implementing “New Employee Environmental Conservation Education” for the 329 new employees of the automotive business division and the 170 new employees at headquarters. The lecturer, a member of the Environmental Section, explained to participants, using concrete examples, the importance of individual efforts towards global environmental problems and Subaru’s environmental policy and environmental protection activities.

We also hold an ISO 14001 internal auditors training seminar to enhance the internal auditing system for the ISO 14001 environmental management system and environmental conservation activities conducted at the workplace. In this seminar, an external lecturer was invited for the two-day session, in which participants studied to be internal auditors.

In addition to these courses and workplace education initiatives, we also offer environmental education using an E-learning system.

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.



Participated in “Eco Products 2013”

In December 2013, we exhibited Subaru’s first hybrid vehicles, the “SUBARU XV HYBRID” and “LEVORG,” at the Eco Products Expo, Japan’s largest environmental exhibition. We introduced our wide range of efforts for the environment as well as an enjoyable eco car lifestyle that features both our unique driving experience and environmental performance.





Global Initiatives

Global Environmental Initiatives

In May 2012, Subaru of Indiana Automotive, Inc. (SIA) that manufactures Subaru vehicles 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 was also the first U.S. car manufacturing plant to achieve ISO 9001 Quality Management System Certification and ISO 14001 Environmental Management System Certification. SIA's accreditation demonstrates its environmental leadership within the automobile industry.



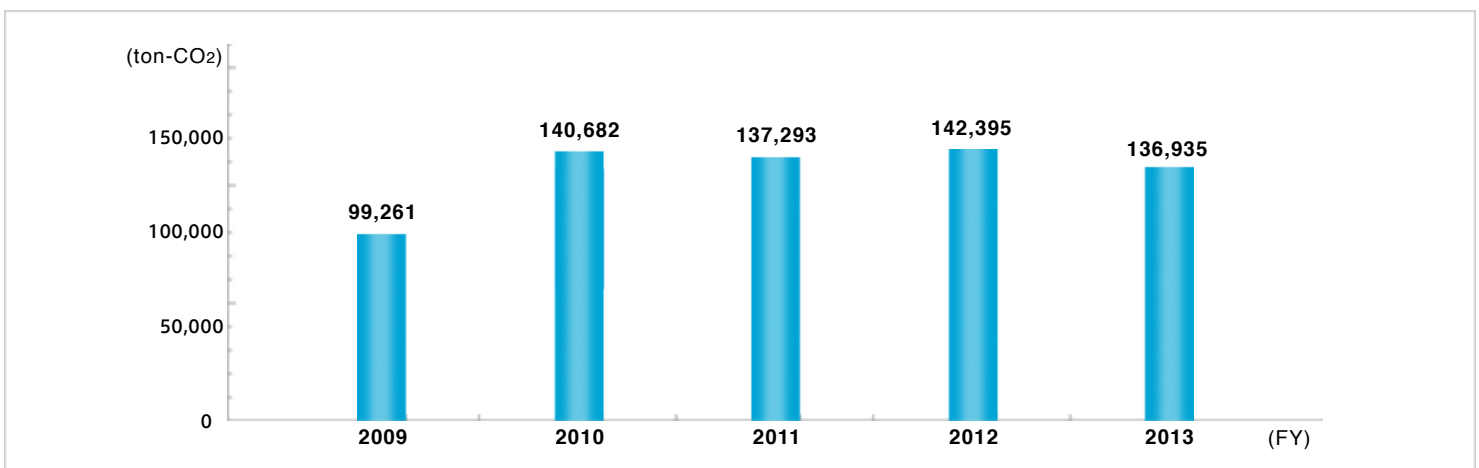
Global Warming Prevention Initiatives

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 North American companies in FY2013 totaled 136,935 tons-CO₂, a decrease of about 3.8% from FY2012.

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 emissions.

SIA has implemented detailed management of energy usage based on ISO 50001, and Subaru of America, Inc. (SOA), which sells Subaru automobiles, and Subaru Research & Development, Inc. (SRD), which performs research and development, have switched over to LED lighting.

CO₂ Emissions (Total from 4 North American Companies)

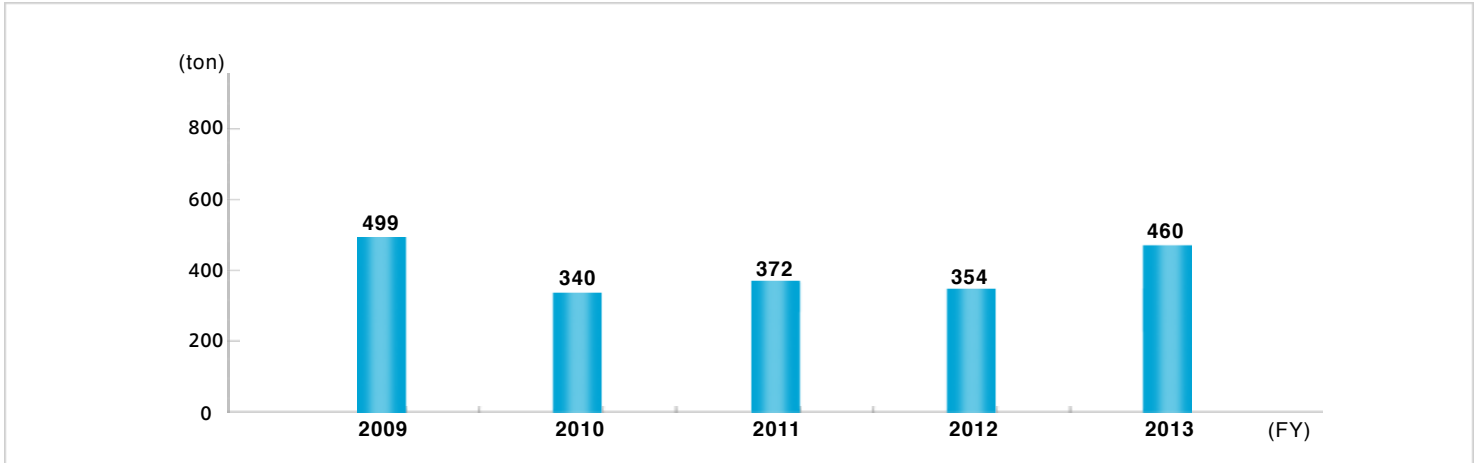


Efforts to Reduce Waste Materials

The amount of waste sent to landfill by the four North American companies in FY2013 was 460 tons, an increase of about 30% over the 354 tons in FY2012, due to the increase of transient waste. However, SIA, where Subaru automobiles are manufactured, has continued to keep all waste from landfills since 2004.

SOA and Subaru Canada, Inc. (SCI), which sells Subaru automobiles, have stopped using paper towels and switched to hand driers, working to further reduce waste.

Waste sent to Landfill (Total from 4 North American Companies)



Other Initiatives

Establishment of an Environmentally Friendly Parts and Training Center

At SOA, a parts and training center that achieved LEED certification, which is awarded to environmentally friendly buildings, opened in Florence, New Jersey in June 2013. This facility has a solar panel array on the roof capable of generating 1 megawatt of energy, and has installed new-type of servers that consume about half the energy of traditional servers.



Winner of the Innovation Challenge Award for Zero Waste

SIA won the Zero Waste category for the 2013 Innovation Challenge by the National Safety Council, recognizing the organization or corporation with the most innovative plans and challenges. SIA achieved zero emission to landfills in 2004, and continues to do so even now, leading to this award.



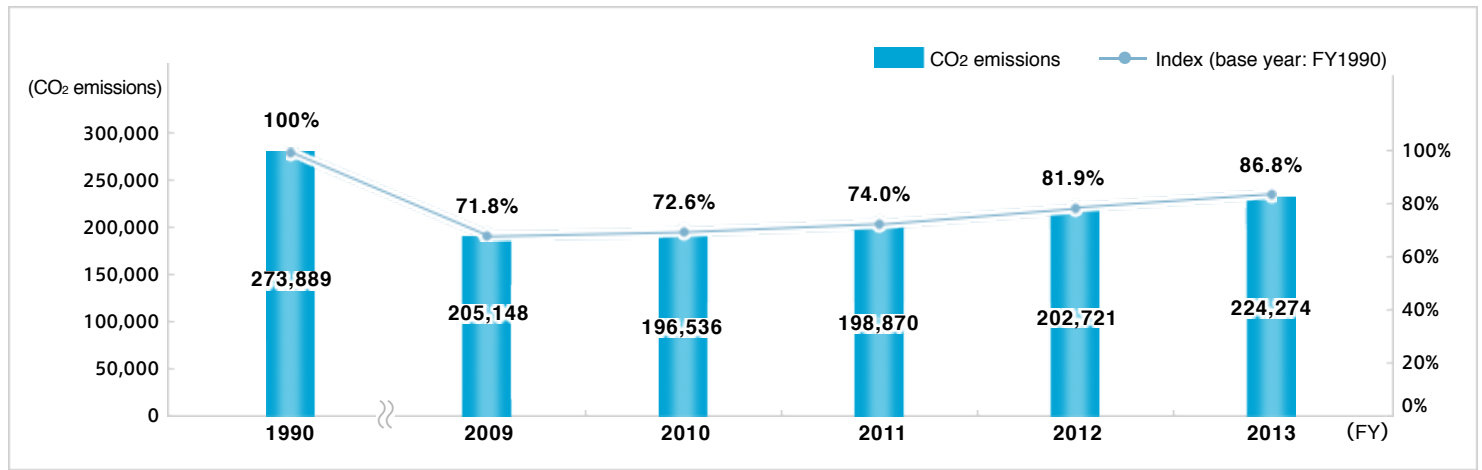


Environmental Data

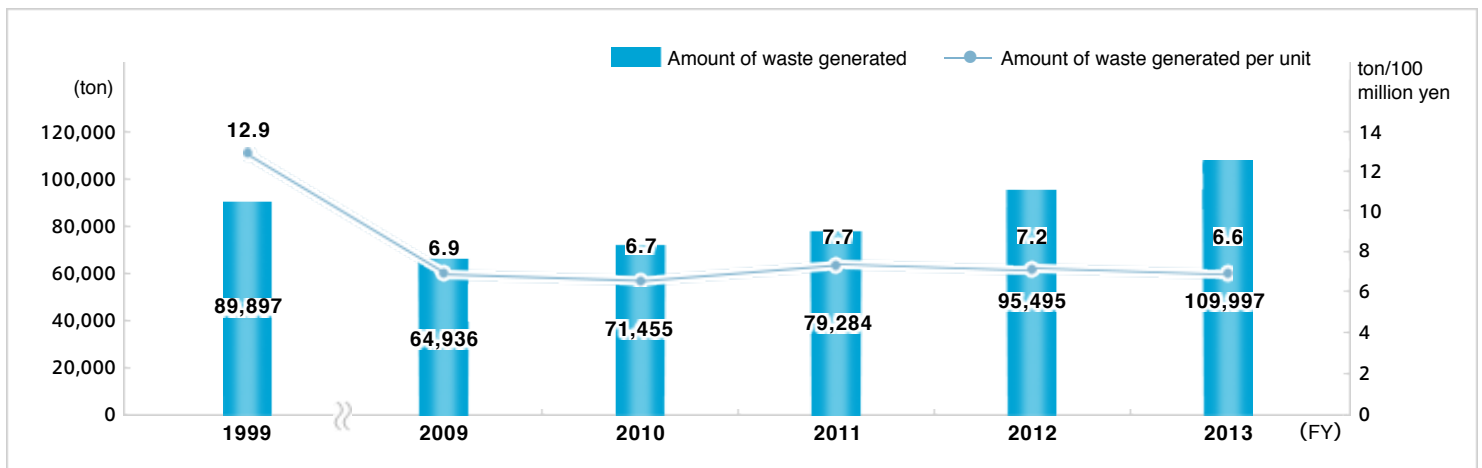
The main aspects of FHI's environmental performance* in FY2013 are shown in the following figures. CO2 emissions, waste generation, water usage, etc. have all increased from the previous year due to increased production.

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

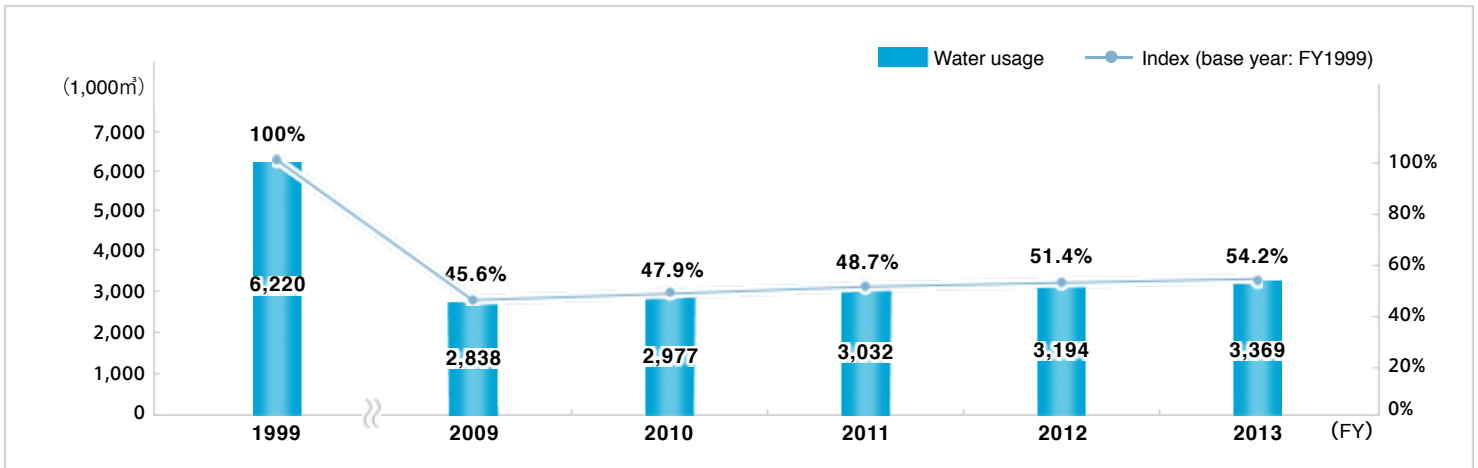
CO2 Emissions



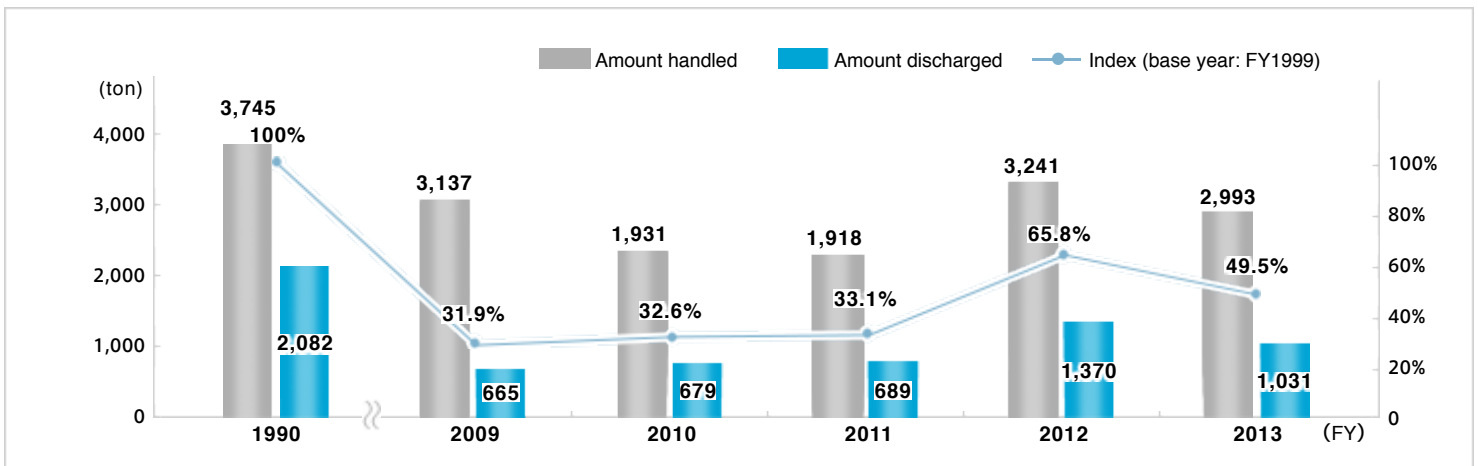
Waste Generation (including Scrap Metal Sold)



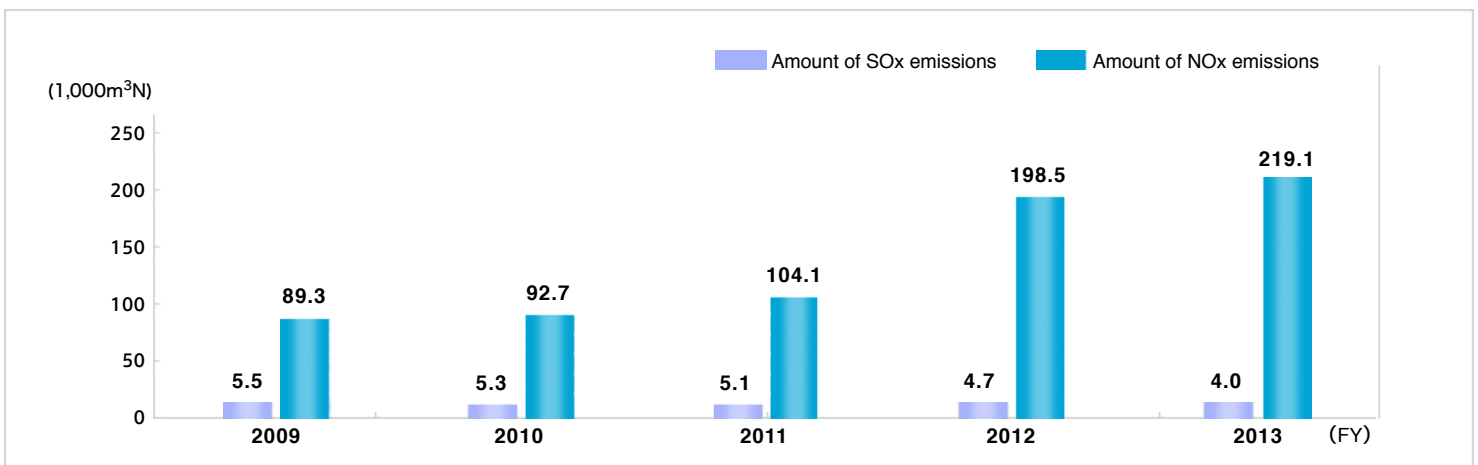
Water Usage



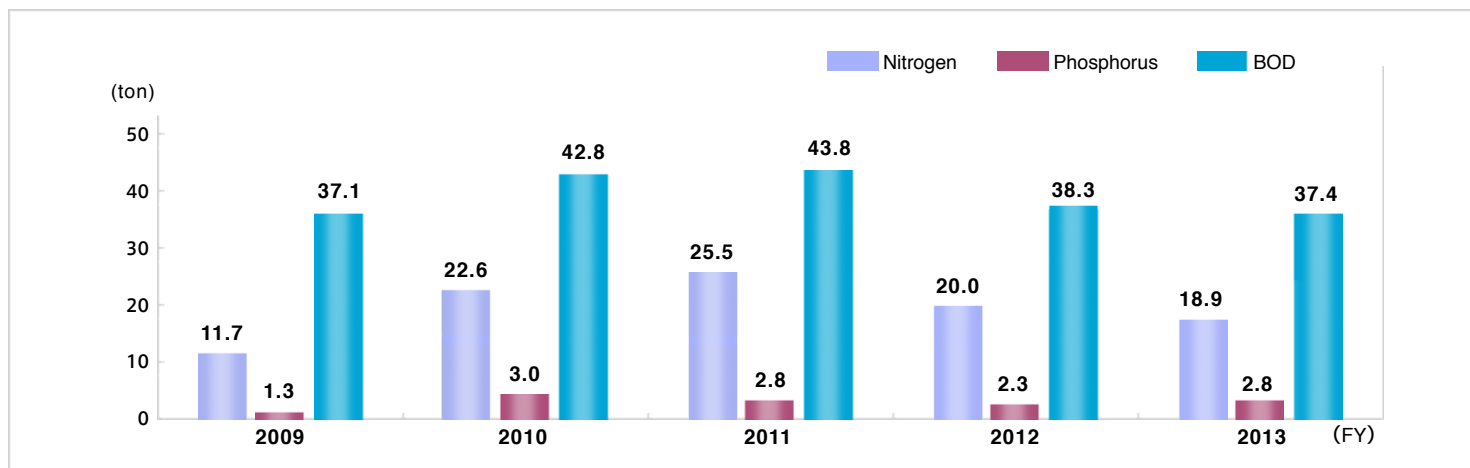
PRTR Chemical Substances Emissions



NOx and SOx Emissions



Nitrogen, Phosphorus, and BOD Emissions



Affiliated Companies in Japan

The main environmental performances of the Domestic Affiliated Companies Division* in FY2013 are shown in the following figures.

Due to increased production, CO₂ emissions and waste generation have increased from the previous year.

* Consists of the following 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



CSR Report Reading Workshop



In January 2015, we asked Professor Mami Oku from Tokyo Metropolitan University and eight of her seminar students to our head office to hold our first CSR Report Reading Group, and there was a lively Q&A session with four employees from FHI Group as well. After the reading group, we also held a showroom tour to observe real cars.

Time and date: 15:00 – 17:00, Friday, January 16, 2015
Location: Skyteria, 12th Floor, Ebisu Subaru Building
Participants: Students from the seminar of Mami Oku in the Urban Policy Division, Faculty of Urban Liberal Arts, Tokyo Metropolitan University



All of the students were particularly interested in safety and environmental aspects. They also raised questions and voiced opinions from a variety of perspectives.

In the area of safety, there were questions about measures for an earthquake with its epicenter directly underneath Tokyo relating to crisis management (*), safe driving initiatives, and training and educational activities aimed at preventing traffic accidents. In addition, there were also comments about whether safety and design and safety and profit can coexist. In response to these questions and views, we explained the systems and facilities for maintaining operations at the Ebisu head office in the event of an emergency and the development policy called Primary Safety that stresses fundamental safety and practicality. We also introduced our traffic safety initiatives for elementary school students.

Moreover, in the area of environmental initiatives, the students were all interested in a wide array of environmental issues, including automobile recycling, hybrid cars and biological diversity. In response, we informed them about cases that were not covered in the CSR Report, particularly the flow of the company's automobile recycling system, and about the ongoing environmental initiatives.

Through this dialogue, the students made the observation that it is a shame not to inform people of such diverse activities and that we should be more proactive in publicizing our activities.

* Crisis management: Mechanisms and activities to keep damage to a minimum in the event of a serious emergency, such as a large-scale disaster.





Back row from left: Koji Hirate, Corporate Planning Department, Takashi Saiki, Environmental Affairs Promotion Office, Ms. Kojima, Ms. Sakai, Ms. Matsumoto, Naomi Yotsunoya, Environmental Affairs Promotion Office, Kazutaka Saito, Corporate Planning Department
 Front row from left: Mr. Shimura, Ms. Yajima, Professor Oku, Ms. Yanagi, Mr. Iwase (Those for whom the family name only is given are the students who participated.)

Beyond the CSR Report Reading Group

I Expect Information that is Easy to Understand from the Perspective of Stakeholders

I was privileged to take part in this CSR Report Reading with my seminar students. The exchange of opinions with the students probably has given you an opportunity to actually feel how readers of the CSR Report perceive its contents. Even though the company thinks the disclosure of information is adequate, it is often certainly not enough for the readers. There is much more information left that needs to be communicated. In the future, I expect you to further enhance dialogue with stakeholders in an effort to communicate more information that is easy to understand.



Ms. Mami Oku

Professor, Director of the Urban Policy Division, Faculty of Urban Liberal Arts, Tokyo Metropolitan University

Thoughts on All the Ideas Received

We believe that the CSR Report is not only a report that compiles FHI's CSR activities over the period of one year, but that it is also important to utilize it as a communication tool in order to receive a broad range of opinions from all of our stakeholders.

On this occasion, we were able to receive valuable opinions from all of the students. Out of this, we have come to see what is and what is not communicated through the CSR Report. We once again realized the importance of communicating even those initiatives that seem obvious to FHI in an easy-to-understand manner.

Going forward, we take all of your opinions and observations seriously as we seek to improve our CSR activities.

Third-Party Opinion

This is the fourth time I have been invited to write a third-party opinion for the FHI Group's CSR Report. This year, in addition to my reading of the report for fiscal 2014, I will summarize my impressions based on my tour of the new head office as well as the CSR Report Reading, a dialogue with students from the seminar I am in charge of.

High Rating for Sincere Efforts to Address Observations

Over the past four years, I have made a variety of observations about FHI Group in the third-party opinion. For example, last year I commented that FHI should "disclose all information including negative information." I pointed out that FHI should report on what kind of negative opinions were received from stakeholders, including customer complaints and claims, and how FHI is dealing with them. Furthermore, on the environment front, I suggested that FHI should ascertain the environmental impact through the entire product lifecycle, i.e. from the extraction of resources to final disposal when vehicles reach the end of their lives, in relation to its core business of "making cars," with a particular focus on the relationship with biodiversity.

FHI Group has responded sincerely to many of my observations and promoted improvements as described at the beginning on page 3 of this CSR Report. This shows that FHI does not intend to gain a third-party opinion merely for form's sake, but has the true intention to utilize the opinions it receives in its business activities. This effort should be highly evaluated.

Even Information that is "Obvious" to People Inside the Company Should be Reported

While FHI Group's CSR initiatives are being enhanced every year, I think there is still scope for improvements in the content of information included in the report and the style of reporting. This is particularly the case with things that are treated as "obvious" internally, such as information concerning responses and preparedness for disasters, technical development of vehicle safety, etc.

"Pursuing safety" has been handed down continuously from FHI's days as an aircraft manufacturer, and it may already have become the company's DNA. However, it is a shame that FHI has not been putting much emphasis on publicizing how it has worked to overcome cost challenges while developing technology to improve safety in actual car manufacturing. There are initiatives that people inside the company probably consider "obvious," but those initiatives can appeal strongly to the general public.

Making the Overall Organization of Automobile Recycling Easier to Understand

One thing that I noticed in this year's report is the explanation of automobile recycling. Automobile recycling is structured so that measures such as the recycling of airbags and CFCs and the sorting and recycling of materials are a legal obligation, and the costs are borne by consumers at the time of purchase. This is also a legal compliance topic, and I think that it is important to show that recycling is carried out strictly in accordance with this legal system. Aside from recycling, a variety of other legal regulations are imposed on automobiles. A more detailed commentary is needed to enhance the understanding of readers regarding these issues.

Moreover, automobile recycling involves a number of processes, such as recovering valuable resources from cars and recycling them into raw materials as well as sending used cars overseas for reuse. I think that it is important to be creative in making these processes easier for readers to understand by using diagrams and other methods.



Ms. Mami Oku

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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, she served as researcher at the Tokyo Institute of Municipal Research from 1993 through 1998, and as Assistant Professor at the Faculty of Environmental Studies of Nagasaki University from 1998 through 2006. At present, she is Professor and Director of the Division of Urban Policy, Faculty of Urban Liberal Arts of Tokyo Metropolitan University. 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.

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.	○	<ul style="list-style-type: none"> ▶ CP: Message from President ▶ CSR: Message from the President
1.2	Description of key impacts, risks, and opportunities.	○	<ul style="list-style-type: none"> ▶ 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 Initiatives
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 Initiatives

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.	○	<ul style="list-style-type: none"> ▶ 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).	○	<ul style="list-style-type: none"> ▶ 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.	○	<ul style="list-style-type: none"> ▶ CP: Corporate Governance ▶ CSR: Corporate Governance
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	○	<ul style="list-style-type: none"> ▶ 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).	△	<ul style="list-style-type: none"> ▶ AR: Corporate Governance
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	×	
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.	△	<ul style="list-style-type: none"> ▶ AR: Corporate Governance
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.	○	<ul style="list-style-type: none"> ▶ 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.	○	<ul style="list-style-type: none"> ▶ 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.	○	<ul style="list-style-type: none"> ▶ 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.	×	<ul style="list-style-type: none"> ▶ CP: Corporate Governance
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.	○	<ul style="list-style-type: none"> ▶ CP: CSR ▶ CSR: The Fuji Heavy Industries Group's CSR
4.15	Basis for identification and selection of stakeholders with whom to engage.	○	<ul style="list-style-type: none"> ▶ CP: CSR ▶ CSR: The Fuji Heavy Industries Group's CSR
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	○	<ul style="list-style-type: none"> ▶ CSR: Efforts to Raise Customer Satisfaction Levels ▶ CSR: Communication with Labor Union ▶ CSR: Information Disclosure
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.	○	<ul style="list-style-type: none"> ▶ CSR: Efforts to Raise Customer Satisfaction Levels

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.	○	<ul style="list-style-type: none"> ▶ CSR: Environment ▶ CSR: Environmental Vision ▶ CSR: Environmental Management
EC3*	Coverage of the organization's defined benefit plan obligations.	×	
EC4*	Significant financial assistance received from government.	×	

Market Presence			
EC5*	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	x	
EC6*	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	o	▶ CSR: Procurement
EC7*	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	x	
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.	o	▶ CSR: Social Contribution
EC9*	Understanding and describing significant indirect economic impacts, including the extent of impacts.	x	
Environment			
Management approach			
	Management approach	o	▶ CSR: Environment ▶ CSR: Environmental Vision ▶ CSR: Environmental Communication
	Goals and Performance		
	Policy		
	Organizational Responsibility		
	Training and Awareness		
	Monitoring and Follow-Up		
	Additional Contextual Information		
Materials			
EN1*	Materials used by weight or volume.	o	▶ CSR: Plant and Office Initiatives
EN2*	Percentage of materials used that are recycled input materials.	o	▶ 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: Initiatives for Distribution ▶ CSR: Initiatives for Sales ▶ CSR: Global Initiatives
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
Water			
EN8*	Total water withdrawal by source.	○	▶ CSR: Environmental Data
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: Initiatives for Distribution ▶ CSR: Global Initiatives ▶ CSR: Environmental Data

EN17*	Other relevant indirect greenhouse gas emissions by weight.	○	▶ CSR: Environmental Data
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	○	▶ CSR: Environmentally Friendly Automobiles ▶ CSR: Plant and Office Initiatives ▶ CSR: Initiatives for Distribution ▶ CSR: Global Initiatives ▶ CSR: Environmental Data
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 Data
EN21*	Total water discharge by quality and destination.	×	
EN22*	Total weight of waste by type and disposal method.	○	▶ CSR: Plant and Office Initiatives ▶ CSR: Environmental Data
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: Initiatives for Distribution
Compliance			
EN28*	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	○	▶ CSR: Environmental Management
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: Initiatives for Distribution

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.	×	
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.	○	▸ 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.	×	
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	○	<ul style="list-style-type: none"> ▶ 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.	x	
SO9*	Operations with significant potential or actual negative impacts on local communities.	x	
SO10*	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	x	
Corruption			
SO2*	Percentage and total number of business units analyzed for risks related to corruption.	x	
SO3*	Percentage of employees trained in organization's anti-corruption policies and procedures.	x	
SO4*	Actions taken in response to incidents of corruption.	x	
Public Policy			
SO5*	Public policy positions and participation in public policy development and lobbying.	x	
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	x	
Anti-Competitive Behavior			
SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.	x	
Compliance			
SO8*	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	x	
Product Responsibility			
Management Approach			
	Goals and Performance	o	<ul style="list-style-type: none"> ▸ CSR: The Fuji Heavy Industries Group's CSR ▸ CSR: Quality Management
	Policy	o	<ul style="list-style-type: none"> ▸ CSR: The Fuji Heavy Industries Group's CSR ▸ CSR: Quality Management
	Organizational Responsibility	o	<ul style="list-style-type: none"> ▸ CSR: Quality Management ▸ CSR: Making Safe Vehicles
	Training and Awareness	o	<ul style="list-style-type: none"> ▸ CSR: Efforts to Raise Customer Satisfaction Levels
	Monitoring and Follow-Up	o	<ul style="list-style-type: none"> ▸ CSR: Efforts to Raise Customer Satisfaction Levels
	Additional Contextual Information	o	<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:Efforts to Raise Customer Satisfaction Levels ▶ CSR: 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.	○	<ul style="list-style-type: none"> ▶ CSR:Quality Management ▶ CP:Response to Recalls(In Japanese Only)
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:Efforts to Raise Customer Satisfaction Levels ▶ CSR: 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:Efforts to Raise Customer Satisfaction Levels
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 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 ▸ Work-Life Balance Initiatives
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 ▸ Initiatives for Distribution ▸ Initiatives for Sales ▸ Automobile Recycling ▸ Environmental Communication ▸ Global Initiatives ▸ Environmental Data
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"> ▸ Compliance ▸ 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"> ▸ Efforts to Raise Customer Satisfaction Levels ▸ Quality Management ▸ Making Safe Vehicles ▸ Information Disclosure ▸ Environmentally Friendly Automobiles ▸ Approaches to Welfare Vehicles

Community involvement and development	<ol style="list-style-type: none">1. Community involvement2. Education and culture3. Employment creation and skills development4. Technology development and access5. Wealth and income creation6. Health7. Social investment	<ul style="list-style-type: none">▸ Social Contribution▸ Environmental Communication
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