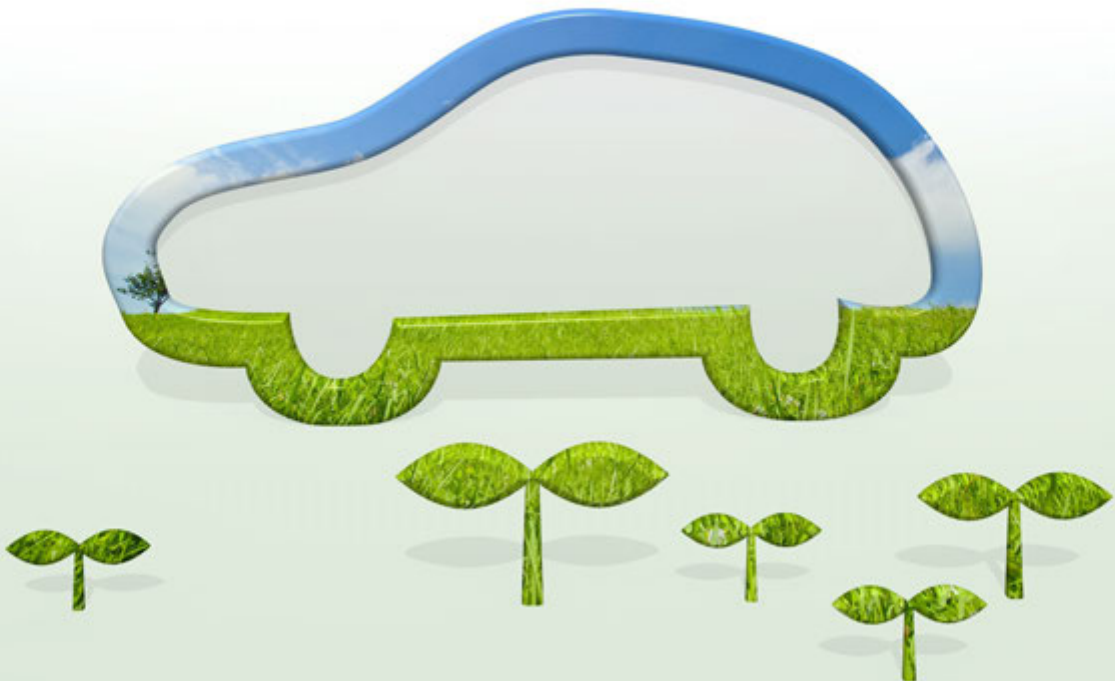




2015 Environmental Report





Environmental Vision

Message from the Chairman of the Environmental Committee

Aiming at Achieving a “Sustainable Society”

◎ The relationship between the global environment and business activities

Recognizing that our business activities in the manufacturing and sales of automobiles, aircraft, aerospace equipment, and engines have a close connection to the global environment through global warming and resource recycling, we are striving to solve environmental problems through our business activities.

◎ Looking back on 2014

The Environmental Committee started working with the mindset that environmental initiatives are important for “Refining the Subaru Brand” and “Building a Strong Business Structure,” the pillars of our new medium-term management vision “Prominence 2020” announced in May 2014.

The specific activities are, as described in our Voluntary Plan for the Environment, global warming countermeasures, resource recycling, pollution prevention and hazardous chemical substance handling, and environmental management plan execution, as well as reaching the targets for these efforts. In FY2014, we were able to reach our targets for all 38 categories.

◎ Aiming at achieving a “Sustainable Society”

Our goal is to continue to execute the Voluntary Plan for the Environment and to work toward achieving a sustainable society while responding to changes in the environment both inside and outside of our corporation.



Mitsuru Takahashi

Director and Corporate
Executive Vice President

Chairman of the Environmental
Committee

Environmental Policy

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

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 (FY2013-FY2017)

As the 5th Voluntary Plan for the Environment, we created a voluntary environmental conservation plan for the period from FY2013 to FY2017. 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 in the market in 2013

Launch horizontally-opposed direct injection turbo engines

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

Improved fuel economy by 30% over older models

Promoted eco drive assist

Resource Recycling

Continue collection of used bumpers

Promote new car design to focus on recyclability and contribute to a 95% recycle rate targeted in 2015

Continue zero emissions at production facilities in Japan and overseas

Pollution Prevention and Reduction of Hazardous Chemical Usage

Expand vehicles achieving a 75% reduction from the 2005 regulatory values

Reduce VOC and PRTR substances

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

Set up a biodiversity working group

Fuji Heavy Industries Voluntary Plan for the Environment (FY2013-FY2017)

 [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 (FY2013 to FY2017)

【1】Global Warming Measures

Field	Item	Target/Initiative (Up to FY2016)	FY2015			FY2016	
			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. 	<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. 	Promote the development to improve fuel economy for full model changes.	Using the fuel improvement technology introduced in the new-type LEGACY, made minor changes to the IMPREZA and completed development for annual improvements to the FORESTER.	○	Complete development of the next-term IMPREZA that incorporates the environmental engine and CVT.
		<ul style="list-style-type: none"> Promote fuel economy improvements to conform to fuel economy/GHG emissions standards in each country/region. 	<ul style="list-style-type: none"> Japan: Meet the 2015 Fuel Economy Standards. Overseas: Meet the fuel economy/GHG emissions standards in each region. 	Conduct fuel economy monitoring in China in addition to continuing monitoring in Japan and Europe.	Japan: Met the FY2015 Fuel Economy Standards in seven of the nine categories, and made it possible to compensate with credit for the remaining two categories. Europe: Exceeded regulatory values by 3g-CO2/km China: Met the 2014 Fuel Economy Standards, and is at a level to meet regulatory values ahead of schedule without a phase-in in 2015.	○	Continue to conduct monitoring in each country/region.
	Clean energy use	<ul style="list-style-type: none"> Introduce hybrid cars into the market. 	<ul style="list-style-type: none"> Introduced hybrid cars into the Japanese market in 2013. 	Promote further performance improvements to the hybrid system.	Implemented verification testing of the actual next-generation hybrid automobile.	○	Continue development toward introducing the next-generation hybrid automobile into the market.
		<ul style="list-style-type: none"> Conduct research aimed at the launch of electric vehicles in the market. Promote diesel engines' improvement and launch into the market of diesel engines. 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 electric vehicle research. Promote compliance with the Euro 6 for horizontally-opposed diesel engines. Promote development of fuel-injection general-purpose engine models and promote their wide introduction into the market. 	<ul style="list-style-type: none"> Continue to promote research for introducing electric vehicles and PHEVs into the market. Utilize Euro 6 compliant technologies to promote domestic introduction. Continue to work toward establishing production specifications for fuel-injection system. 	<ul style="list-style-type: none"> Using a vehicle for checking functions, performed verification of performance and product appeal, and started detailed design considerations. Completed development of Euro 6 compliant vehicles for all vehicle lines. Promoted finalizing the concept of basic functionality and expandability of the system and its application to general-purpose engines. 	<ul style="list-style-type: none"> ○ ○ ○ 	<ul style="list-style-type: none"> Continue to promote research for introducing electric vehicles and PHEVs to the market. Complete market introduction of Euro 6 compliant vehicles for all vehicle lines. Based on FY2014 results, promote evaluation of the system using prototypes.
Control of global warming from air conditioning refrigerants	<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. 	<ul style="list-style-type: none"> Reduce CO₂ emissions per unit of production by 10% from FY2006 level by FY2016 at domestic production facilities. 	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 43% from FY2006 levels 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 activities to reduce CO₂ emissions at overseas production facilities*1. 	<ul style="list-style-type: none"> For overseas production facilities, set medium term CO₂ emissions targets and conduct activities to attain them. 	Set targets up to FY2014.	Set target values for CO ₂ emissions and base units, and reduced per base unit emission by 6% from the prior year through ISO50001 energy management.	○	Reduce CO ₂ emissions by 1% from FY2014.
	Distribution	<ul style="list-style-type: none"> Promote CO₂ emissions reduction activities synchronized 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. 	Aim for a 7% reduction of per unit of CO ₂ emissions using FY2006 as BM.	Reached the FY2014 target of a base unit of 31.57 kg/unit by achieving 27.0 kg/unit for the FY2014 results.	○	Aim for a 9% reduction of per unit of CO ₂ emissions using FY2006 as BM. (FY2015 target for completed cars: base unit of 31.25 kg/unit)
	Offices	<ul style="list-style-type: none"> Ensure compliance with the Energy Saving Law. 	<ul style="list-style-type: none"> 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 4% reduction from BM (FY2009 results). Target per base unit = 13.32 kL/100 million yen.	Achieved a 10.6% reduction per base unit from the previous year.	○	Achieve average annual reduction of 1% per base unit.

*1 SIA: Subaru of Indiana Automotive, Inc.

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

【2】Resource Recycling

Field	Item	Target/Initiative (Up to FY2016)	FY2015			FY2016	
			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 2015. 	Maintain an actual recycling rate of 95% or greater.	(FY2014 results) Achieved a recycling rate of 95% or greater. Promoting designs that consider recycling.	○	Continue to promote designs that consider recycling.
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*2 or less. Continue to charge, to identify generated volumes after production changes and to carry out maintenance operation.	Reached the target of 16,517.6 tons of waste generation. Reviewed the definition of generated waste volume.*2	○	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: Continue to maintain zero landfill waste. Overseas: Continue to maintain zero landfill waste.	Japan: Continued maintaining zero landfill waste. Overseas: SIA continued maintaining zero landfill waste.	○	Japan: Continue to maintain zero landfill waste. Overseas: SIA to continue maintaining 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. 	<ul style="list-style-type: none"> Reduced water use per unit of production at domestic production facilities by 2% from FY2011 level. Reduce water use at overseas production facilities 	<ul style="list-style-type: none"> Reduced water use per unit of production at domestic production facilities by 32% from FY2011 level. Reduced by 2.5% over the previous year. 	<ul style="list-style-type: none"> ○ ○ 	<ul style="list-style-type: none"> Reduce water use per unit of production at domestic production facilities by 3% from FY2011 level. Reduce water use by 1% from FY2014 levels.
	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 scheme, and promote resource recycling of exchanged bumpers after repairs at dealerships.	38,843 repair-replacement bumpers were collected and recycled for use, such as an undercover for the FORESTER.	○	Continue the collection scheme and promote recycling of repair-exchanged bumpers.

*2 Definition of FY2014 generated waste volumes was changed to remove the in-house recycled volumes from the generated volumes. (Original target value: 18,122 tons → Revised target value: 15,217 tons)

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

3 Pollution Prevention and Reduction of Hazardous Chemical Use

Field	Item	Target/Initiative (Up to FY2016)	FY2015			FY2016 Target	
			Target	Results	Evaluation		
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 FHI) 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"> Japan: Six models that were approved and introduced to market were either U-LEV (1) or SU-LEV (5). Overseas: Completed development of exhaust performance in compliance with each country' regulations while improving fuel efficiency, as planned. 	○	In order to reduce emissions on a global scale, promote development in compliance with the latest emission exhaust regulations and low-emission systems of 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"> Expanded CVT vehicle driving method improvements globally aiming at establishing both environmental consideration and driving enjoyment. 	○	By increasing torque in the lower RPM range for NA cars, suppress unnecessary EG rotation increase in the city in order to reduce environmental noise.
	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"> Improved IMDS management in NA America starting with the new LEGACY model. *Finished replacing the deca-BDE brominated flame retardants. Also promoted switching using lead and mercury to substances with a lower environmental impact. 	○	*Promote improved management of chemical substances using IMDS. *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"> Proposed a new accounting system to the Information and Planning Division's medium-term management plan in order to improve management and accounting precision of handled substances. Currently working to start operations in April 2017. 	○	In addition to continuing to perform accounting management for PRTR substances, support proposals, etc. for the approval of the new accounting system plan to improve management precision.
		<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 46.1% 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"> Updating the thinner recovery devices brought about a result of 47.7 g/m², meeting the goal of 48.8 g/m². 	○	Continue improving thinner recovery devices, and set target to 48.3 g/m ² or less.
		<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"> Eliminated all occurrences of hazardous substances leaking off site, complaints, and exceeding legal standards. One occurrence of a minor on-site spill and another incident of exceeding our voluntary standards, which are stricter than legal standards, had occurred. Corrective action has been taken for both incidents. Various exhaust countermeasures at the paint shop have been taken as measures to reduce odor. 	○	To prevent environmental accidents and complaints, improve communication with regional and local residents, and work towards raising their awareness aimed at thorough understanding of laws and regulations.

*As for VOC emission targets after FY2014, the annual targets were revised due to changes in production volume. (FY2014: revised to 47.2 g/m² from 48.8 g/m²; FY2016: revised to 47.4 g/m² from 47.8 g/m²).

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

4 Environmental Management

Field	Item	Target/Initiative (Up to FY2016)	FY2015			FY2016 Target		
			Target	Results	Evaluation			
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 motorized 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 for 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 field test at the Tokyo ITS World Congress 2015. 	<ul style="list-style-type: none"> Continued activities based on the 5th ASV promotion plan, and promoted development for practical application of advanced safety systems that inter-vehicle and pedestrian-to-vehicle communications. Participated in SIP automated travel system initiatives. Promoted the public-private partnership efforts as well as technological development for practical use of automated driving. 	○	Continue to promote activities based on the 5th ASV promotion plan. Promote development to put accident prevention support by inter-vehicle communications and CACC (Cooperative Adaptive Cruise Control) into practical use. Continue to promote development to expand advanced safety systems and advance systems focusing on automated driving.	
		<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"> In line with the deployment plans for EyeSight version 3, promoted development that meets a Preventive Safety Performance Assessment for Japan, the US, and Europe, each country obtaining the highest evaluation in the assessment. Clarified the need for E-NCAP after FY2016 and started development accordingly. 	○	Continue to identify assessment trends of each country. Promote rolling out of deployment plans and technological development to remain top class.	
	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"> Computed LCA for the LCV08G in July and the new-type LEGACY OUTBACK in January 2015, and announced the data. 	○	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). Reduce environmentally hazardous substances. 	<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) 364 companies established (100%) (Aerospace C/P) 79 companies established (100%) (Industrial Products C/P) 138 companies established (100%) 	<ul style="list-style-type: none"> Promoted environmentally hazardous substance reduction. (Automobile) 1. Investigated 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 C/P) Continue non-use of regulated parts/substances. Review targets for environmentally hazardous substances. (Industrial Products C/P) Continue to investigate the environmentally hazardous substance content and formulate a plan to replace them. 	<ul style="list-style-type: none"> Continued investigation based on chemical substance use standards. (Industrial Products) 1. Investigated content of environmentally hazardous substances. 2. Started reporting environmentally hazardous substances with alternatives. 	○	<ul style="list-style-type: none"> Continue to investigate content of environmentally hazardous substances Reduce environmentally hazardous substances by using alternatives.
		<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 deployment. 	<ul style="list-style-type: none"> Set guidelines and promote deployment and awareness raising of the guidelines to the suppliers. 	<ul style="list-style-type: none"> Promote CSR procurement activities based on guidelines. Study making the guidelines' company-wide version. (Aerospace C/P) Disseminate guidelines. (Industrial Products C/P) Disseminate guidelines. 	<ul style="list-style-type: none"> Promoted CSR procurement activities based on the guidelines. *Thoroughly explained the guidelines at the Purchasing Policy Briefing. *Reviewed activities as members of the Biodiversity WG. 	○	<ul style="list-style-type: none"> Promote CSR procurement activities based on the guidelines. Review and disseminate the guidelines that include a response to conflict minerals. Continue to study biodiversity conservation. 	
	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"> Continued EA21 certification of all dealerships. Clarified energy use results for FY2014 and distributed the results to the dealerships. 	○	<ul style="list-style-type: none"> Sequentially verify progress status of mid-term evaluation and EA21 recertification audit at all dealerships. Support them to maintain the certification. Continue D-SPECS system utilization, support quantity management to be established, and help reduction activities at the dealerships. 	
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. Continue to conduct cleanup and greening activities, including biodiversity conservation efforts, near factories. Support activities of and work with environmental organizations. 	<ul style="list-style-type: none"> Continue to give factory tours, hold on-site events, and carry out environmental exchange classes. Continue cleanup activities around factories and offices. Promote greening activities taking biodiversity conservation into consideration. 	<ul style="list-style-type: none"> Continue to implement teacher training, environmental education at elementary schools, and on-site middle school students training. Disclose biodiversity initiatives in the 2013 CSR report. Continue to identify the connection between biodiversity and our business activities. 	<ul style="list-style-type: none"> Carried out the environmental class visit program at elementary schools in Handa and Utsunomiya. (Retail: 21 schools, 1,293 students) The Gunma Visitor's Center reopened in August, and received 97,617 visitors and 1,602 groups during the fiscal year, and on September 4, welcomed the one millionth visitor since the 2003 opening. Continued clean-up activities around office buildings, including the newly built Headquarters Ehasu Subaru Bldg. One-by-one relationship between community and business activities, and started creating and advancing a road map for future initiatives. 	<ul style="list-style-type: none"> Continued environmental class visits. Continue to welcome visitors to the Gunma Visitor's Center. Continue to implement clean-up activities around each business site. Advance the biodiversity initiatives road map and promote the initiatives. 	○	
		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. Improve and enhance the contents of environmental reports. (Compliance with environmental reporting guidelines, inclusion of Group companies in the scope of reporting) Participate in environmental events and publicize corporate environmental efforts. 	<ul style="list-style-type: none"> Provide environmental report in the form of CSR report and provide updated information on the website. Improve compliance to environmental reporting guidelines of the Ministry of the Environment, and improve the content of environmental reporting. Participate in the 2013 Eco-Products Exhibition to widely publicize the company's eco-friendly products and efforts. 	<ul style="list-style-type: none"> Issue the 2013 CSR report. Create a new Environmental Top Page in our website, and provide information effectively. Improve compliance with the 2012 environmental reporting guidelines, and promote enhanced report content. Exhibited the new-type LEGACY OUTBACK, promoted environmental technology and the environmental initiatives of the Subaru Group. 	<ul style="list-style-type: none"> Created and made public the 2014 Environmental website. Held the "CSR Report Reading Workshop." Received opinions on the items related to enriching the report content. 	○	<ul style="list-style-type: none"> Create a 2014 environmental website and provide information there. Enrich the content of the report.
	Promotion of environmental education and awareness activities	<ul style="list-style-type: none"> Continue environmental and social education under the in-house education system. Continue employee education through in-house magazines and other media. Continue to hold lectures and workplace meetings to present improvement examples. 	<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"> Implemented environmental education at headquarters and each business site for 467 new employees in FY2014. As part of the environmental management system, implemented environmental education for all employees. 	○	Using a variety of opportunities, proactively implement environmental education and educational activities.	
Establishment of an Environmental Management System	<ul style="list-style-type: none"> Maintain ISO 14001 integrated certification of all company outlets. Make continuous improvements to the Environmental Management System. Increase cooperation with subsidiaries and maintain and improve the Environmental Management System structure. 	<ul style="list-style-type: none"> Promote sharing the internal auditing and environmental education systems for most practical EMS activities. Encourage more subsidiaries to acquire the ISO 14001 integrated certification in order to improve the system. 	<ul style="list-style-type: none"> Continue mutual internal auditing and aim at improving the system overall by sharing forms, etc. 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"> In November/December, an ISO14001 surveillance audit was performed, and certification was renewed with ongoing conformity. Unified the formats for the Site Inter-Office Internal Audit Checklist and the Audit Result Report. Adjustments were made with affiliate companies for group-wide integration certification. 	○	<ul style="list-style-type: none"> Renew certification through an ISO14001 recertification audit in November/December. Make adjustments for the 2015 revision of the ISO14001 standards. Proceed with adjustments for a specific time period and method for integrating affiliate companies. 		

*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.

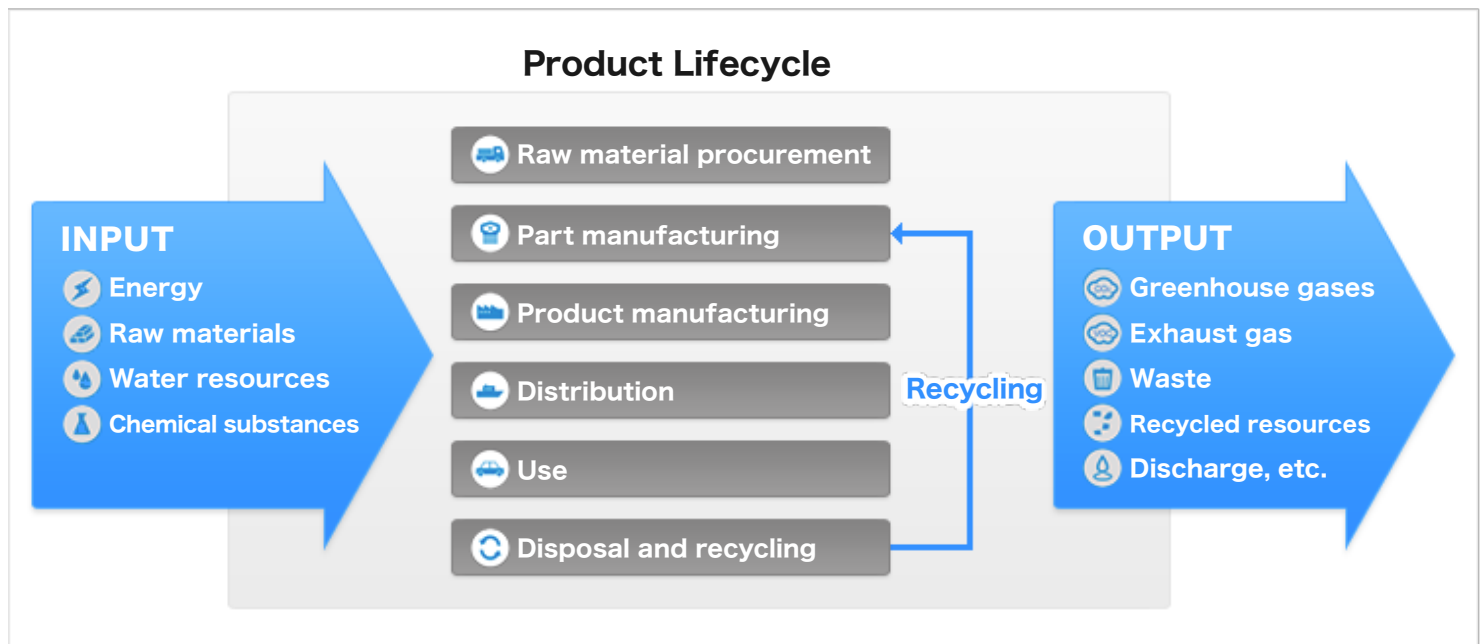


Environmental Management

Connection between Global Environment and Business Activities

At the Fuji Heavy Industries Ltd. (FHI) Group, the life cycle of a product, from the procurement of raw materials to manufacture, use, and disposal, involves INPUT of energy, raw materials, etc. and OUTPUT of greenhouse gases, waste, etc. FHI is working to reduce the environmental impact in the life cycle of products and in the supply chain.

Business Activities and Environmental Impact



Building a Low Carbon Society

In the Fifth Assessment Report by the Intergovernmental Panel on Climate Change (IPCC), the scenario for which there is a high likelihood of keeping temperature increases to less than 2° C by the year 2100 compared to before the Industrial Revolution anticipates that 2050 greenhouse gas emissions will be reduced 40–70% compared to 2010 and that they will be virtually zero or negative by 2100. Toward this goal, we consider major improvement in energy efficiency in addition to increasing renewable energy such as solar or wind power to be key technologies for low carbon conversion.

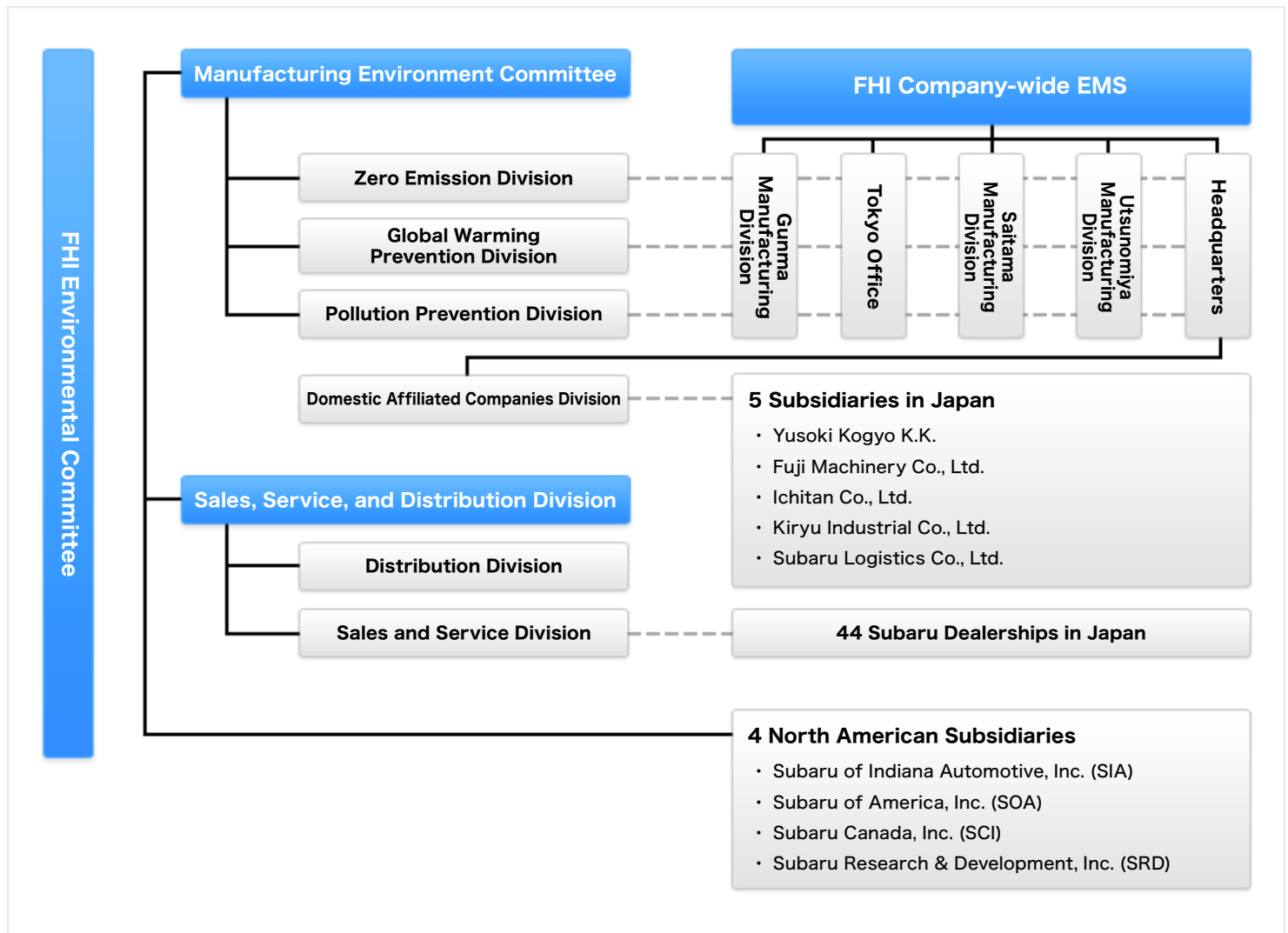
FHI believes that research and development and market introduction of fuel-efficient automobiles and eco-cars, improving the fuel economy of general engines, reducing the weight of aircraft through composite material technology, and reducing the energy use and CO₂ emissions related to business activities can contribute to building a low-carbon society.

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 2015)



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 670 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.

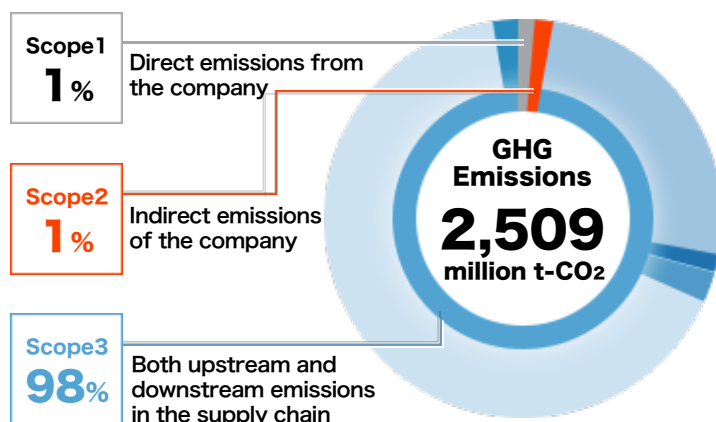
Status of Establishing EMS/EnMS in the FHI Group

Category	Factories and Offices				Dealerships	Distributors
	FHI	Vendor	Domestic Consolidated Production and Distribution Companies	Overseas Consolidated Production Company	Domestic Consolidated Dealerships	Overseas Consolidated Distributors
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 distributors
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. 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	Greenhouse Gas Emissions (t-CO2)	Calculation Scope, etc.
Upstream	1 Purchased goods and services	6,474,715	Consolidated
	2 Capital goods	309,498	Consolidated
	3 Fuel and energy related activities not included in Scopes 1 or 2	6,515	Those businesses subject to Energy Saving Law
	4 Transportation and delivery (upstream)	695,394	Those businesses subject to Energy Saving Law + non-consolidated domestic automobile division
	5 Waste generated in operations	13,581	Major domestic and foreign outlets consolidated
	6 Business travel	3,871	Consolidated
	7 Employee commuting	10,443	Consolidated
	8 Leased assets (upstream)	-	N/A
Downstream	9 Transportation and delivery (downstream)	-	N/A
	10 Processing of sold products	3,338	Consolidated domestic automobile divisions
	11 Use of sold products	16,484,960	Domestic and foreign automobiles + domestic general-purpose engines
	12 End-of-life treatment of sold products	506,516	Non-consolidated domestic automobiles
	13 Leased assets (downstream)	-	N/A
	14 Franchises	49,660	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 FY2014, a working group that spanned across all business offices and divisions was established, clarified the relationship between business activities and biodiversity, and created a road map to promote measures, dividing business activities into two aspects of risk and opportunities. We found that even though we do not directly handle biological resources for procurement, we are indirectly receiving the benefits of biodiversity. We conducted a survey for green planting at the Saitama and Utsunomiya Manufacturing Divisions and started efforts to preserve valuable trees and to conserve greenery in the local community.

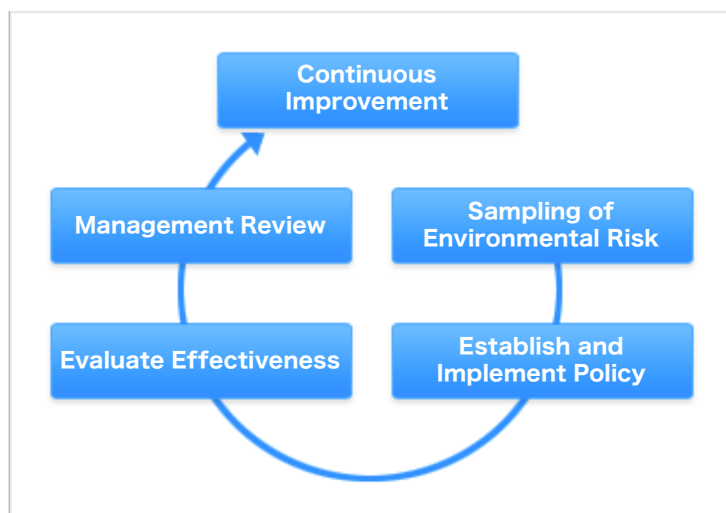
We are also involved in biodiversity conservation overseas. At Subaru of China (SOC), we jointly established the “SUBARU Forest Ecology Conservation Project” with the China Wildlife Conservation Association of the State Forestry Administration at the end of 2012. This project established a “Forest of Subaru” in 31 nature conservation areas in China, and in 2013 started to provide automobiles for the ecosystem conservation activity “31 Forest Star Tours” For 2014, in Spring, Summer, Autumn, and Winter at four conservation areas, Subaru dealers in China and their customers assisted in activities and provided resources for conservation of for the rare species of panda, deer, and crested ibis. In the second year of activities, 2014, they gathered more interest and attracted 200,000 participants. And in June 2015, these activities were recognized, and we were awarded the Public Service Alliance Partner award at an event attended by the State Forestry Administration and the China Wildlife Conservation Association.

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.

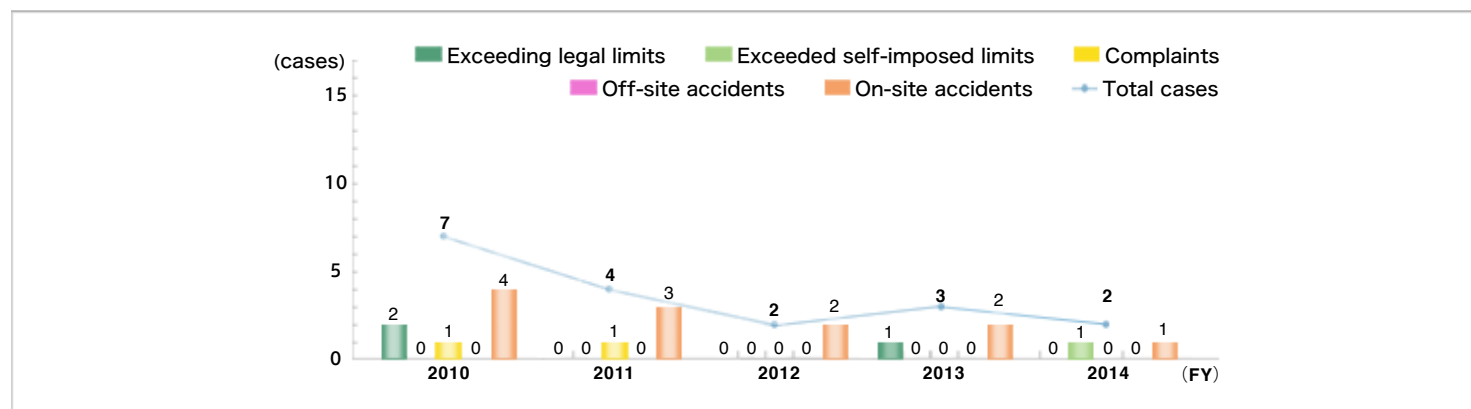


Status of Compliance with Environmental Laws and Regulations

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 FY2014

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 FY2014, there were no cases of exceeding legal limits but there was one case of exceeding our voluntary standards so we implemented measures to prevent a recurrence.

Name	Number of Cases	Details	Main Corrective Measures
Gunma Manufacturing Division	1 case for water quality	July 2014: The amount of suspended solids exceeded our voluntary standards.	It was conjectured that the heavy rain the day before had an impact. Water sampling methods and other procedures were confirmed.

Environmental Complaints Received in FY2014

No complaints were received.

◎ Status of Environmental Accident Occurrences in FY2014

We are striving to achieve the goal of zero accidents, both on and off site. There was one incident of on-site accident. We made a measure to prevent a recurrence.

Name	Number of Cases	Details	Main Corrective Measures
Gunma Manufacturing Division	1 case for water quality	August 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 FY2014 Results)

Environmental Cost Approach and Calculation Method

Referencing to the Guidelines of the Ministry of the Environment, independent guidelines had been established for FHI environmental conservation activity organizations (Calculation methods have been changed partially starting FY2005), and environmental costs are calculated and summarized according to these guidelines. (FHI Group companies use the same guidelines for calculations.)

As for the details of calculation methods, please refer to pages 9-13 of Supplementary Volume for Data related to the 2006 Environmental & Social Report.

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:

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

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.

FY2014 Calculation Results

Environmental cost came to 29.8 billion yen on a non-consolidated basis, up 8.85 billion yen (42.1%) from the previous fiscal year, and 31 billion yen on a consolidated basis, up 8.84 billion yen (39.9%).

The cost increase was mainly due to an increase in research and development (R&D) costs (8.79 billion yen on a non-consolidated basis).

The ratio of environmental cost to sales, which is one of the environmental management indexes used on a consolidated basis, came to 1.08%.

FY2014 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 2014	FY 2013	FY 2012	FY 2014	FY 2013	FY 2012	FY 2014	FY 2013	FY 2012	FY 2014	FY 2013	FY 2012
(1) Cost in the business area	1. Pollution prevention cost	389	340	395	549	489	543	206	167	167	656	215	215
	2. Global environmental conservation cost	21	28	32	142	90	48	39	360	360	93	376	376
	3. Resource recycling cost	540	513	515	1,011	1,098	900	0	0	0	3	0	0
(2) Upstream and downstream costs	Recycling related cost Cost arising from changes in product materials	122	128	163	122	128	163	-	-	-	-	-	-
(3) Administration cost	Cost for monitoring environmental impact Cost for the Environmental management Cost for environmental education	81	86	95	142	137	151	-	-	-	-	-	-
(4)R&D cost	R&D cost for environmental impact reduction	28,462	19,696	17,149	28,786	19,999	17,426	2,302	2,275	1,763	2,324	2,276	1,764
(5) Social activity cost	Cost related to donation, etc. for environmental conservation groups	84	103	91	88	106	93	-	-	-	-	-	-
(6) Environmental remediation cost	Cost to remedy soil and underground pollution	147	103	98	149	103	99	0	6	6	0	6	6
(7) Other cost		0	0	0	0	0	0	-	-	-	-	-	-
Grand Total		29,845	20,997	18,537	30,990	22,150	19,423	2,547	2,807	2,295	3,076	2,874	2,362

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

FY2014 Economic Effect Calculation Results

Item	Economic effect (Millions of yen)	
	Non-consolidated	Consolidated
Reduction in energy cost from energy conservation	9	28
Sales from recycling (sales of valuable items: metals, waste liquids, and cardboard boxes)	1,835	3,108
Reduction in use of raw materials due to recycling (reduced packaging materials cost)	7.88	10.59

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 with models that surpass the 2020 Fuel Economy Standards. Since introducing the new generation Boxer engine in 2010, 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 2013, we expanded use of the hybrid system adopted in the SUBARU XV model, which allowed drivers to experience the fun to drive unique to Subaru, to the IMPREZA SPORT to better meet market needs.



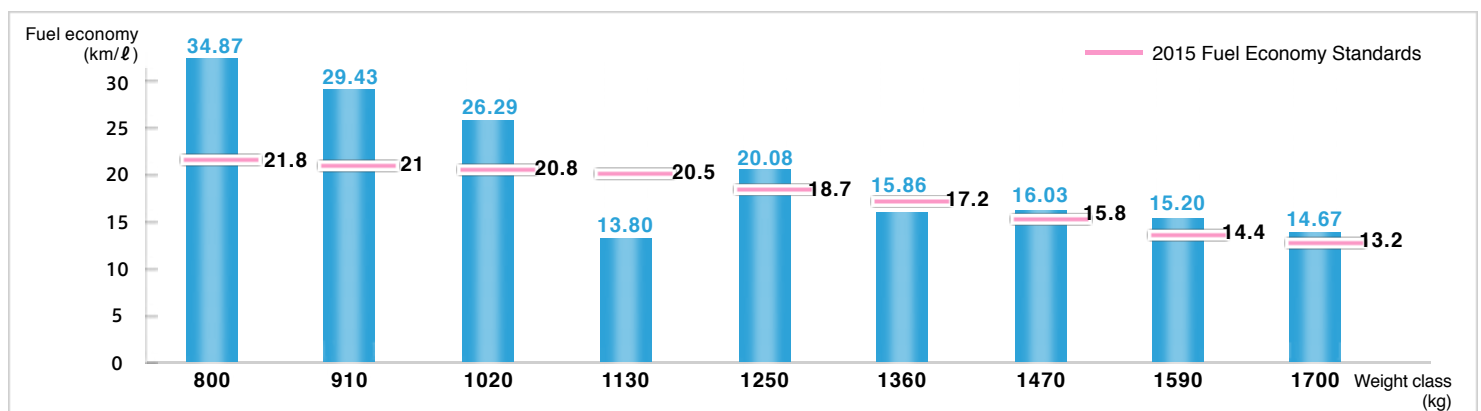
Fuel Economy Standards

Japan: Achieved the FY2016 Fuel Economy Standards in 5 of 9 Weight Classes

Gasoline-powered passenger cars meeting the FY2016 Fuel Economy Standards accounted for about 92% of the total production, and 7 of the 9 weight classes of Subaru vehicles sold cleared the FY2016 Fuel Economy Standards.

Looking toward the FY2021 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 6%.

FY2015 Fuel Economy Standards Achievement Status



US: Achieved 2014 Model Year Corporate Average Fuel Economy (CAFE) Standards and Greenhouse Gas (GHG) Standards

While CAFE standards and GHG standards becoming stricter every model year, we met both standards for the 2014 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.

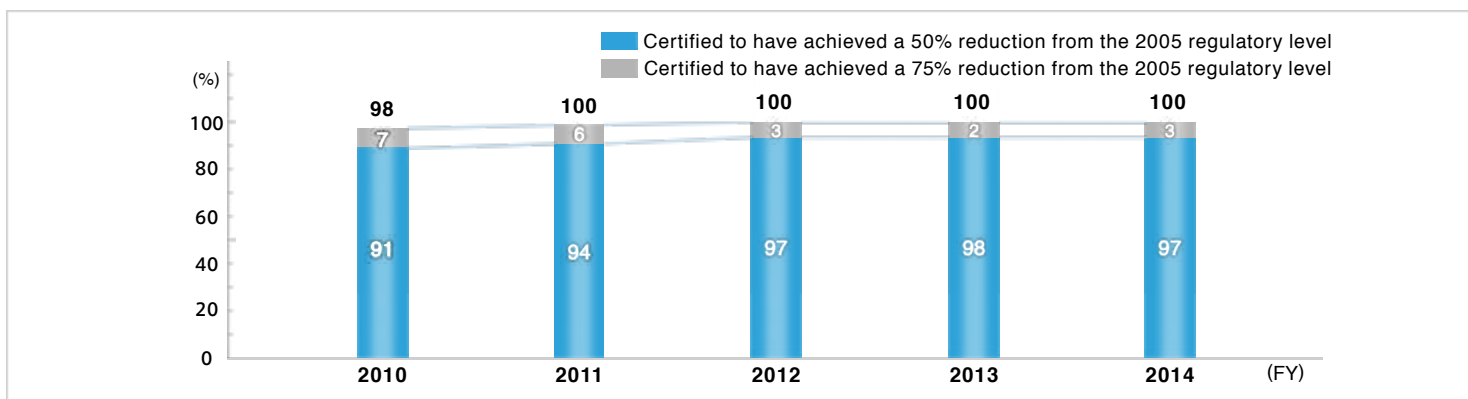
In order to improve the state of air pollution, Subaru introduced low emission vehicles (certified by the Ministry of Land, Infrastructure, Transport and Tourism) that meet standards stricter than the regulations.

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 numbers of vehicles achieving the 75% reduction have remained in the higher 90% range of the total production quantity since FY2012.

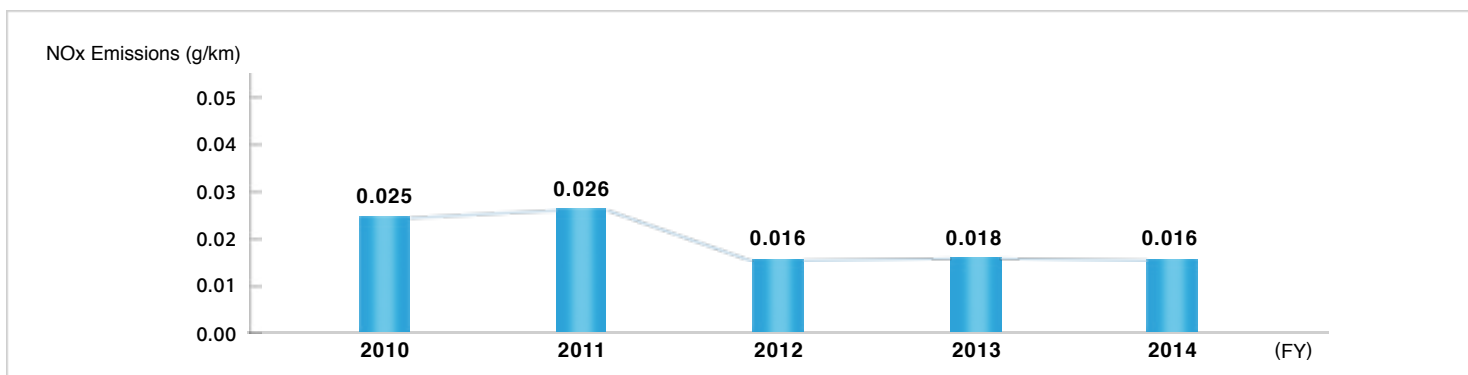
Percentage of Low Emission Gasoline-powered Passenger Vehicles



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 NO_x 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 (FY2015)

Percentage of eco cars shipped now accounts for 92% 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	7,218	0	0	4%
	Internal combustion engines	119,716	20,963	911	85%
Certified to have achieved a 50% reduction from the 2005 regulatory values		3,554	0	25	2%
Total		130,488	20,963	936	92%

Total number of vehicles shipped in FY2015	165,811
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* 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.

By adopting auto stepped control for the new-generation Lineartronic CVT, the new model Legacy, which went on sale in October 2014, achieved both high fuel economy and fun-to-derive acceleration at optimal engine speeds while reducing noise level on urban roads.

Management of Chemical Substances (Operation of the IMDS)

Since the enforcement of the Registration, Evaluation and Authorization of Chemicals (REACH) regulations, 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

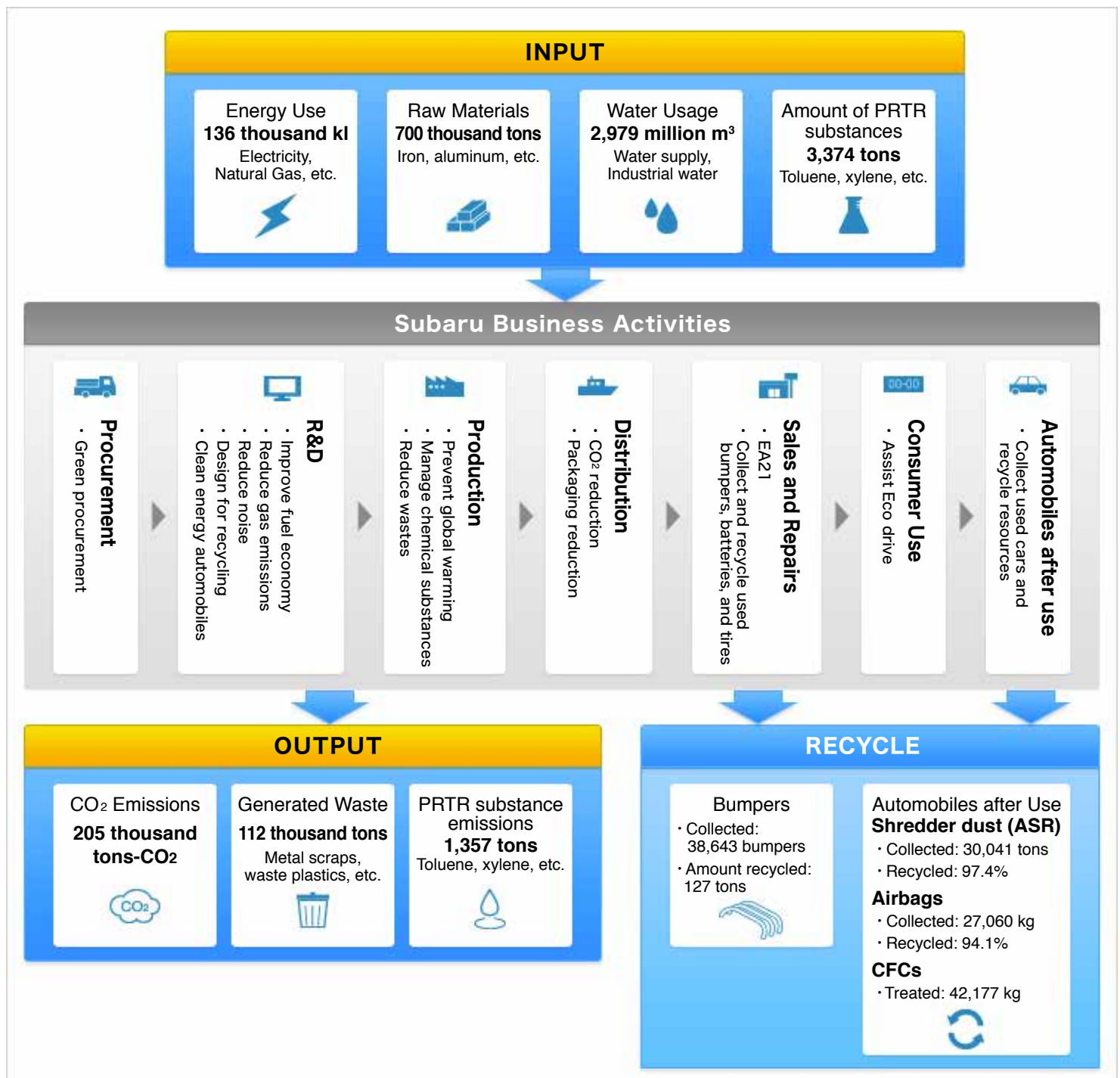
Main Input Resources and Emission Matters in Automobile Manufacturing

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



Note: These are the main environmental impacts arising from our automobile manufacturing, sales, etc. In addition to this, we carry out LCA and Scope 3 calculations.

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.

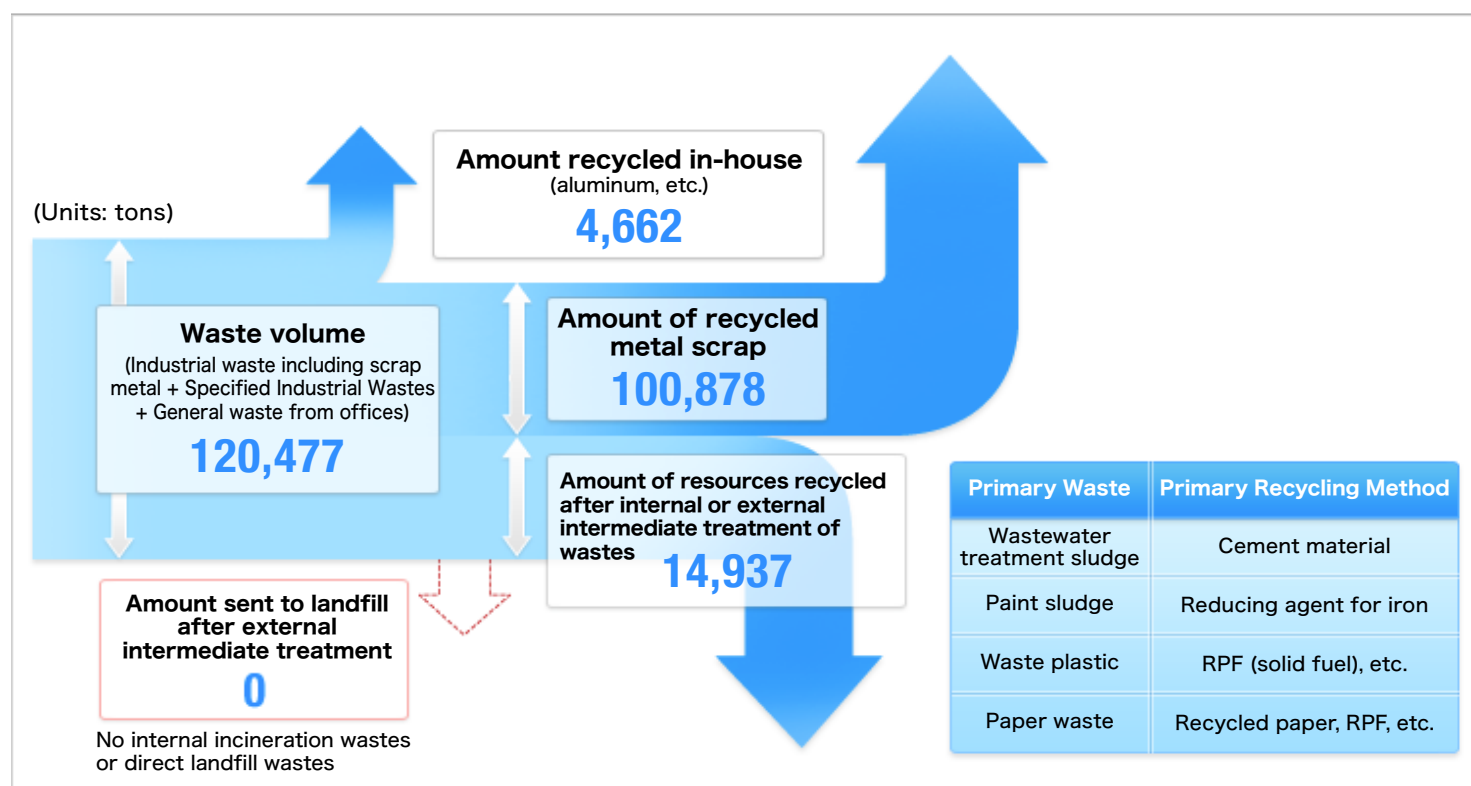
The 5th Voluntary Plan for the Environment called for 43% reduction in CO₂ emissions per unit of sales in FY2015 from FY2007, which was achieved.

Waste Reduction

All our manufacturing plants in Japan and abroad have maintained zero land fill for waste materials since FY2005.

A summary of total waste generated and treated in FY2015 is as follows.

Summary of Total Waste Generated and Treated in FY2015 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 47.7 g/m² in FY2015, down 47.8% from FY2001 levels.

We continue to decrease the use of cleaning thinners and increase the recovery of used thinner, as well as partial use of 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 properly store polychlorinated biphenyl (PCB) waste materials in accordance with the law.

In FY2015, appropriate processing of PCB wastes (condenser) from the Gunma, Iseaki, and Utsunomiya Manufacturing Divisions was contracted out to a professional processor.



PCB waste transportation operation

Eco Initiatives at Headquarters

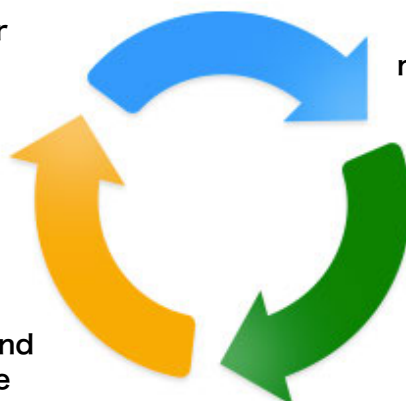
FHI has teamed up with a paper manufacturer to start reprocessing discarded used paper and reuse it as copier paper. Through this, we have established a recycling mechanism in which used paper is recovered from the one-way stream of “production → consumption/use → disposal.” The consumption and use of natural resources is reduced as much as possible by reusing the paper. Also, the supplied copier paper is the one that has received Forest Certification indicating that appropriate forest management is carried out.

Produce copier paper
from recycled paper

Purchase copier paper
made from recycled paper

Collect used paper and
reuse as a resource

Use and consume paper



Introduction of Renewable Energy

A solar power system has been introduced at the Gunma Manufacturing Division, Tokyo Office, and Headquarters. The Tokyo Office generates 33,807 kwh annually with a 27 kw rated output solar power system, which covers a portion of its energy needs.

Also, Subaru Kohsan Co., Ltd. installed a 420 kw rated output (enough for about 100 homes) solar power system in Kiryu, Gunma, and started selling power beginning in FY2015.



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.

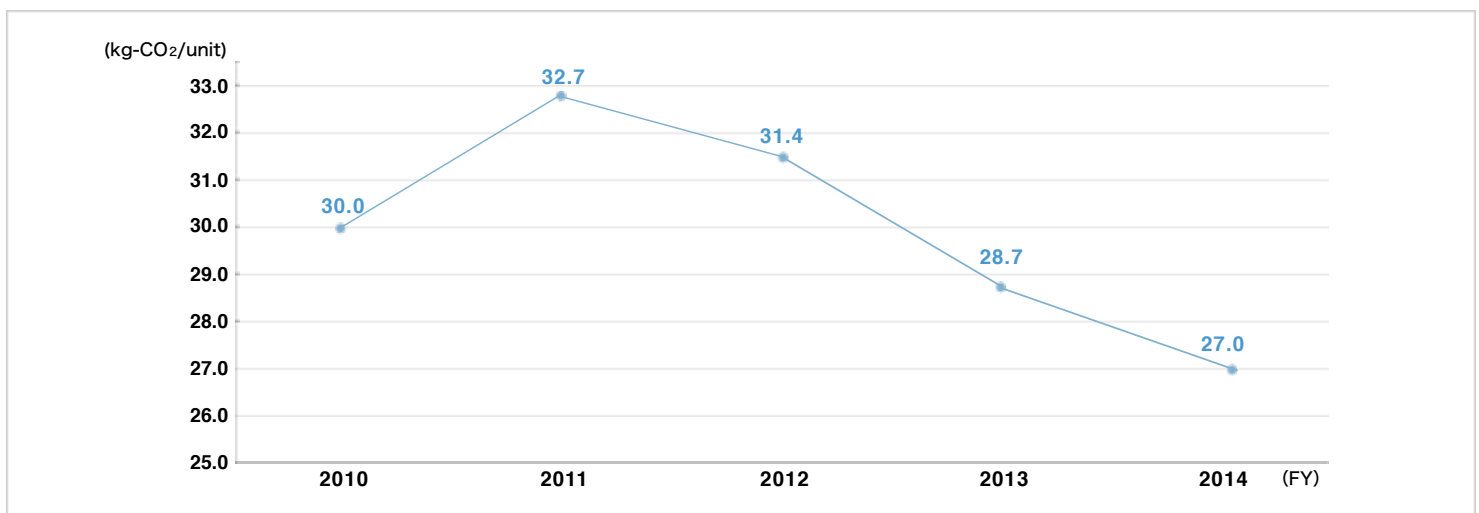
In recent years, we have been able to reduce the amount of fuel use (improved fuel efficiency) and CO₂ emissions from completed vehicle transportation by effectively using the improved Tokyo metropolitan highway network.

Also, we have flexibly responded to changes in the completed car model mix and to larger model types to be transported and have reviewed and improved loading and packing, in order to improve loading efficiency and reduce the number of shipments.

In FY2015, the joint transport of finished vehicles together with other companies in the same industry resulted in a 101% increase in the total number (vehicles we contracted to other companies and those to us from other companies) from 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 FY2015 was 552.7 tons, an increase of 114% over the previous year, and the ratio of newly purchased reused packaging materials was 16.2%, a 26 point increase from the previous year.

The increase was due to a reduction in the percentage of new purchases due to the steady progress of reusing packaging materials in the previous year.



Dunnage for aluminum wheels



Small part packaging

* CKD: Complete knock down



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.

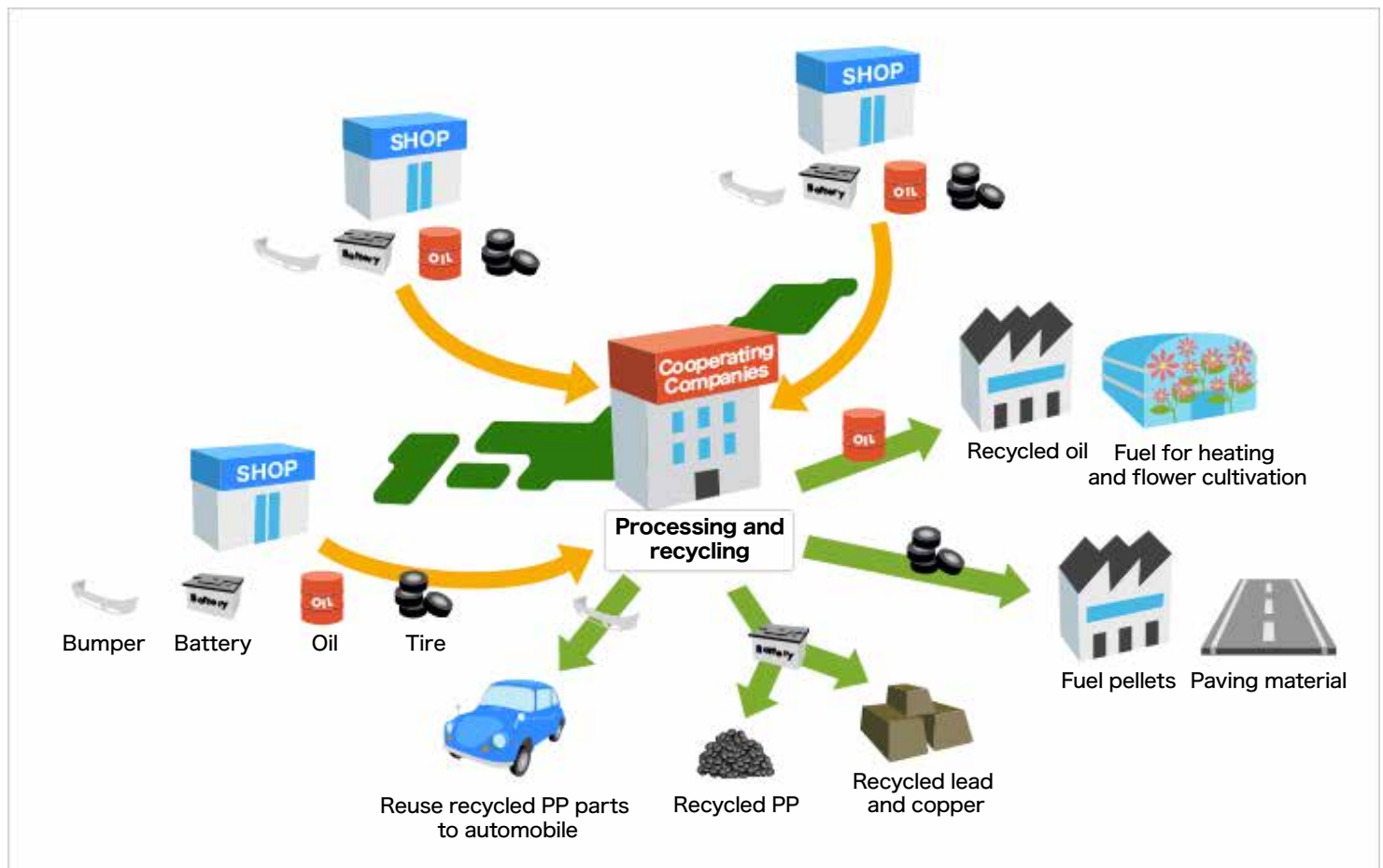
Zero Emission at Domestic Dealers

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 the zero emission activities of dealers, who are closest to stakeholders, are environmental conservation activities closer to home. They are also able to provide a safe and secure environment, in addition to products, by promoting more effective use and appropriate processing through defining corporate responsibility and recycling resources.



Energy Saving at Domestic Dealerships

A two-year plan to switch dealership signage to LED lighting was started in FY2015, and nearly half of all dealerships have completed the switch.

Through this policy, power consumption is being reduced by an average of 80% per site compared to conventional fluorescent lighting.

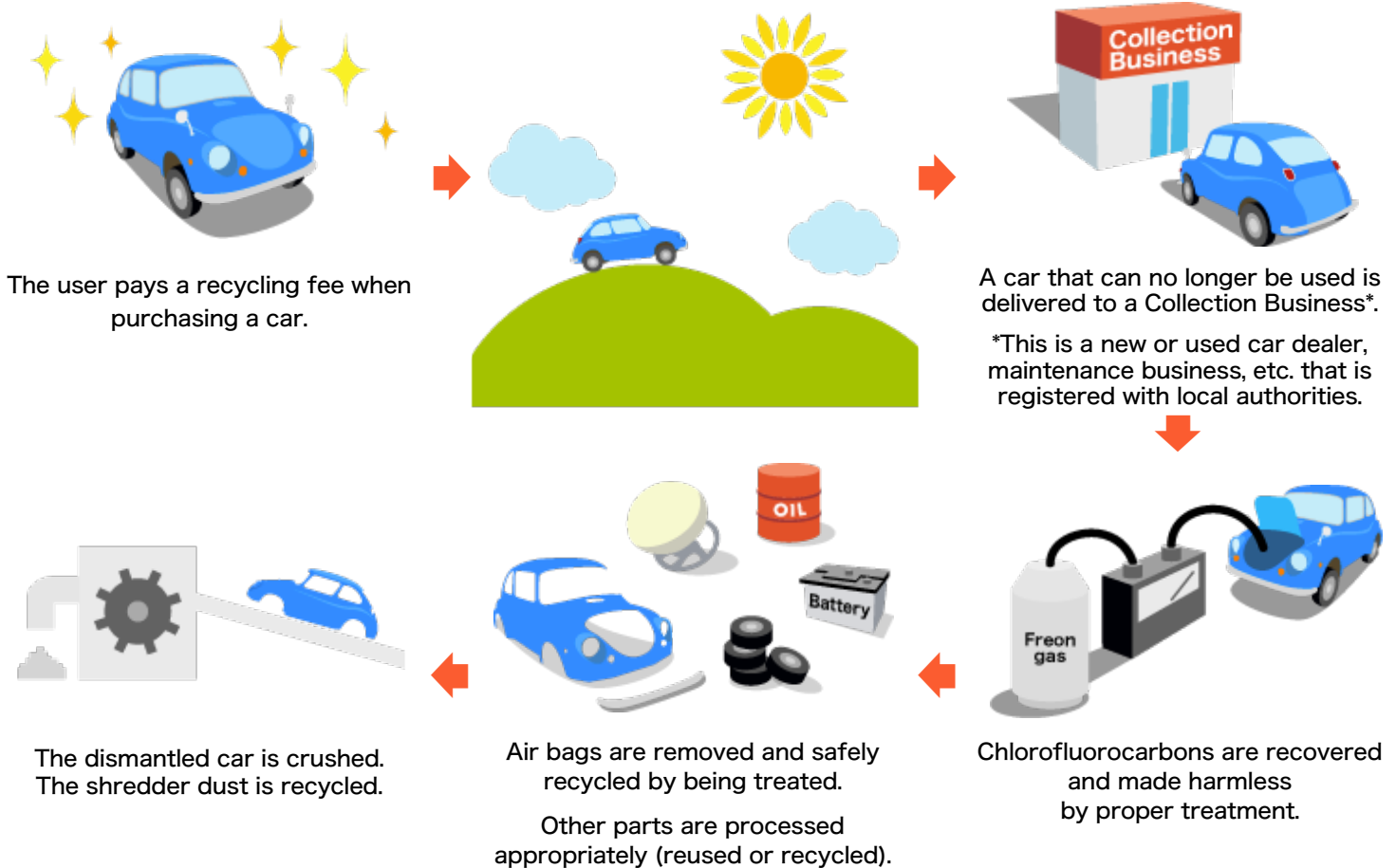




Automobile Recycling

Automobile Recycling Process

The Automobile Recycling Law calls for recycling of shredder dust and airbags and treating Chlorofluorocarbons when an automobile has reached end-of-life.



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

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

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.

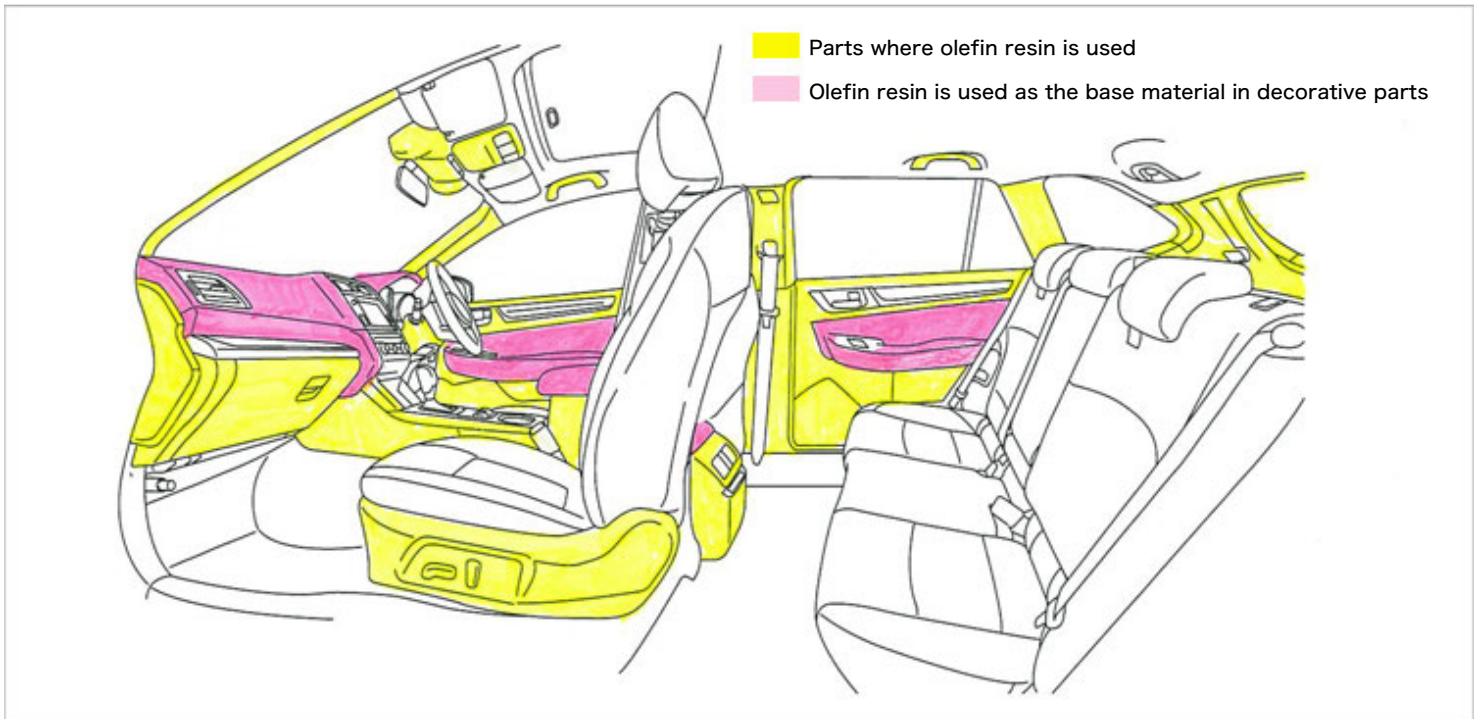
Previously, material identification labels were placed on hard-to-see inner surfaces, so the material could not be verified unless disassembled. Now, the identification location has been changed so that parts can be sorted without disassembly before recycling for more efficient operations. Currently, we implement this labeling for bumpers on all Subaru models.



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 FY2015 was 97.4%, 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 94.1%, exceeding the legal standard of 85%. Also, the entire amount of recovered CFCs has been appropriately treated.



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 FY2015, we had around 83 thousand children visit the site.

Also, the on-site Subaru Visitor's Center moved the zone that introduces factory and car recycling to another floor in August.

Here, the displays store actual items to be recycled and those that have been through the recycling process in wall panels and these have become easier for elementary school students to understand.



◎ Utsunomiya Manufacturing Division

We have been carrying out the environmental class visit program, where our employees visit elementary schools in Utsunomiya City and elementary/junior high schools in Handa City, in order to deepen children's understanding of environmental problems. In FY2015, about 1,289 children participated in the program.

It has been said that greenhouse gases (mainly CO₂) contribute to global warming. For the environmental class visit program, we bring two flasks to the classroom, one of which we fill with CO₂ and another with air. We pretend that they are the earth and see how their temperature changes when warmed by an infrared lamp that simulates the sun. We showed that the temperature of the flask filled with CO₂ ends up higher than the flask with normal air and thus the students could see that CO₂ has the greenhouse gas effect.

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



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 2014, we began implementing “New Employee Environmental Conservation Education” for the 368 new employees of the automotive business division and the 200 new employees at headquarters. The lecturer, the one in charge of the environment, 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 2014”

In December 2014, we exhibited “SUBARU OUTBACK” that allows drivers to enjoy the richer lifestyle proposed by Subaru at the Eco Products Exhibition, Japan’s largest environmental exhibition. Also, the wide variety of environmental initiatives at SOA, SIA, Subaru of China, the headquarters building, and other domestic and international Subaru sites were introduced.



Overseas Initiatives

Overseas 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.

In March 2015, the third year after being certified, SIA renewed the ISO 14001/50001 Certifications.



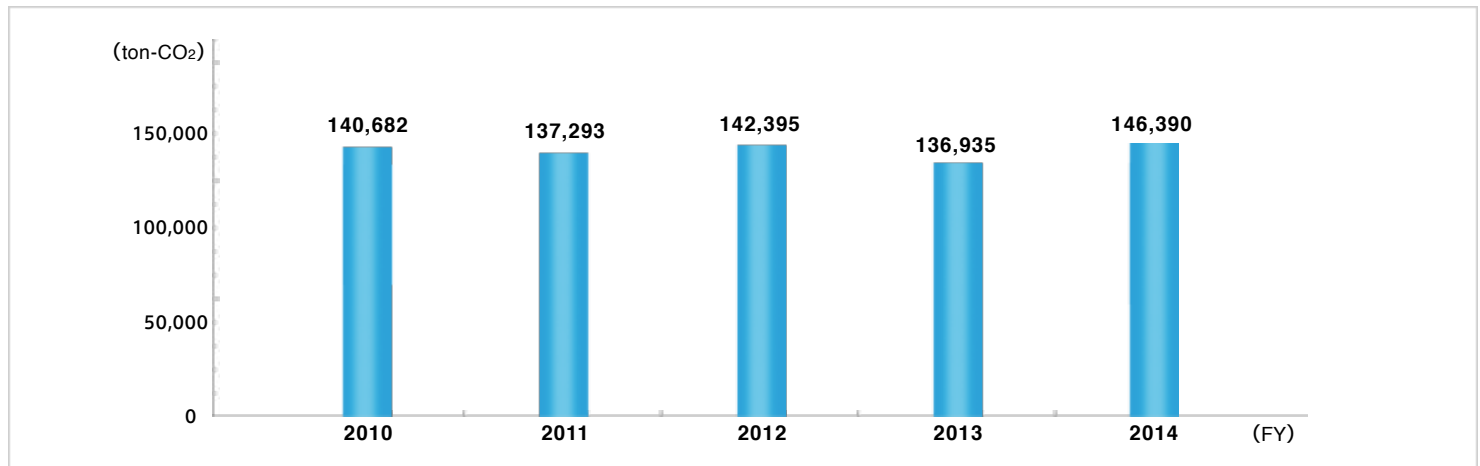
Global Warming Prevention Initiatives

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 FY2015 totaled 146,390 tons- CO₂, a decrease of about 6.9% from FY2013. This is due to SIA's increase in production volume, and CO₂ emission per unit of production has decreased.

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

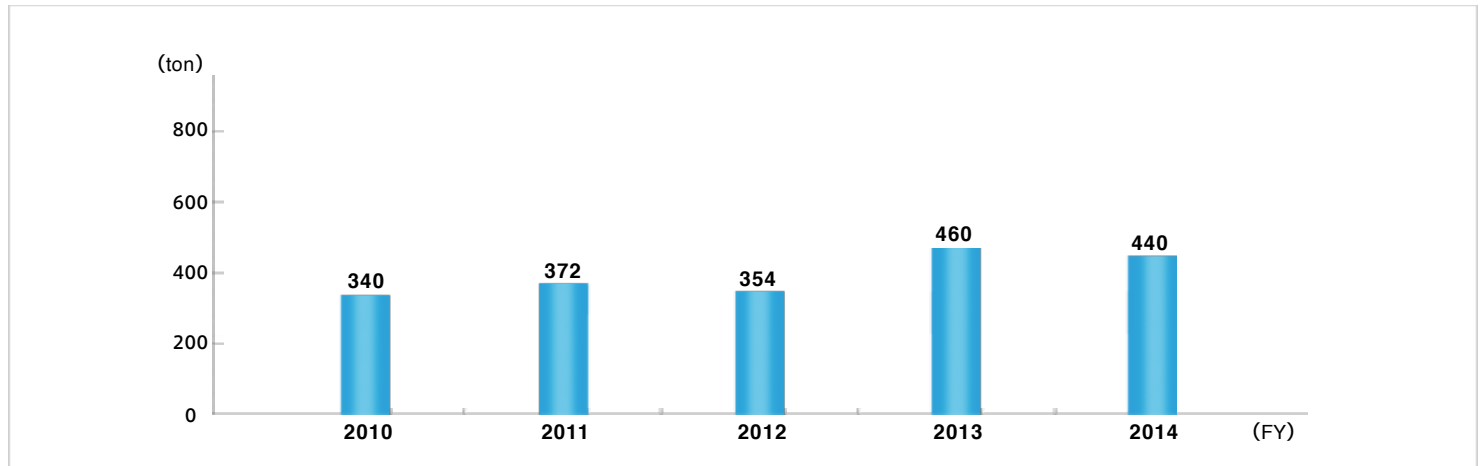


Efforts to Reduce Waste Materials

The amount of waste sent to landfill by the four North American companies in FY2014 was 440 tons, a decrease of about 4.3% from FY2013. However, SIA, where Subaru automobiles are manufactured, has continued to keep all waste from landfills since 2004.

SOA and Subaru Canada, Inc. (SCI), which sell Subaru automobiles, are carrying out various measures to further reduce waste, such as having stopped using paper towels and switching to hand driers.

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



Other Initiatives

Received the Governor's Award for Environmental Excellence

SIA received the 2014 Governor's Award for Environmental Excellence in the category of Energy/Renewable Resources (Indiana) and was recognized by the Indiana Department of Environmental Management. This award is given to corporations that implement outstanding environmental strategies in Indiana, and this award recognized that the annual energy use at the SIA paint shop decreased by 2.4% (about 4.64 million kwh). This is the third time SIA received such award, following the 2003 award in the Recycling/Reuse category and the 2006 award in the Five Years Continuous Improvement category.



Canadian Environment Week 2014

SCI participates in various environmental activities during Canadian Environment Week every June, recognizing it as a time to reinforce environmental activities. In FY2015, a cleaning reinforcement week was set, during which the use of public transportation or walking to work instead of commuting by automobile or motorcycle was promoted as CO2 reduction activities, and unneeded electronics were collected during E-waste week.



■ Collecting Electrical and Electronic Equipment Waste (E-waste)

SOA actively participates in Earth Day held every April. In FY2015, SOA worked with electronics retailers to collect 104 tons of E-waste and joined forces to recycle the useful metals contained in the electronics.



■ Reducing Water Use

SRD installed a rain sensor to further promote reducing water use. This sensor can control the automatic spraying of watering devices when rain is detected and reduce water use by half.



■ Chemical Substances Management

SIA manages chemical substances in compliance with the regulations of the Environmental Protection Agency (EPA) and the Indiana Department of Environmental Management. In FY2015, a total of 2,339 tons of chemical substances were handled and there were 100 tons of atmospheric emissions.



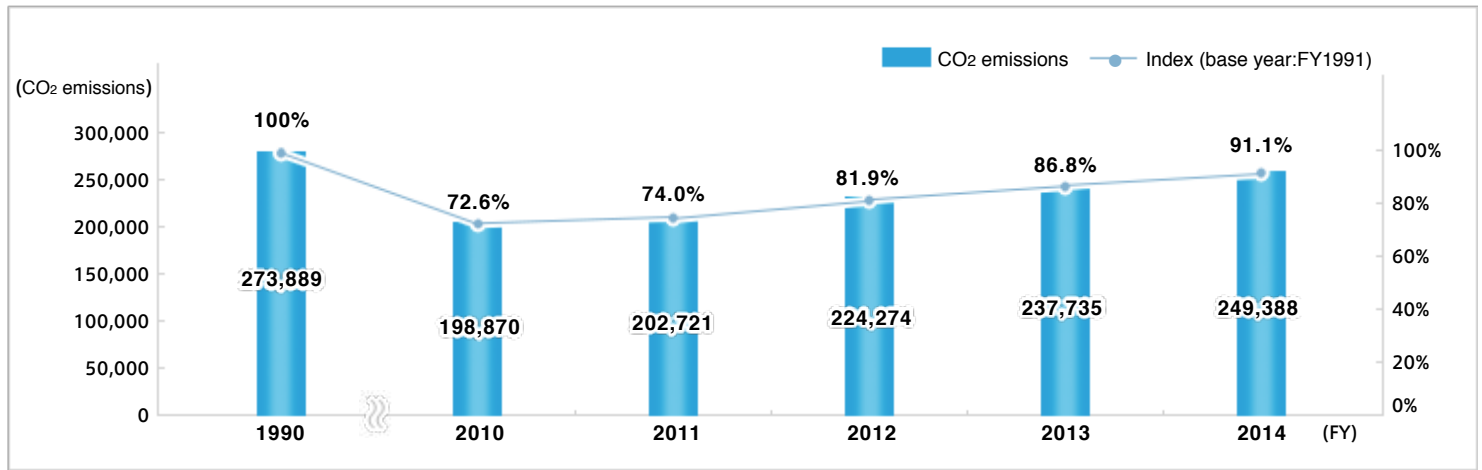
Environmental Data

The main aspects of FHI's environmental performance* in FY2015 are shown in the following figures.

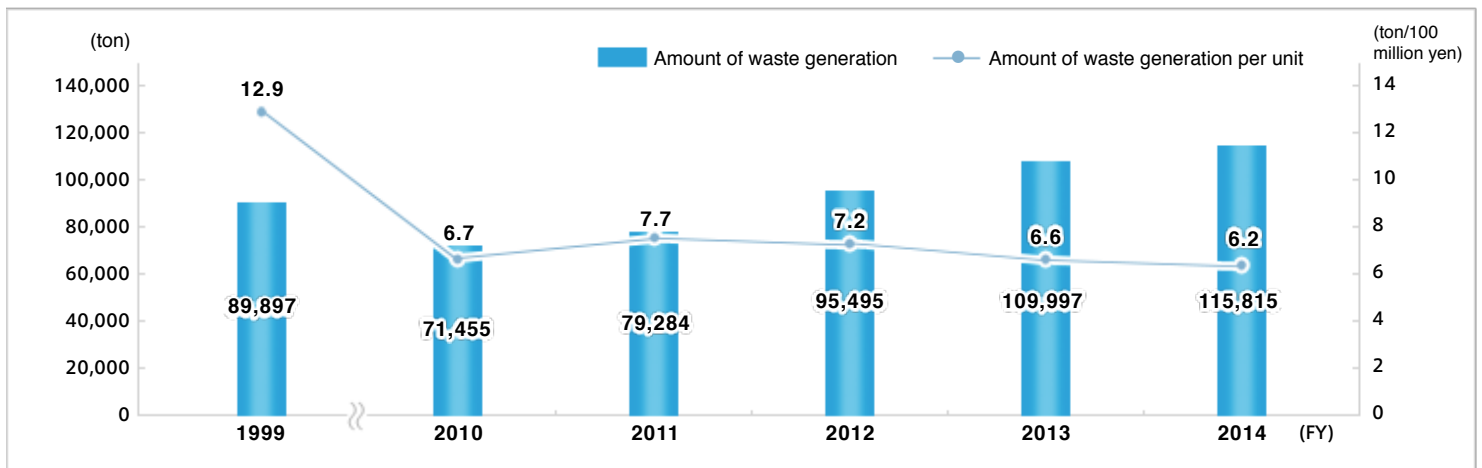
CO2 emissions, waste generation, water usage, etc. have all increased from the previous year due to increased production.

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

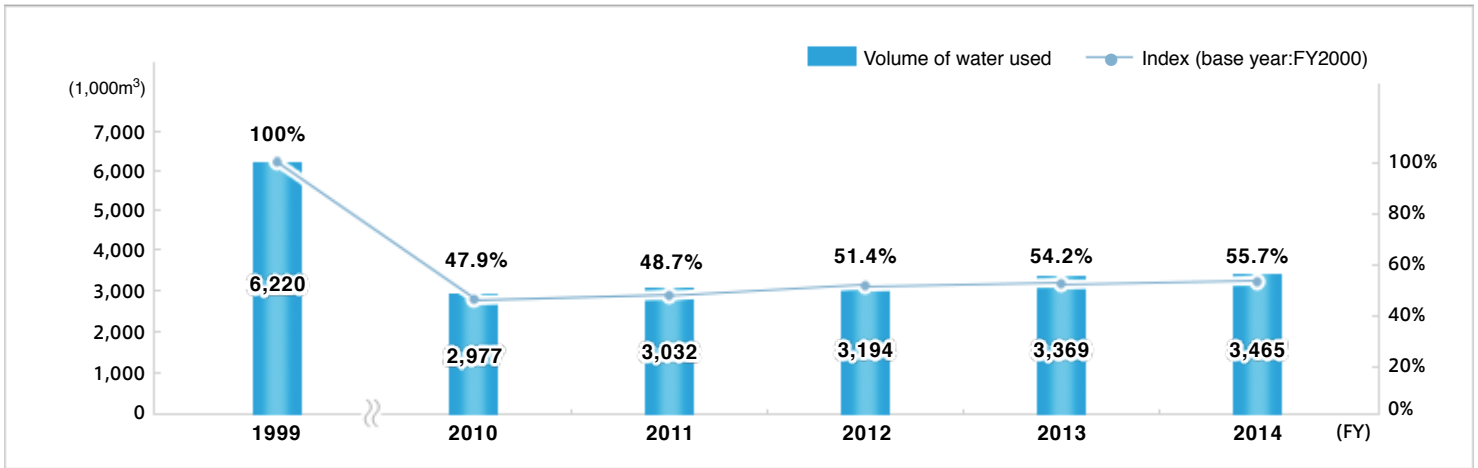
CO2 Emissions



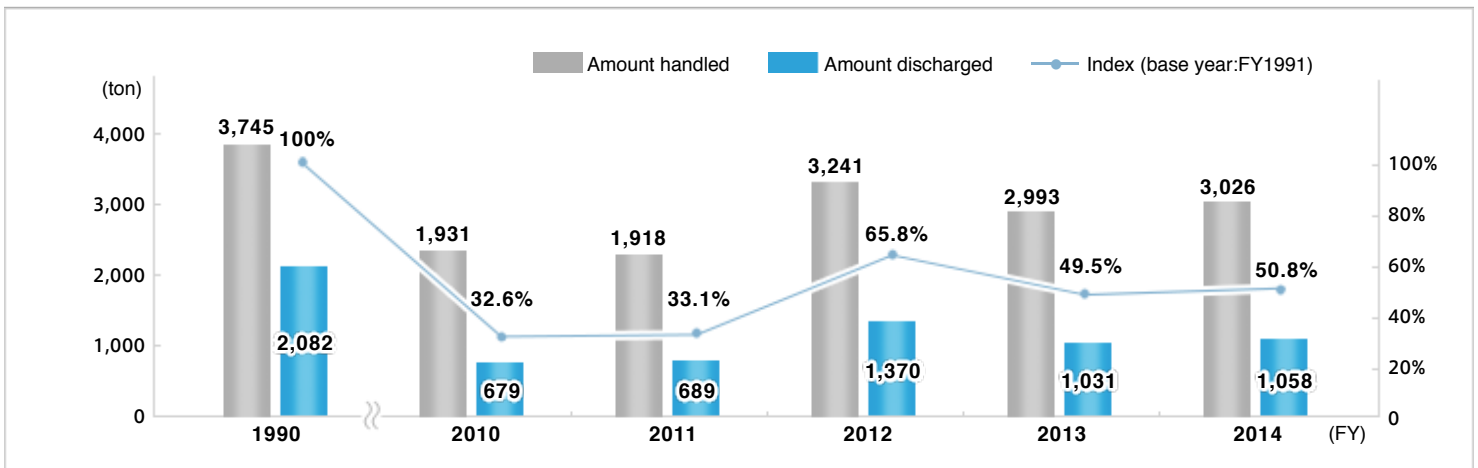
Waste Generation (includes scrap metal sold)



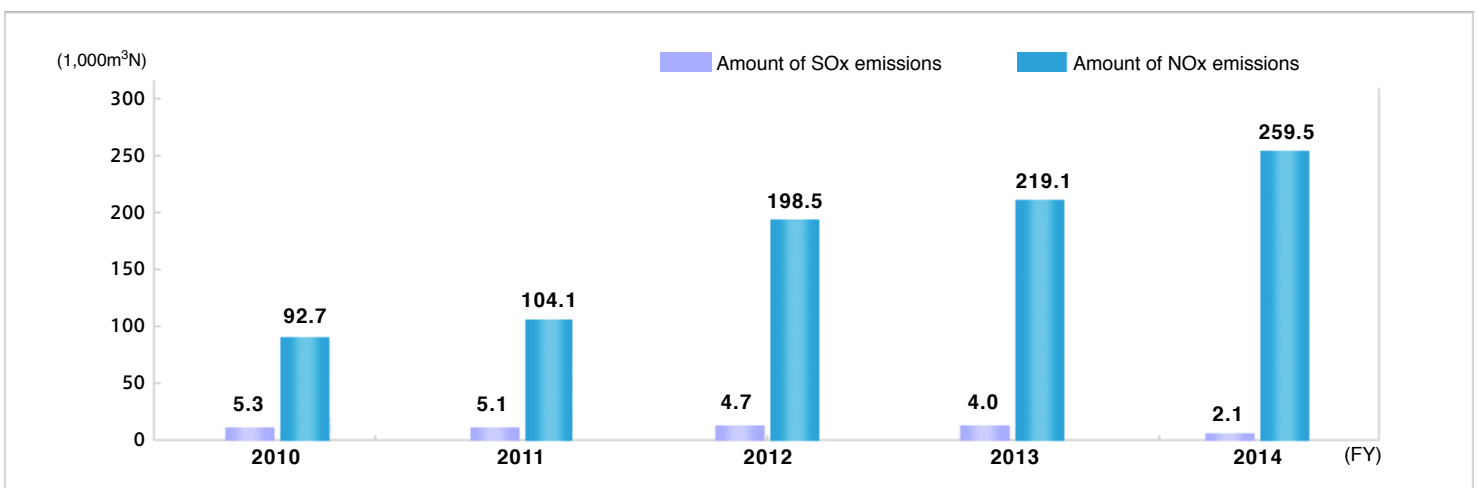
Volume of Water Used



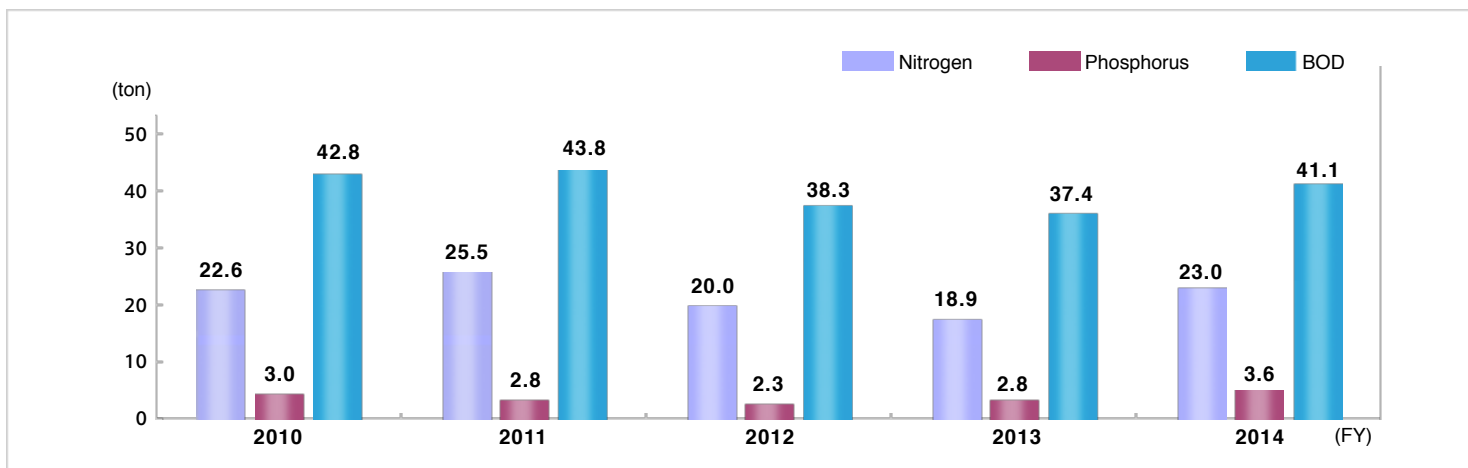
PRTR Chemical Substances Emissions



NOx and SOx Emissions



Nitrogen, Phosphorus, and BOD Emissions



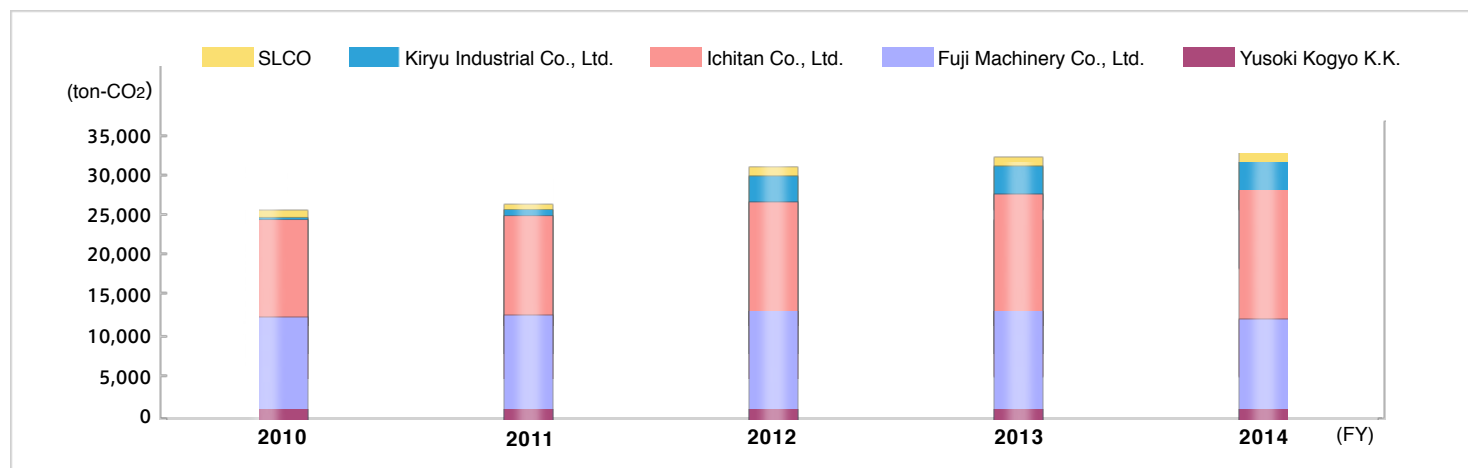
Affiliated Companies in Japan

The main environmental performances of the Domestic Affiliated Companies Division* in FY2015 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

