



CSR Report
Corporate Social Responsibility Report

2016

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2016 Environmental Report

Environmental Vision
Environmental Management
Environmentally Friendly Automobiles
Plant and Office Initiatives
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Environmental Communication
Overseas Initiatives
Environmental Data
Environmental Performance by
Manufacturing Division and Tokyo office

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

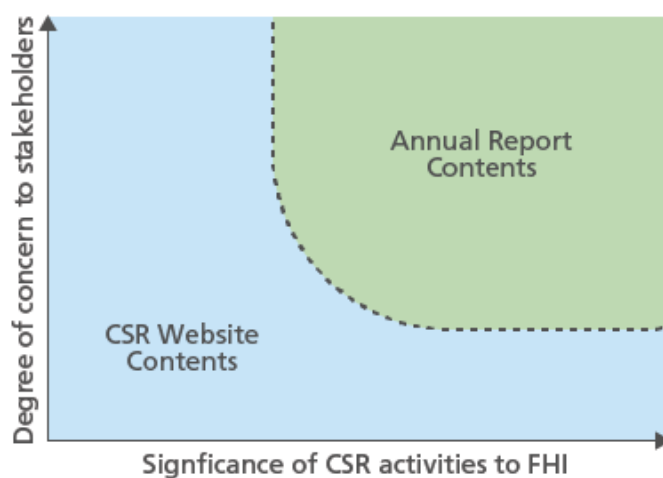
To facilitate understanding of the company's CSR initiatives by even more stakeholders, some of the CSR activity information has been published in the Annual Report as well as in the CSR Report, starting with the 2013 editions. In addition, the publishing media has been transferred to the website in 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

- 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: August 2015
- Current issue: September 2016
- Next scheduled issue: August 2017

Miscellaneous

- [Fuji Heavy Industries Ltd. Website Top page](#)
- [Corporate Profile](#)
- [Investor Relations](#)
- [Financial Results](#)
- [Annual Report](#)

Period Covered

- The information in this report is primarily for the period from April 2015 to March 2016, but there is some information that is from outside this period.
- 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.



Message from the President

Raising the quality of Corporate management with the Aim of maintaining social trust

Yasuyuki Yoshinaga

Representative Director of the Board,
President and CEO

Unifying the Corporate Name and the Brand Name to Continue Fulfilling Social Trust

In order for FHI, which is a smaller automaker, to survive in this market, it is indispensable for us to focus our business resources on specific markets and products, while clearly standing apart from other companies. This strategy of “differentiation” forms the core of our business strategy and is the principle behind our concept of “prominence,” which is the key word in the title of our mid-term management vision.

The concept is not simply prominence with respect to other companies; it is our aim for “Subaru to have a prominent presence in the minds of our customers.” This objective does not stop where the slogan ends. Each and every member of our divisions is called upon to thoroughly consider what it means to be “prominent in the minds of our customers” and how to implement that in their work.

An approach to this is embodied in our efforts to focus on the two key activities of “Enhancing the Subaru brand” and “Building a strong business structure.” In order to enhance the Subaru brand to be prominent in the hearts and minds of our customers, we must continue to stay one step ahead of other companies with respect to our greatest strengths: safety features and drivability. Also, in order to increase our market competitiveness and continue to meet the expectations of our customers, it is absolutely necessary to take cost reductions to a new level, push operating efficiencies forward, and strengthen our business platform. With business results as favorable as they are, now is the very time for all FHI employees to redouble our efforts and continue to have a positive sense of urgency and even anxiety as we work to further strengthen our brand and our business competitiveness.

To embody the significance of this, it has been decided to unify the brand name and the corporate name. With the approval of the 2016 General Meeting of Shareholders, we will change the name of Fuji Heavy Industries, Ltd. to SUBARU CORPORATION in April 2017. In fact, we have been hoping to adopt the corporate name SUBARU, which is what we are affectionately called by many of our customers, particularly in Japan and the U.S., since the drafting of the Mid-Term Management Plan.

Many of our employees are attached to “Fuji Heavy Industries,” and there are some concerns around the unification of the brand name and the corporate name. Any accidents could have a serious impact on undermining the brand. Nevertheless, and including cases involving these kinds of issues, the entire company will be united in treasuring our brand. We want all our employees to share a resolve to take responsibility for the Subaru brand with no going back. The value of our brand is nurtured not only through our products but through all of our business activities from customer service through sales activities, servicing and other aspects. Every single employee must raise his or her awareness of this in order for FHI to continue to be trusted by society.

Raising Every Quality of Corporate Management

Every employee taking responsibility for the brand means that it is essential to maintain the quality of vehicles and service at a high level. Even if vehicles are equipped with world class safety performance, they cannot deliver “Enjoyment and Peace of Mind” to customers if they lack quality. Although operation at close to full capacity has become normal at each of our production sites in recent years amid sustained healthy sales, particularly in North America, we must be absolutely certain that quality control does not suffer from rushing production too much. Therefore, we have called on production divisions to make sure that they shut down production lines when they are not one hundred percent confident of quality.

Meanwhile, we have been concentrating efforts on strengthening corporate governance as one of our initiatives to raise the quality of management. Starting in FY2017, we are having all 12 members of the Board of Directors, including corporate auditors, prepare self-assessments of the Board of Directors. The Board of Directors also receives strictly dispassionate opinions from the outside directors to share issues in addition to actively striving to resolve them.

We are also continuing to foster the next-generation leaders who are essential to the strong corporate vitality of FHI and to promote diversity. Since April 2015, a career-long FHI female executive has served as director of the Human Resources Department, which is in charge of the Diversity Promotion Office. As we continue into the future, we hope to actively promote excellent human capital regardless of age, gender, or nationality, so that we will be able to grow as an organization with an even higher level of active employee involvement.

Aiming to be “A Compelling Company with Strong Market Presence” —while our company name may be changing, our management philosophy will not. We will raise every quality of corporate management with the aim of continuing to be a company that has the constant support and trust of our many stakeholders. Thank you for your ongoing support and feedback going forward.

August 2016
Yasuyuki Yoshinaga
Representative Director of the Board, President and CEO



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.”

Location

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



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.

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 and manufactures general-purpose engines used in construction, industrial, and agricultural machinery and high-performance engines used in snowmobiles and buggies as well as finished goods that are engine-powered, such as generators and pumps. Our Robin general-purpose engines, widely known for their yellow bodies, have earned a worldwide reputation as tough dependable power sources that underpin local infrastructure and are suited to a multitude of applications and usage environments ever since the launch of the M6 in 1951. We now provide a lineup of more than 2,000 Subaru general-purpose engine models, which are exported to more than 100 countries and regarded as a reliable brand worldwide.

Location | · Saitama Manufacturing Division
(Kitamoto City, Saitama Prefecture)

Corporate Overview (As of March 31, 2016)

Name Fuji Heavy Industries Ltd.

Established July 15, 1953

Paid-in Capital 153.8 billion yen

Employees 31,151 (Consolidated)
14,234 (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 3,232.3 billion yen (Consolidated)
2,083.5 billion yen (Non-consolidated)

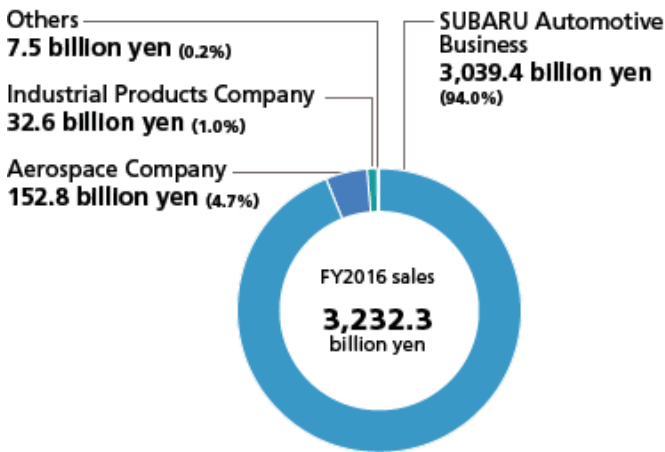
Operating Income 565.6 billion yen (Consolidated)
414.8 billion yen (Non-consolidated)

Ordinary Income 577.0 billion yen (Consolidated)
438.6 billion yen (Non-consolidated)

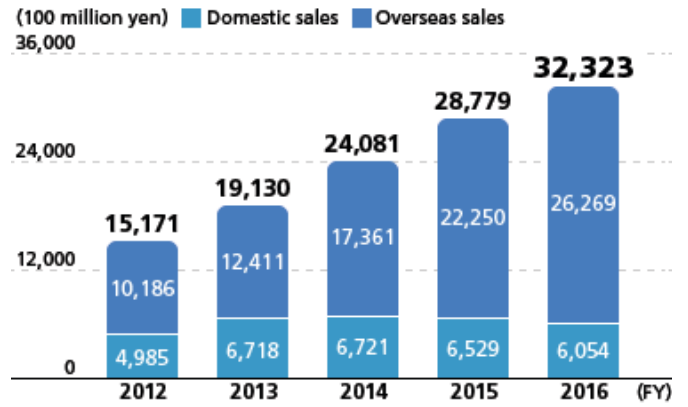
Net income 436.7 billion yen (Consolidated)
361.9 billion yen (Non-consolidated)

*The figures for Sales through Net Income are for FY2016.

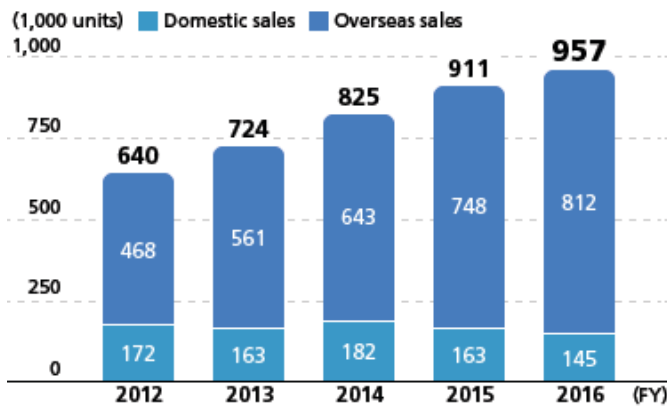
FY2016 Sales Ratio by Business Unit



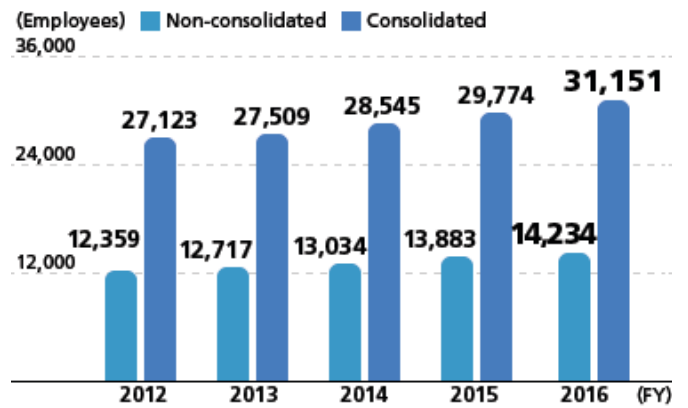
Trends in Sales



Trends in the Number of Car Sales



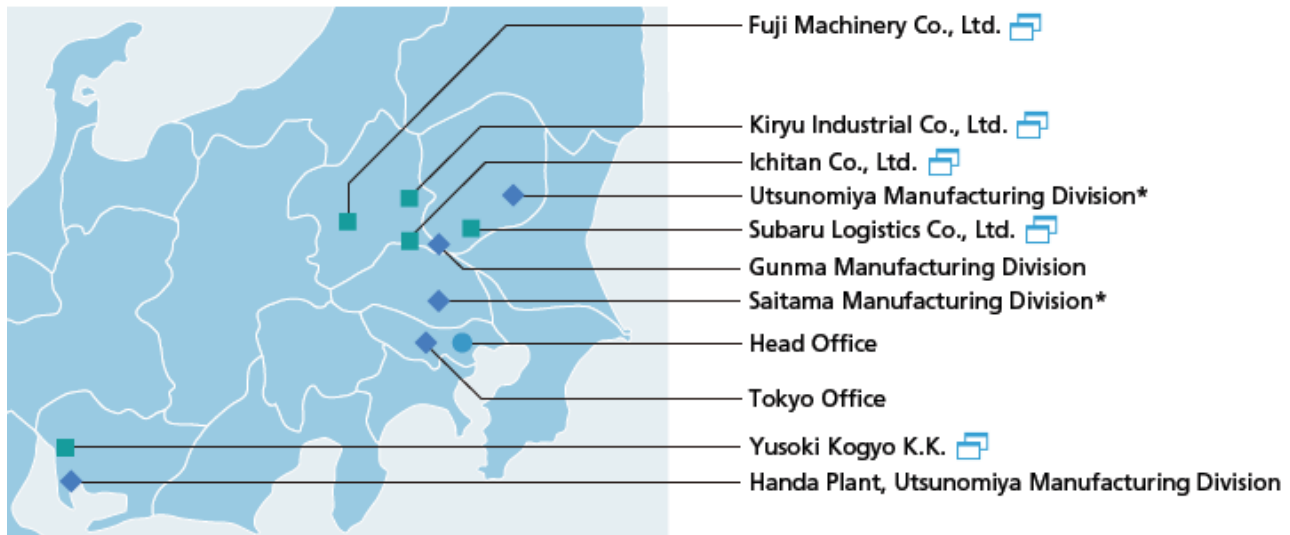
Trends in the Number of Employees



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

Business Sites

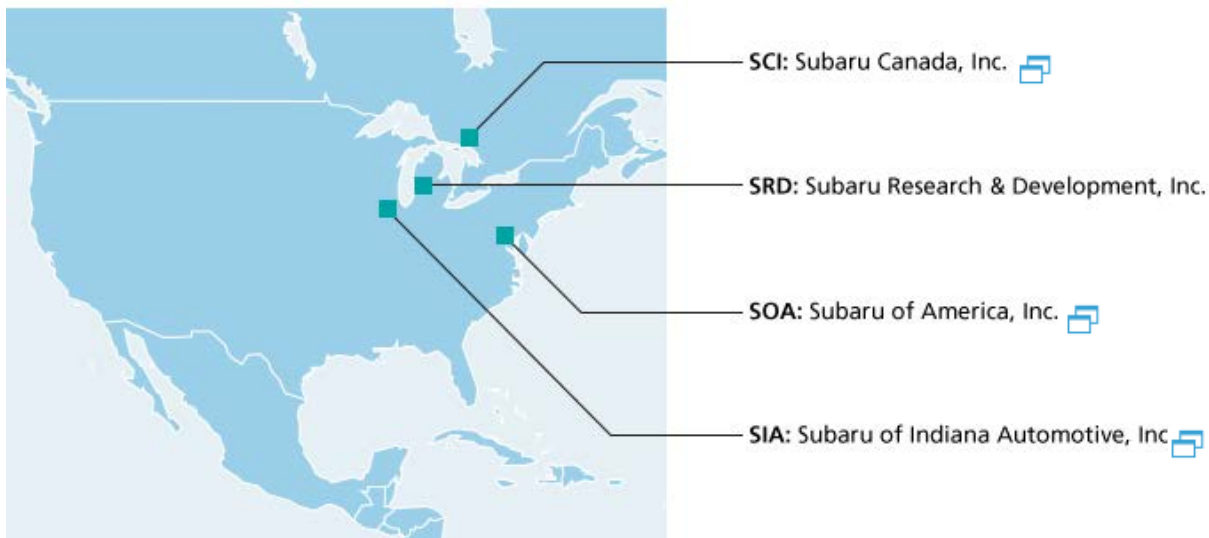
FHI and Domestic Subsidiary Companies



For details about domestic subsidiary companies, please click on the link below.

<https://www.subaru.co.jp/en/outline/office.html?id=domestic>

Overseas Subsidiary Companies

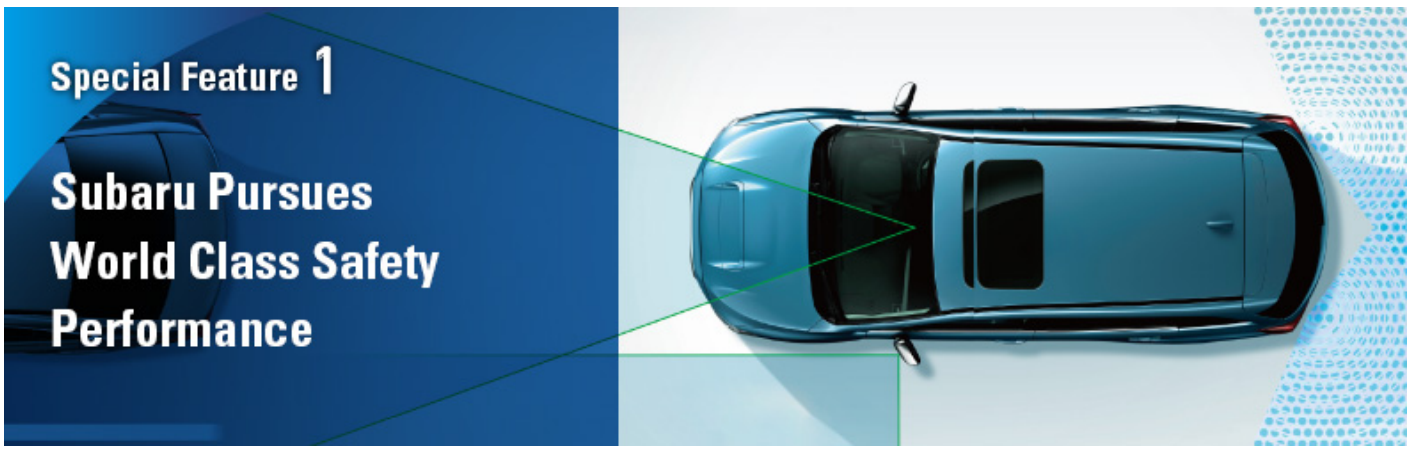


For details about overseas subsidiary companies, please click on the link below.

 <https://www.subaru.co.jp/en/outline/office.html?id=northAmerica>

● Head Office ◆ FHI Business Sites ■ Affiliated Companies

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



Special Feature 1

Subaru Pursues
World Class Safety
Performance



Special Feature 1 | Subaru Pursues World Class Safety Performance

Subaru Pursues Ultimate Safety

Pursuing safety performance from all directions with the aim of achieving zero traffic accidents

Subaru has worked to build cars that prioritize safety with the concept that everyone should enjoy comfortable mobility with peace of mind all the time. SUBARU ALL-AROUND SAFETY, the basic concept for this means that we ensure safety under all environments. In order to achieve this, Subaru pursues all angles of safety from four directions of Primary Safety, Active Safety, Pre-Crash Safety, and Passive Safety.

Primary Safety is based on an approach that enhances safety through innovation in initial and basic design techniques for the automobile form and operability. Subaru pays meticulous attention to the details of the instrument panel and seat design, including visibility design with a focus on building cars that facilitate safe and concentrated driving.

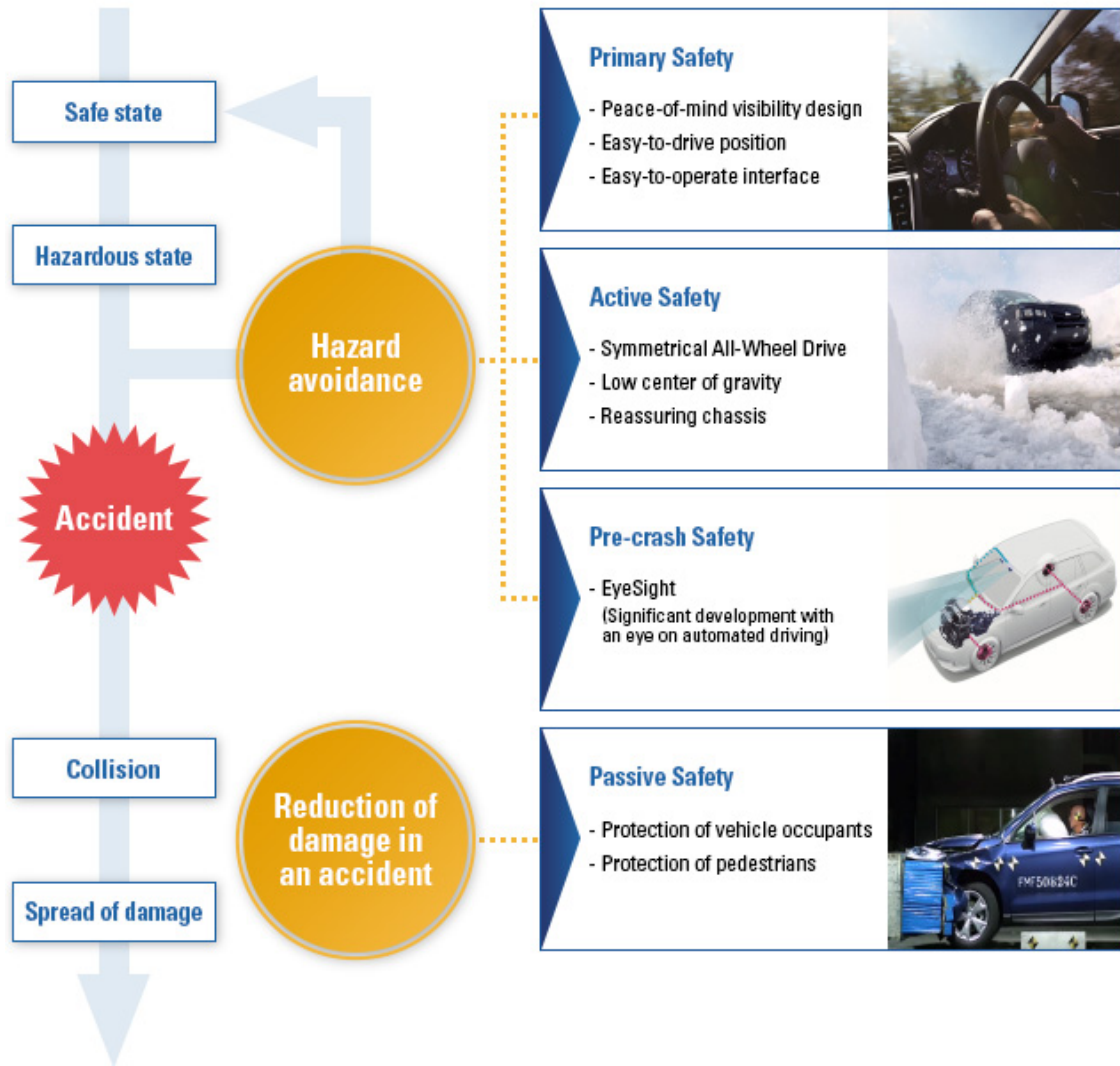
Active Safety is safety technology that attempts to prevent accidents, assuming that accidents may occur. Based on the idea that the ultimate drive fosters safety, we use our unique technologies such as our horizontally-opposed SUBARU BOXER engine with a low center of gravity and Symmetrical All-Wheel Drive as the basis for exhaustive refinement of vehicle performance to “run, turn and stop” in accordance with the driver’s intentions that enables users to drive with confidence.

Pre-crash Safety is technology 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 focus on Pre-crash Safety and has promoted its development. EyeSight, the result of this development, accurately judges conditions in front of the vehicle using information obtained from a stereo camera. By linking the engine, transmission and brakes, it supports safe driving in a variety of scenarios, including hazard avoidance and damage reduction, prevention of accidental starting caused by pedal operation errors, and reduction of fatigue on long-distance drives.

Passive Safety is technology that provides people with protection from collision impact in the event of a collision. With an original 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 collisions with pedestrians in its pursuit of collision safety performance. This safety performance is highly acclaimed in collision safety assessments in and outside Japan.

Going forward, Subaru aims to achieve zero traffic accidents, which is the ultimate objective of automobile manufacturers, by further evolving our all-around safety performance.

■ Safety Philosophy and Four Focus Areas



Subaru Global Platform Eyeing Safety in the Future

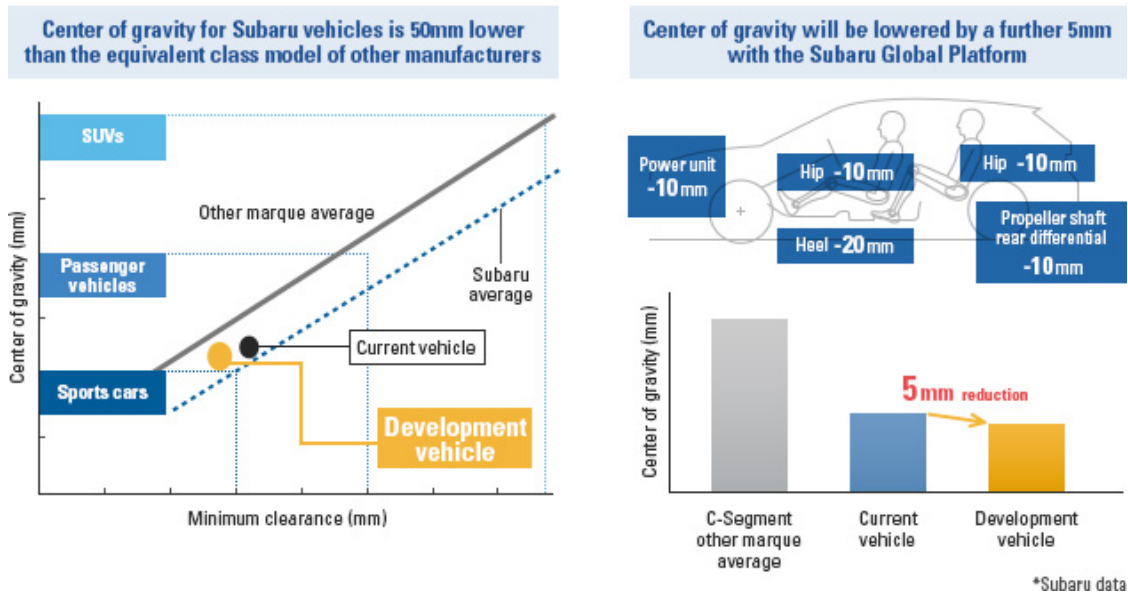


Dramatic improvement in vehicle driving safety to achieve world class hazard avoidance performance

Starting with the next-generation Impreza to be launched in 2016, Subaru will adopt the new Subaru Global Platform for all its independently developed cars. The Subaru Global Platform has been developed in anticipation of the evolution in cars through to 2025. One of our big objectives for completely revamping our platform, which is the basic frame of a car, is to further evolve our world class safety performance, which is a major feature of Subaru vehicles.

For example, we have achieved safe driving performance under all environments and weather using our unique technologies such as the low center of gravity package based on the horizontally-opposed SUBARU BOXER engine and full-time All-Wheel Drive. Steps such as increasing the rigidity of the body and strengthening the undercarriage demonstrate a significant effect in further improving this Active Safety performance. Therefore, for the new platform, we have achieved substantial improvements in the rigidity of the body and the chassis, further lowered the center of gravity and developed the undercarriage through a revision of suspension design and other means. As a result, based on our tests, we have achieved hazard avoidance performance (the speed at which a hazard can be safely avoided by swerving in an emergency) of 92.5km/h in the next-generation models that adopt the new platform compared with 84.5km/h for current models, which is a performance that rivals premium European sports cars.

■ Active Safety



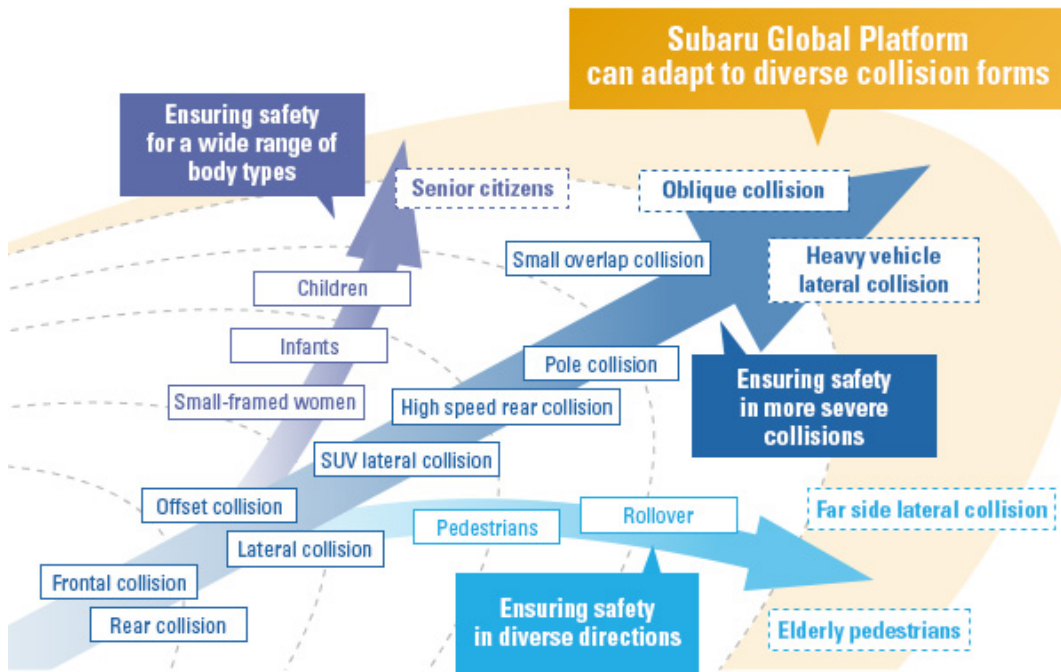
Increasing impact energy absorption by 40% to lead further evolution in collision safety performance

Ever since beginning our original collision safety tests in the days of the Subaru 360, Subaru has always pursued collision safety performance that is one step ahead of its day. As a result, the collision safety performance of current Subaru vehicles receive the highest rank of assessment in all performance assessments by the leading third party organizations, including JNCAP in Japan, IIHS in the U.S., and NCAP in Europe.

The adoption of the Subaru Global Platform will make a significant contribution to further enhancing Passive Safety performance. The new platform has dramatically improved the strength of the body through such means as increasing the rigidity of the body and chassis in addition to optimizing the frame construction, duplicating load transmission routes, and extending use of high-strength materials to increase impact energy absorption in a collision by about 40% compared with current vehicles. Moreover, the design is expected to improve performance by another 40% through further adoption of increased strength and non-ferrous materials to enable safety to be ensured in more severe collisions and for vehicle occupants with a wide range of body types as well as pedestrians in the future.

Going forward, Subaru will continue the further evolution of world class collision safety performance through adoption of the new platform and development of original safety technology.

■ Diversification and Growing Complexity in Forms of Collisions



EyeSight Creating the Future of Safety



Pursuing a “car that avoids crashes” with the aim of achieving zero traffic accidents

Eliminating traffic accidents is the ultimate goal for automobile manufacturers, and it is also an important social mission. Subaru, which has prioritized safety performance since the company’s founding, was early to focus on the potential of Pre-crash Safety, which predicts hazards and reduces damage, as the first step toward achieving zero accidents, and we have worked to develop original driving assist technology.

The outcome of this work is EyeSight, a pioneer in pre-collision braking systems, which has also become another word for a “car that avoids crashes.” EyeSight is equipped with a stereo camera that equates to human “eyes” and a microprocessor that contains a 3D image processing engine/image recognition software/vehicle control software equating to the “brain” and accurately recognizes cars, pedestrians, bicycles, white lines on the sides of roads, etc. in its direction of travel. When it perceives a hazard, it attempts to avoid a collision or reduce damage by activating a warning indicator or pre-collision braking.

Moreover EyeSight Ver. 3, introduced in June 2014, achieved the introduction of color for the stereo camera, expansion of the viewing angle and distance, and improved performance of the 3D image recognition engine, making it able to recognize even more targets quickly and accurately. As a result, compared with Ver. 2 (speed difference of 0 - 30km/h with preceding vehicle), the pre-collision braking now operates in a wider speed range (0 - 50km/h, and approximately 35km/h for pedestrians). Moreover, in addition to the AT accidental starting prevention control function which not only works for moving forwards but also for reversing, it provides an array of driving assist functions that produce a safe and comfortable drive such as the Active Lane Keep function that keeps the vehicle in the middle of a lane and suppresses deviation from the lane when driving on the expressway.

Many automobile manufacturers have now adopted driver assist systems such as pre-collision braking, but EyeSight, with utility and reliability that have been refined from an early stage using test courses that reproduce diverse road environments, has obtained the highest rank of assessment in preventive safety assessments in and outside of Japan. In fact, in independent calculations based on data from the Institute for Traffic Accident Research and Data Analysis (ITARDA), vehicles fitted with EyeSight Ver. 2 are having a significant effect on the prevention of traffic accidents in the real world, including a reduction of approximately 60% in accidents resulting in injury or death, and a reduction of approximately 80% in rear-end collisions between cars.

■ EyeSight Installation Rate

Subaru can install EyeSight on nearly all models.

Can be installed on approximately **90%** of models. (7 out of 8 models)



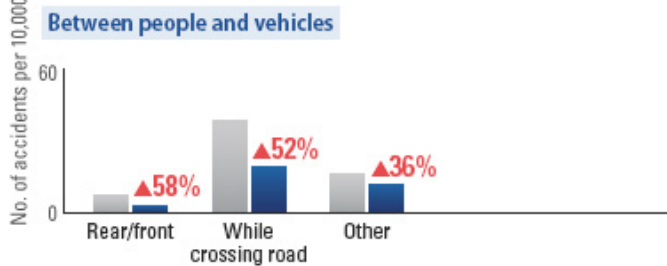
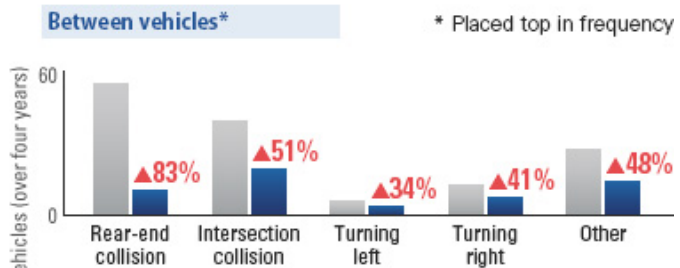
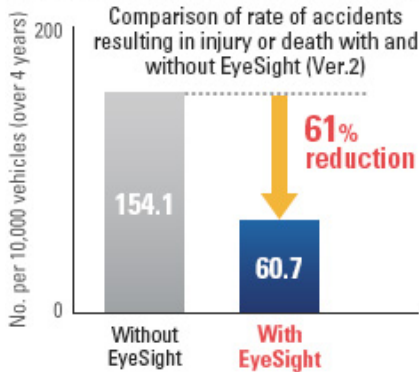
* Can be installed on all models except SUBARU BRZ out of the Legacy, LEVORG, WRX, Impreza, SUBARU XV, Forester, Crossover 7, and SUBARU BRZ.

EyeSight is installed by many customers on models for which it is possible. * Subaru data

Destination	Japan	Australia	Europe	U.S.
Installation rate for January – December 2015, and model with highest installation rate by destination	83%	62%	96%	31%
	100% for Legacy, LEVORG, WRX, and Crossover 7	100% for Legacy	96% for Outback	57% for Outback

■ EyeSight Accident Reduction Data

Approximately 60% reduction in accident rate for accidents resulting in injury or death



* Independent calculations from data on accidents that took place over the four years from 2011 – 2014 among vehicles sold between 2010 and 2013 in which installation of EyeSight (Ver. 2) is possible based on Institute for Traffic Accident Research and Data Analysis (ITARDA) data. There were 2,234 accidents.

* Calculates the number of accidents resulting in injury or death per 10,000 vehicles with and without EyeSight (over four years). Of the target vehicles, there were 246,139 with EyeSight (Ver. 2) and 48,085 without it.

Accelerating evolution of EyeSight with the aim of human-centered automatic driving

Presently, the development of automatic driving technologies is gathering momentum among automobile manufacturers and IT companies in and outside of Japan. For Subaru, where our starting point is “building human-centered cars,” the goal of developing automatic driving technologies is not “to make the car drive instead of the person,” but strictly to “reduce traffic accidents to zero.” Based on this technical concept, we will continue to provide useful automatic driving and driving assist systems at a price that many customers can afford by improving the fundamental safety performance of our cars and further improving the performance and increasing the functions of EyeSight.

In terms of specific plans, we will make a congestion tracking function feasible for EyeSight on automobile-only roads from 2017. This function will use EyeSight to assess the movement and curve of the leading vehicle when the expressway is congested and automatically control acceleration, braking, transmission and steering. It is intended to achieve automatic driving in the same lane in a speed range of 0km/h – 65km/h. Further in 2020, we will add an autopilot function to EyeSight using radar in a plan to make automatic driving, including lane changing, feasible on automobile-only roads.

At Subaru, we will continue to further improve the accident avoidance performance of Subaru cars in the future by prioritizing the development of driving assist functions targeted at situations that tend to lead to accidents. We will naturally pursue zero accidents while also aiming to achieve Subaru-style automatic driving that delivers “enjoyment and peace of mind” to vehicle occupants.

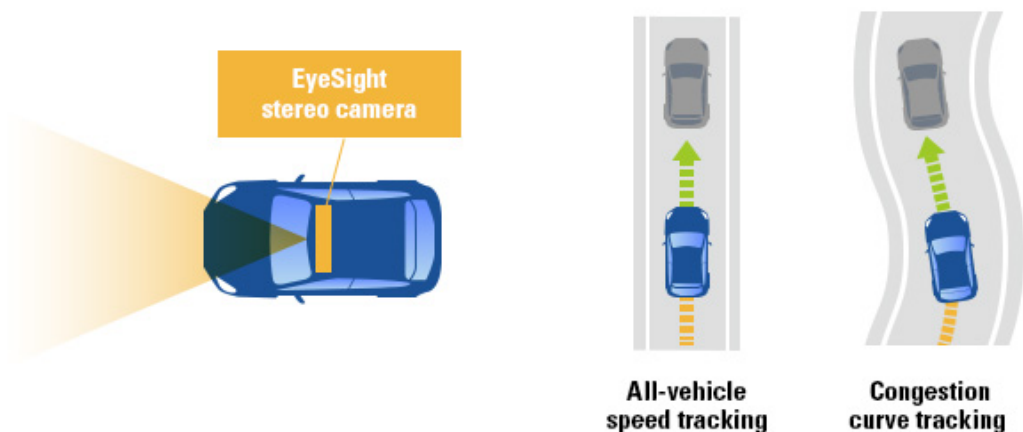
■ Congestion Tracking Function (TJA: Traffic Jam Assist) on Automobile-only Roads

Semi-automatic driving
(Level 2)

Scheduled for 2017 launch

A simple system that evolves EyeSight to achieve a highly practical congestion tracking function

A tracking function that achieves lane maintenance at low speeds (0 – 65km/h) in addition to all-vehicle speed tracking function and Active Lane Keep (lane maintenance at 65km/h and faster)

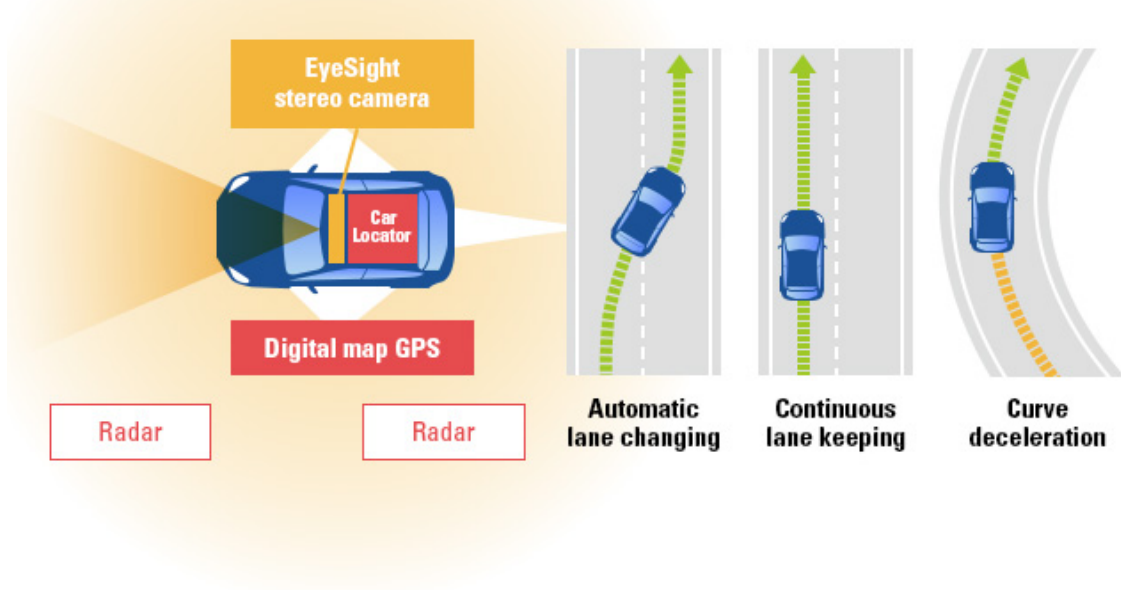


■ Expressway Automatic Driving (Autopilot)

Automatic driving
(Level 2)

Scheduled for 2020 launch

Achieving reliable automatic driving at low cost by adding the minimum devices to EyeSight, which has many functions



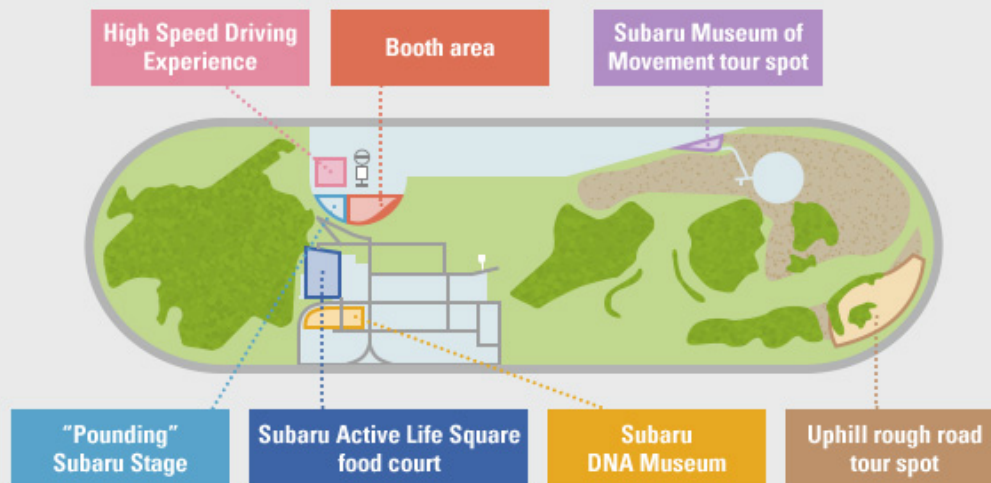
Special Feature 2

Fan Meetings Connecting Subaru and Users



Summary of SUBARU FAN MEETING 2016

- Date: Sunday, March 27, 2016, 10.00am – 4.00pm
- Venue: Subaru Test & Development Center (SKC), Fuji Heavy Industries, Ltd.
- Entry conditions: People who applied to a specially established site during the application period and were selected as winners



SUBARU FAN MEETING 2016 was held on Sunday, March 27, 2016 at the Subaru Test & Development Center (SKC) in Sano City, Tochigi Prefecture. It was the first time for the event, which attracted some 2,500 users.

The FHI Group has established a policy of “Enhancing the Subaru brand” in our Mid-Term Management Vision Prominence 2020, and we are working to build stronger ties with our fans as part of that.

The objective of the fan meeting was to deepen the ties between users and Subaru through unique SKC events such as the Subaru DNA Forum that provided interaction with development staff, the Owners’ Meeting where the developers of each model (PGM) talked development secrets, and the High Speed Driving Experience.



FHI President Yasuyuki Yoshinaga welcoming users



Owners’ Meeting

Subaru DNA Forum Connecting Users and Development Staff with the Concept of Safety



The Subaru DNA Forum had two parts. The first part was the Subaru DNA Presentation which discussed Subaru's history of commitment to fundamental performance and safety and the monozukuri (making things) spirit in our DNA, which has been handed down to automobile development today. Many users took part and listened with great interest.

The second part was the Subaru DNA Seminar, where booths were set up based on the five themes of 1.6l intelligent "DIT," the pleasure of driving, collision safety performance, EyeSight, and design concepts with a panel discussion. There was a lively exchange of opinions between development staff, mainly engineers, and users.

At every booth, we received many diverse opinions from the unique point of view of users in areas such as the approaches and positions of development staff and initiatives in development and testing.

■ Collision Safety Performance booth

Used test vehicles and dummies to explain all the scenarios required in collision testing in order to save lives. Users experienced the rigor of collision testing.

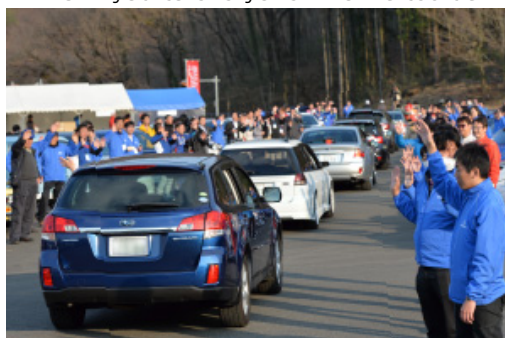


■ EyeSight booth

Displayed the whole booth shot by EyeSight on a screen. Users found out directly how EyeSight actually recognizes objects.



Thank you to everyone who visited us.



The Fuji Heavy Industries Group's CSR

The Fuji Heavy Industries Group engages in CSR activities aimed at contributing to the creation of a better society and environment through our core business to achieve a sustainable society.

Our Approach to CSR

Challenges for society abound in Japan and overseas, such as global warming, human rights issues, and an aging and declining population, and there are rising expectations that corporations will help resolve them. The FHI Group's business domain also requires initiatives on diverse themes such as reducing environmental impact, preventing traffic accidents, and alleviating traffic congestion.

Therefore, naturally we develop, manufacture, and sell products with outstanding safety and environmental performance and quality, but as a corporate citizen we also work on CSR activities to meet the needs of society and address social challenges in good faith. We reviewed how we can contribute to society through our business and how to meet the expectations and needs of our stakeholders amid a constantly changing social environment. As a result, we have reaffirmed that the Eight Action Items we have established as the categories for our CSR activities to date form the basis for all of our business activities.

Going forward, we will deliver "Enjoyment and Peace of Mind" to all of our stakeholders, including our customers, as a compelling company with strong market presence in addition to enhancing the corporate value of the FHI Group and contributing to the creation of a more affluent and sustainable society by ensuring that our business activities are based on the Eight CSR Action Items.



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.



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.



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.



Environment

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



SUBARU



Social Contribution

Maintain proactive social action programs as a good corporate citizen.



Information Disclosure

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



Procurement

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



Employees

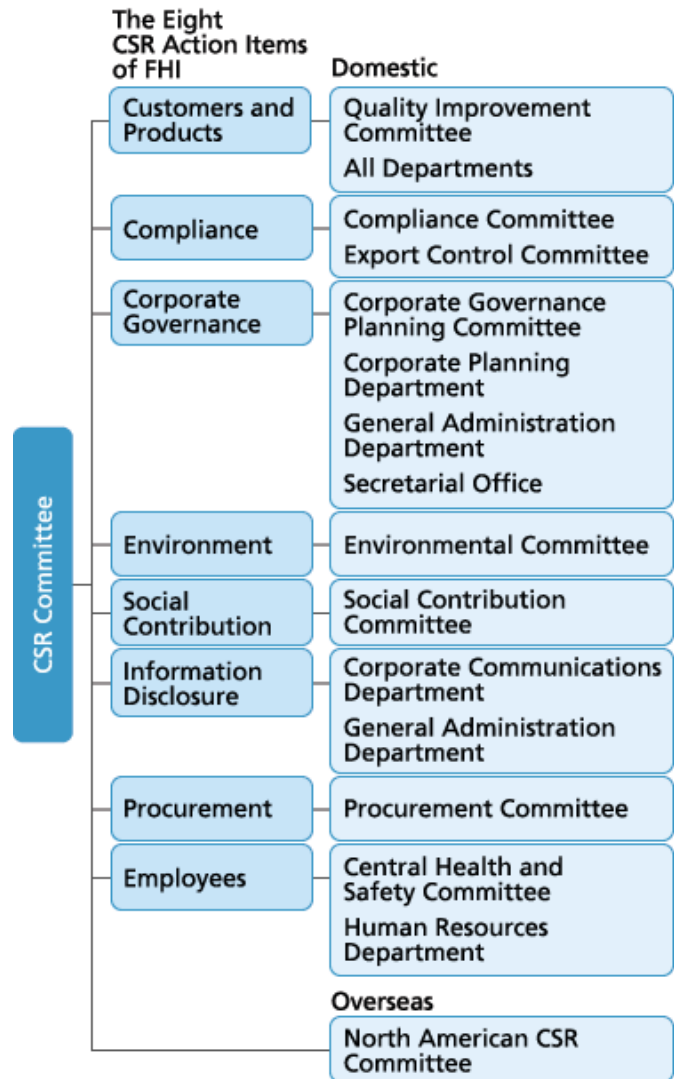
Respect the diversity, individuality, and personality of employees and ensure that work environments are as safe and comfortable as possible.

*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.

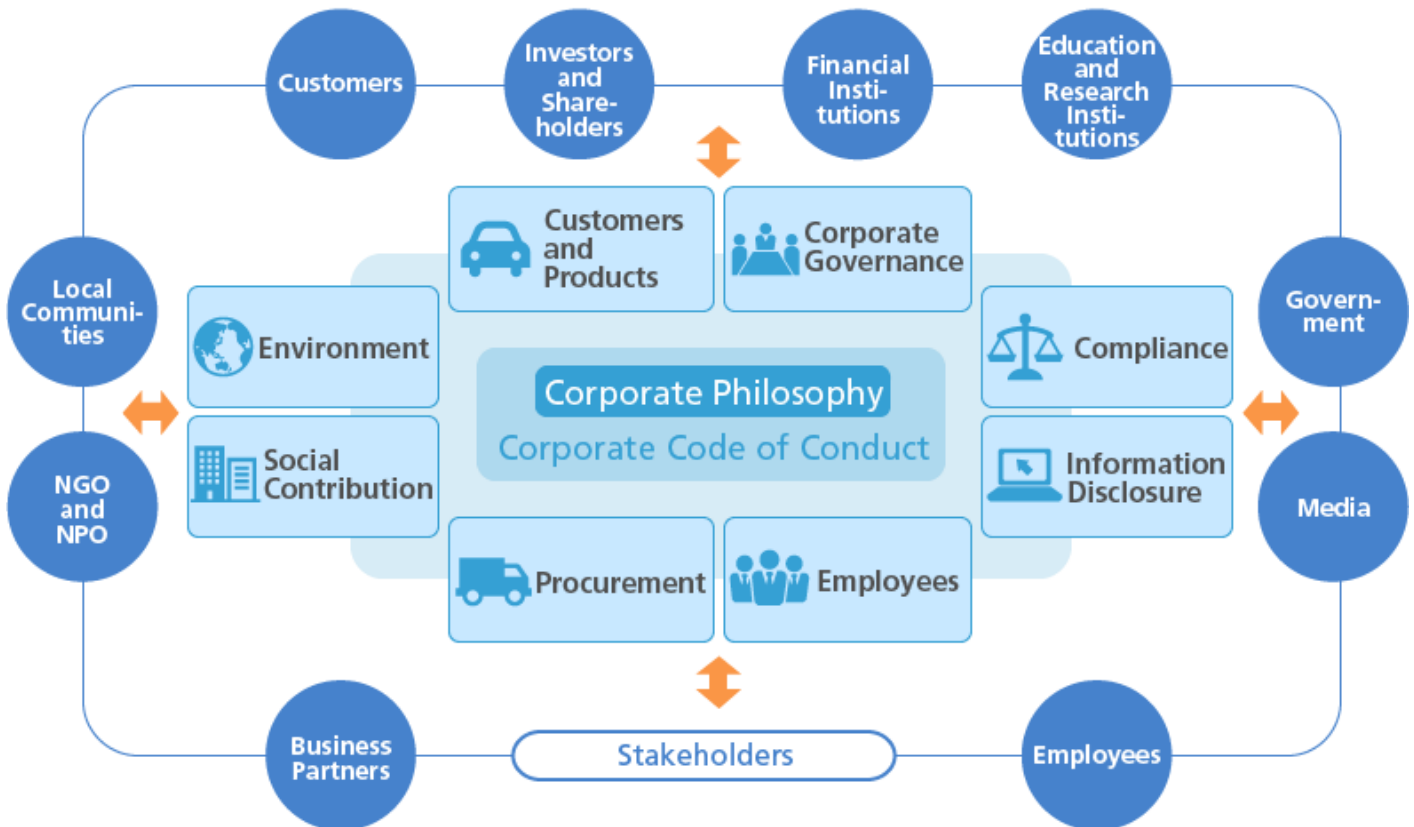
Organization Chart



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



Safety is Our DNA

Having roots in the aircraft industry, FHI considers safety to be the most important feature underpinning automobiles. Since we launched the Subaru 360 over a half-century ago, we have engaged in automotive manufacturing to this day with a philosophy of “All-Around Safety” and maximum emphasis on safety performance.

SINCE 1917

Ensuring safety for pilots

Our DNA of safety is inherited from aircraft development.

At the core of Subaru's safety development expertise lies traits acquired from developing aircrafts. Given the lethal ramifications of a crash, aircraft development requires designs that consider all manner of possible emergency situations, hence the implementation of ideas and countermeasures within the aircraft's basic structure to prevent the onset of danger. In addition, one of the indispensable safety features of smaller aircraft is the ability for the pilot to be able to secure an all-around unobstructed line of sight. This approach to safety has not diminished after we moved into automobile manufacturing. Since we released the Subaru 360, all of our vehicles have been developed with an emphasis on safety features, starting with unobstructed visibility.



Subaru 360

SINCE 1960

Ensuring safety for drivers

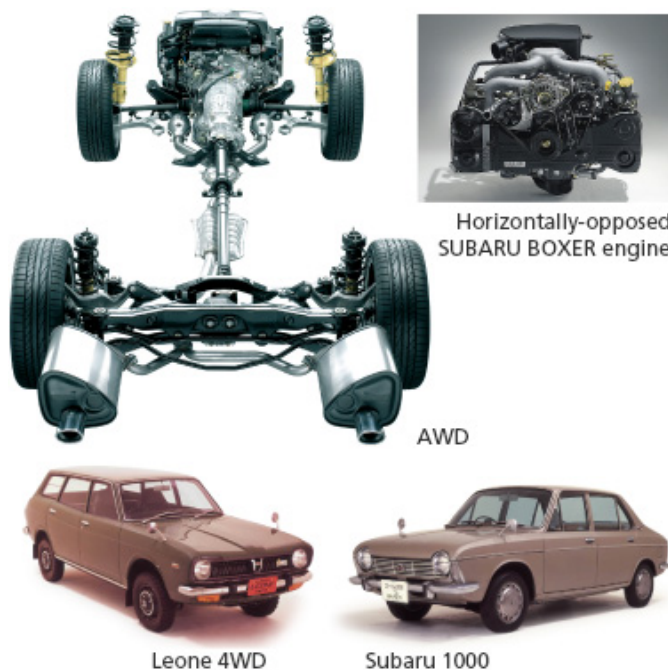
Developing a vehicle body for collision safety based on All-Around Safety that is ahead of the times.

The Subaru 360, launched in 1958, fulfilled a key role in helping the spread of automobiles during Japan's high growth period. Since that period, Subaru has dedicated itself to developing vehicle bodies for collision safety following our principle of All-Around Safety—effectively absorbing shock from collisions in all directions and protecting passengers with a cabin structure of robust strength. Early on, safety was not yet emphasized as part of the value of vehicles and there were no crash test dummies in existence. Subaru's development team, however, pushed forward independent research on car body structure and how it affects human passengers. Through trial and error, we pursued superior collision safety technologies ahead of their time.

Ensuring safe driving, turning, and braking

Developing proprietary technologies for enhanced driving safety, such as the horizontally-opposed engine and AWD.

Fundamental automobile performance in terms of driving, turning, and braking differs depending on the vehicle's structure. In particular, the location of the center of gravity and the type of drive train have a significant effect. The lower the center of gravity, the more stable the cornering, while a drive train that delivers power to all of the wheels gives constant stability when driving. This is the perspective that led Subaru, in 1966, to launch the Subaru 1000—a FWD vehicle with a horizontally-opposed engine—and, in 1972, the 4WD Subaru Leone. Since that time, we have further honed our proprietary technologies and continued to pursue safe and stable driving performance.



IN THE 1980s & 1990s

Ensuring safety for drivers and passengers

Launching our flagship Legacy.
Embarking on development of driving support systems.

Our flagship Legacy model, launched in 1989, demonstrated both reliable driving performance and mechanical endurance when it set a world speed record in January of that same year for 100,000 km of continuous driving. Furthermore, around this period, we started development of a driving support system using stereo cameras. In 1999, we commercialized ADA, Active Driving Assist, which was the predecessor of our current EyeSight technology.

Ensuring safety for everyone

Commercializing EyeSight—Levorg with the latest EyeSight (ver. 3) technology earns the highest ratings in preventative safety tests.

In 2008, we commercialized our EyeSight technology with stereo cameras constantly surveying the area forward of the vehicle, and warnings and pre-crash braking functions for preventing accidents or mitigating damage from accidents. Furthermore, in 2014, we achieved a new level of high performance and function with the launch of EyeSight Ver. 3. The Levorg with this latest EyeSight technology has garnered the highest ratings in a host of preventative safety performance tests.



INTO THE FUTURE

Working toward achieving a safer society

The future of safety according to Subaru.

Going forward, Subaru is working on development themes, including heavy traffic autopilot and automated freeway driving, as we further evolve the EyeSight technology. Under our philosophy of All-Around Safety, we will continue to pursue safety from many diverse perspectives and contribute to realizing a society with automobiles that anyone can drive with peace of mind.



Customers and Products: Efforts to Raise Customer Satisfaction Levels

Our Approach to Customer Satisfaction Activities

The Fuji Heavy Industries Group strives to put customers first in all business activities. We strive to promote customer satisfaction activities across the Group, particularly at dealerships, so that customers continue to choose our brand for “Enjoyment and Peace of Mind” with the aim of achieving Prominence 2020, the new Mid-Term Management Vision.

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, equitable, 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)

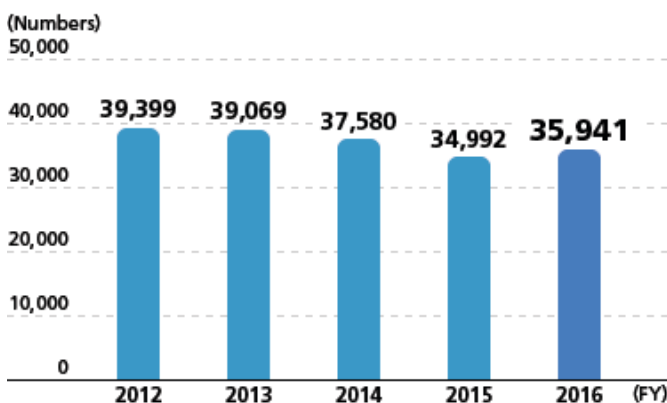
Please contact SUBARU Customer Center if you have any inquiries as below,

- 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)

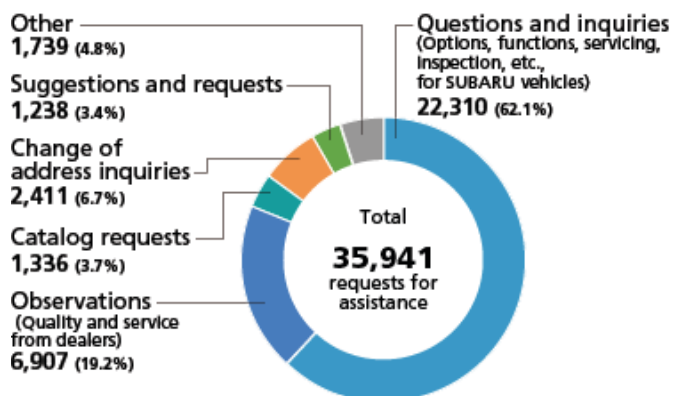
*Information service only for Opinions/Comments/Guidance is available on weekdays 12:00am – 1:00pm, and on Saturdays, Sundays and public holidays

Trends in the Number of Inquiries from Customers



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

Breakdown of Number of Requests for Assistance from Customers



Customer Satisfaction Survey

In order to be the brand that is chosen by customers by offering “Enjoyment and Peace of Mind,” 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.

In FY2016, we achieved a certain measure of appreciation with the positive opinions accounting for 95.8% of responses on the “Overall satisfaction” item for comprehensive evaluation of dealers used with a breakdown of 33.5% for “Extremely satisfied,” 49.3% for “Satisfied,” and 13.0% for “Somewhat satisfied.” On the other hand, there were still some responses that did not amount to satisfaction with 3.3% for “Somewhat dissatisfied” and 0.9% for “Dissatisfied,” and the entire Subaru Automotive Business is working on improvements.

Examples of main improvements based on customer opinions and requests

Dealerships

- Information displays on use of in-store equipment
- Enhancement of kids’ areas (installation of counter to keep watch on children, increased variety of toys, ensuring safety)
- Expansion of drinks menu, set up of free drinks
- Increased variety of magazines
- Increased amenity goods in bathrooms, etc.

Subaru Automotive Business

- Development of Wi-Fi environment infrastructure and introduction of SUBARU Wi-Fi at all Subaru dealerships
- Creation of Subaru promotion videos that customers can see at all dealerships

Number of valid response to the SUBARU Questionnaire

FY 2016: 95,324 responses/year

FY 2015: 84,090 responses/year

FY 2014: 80,362 responses/year

Customer Satisfaction (CS) Activities Focusing on Dealers

In addition to our usual activities in which we provide feedback on customer opinions and requests obtained from past “SUBARU Customer Questionnaires” to SUBARU dealers and related divisions paving the way to enhancements in products, quality, sales and after-sales service, we are prioritizing activities that include making customers comfortable in showrooms. To promote these activities, we provide support such as human resource development and deployment of best practices from other dealerships. We also actively promote the refurbishment of showrooms and service garages. In this way, we are promoting increased customer satisfaction from both aspects of facilities and management to expand customer satisfaction activities suited to the SUBARU’s product characteristics.

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 can perform in a way that gives satisfaction to customers.

Starting in FY2017, we are introducing a curriculum around Subaru DNA, which is the backbone for “Enjoyment and Peace of Mind,” into nearly all training in Japan with the aim of widespread understanding among dealership staff. We have also introduced FT (factory tour) training aimed at enhancing technical capabilities in addition to the conventional standard training.

We also work to train staff outside of Japan, holding in-country training and training in Japan 14 - 15 times a year and providing new content for online learning about one to three times a year.

Number of Trainees Enrolled in Dealer Education Program in Japan

	FY 2016 (first half)	FY 2016 (second half)	Total
Manager, sales	1,426	1,543	2,969
Service staff and other	1,308	1,286	2,594
Total	2,734	2,829	5,563

*Includes business trip training, etc.

SUBARU Academy

SUBARU has established the SUBARU Academy as a dedicated organization in the development of human resources for dealerships inside and outside Japan.

The SUBARU Academy provides occupation-specific training for sales and service 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.



Training program for SUBARU staff



SUBARU Training Center

STARS Sales Professional Certification Program

We established the Subaru Staff Training and Rating System (STARS)* sales professional certification program 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, techniques, and customer service skills based on performance such as sales to determine the level of a salesperson’s certification. (As of March 2016: Sales STARS Level 1 – 25 salespeople, Level 2 – 394 salespeople, Level 3 – 1,206 people)

We run tests covering areas such as knowledge of service operations, customer service skills, and technical capabilities to determine the level of a service advisor’s certification. (As of April 2016: Service STARS Mechanic Level S – 10 mechanics, Level 1 – 935 mechanics, Level 2 – 1,182 mechanics, Level 3 – 971 mechanics, Level 4 – 399 mechanics/Front Counter Service Advisor Level S – 4 people, Level 1 – 138 people, Level 2 – 534 people)

Our goal by 2020 is for 5% of all salespeople to achieve Level 1, 15% to achieve Level 2, and 60% to achieve Level 3. We are promoting initiatives so that at least 60% of all service advisors will achieve Level 1 or Level 2 by 2018.

* 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 distributors 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 service staff is essential to delivering service that gives our customers peace of mind.

Consequently, SUBARU offers the Advanced Technical Training (ATT) and STEP Trainer Training (STT) as technical training curriculums for the development of the trainers who provide tuition for our service staff worldwide and to train service 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.

Starting in FY2017, we plan to increase the technical training that our employees run at overseas dealerships in addition to utilizing affiliated colleges in five countries around the world. Moreover, during FY2016, we assigned external trainers certified by us for 30 countries with annual sales of at least 1,000 cars with the aim of further enhancing service.



Service Advisor Education Program material (extract)



ATT at the SUBARU Academy in March 2016

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.

In addition to holding twice-yearly (June and November) conferences in Japan that bring together overseas dealerships from eight leading countries, we seek close communication through regional meetings for North America, Europe, Central and South America, Oceania, China, Southeast Asia and so on with the aim of speeding up the resolution of any issues. In FY2016, we held 26 regional meetings.

We also provided repair tools for advanced technology and easier-to-use repair manuals in FY2016 to enable service advisors to readily handle the latest technology. Starting in FY2017, we will continue to expand technical support for staff to master the use of these tools and manual.



Meeting bringing together overseas dealerships from eight leading countries

Efforts at the Aerospace Company

FHI's Aerospace Company responds to inquiries about maintenance and operation of aircraft delivered to Japan's Self Defense Force among other customers. Moreover, we work to raise customer satisfaction through various questionnaires in addition to regular customer visits in order to ascertain customers' requirements in detail and respond appropriately.

Our maintenance personnel involved in production also hold workplace visits and networking events at the shopfloor level, which assist with deepening and improving mutual understanding of operations with customers who actually engage in maintenance.

Efforts at the Industrial Products Company

We implement questionnaires through external evaluation online in order to hear the views of customers more broadly. We analyze the results of these questionnaires to feed back into improvements aimed at raising customer satisfaction.



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.

We have also established quality policies at affiliated companies in Japan and overseas in accordance with the business content of each company and regional characteristics, and affiliated companies practice quality control based on these policies.

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.

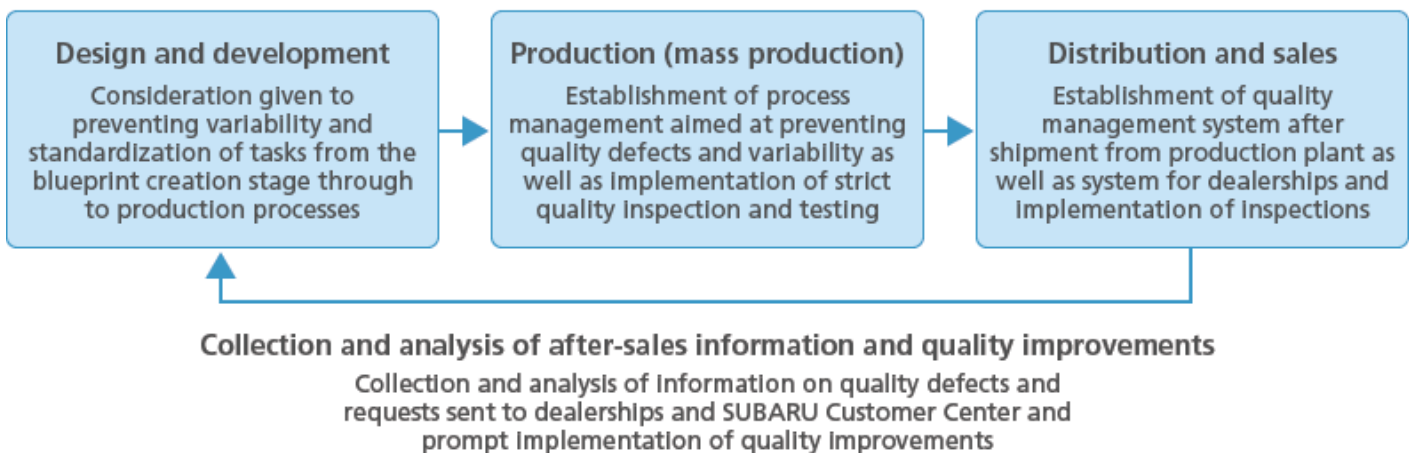
Product Quality Management System

- 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

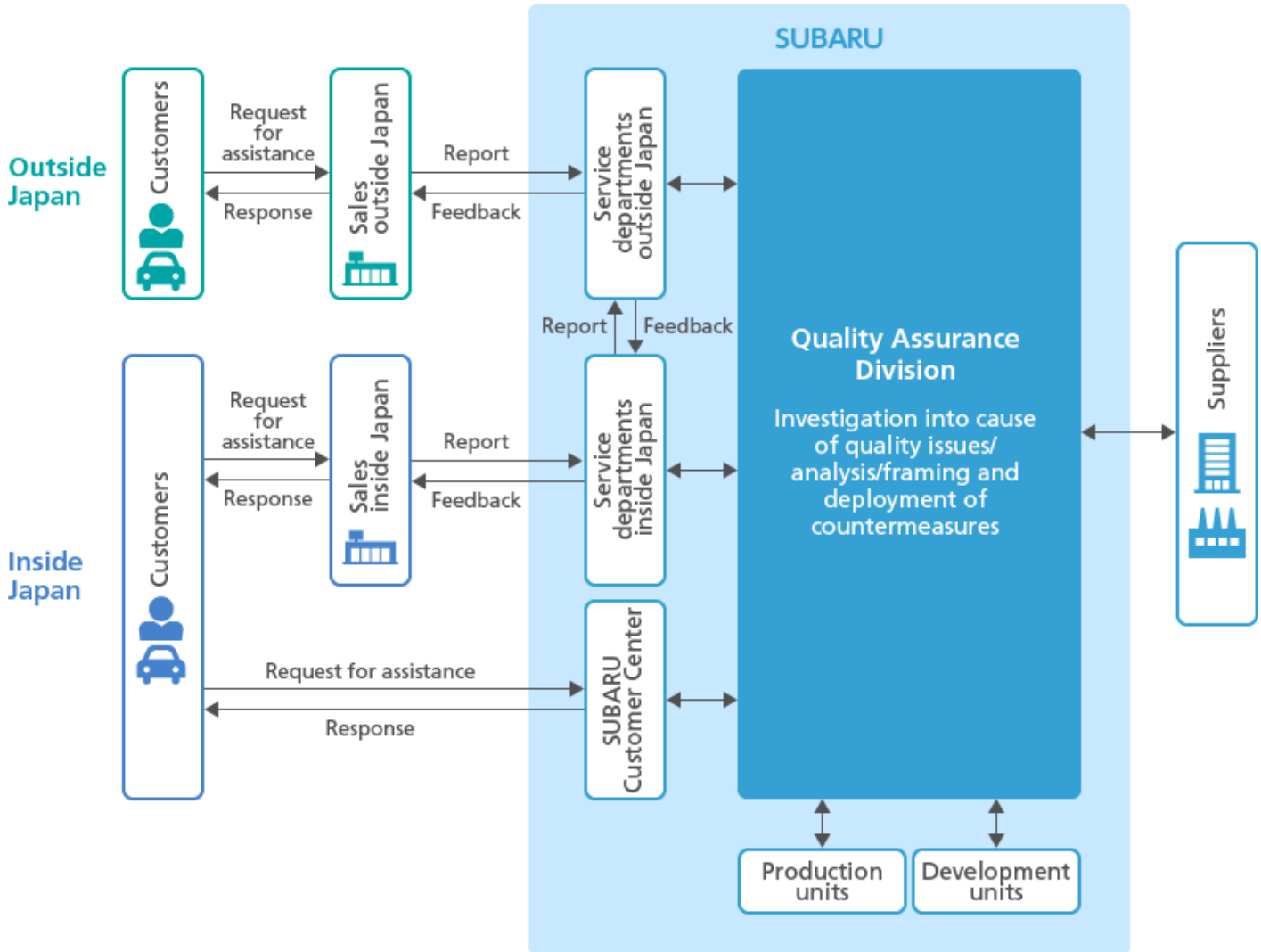


Creating a System Aimed at Improving Quality

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.

In FY2016, we strengthened the local system in North America, including organizational and personnel enhancements, with the aim of reinforcing quality improvement functions.

Quality Improvement System



Implementing Quality Assurance Training

We provide grade-specific quality assurance training in each department as part of employee education with the aim of upgrading quality assurance. We also provide training to develop quality assurance experts and individual programs for each business site.

Main curriculum around quality assurance

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

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.

In FY2016, there were no cases of infringement of laws or voluntary standards relating to the provision of information on quality and safety.

**Please refer to the FHI website for the details of our response to recalls.
(In Japanese only)**

 <https://www.subaru.co.jp/recall/>

Number of Recalls and Improvements (Japan)

No. of measures in Japan	FY2014	FY2015	FY2016
Recalls *1	1	4	5
Improvement measures *2	0	0	1
Service campaigns *3	1	0	3

*1 Recalls: A system under which an automobile manufacturer, etc. carries out the necessary improvements to meet safety standards when automobiles, etc. of the same model with a certain range, or tires or child seats might not or do not conform to road vehicle safety standards and the cause is deemed to lie in the design or manufacturing process.

*2 Improvement measures: A system under which an automobile manufacturer carried out the necessary improvements when a vehicle is in a state that cannot be overlooked in terms of ensuring safety and conserving the environment when a problem occurs despite not being specified in road vehicle safety standards and the cause is deemed to lie in the design or manufacturing process.

*3 Service campaign: A system under which an automobile manufacturer carries out merchantability and quality improvements for problems not covered by recall notifications or improvement measure notifications.

Efforts at the Aerospace Company

Quality Management System Based on Aerospace Industry Standards

FHI's Aerospace Company has established a priority policy of promoting production activities that are focused on a thorough commitment to safety and quality. Based on this policy, we have built and act under a quality management system that conforms to the JIS Q9100 quality management system standard for the aerospace and defense industry. The International Aerospace Quality Group (IAQG), to which the world's aircraft manufacturers belong, formulated this management standard.

As a leading voting member company of the IAQG, we contribute to the preparation of diverse guidance materials aimed at the creation of management standards and quality improvement and the formulation of operating regulations for management system accreditation programs.

In 2013, Japan's aerospace and defense industry formulated and issued SJAC 9068 as supplements to JIS Q 9100 with the aim of preventing inappropriate quality-related incidents and establishing a robust quality management system (QMS). FHI incorporated the supplements into the quality management system at the Aerospace Company immediately after they were issued.

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 regular "Quality Meetings," the Aerospace Company has designated November as the "Quality Month" for each year, engaging in activities that include lectures and distribution of educational pamphlets to all employees. The lecture for FY2016 was entitled Frontline Capabilities at Disneyland: All for the Happiness of Guests and was presented by Kaoru Abiko, Representative Director at Chucksfamily Inc. More than 500 people were involved including employees, the company president and suppliers.



Lecture on quality

The Aerospace Company has also established various systems for frontline employees to raise their opinions, including 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.

Efforts at the Industrial Products Company

Compliance with International Standard for Quality Management System

Since obtaining ISO 9001 (JISQ9001) certification, the international standard in quality management systems, in 1996, the Industrial Products Company has constantly complied in accordance with revisions to the standard.

Starting in 2014, the Industrial Products Company has taken the proper steps to adopt the requirements of ISO/TS16949, the international standard for quality management systems in the automobile industry, in order to respond even more precisely to customers' quality demands and expectations, and we are striving to reinforce the quality base.

Efforts Aimed at Improving Quality

At the Industrial Products Company, the Quality Management Committee, composed of all departments, manages progress toward quality targets on a quarterly basis.

In a year-round effort, we regularly conduct customer satisfaction surveys to collect opinions from customers and identify issues in areas ranging from manufacturing through to sales, paving the way to KAIZEN (improvement) activities. The Industrial Products Company has designated November as the "Quality Reinforcement Month" for each year in an effort to raise consciousness through such means as soliciting quality management slogans from all employees as an awareness activity. In addition, we have also developed grade-specific quality training programs in our efforts to upgrade quality.



Our Approach to Making Safe Vehicles

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/technology/safety/primarysafety.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

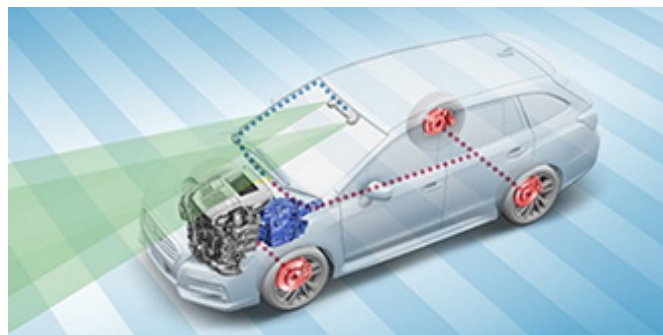
Click here for more details.

<http://www.subaru-global.com/technology/safety/activesafety.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. Legacy, Impreza/XV and Forester have also been equipped with EyeSight (Ver.3), and we are working to increase the models fitted with the system.



EyeSight (Ver.3) system illustration

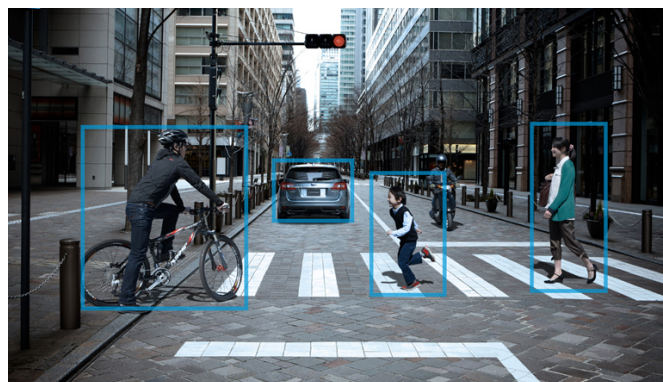


Image perceived by stereo camera

Click here for more details.

<http://www.subaru-global.com/technology/safety/preventivesafety.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.



Image of Legacy Outback JNCAP Frontal Offset Crash Test
Photo courtesy of the National Agency for Automotive Safety & Victim' s Aid (NASVA)

Click here for more details.

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

FY 2016 Car Assessment Results

SUBARU undergoes safety performance testing and assessment by JNCAP*1 in Japan, IIHS*2 in the U.S., EuroCAP*3 in Europe and ANCAP*4 in Australia, public organizations inside and outside Japan, and gains the highest rank of assessment in many of them.

In FY2016, all the models assessed in the new rear visibility assist device assessment commenced by JNCAP received a high rating. In addition, all the models assessed received the top rating of Advanced Safety Vehicle - Plus (ASV+) following on from FY2015.

*1 Japan New Car Assessment Program: testing and assessment of vehicle safety performance conducted by the Ministry of Land, Infrastructure, and Transport (MLIT) and the National Agency for Automotive Safety & Victims' Aid (NASVA).

*2 Insurance Institute for Highway Safety.

*3 European New Car Assessment Programme: a program for publishing vehicle safety information conducted in Europe.

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

FY 2016 Commendations

Japan JNCAP

- ASV+:
EyeSight-equipped Legacy/Outback,
Levorg/WRX, Impreza/XV/XV Hybrid,
Forester, Exiga Crossover 7



U.S. IIHS

- 2016 TOP SAFETY PICK+ awards*5:
EyeSight-equipped Legacy, Outback,
Impreza, XV Crosstrek, Forester, WRX



*5 In its publication of vehicle safety information, the IIHS designates a vehicle as TOP SAFETY PICK (TSP) if it received the rating of "Good" in all test results for the Offset Frontal Test, Small Overlap Front Test, Side Crash Test, Roof Strength Test and at least Basic in the Front Crash Prevention Test. In addition to these conditions, a vehicle that is rated Advanced or higher in the Front Crash Prevention Test is awarded TOP SAFETY PICK+ (TSP+).



Approach to Welfare Vehicles

SUBARU aspires toward sharing the happiness and freedom of living through cars for everybody. We are working to develop and increase the popularity of welfare vehicles so that people with physical handicaps and the elderly can travel by car in comfort and with peace of mind.

“TRANSCARE Series” – from Standard-sized Cars to Mini Cars

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.

In FY2016, we added the Legacy and the Crossover 7 to the TRANSCARE series to enhance the lineup as well as posting videos of the TRANSCARE series on our website.

In October 2015, we exhibited at the 42nd International Home Care & Rehabilitation Exhibition, Japan’s largest comprehensive exhibition of welfare equipment, presenting the Levorg and Legacy Outback based around the theme: “You’ll like getting out.” Our booth was visited by many people.

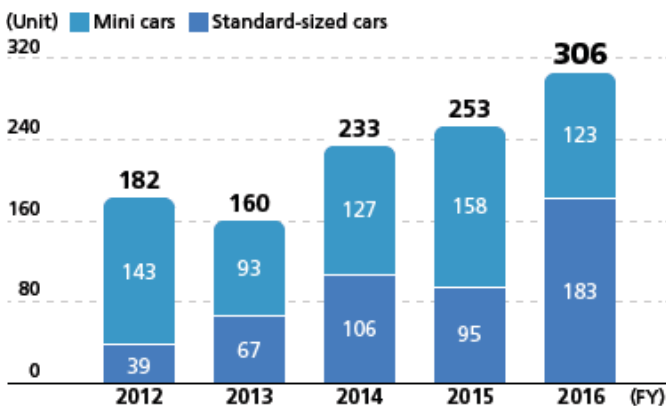
In FY2017, in addition to adding the new model Impreza to the lineup, we plan to increase the number of opportunities to view the TRANSCARE series in dealerships and to go for a test drive in a demo car.

Going forward, we will continue promoting a range of efforts to enable even more customers to feel the “enjoyment and peace of mind” of SUBARU cars.

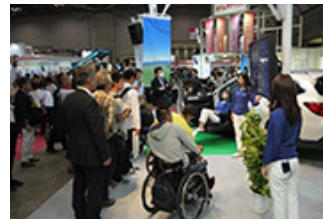
See videos for the TRANSCARE series here.
(Available only in Japanese)

<http://www.subaru.jp/transcare/wingseat/index.html>

Number of TRANSCARE Series Sold



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



Providing customers with explanations



Providing customers with explanations



Levorg TRANSCARE Wing Seat (Lift type)

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.

Furthermore, we have produced and distributed a Compliance Handbook, which focuses on summarizing the areas in the Compliance Manual that require particular attention, in order to promote thorough compliance at affiliated companies in Japan.

In addition, in FY2015, we produced bribery prevention guidelines in Japanese and English with the aim of preventing corruption, which we deployed group-wide, including affiliates in and outside Japan. Our prohibition of bribery and commitment to fair transactions are also stated in our in-house Compliance Manual and the Compliance Handbook for Affiliated Companies in Japan.

Furthermore, in FY2016, we produced the China Edition Bribery Prevention Guidelines (with Chinese translation) in consideration of the particular social circumstances in China, which we rolled out to our Chinese subsidiaries, and we promoted its incorporation into regulations at each of the relevant companies.



Compliance Manual

About the Corporate Code of Conduct

The Corporate Code of Conduct stipulates the basic guidelines that all officers and employees should follow in relation to stakeholders, including customers, suppliers, shareholders, and society, based on our corporate philosophy.

About the Conduct Guidelines

The Conduct Guidelines specifically stipulate the standards of conduct for all officers and employees in order to put the basic guidelines indicated in the Corporate Code of Conduct into practice in the course of their 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/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.

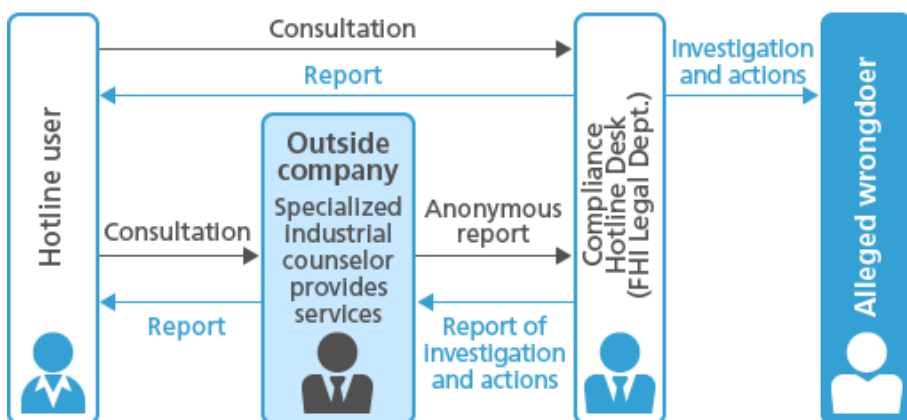
Compliance Hotline

In addition to discussing with their supervisors any compliance issues they encounter, FHI Group employees and temporary 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 specialist company external to the FHI Group has provided services to the Hotline Desk in the form of an outside service, 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 FY2016, there were 39 consultations with the Compliance Hotline.

Furthermore, to publicize the hotline system, we have distributed cards which display the workings of the system and the contact details for the hotlines to FHI Group employees while at the same time putting up posters in workplaces. In addition to including explanations of the services provided by the external specialist company on the posters, we have posted the information on the in-house intranet screen.

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 a total of about 4,500 people took part in FY2016. 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 (Head Office)



Compliance training (Tokyo Office)

Our Basic Approach to Corporate Governance

- FHI works on the enhancement of corporate governance as one of the top priorities of management in order to gain the satisfaction and trust of all of our stakeholders by achieving sustainable growth and improving our corporate value in the medium and long term aiming to be “A Compelling Company with Strong Market Presence” based on the “Customers Come First” principle under the corporate philosophy outlined on the right.
- FHI clearly separates the function of decision making and the oversight of corporate management from that of the execution of business operations and aims to realize effective corporate management by expediting decision making.
- FHI ensures proper decision making and the oversight of corporate management and the execution of business operations as well as enhancing compliance and our risk management system through monitoring of our management and operations and advice provided by outside officers.
- FHI implements proper and timely disclosure of information in order to improve the transparency of management.

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.

We have also created the Corporate Governance Guidelines with the objective of clarifying the basic policy, framework, and operating policy of the corporate governance of FHI.

See here for the Corporate Governance Guidelines and the Corporate Governance Report.

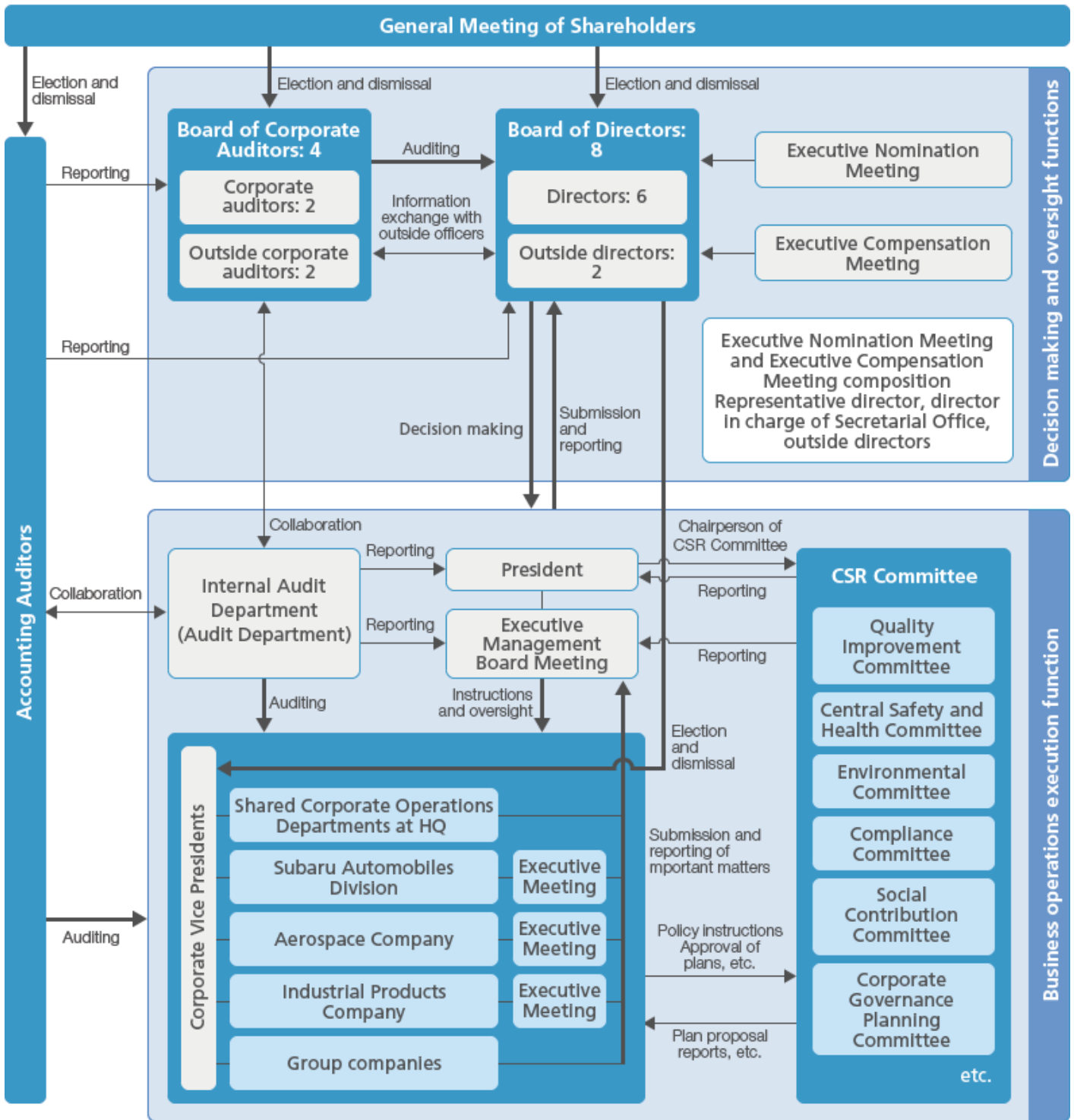
 [\[PDF 241KB\] Corporate Governance Guidelines](#)

Company Organizational Bodies

FHI has adopted a Board of Corporate Auditors system, and the Board of Directors and the Board of Corporate Auditors perform decision making, and oversight and auditing for the execution of important business operations. The Board of Directors is composed of eight directors, two of whom are highly independent outside directors to further strengthen governance. The Board of Corporate Auditors is composed of four corporate auditors, two of whom are outside corporate auditors to provide objective oversight of management.

With regard to the system for the execution of business operations, important issues that require consultation with the Board of Directors are thoroughly discussed at the Executive Management Board Meeting, which deliberates on company-wide management strategy and the execution of key business operations. In addition to employing an executive officer system, FHI has introduced an in-house company system for the Aerospace and Industrial Products business divisions with the Automotive Business at its core with the aim of clarifying responsibility and speeding up execution of business operations.

System of Corporate Governance



(As of July 31, 2016)

Development of Internal Control System

FHI resolved its basic policy on the development of a system to ensure that the execution of the duties of the directors complies with laws and regulations and the Articles of Incorporation as well as the other systems stipulated by ordinance of Japan's Ministry of Justice as necessary to ensure the proper operation of a stock company at a meeting of the Board of Directors in May 2006.

Status of Development of Risk Management System

At FHI, the Corporate Planning Department, which plays a central role in the common functions of each business, and other company-wide shared corporate operations departments maintain close links with each department and company to enhance risk management.

In addition, the Audit Department performs planned audits of each department and Group company. FHI has also created and operates a system and organization to ensure compliance, which is the foundation of risk management, in order to assist with the development of the internal control system.

First, we have established the Compliance Committee which deliberates, discusses, determines, exchanges information, and liaises on important compliance issues to promote the implementation of company-wide compliance. In addition, we have assigned a compliance officer and compliance staff for each department and company to organize a system that meticulously implements compliance at each workplace. We also systematically provide education and training for officers and employees on a routine basis as well as raising awareness about compliance through such means as in-house publications as necessary.

Furthermore, in order to promote the implementation of compliance in the FHI Group, we conduct education and training and provide information through in-house publications for Group companies in addition to raising the effectiveness of these activities through the participation of Group companies in the FHI internal reporting system (Compliance Hotline.)

Status of Internal Audits and Auditing by Corporate Auditors

FHI's standing corporate auditors (including the standing outside corporate auditors), attend meetings of the Board of Directors and other important meetings, visit work sites, investigate subsidiaries, hear opinions from the internal audit department, and audit the execution of duties by the directors and others based on the audit policy and audit plan established by the Board of Corporate Auditors. The non-standing outside corporate auditors attend meetings of the Board of Directors and other important meetings, hear opinions from the internal audit department and the standing corporate auditors, and audit the execution of duties by the directors and others based on the audit policy and audit plan established by the Board of Corporate Auditors.

FHI has established the Audit Department as an internal auditing organization to implement planned audits of the execution of business operations in each in-house department as well as Group companies inside and outside Japan. At the beginning of the fiscal year, the department coordinates its internal audit plan for the fiscal year with the Board of Corporate Auditors' policy in advance. The Audit Department reports the results of all internal audits to the corporate auditors and reports on the status of internal audit activities and exchanges opinions with them on a monthly basis to achieve collaboration. The Audit Department also endeavors to strengthen the auditing function in conjunction with audits by the Accounting Auditor.

Evaluation of Internal Control System for Financial Reporting

An evaluation of the internal control system related to financial reporting in connection with the internal control reporting system based on Japan's Financial Instruments and Exchange Act is conducted using the final date of the fiscal year of the consolidated financial statements as the reference date. The evaluation conforms to the standards for evaluation of internal control related to financial reporting that are generally accepted to be fair and reasonable.

The President & Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) evaluated the status of the development of the internal control system related to financial reporting as of March 31, 2016 and affirmed that it has been established properly and functions effectively and issued an internal control report audited by the Accounting Auditors to that effect.

Crisis-level Risks

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.



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
- 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

Please see 2016 Environmental Report at the end of this report for detailed environmental information.



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 Policy

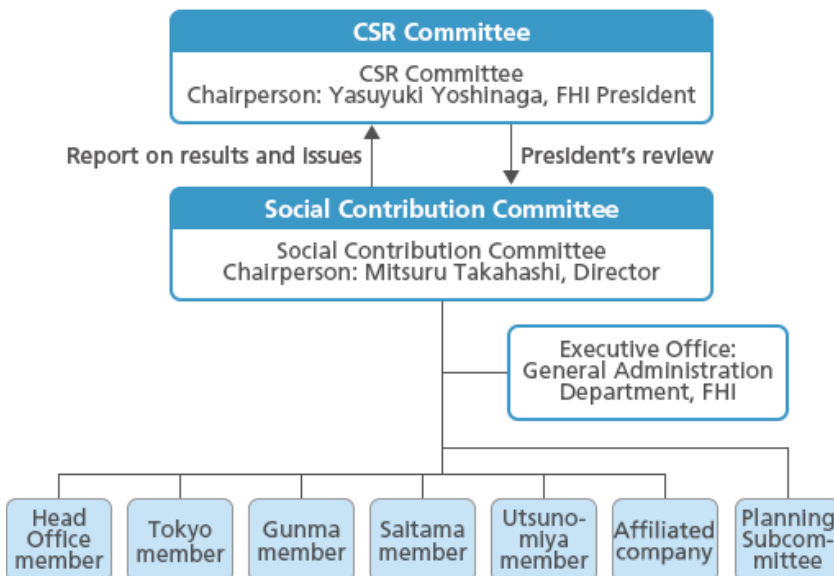
- We contribute to the development of science and technology and automobile culture and to the promotion of road safety.
- We contribute to the fostering of human resources who understand the pleasure, importance and preciousness of creative manufacturing.
- We contribute to the development of the communities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

System for Promoting Social Contribution Activities

The FHI Group has established the Social Contribution Committee as a body to actively promote and maintain social contribution activities leveraging our technology and expertise.

The Social Contribution Committee is composed of the managers of each site and the executive in charge of FHI's General Administration Department serves as the chairperson. The committee meets every six months to compile activity results and issues and report to the CSR Committee. FHI's President, who also serves as chairperson of the CSR Committee, evaluates the reports, and the Social Contribution Committee strives to make further improvements accordingly.

Social Contribution Committee Organization Chart



Social Contribution Committee



Social Contribution: Efforts in Japan

Development of Automobile Culture and Road Safety

Holding Subaru Road Safety Workshop

In October 2015, we held the Subaru Road Safety Workshop at STAR SQUARE, our headquarters' showroom. The objective of the event was to deepen road safety awareness among children in the lower grades of elementary school. On the day, we ran a picture card video and four hands-on programs to make learning important points about safety fun.



Road safety class

Traffic Safety Campaign

Each of our business sites cooperates with the police and Safe Driving Supervisor Association to promote activities for traffic safety and road accident prevention, such as offering traffic safety guidance services in the school zones around the business sites and sticking reflective materials that help prevent nighttime traffic accidents to utility poles.



Left: Activity in Utsunomiya City to stick reflective materials that help prevent nighttime traffic accidents to utility poles
Right: Traffic safety support near schools next to the Saitama Manufacturing Division site

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 (Available only in Japanese)

<https://www.subaru.co.jp/kids/>

Donating to KOTSUIJI IKUEIKAI and the Foundation for Orphans from Automobile Accident

We donated the proceeds from the Subaru Motor Sport Auction held at our headquarters' showroom STAR SQUARE, the Subaru Thanksgiving held at the Gunma Manufacturing Division, and a charity bazaar held at the Tokyo Office to KOTSUIJI IKUEIKAI in September 2015 and to the Foundation for Orphans from Automobile Accident in March 2016. Our donations are mainly used to support the healthy development and education of children orphaned by automobile accidents.



Charity bazaar

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 FY2016, 91,249 people came to see the facilities.



SUBARU Visitor Center



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

 <https://www.subaru.co.jp/csr/factory-tour/>

Making Things, Fostering Human Resources

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 FY2016, classes for 1,152 pupils were held at 15 schools.

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 ten schools for 565 pupils in FY2016 that included environmental workshops, lectures on how aircraft fly, FHI's aircraft manufacturing history, introductions to products, and hands-on experience of aircraft materials.

Since commencing in 2006, the activities have been held at a cumulative total of 172 schools in the Utsunomiya and Handa areas for 12,003 pupils, becoming firmly established in the regions.



A class on the environment at an elementary school in Utsunomiya

Helping with Work Experience

The Saitama Manufacturing Division helps with the Career Challenge (work experience) that Kitamoto City runs as part of social studies. The pupils all undergo a three-day experience that includes engine assembly and parts production. In FY2016, the manufacturing division hosted 11 pupils.



Work experience

Running Ethics Classes for Junior High School Pupils

In February 2016, FHI employees ran ethics classes for 315 pupils at Tana Junior High School, Yokohama.

The classes, which were entitled “International Understanding Workshop,” were held in light of the school’s request to create “an opportunity to think about the state of daily life in Japan” by communicating to pupils experiences of life in Africa from employees who took part in the Subaru Rally Team Japan. Apart from the differences between African and Japanese culture and living environments, the employees talked about “What is a team leader?” “The Importance of Communication” and other topics, and the pupils listened with great interest.



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.

FY2016 Major Activities

- At “Flower-full Activity,” flower saplings were distributed (June, September, December) SUBARU Community Exchange Association member companies purchased and planted flower saplings in this activity. In September, flower saplings were distributed to elementary schools in Ota City, and we held an elementary school flower bed competition. In January, we commended the outstanding flower beds.
- Charity Concert
Jazz concert (Nitta Airys) in June, Christmas concert (Oizumi Bunka Mura) in December,
- Charity and Friendship Golf Competition
Held in July at Jobu Golf Club by member company volunteers

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. (Available only in Japanese)

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

Local Area Cleaning

FHI is conducting clean-and-beautify your neighborhood activities by employees in the vicinity of each of our offices and plants. In FY2016, a cumulative total of approximately 4,800 employees took part.

We plan to continue these clean-and-beautify activities from now on.

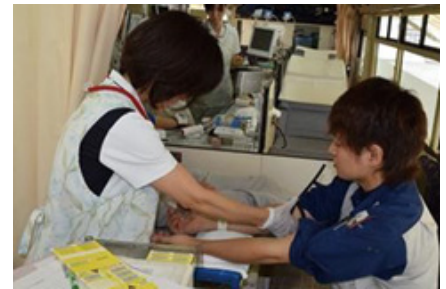


Left: Utsunomiya Manufacturing Division "Clean Campaign"

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

Blood Donation

FHI holds regular blood donation drives at each of our business sites. In FY2016, a total of 1,251 employees from our business sites took part. We will continue to help as many people as possible with blood donation in the future.



Blood donation at the Utsunomiya Manufacturing Division

Fire Fighting Unit Performance Assessment

The FY2016 performance assessment of the firefighting units set up by the Fire Fighting Training Assessment Committee was conducted in the grounds of the Tokyo Office. The Fire Fighting Assessment Committee is a meeting where the fire fighting units formed at work sites over a certain size to fight fires and prevent disasters showcase the results of their routine training and activities.

By participating in the assessment at the Tokyo Office every year, the company aims to cultivate trainees and their speedy response in the event of a disaster.



Fire Fighting Unit Performance Assessment

Supporting Activities to Maintain the Environment

TOPICS

Cooperating in environmental maintenance activities around the Fuji Subaru Line

In September 2015, the Mt. Fuji Beautification Foundation (Kofu City, Yamanashi Prefecture) held the Mt. Fuji Clean up Campaign that works to clean up Mt. Fuji and raise awareness about beautification. FHI's employees participated in the activity. We also donated ¥500,000 in activity funds as we did last year. In addition, we distributed original garbage bags that do not release toxic substances even when incinerated to local governments in the Fuji Hokuroku area.

Going forward, we will continue to work on this program as one of the core components of FHI's social contribution activities.



Clean up activities



Original garbage bags that we distributed

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 contribute to the community and society by actively volunteering was established in 2006. The 11th award ceremony was held in June 2016 and two employees were honored with the volunteer award.



The two employees who received the award (third and fourth from the left) and FHI officers



Social Contribution: Efforts at Each Site

Development of Automobile Culture and Road Safety

Traffic Safety Campaign

Traffic Safety Guidance (Utsunomiya Manufacturing Division)

As part of employee activities to improve traffic manners, we provided traffic safety guidance on roads near the manufacturing division site during commuting hours. As there are many different roads along which children commute to school in the vicinity of the division, employees carried out the activity twice yearly in April when new pupils start school and in September when pupils might be a little too carefree after the summer vacation.



Safe Motorcycle Driving Class (Tokyo Office)

The Tokyo Office held another safe motorcycle driving class in 2015 in cooperation with Mitaka Police Department. Forty trainees, including participants from outside the company, received instruction from police motorcyclists and instructors and worked enthusiastically to improve their driving techniques.



Efforts for Traffic Safety (Saitama Manufacturing Division)

Based on our philosophy that, “Strongly aware of our responsibility as a manufacturer of transportation equipment, we will work to reduce traffic accidents and strive for zero traffic infringements and traffic accidents,” the Saitama Manufacturing Division endeavors to raise our employees’ awareness of road safety and makes efforts to prevent traffic accidents. Moreover, the plant engages in such initiatives as announcement of the road safety activities that the Industrial Products Company is working on in the local area. These activities were recognized and received a commendation from the Saitama Prefecture Association for Safe Driving Supervisors in January 2014.



Furthermore, starting in FY2016, as the Industrial Products “town watcher,” we have been conducting traffic safety awareness activities and a greeting campaign twice a month at hazardous locations such as intersections on public highways alongside the Kitamoto Plant and the Okegawa Plant in order to prevent traffic accidents, raise awareness of safe driving and establish safety and peace of mind in the community.

Making Things, Fostering Human Resources

Gunma Prefecture Karakuri Innovation Fair

The 8th Gunma Prefecture Karakuri Innovation Fair was held at the Gunma Prefectural Office. A Karakuri Improvement Device manufactured by the Industrial Products Company at Fuji Heavy Industries was exhibited and demonstrated. The exhibit was enjoyed by many of the visitors to the fair from children to adults.



Cooperation with Community Learning and Local Exploration

We cooperated with community learning for 12 third graders from Niragawa Nishi Elementary School, Oda City next to the Gunma Manufacturing Division. The pupils toured the press plant observing the production process close up to the press machines, allowing them to experience how amazing the plant is.



Machi no Sensei Trade Fair

The 6th Machi no Sensei Trade Fair organized by the Ota Machi no Sensei Trade Fair Promotion Association was held at Yabuzuka Honmachi Elementary School. At the FHI booth, visitors were able to experience finishing work for the plate that shapes the Subaru marque while deburring with sandpaper. The venue was overflowing with the children's enthusiasm as not only the children but also their parents and carers were engrossed in the work.



SUBARU's Contribution in the Local Area

Holding and Participating in Events

Ota Shibazakura (Moss Phlox) Festival (SUBARU Community Exchange Association)

The SUBARU Community Exchange Association conducted public relations activities at the Ota Shibazakura (Moss Phlox) Festival held in Ota City. We ran family-friendly events, including a raffle and bingo, and vehicle displays. Funds collected were donated to the city's welfare facilities through the Social Welfare Council.



Ota City Sports and Recreation Festival (SUBARU Community Exchange Association)

The Community Exchange Association ran activities in a tent, including games for children and vehicle exhibits. We also supported the Subaru Marathon.



SUBARU Appreciation Festival (Gunma Manufacturing Division)

The SUBARU Appreciation Festival 2015 was held at the Yajima Plant of Gunma Manufacturing Division. The event attracted around 28,000 visitors, including family members of our staff, local area residents, associated companies and others. The festival staged various events, which included refreshment stands run by each workplace, a plant tour, and EyeSight experiences.



Friendship Festival (Utsunomiya Manufacturing Division)

In October 2015, we opened the South Plant in the Utsunomiya area to the public and held a Friendship Festival. Around 4,000 people took part, and we were able to deepen our interaction with local residents. As part of this, we carried out public relations for the CSR and environmental activities of the Utsunomiya Manufacturing Division in addition to distributing blueberry saplings in cooperation with Tochigi Environment and Green Promotion Organization to promote activities to expand the serenity of greenery.



Furthermore, we have held the Handa Friendship Festival in the Handa area since 2013. The objective is to gain understanding and appreciation for the Aerospace Company through the craftsmanship involved in the Boeing 777 and 787 center wings that the Handa Plant has produced. Around 1,800 people took part in the festival, including family members of our staff, government organizations from Handa and nearby corporations, as well as local residents.

Summer Evening Bon Dance Festival (Utsunomiya Manufacturing Division)

A grand Summer Evening Bon Dance Festival was held with an attendance of some 1,500 people, including people from local residents' associations, women's associations, children's clubs and affiliated companies. This year marked the 29th time for the Bon Dance, which has been held since 1984, and it is an event that makes a major contribution to the community.



Summer Festival (Tokyo Office)

Starting with a parade by the Samba Club from the neighboring International Christian University, the Summer Festival in 2015 featured fun events including the annual lottery and presents for children, which were popular among visitors accompanied by children, and we were able to mingle with a great many people from the local area again this year.



Plant Tours

Subaru Community Exchange Association Plant Tour (Subaru Community Exchange Association)

The Subaru Community Exchange Association held a Traffic Safety Lecture and Plant Tour at the Subaru Visitor Center. 215 people attended and shown round the Yajima Plant and the visitor center after a traffic safety lecture by Ota Police Department.



Plant Tours to Link Children in with the Community

These activities began in FY2015 with a request from the Mayor and Board of Education of Kitamoto City for us to provide plant tours to line up with lessons being provided for third-grade elementary school pupils in Kitamoto City about work and life using the Saitama Manufacturing Division as a theme. In FY2016, we hosted 274 pupils from four schools in the city. The pupils, who had studied the process up to the finished engine in their textbooks beforehand, asked a lot of questions and could be heard saying that they would like to actually try the work.



Local Area Cleaning

The Subaru Community Exchange Association sponsored the 21st Kanayama Cleanup Volunteer Activity. In heat reminiscent of early summer, volunteers from Ota City and the city's junior high schools took part in weeding around Kanayama Waterside Park and a cleanup in the area in cooperation with members of Subaru Community Exchange Association. Approximately 850 people took part on the day.



Blood Donation

Blood donations are conducted within Saitama Manufacturing Division twice a year in spring and autumn in cooperation with the blood donation drive promoted by Kitamoto City. In July 2013, we were selected by the Japan Red Cross Society as a company with over 15 years of continuous activities, and we received the only Silver Order of Merit in Kitamoto City. We will continue our efforts to enable contributions to society in the future.



Counter-terrorism and Anti-Disaster Measures

We held the Mitaka Partnership Workshop organized by the Mitaka Police Department at the Tokyo Office. The objective was to strengthen collaboration between FHI and the Mitaka Police Department, raise awareness of terrorism and natural disasters, and to promote counter-terrorism and anti-disaster measures. 65 people, including some from outside of FHI, attended, and we succeeded in sharing an awareness of crisis.



Sponsored and Supported Events

13th Subaru Gunma Prefecture Schoolchildren's Rubber Ball Baseball Championship

We held the Subaru Gunma Prefecture Rubber Ball Baseball Championship in which junior baseball teams in each area of Gunma Prefecture participated. An intense competition unfolded among the children, and the venue brimmed with excitement.



Thespakusatsu Gunma All Subaru Special Match (Gunma Manufacturing Division)

We supported the opening game for soccer J2 League team Thespakusatsu Gunma with the title Gunma Manufacturing Division of Fuji Heavy Industries Presents the Gunma Prefecture All Subaru Special March, and specially produced blue club T-shirts were distributed to all the spectators. We were lucky with the weather on the day, and the Shoda Shoyu Stadium venue was filled with blue.



JAPAN CUP Cycle Road Race (Utsunomiya Manufacturing Division)

We have continuously supported the JAPAN CUP Cycle Road Race, Asia's top cycle race, which is hosted by Utsunomiya City, as the main sponsor since 1990. We provide LEGACY and other models as team support cars for the event, which is held over two days and draws a crowd of approximately 125,000 spectators from inside and outside the prefecture.



Supporting Activities to Maintain the Environment

Green Fundraising

In November, contributions collected from employees working at the Utsunomiya Manufacturing Division were donated to the Prefecture Green Promotion Committees of Tochigi and Aichi Prefectures (cumulative donations: 5.61 million yen). First launched in 2000, this drive marked its 16th anniversary and was honored with the Minister of Agriculture, Forestry and Fisheries Award in FY2008 and a second Executive Director's Award by the National Land Afforestation Promotion Organization in FY2012.



Sports Activities

Intercity Baseball Tournament

The 86th Intercity Baseball Tournament was held in July 2015, and our many years of community contribution, including baseball lessons were recognized at the opening ceremony with the receipt of the Minister of Internal Affairs and Communications' Minna no Genki Award.

We won an impressive victory 6-4 in the first round game against Nippon Express with 12,500 cheering supporters. Going on to the second round, we suffered a regrettable 0-2 defeat to Osaka Gas.



New Year Long Distance Relay Race

The New Year Long Distance Relay Race was held on New Year's Day 2016. A hotly contested race in Gunma Prefecture unfolded between 37 teams from across Japan, and our track and field club met its goal, ranking 25th overall. On the day, many people waved Subaru flags roadside and cheered us on warmly.





Social Contribution: Efforts Outside of Japan

Efforts by Subaru of America Inc. (SOA)

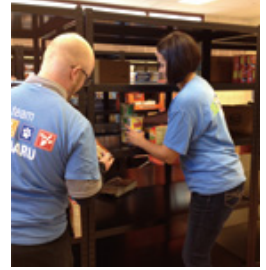
Assistance with Meals for People in Need

SOA, in partnership with the Salvation Army Kroc Center in Camden, NJ, created the Subaru Choice Food Pantry, to provide emergency food and services to people in need.

In 2015, the Subaru Choice Food Pantry provided more than 60,500 pounds, or around 27.4 tons, of food, equating to 42,462 meals for 1,311 families, including more than 1,900 children.



From right: Tom Doll, SOA president and COO; Major Terry Wood, Salvation Army Kroc Center Administrator; Sandy Capell, SOA philanthropy and corporate responsibility manager.



SOA employees help to stock food

Donating Books and School Supplies to Children

In August 2015, SOA headquarters and employees from each of its business sites along with Subaru retailers donated more than 16,000 children's books and school supplies to more than 200 schools across the United States.



Employees packing more than 2,000 backpacks with books and school supplies

Commencing Joint Program to Reduce Landfill from National Parks

SOA has commenced a joint program with the National Park Service to assist the Parks with reduction of waste sent to landfills. The goal is to help the parks achieve zero landfill within the next five years. SOA works with the National Parks to engage its partners in achieving the goal.

The large concessioners that operate the hotels, restaurants, and stores on the Park property have also joined the efforts to Reduce, Reuse and Recycle waste that is generated in the course of their operations. A pilot program has commenced operating in three Parks which are Yosemite in California, Grand Teton in Wyoming and Denali in Alaska.

Using the principles honed and the procedures used at SIA in Indiana, the Parks will enter into the next 100 years poised to be sustainable for generations to come.



Canada's Biggest Show for Enthusiasts Toronto Subaru Club Hyper Meet (August 22, 2015)

In August 2015, we held the 12th HyperMeeting at our headquarters. It is the largest enthusiast show held at a corporate head office in Canada, and is held once a year. Each year, the HyperMeeting raises funds which are donated to Ronald McDonald House* in Toronto. In 2015, more than 1,000 people gave their support, raising approximately \$20,000. SCI matched this amount dollar-for-dollar, raising a grand total of \$40,000.



* Ronald McDonald House is a charitable organization that provides a "home away from home" to allow children who have to be admitted to hospital far away from their own homes for the treatment of serious diseases and their families to spend time relaxing together.

Ontario Subaru Dealer Association Charity Golf Tournaments

In July 2015, the Ontario Subaru Dealers Association's third charity golf tournament was held with 90 participants from Subaru dealers, business partners and SCI. The tournament raised \$36,000 in support of Ronald MacDonal House Toronto.



In August 2015, the Quebec Subaru Dealer Association held its 6th benefit golf tournament with 120 participants attending from Subaru dealers, business partners and SCI. The event raised \$66,000 in support of la Fondation les petits trésors de l' Hôpital Rivière-des-Prairies, which deals with the mental health of Quebec children and teenagers.



Third Season of 31 Forest Stars Tours

At the end of 2012, Subaru of China, Ltd. (SOC), Beijing launched the SUBARU Forest Ecology Conservation Project with the State Forestry Administration and the China Wildlife Conservation Association to which Subaru donates 1 million yuan every year. Based on the project, SOC developed the 31 Forest Star Tour activity in 2013 to foster SUBARU Ecology Conservation Forests in China's 31 nature reserves in addition to providing 31 Foresters and forest conservation-related goods for each of the nature reserves.



In the Third Season of 31 Forest Stars Tours in 2015, SOC promoted conservation related to the natural environment and forest ecosystems at the national level in partnership with Guang Ming Daily, China's third biggest newspaper, and Forests China, a public interest project. Even more Chinese customers took part in natural environment conservation activities through interactive eco-experiences, which included tree planting, supporting health checkups and treatment for people living in nature reserves, and the collection of painting materials and sketching, to disseminate the importance of ecosystem conservation.

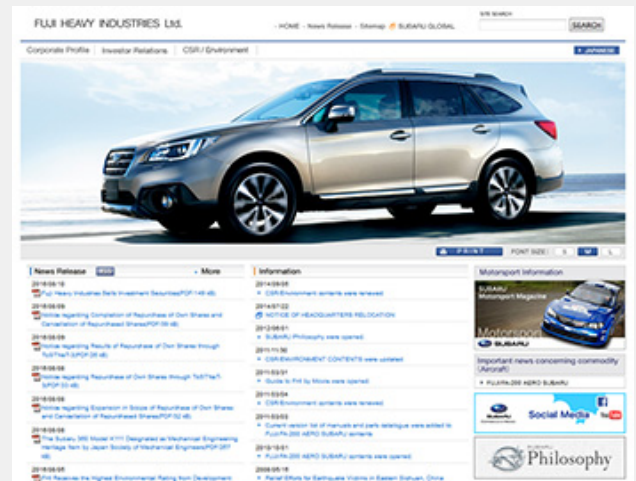
For these efforts, SOC received the Public Interest Partner award at Forests China's 1st China Eco-Hero selection ceremony event. Going forward, SOC will continue contributing to conservation of China's natural environment through the 31 Forest activity.

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

<https://www.subaru.co.jp/en/>



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 720 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

FHI is committed to timely and appropriate disclosure of business information to deepen the understanding of our shareholders and investors. We announce efforts and other measures aimed at increasing corporate value. This includes holding general meetings of shareholders, issuing reports for shareholders, and running briefing sessions for the media and analysts for each quarterly settlement. At the same time, we strive for fair disclosure of information by promptly publishing all kinds of information on our website.

We also offer an IR newsletter service to distribute the latest IR information such as settlement details by email to those who register. Approximately 1,300 people are currently registered for the free IR newsletter service.

Follow this link for the latest IR information.

<https://www.subaru.co.jp/en/ir/>



Webpage "Investor Relations"

Selected for Excellence in Corporate Disclosure by Securities Analysts Securities Analysts

FHI was placed first in the Automobile/Parts/Tires industry area by The Securities Analysts Association of Japan in its FY2016 Awards for Excellence in Corporate Disclosure. It was the second year in a row that we received this award. We ranked highly, placing first out of 20 companies in our industry area in four of the five evaluation categories.



Logo of the Awards for Excellence in Corporate Disclosure

Plant Tours for Shareholders

FHI conducts plant tours for shareholders with the aim of deepening shareholders' understanding of our management policies and corporate activities. During the tours, shareholders experience a Subaru production site, the circumstances of employees working there, and our corporate culture directly. We also allocate time to a Q&A in which FHI officers participate in order to achieve direct communication between shareholders and our company.

For FY2016, which was the 13th year of the tours, 48 groups with 75 individuals took part in the tour we held in March 2016 at the Gunma Manufacturing Division Yajima Plant and Gunma Main Plant. All the shareholders who took part submitted their impressions, which included, "I understood really well that a lot of people are involved in completing a car and that it takes an amazing amount of work and enthusiasm" and "I was impressed with the pursuit of safety and the high morale of individual employees."

We report the opinions and impressions we receive at the tours to the relevant people at the company, including officers, and utilize them in our future IR activities.



Plant tour for shareholders in FY2016

Our Approach to Procurement

In keeping with our Corporate Philosophy, the FHI Group strives to procure high quality, environmentally friendly parts, materials, and equipment that offer excellent 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.

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.

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 alerts on our intranet to ensure that business is conducted properly.

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

Employee Training on Fair Trade in FY2016

SUBARU Automotive Business

- Reception training for transferees (11 employees)
- Training session on Fair Trade Guidelines (90 employees)
- Test to check understanding of Subcontract Act (1H: 140 employees, 2H: 138 employees)
- Checks on carrying of Subcontract Act compliance cards (checked that all target employees were carrying the cards)

Aerospace Company

- Reception training for transferees (5 employees)
- Procurement process training (168 employees)
- Material department EMS* promotion staff training (113 employees)
- Briefings on progress status of purchasing reforms (205 employees)

*EMS: an acronym for Environmental Management System

Industrial Products Company

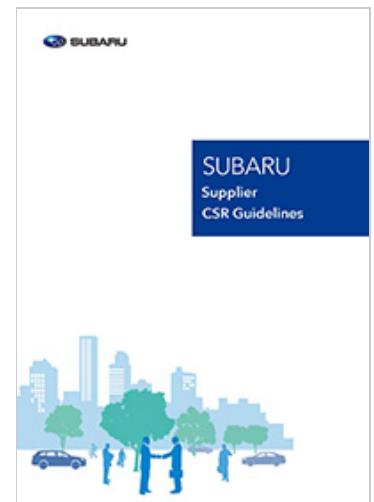
- Reception training for new recruits (3 employees)
- Supplier training (publicizing of environmental action and procurement guidelines) (108 companies, 113 trainees)
- Departmental environment training (23 employees)

CSR Guidelines for Suppliers

In FY2014, these guidelines were made company-wide to cover all suppliers of the SUBARU Automotive Business, the Industrial Products Company and the Aerospace Company. In FY2015, we revised the content to incorporate the non-use of raw materials that engender social problems, such as conflict minerals.* We are also conducting supplier surveys related to conflict minerals. Similarly, in FY2016, we revised the guidelines in the form of a joint edition with SIA, our local production plant in the U.S., and we have confirmed the integration of purchasing policy.

Compliance with the guidelines is one of the conditions for the selection of suppliers, and FHI obviously requests not only our own business partners but also their suppliers to deploy and promote CSR. Going forward, FHI will continue to promote CSR procurement efforts.

*Conflict minerals: Minerals produced as a source of funding for the activities of armed insurgents in the Democratic Republic of the Congo and surrounding countries.



SUBARU Supplier CSR Guidelines

 [SUBARU Supplier CSR Guidelines \[PDF: 1.25MB\]](#)

 [SUBARU Green Procurement Guidelines* \[PDF: 2.25MB\]](#)

 [Green Procurement Guidelines Industrial Products Company* \[PDF: 2.22MB\]](#)

 [Green Procurement Guidelines Aerospace Company* \[PDF: 1.09MB\]](#)

*The SUBARU Green Procurement Guidelines and Green Procurement are embodiments of the SUBARU Supplier CSR Guidelines, "(3) Environment."

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
- Non-use of raw materials that engender social problems
- 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

Basic Policy on Conflict Minerals

Some of the minerals (tin, tantalum, tungsten, and gold) produced in the Democratic Republic of the Congo and surrounding countries are said to provide a source of funding for armed insurgents engaged in the infringement of human rights and environmental destruction in the region. As there are concerns that they assist conflict, they are termed conflict minerals.

The FHI Group has no intention of colluding in the infringement of human rights and environmental destruction by procuring and using conflict minerals. Going forward, we will address the issue of conflict minerals in partnership with our customers and suppliers as our social responsibility in procurement activities.

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 awards those partners that have particularly contributed to technology and quality.



"General Cooperation Meeting" for SUBARU Automotive Business suppliers



Plant tour for Aerospace Company suppliers conducted through a "Cooperation Meeting"



Employees: Human Resource Development

Human Resource Development (HRD) Philosophy

We provide support for skill development through a variety of training programs centered on on-the-job training forms, aiming to develop highly engaged, autonomous employees, which are the human resources ideal based on our HRD Philosophy. We promote initiatives at affiliated companies in Japan and overseas in accordance with the business content of each company and regional characteristics.

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

Establishing the Training System

We have established diverse grade-specific and skill-specific training programs. Among our grade-specific training programs, we offer the Startup Program for all employees who have risen to a higher level and some mid-career recruits. In FY2016, approximately 1,800 employees took and completed training. 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.

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 accounting, etc. -Support for attending business school	Education by job skill Examples: -Intellectual property -Financial accounting -Legal work	Educational program Variety of programs is 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 FY2016, 559 students took and completed courses, bringing the cumulative number of successful trainees to 3,031.



Basic Skills Training at STS

Comment from a Trainee

Aiming to Achieve “Customers Come First”

For those of us who are engaged in building cars, the rules and principles and the basic knowledge we learned here are essential for achieving an enduring “Customers Come First” approach. I will do my best to be worthy of being an FHI employee in order to further advance the building of cars that give customers peace of mind.

Yuta Sugimura, No. 1 Paint Section, 1st Production 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).



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.

We promote initiatives to support work-life balance at affiliated companies in Japan and overseas in accordance with the business content of each company and regional characteristics.

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 addition, we conduct lectures on the systems as part of our grade-specific training with aim of promoting awareness and utilization of these various programs.

In addition, in accordance with the Next Generation Education and Support Promotion Act, we formulated and implemented our corporate voluntary action plan. We achieved the targets for both the first phase (April 2005 through March 2007) and the second phase (April 2007 through March 2010) of the action plan. As a result, we acquired Certification by the Minister of Health, Labor and Welfare (the *Kurumin* Mark) twice. We applied for certification in June 2015 with regard to the activity performance of the third phase of the action plan (April 2010 through March 2015). We also finished formulating our fourth phase of the action plan (April 2015 through March 2017), and published it in June. Under the fourth phase of the action plan, we will promote efforts aimed at the newly introduced Platinum *Kurumin* Mark certification.

In the past, we have concentrated our efforts on establishing and enhancing a range of systems aimed at balancing child care and nursing responsibilities with work. However, as our systems are equal to or greater than statutory requirements, going forward we will step up to providing support for career development while balancing childcare responsibilities with work.



The *Kurumin* Mark

Comment from an Employee Taking Advantage of the Short Work-Time System

I am grateful for the understanding and cooperation of my boss and workplace

Before returning to work from childcare leave, I had an interview with my boss and was able to thoroughly discuss my intentions, concerns and so on, so I managed to return to work without any anxiety. Now there is understanding and cooperation in my workplace, so I can work without feeling uncomfortable or anything like that.

I can be involved in responsible work even with short work-time, and, while it is challenging, I feel a sense of satisfaction. On the other hand, there are always time restrictions, so there are things I cannot do, but I try as much as possible not to burden other people with my short work-time share of the load.

Female employee
Subaru Global Marketing Division

Initiatives Aimed at Reducing Long Working Hours

In addition to the set hours days (no overtime days) that we had already established, FHI established a new “ultra-set hours day” in FY2016 when all employees, including managers, leave work at the set time throughout the entire company. This required the formulation and implementation of even more efficient operations plans than in the past. As a result of this initiative, employee awareness about working hours has increased, including the situation regarding leaving work on no overtime days.

Moreover, starting in FY2017, we will reduce the core time for flexi-time work from four hours to two hours to facilitate work styles that are more tailored to fluctuations in work. This is also expected to help reduce working hours, such as in cases where employees can go home early at times when the workload is low.

Work-life Balance Recommended Performance (FHI non-consolidated)

Implementation	Overview		FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
Childcare leave (persons)	System that enables employees to obtain leave for childcare	Male	2	3	6	3	2	6
		Female	90	68	124	68	91	101
		Total	92	71	130	71	93	107
	Rate of returning to work after childcare leave	Male	—	—	—	100	100	100
		Female	—	—	—		100	98
	Retention rate one year after returning to work	Male	—	—	—	98.5	100	100
Female		—	—	—	98.9		95	
Care leave (persons)	System that enables employees to obtain leave for family care with the necessary care conditions		5	6	3	5	5	9
Paid vacation acquisition rate	Promotion of once per month		86.6%	88.2%	85.7%	86.9%	88.7%	84.2%
No overtime day	Two days set in the week for increasing work efficiency and fulfillment of private life		Implemented continually					



Employees: 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.

We also promote initiatives related to diversity at affiliated companies in Japan and overseas in accordance with the business content of each company and regional characteristics.



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

Establishment of Diversity Promotion Office

We established the Diversity Promotion Office in January 2015 in order to promote diversity at FHI even more proactively.

Under the Diversity Promotion Office, we have designated “promoting active roles for female employees,” “employing people with disabilities,” “planning and promoting employment of non-Japanese,” and “promoting employment of the elderly” as priority themes. Among these themes, we have placed particular emphasis on efforts to promote active roles for female employees.

For our efforts in FY2016, workplaces and human resources departments worked together to create training plans in support of career development for female employees, and we also introduced our first mentor system for female managers and candidates for manager. In addition, the formulation of an action plan aimed at promoting active roles for women is required under the Act on Promotion of Women’s Participation and Advancement in the Workplace established in August 2015. FHI has set a goal in our action plan for the number of female managers in 2020 to be five times more than the number in 2014 (four → 20), when we established our promotion targets, assuming promotion through merit based on demonstrated ability.

In FY2017, we will continuously promote these initiatives in addition to working to further enhance quality.

Activities to Raise Awareness of Human Rights

FHI’s Conduct Guidelines clearly state that we do not unfairly discriminate on grounds of gender, age, nationality, race, ethnicity, beliefs, religion, social status, physical disability or any other pretext.

In order to raise awareness of our respect for human rights, we have introduced lectures on the importance of diversity and FHI’s efforts into training for new recruits and managers from FY2016. In FY2016, we held training 8 times for approximately 430 employees.

In addition, we have compiled rules and guidelines aimed at preventing all kinds of harassment. To prevent workplace bullying, we prepared a Workplace Bullying Explanatory Booklet, which we have distributed to all employees (except for nonpermanent employees) as well as posting it on the intranet. We distributed the Workplace Bullying Prevention Handbook, which compiles points to note in order to create a workplace free from workplace bullying, to all managers and supervisors. We established the Compliance Hotline and Sexual Harassment Helpline as points of contact for inquiries.

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.

We also aim to comply with the legally mandated rate of 2.0% for employees with disabilities as our corporate social responsibility. As of March 31, 2016, 246 employees with disabilities were employed at FHI, mainly in manufacturing work, and the percentage of employees with disabilities was 2.12% as of April 1, 2016. We will continue to promote stable and ongoing employment with a target of 2.2% for the percentage of employees with disabilities as of April 1, 2017.



Employees of SUBARU Bloom



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

TOPICS

Initiatives at Specified Subsidiary Company SUBARU Bloom Co., Ltd.

SUBARU Bloom Co., Ltd. (SBC), which gained accreditation as a specified subsidiary company under the Act on Employment Promotion, etc., of Persons with Disabilities in FY2015, made active efforts to employ people with disabilities again in FY2016. As of April 2016, 50 employees were engaged in cleaning operations for FHI's dormitories and plants.

In addition, SBC has gone beyond simply employing people with disabilities to actively host more than 100 people from the local area for observation and tours. In recognition of these employment and community contribution activities, the company received an Excellent Business for Employment of People with Disabilities Award from its hometown of Ota City, Gunma Prefecture in November 2015.

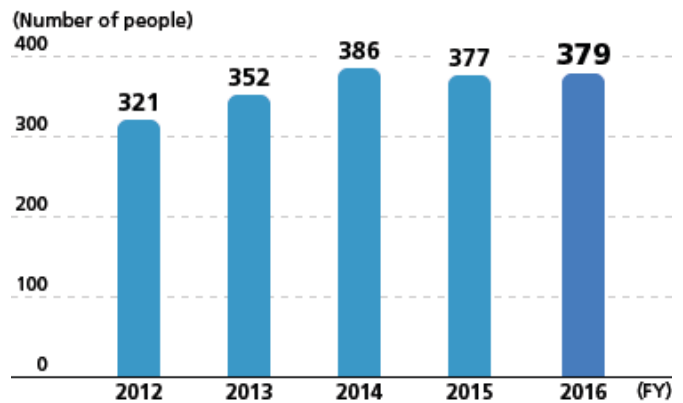
With many colleagues working at the company, we will strengthen initiatives aimed at retention going forward. We will not only strengthen our support systems and give guidance on work, but will also provide basic education on safety, compliance and other areas as well as creating programs that allow the joy of working to produce the results of the job to be experienced. In addition, after employees join the company, we will repeat skill checks and interviews to help increase motivation. We will also create a forum for experiencing the happiness of spending time with friends met through work by using holidays to hold regular events. In FY2017, we will continue striving for employment, retention, and community contribution with the aim of being a company that helps the individuality of every single employee to bloom.

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.

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. The interaction of international human resources also paves the way to the internal revitalization of FHI and stable supply of human resources.

Our overseas sites and affiliates each recruit human resources independently and make efforts to secure human resources that match the policies and business at each site.



Manual written in Portuguese

TOPICS

International Contribution through Skill Transfer (Gunma Manufacturing Division)

People from various countries, including Brazil, Peru, and China, work at the Gunma Manufacturing Division. As it can be difficult even for people who can converse in Japanese to understand detailed manufacturing instructions and terminology accurately, we accommodate them by providing foreign-language manuals and interpreting.

In addition, we are promoting the use and consolidation of the Foreign Trainee Internship Program with the aim of making an international contribution in terms of human resources development through skills transfer. When hosting interns, FHI respects human rights and is promoting the appropriate use of the program in accordance with legislation.

We are endeavoring to foster relationships of trust when hosting interns by carefully explaining the details of the internship, life in Japan and other issues not only to the interns but to their families as well. We are also promoting support for reemployment after interns return to their home countries in collaboration with local organizations. As of the end of FY2016, there were approximately 300 interns, and we plan to maintain the system in FY2017 and beyond.

Program for Appointment of Contract Employees to Regular Employment

FHI has a program for appointing contract employees to regular employment. In the three years FY2013 through FY2016, 512 contract employees have been appointed to regular employment.

We offer opportunities to take qualifying examinations based on comprehensive consideration of the individual's wishes, workplace recommendations and other factors, which leads to enhanced motivation and engagement among our contract employees.

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.

We have made universal design a reality for entry and exit gates, toilets, and other facilities at our new West Main Building in Ota City, Gunma Prefecture completed in April 2015 as we did at our head office in Shibuya-ku, Tokyo.

* 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.



Entry and exit gates through which people in wheelchairs can also pass at the new West Main Building at the Gunma Manufacturing Division



Toilet that can be easily used by people in wheelchairs at the new West Main Building at the Gunma Manufacturing Division

Employee Data (FHI non-consolidated)

		FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
Number of employees	Male	11,942	11,740	12,451	12,784	13,511	13,858
	Female	875	834	861	871	901	929
	Total	12,817	12,574	13,312	13,655	14,412	14,787
Male to female ratio (%)	Male	93	93	94	94	94	94
	Female	7	7	6	6	6	6
Average age		38.8	38.6	38.9	38.8	38.4	38.4
Average length of continuous employment (years)		17.7	18.0	17.3	16.6	16.0	16.6
Number of managers (persons)	Male	1,047	1,043	1,044	1,029	1,028	1,032
	Female	3	5	5	4	4	7
Number of new graduate recruits (persons)	Male	207	262	418	418	426	481
	Female	12	14	40	30	41	69
Number of mid-career recruits (persons)	Male	106	210	487	303	620	302
	Female	2	0	5	8	10	22
Total number of separated employees (persons/%)		-	-	-	-	159/1.1	189/1.3



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.

We also establish occupational health and safety policies at affiliated companies in Japan and overseas in accordance with the business content of each company, regional characteristics, and the laws and regulations in each area and promote initiatives based on these policies.



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.

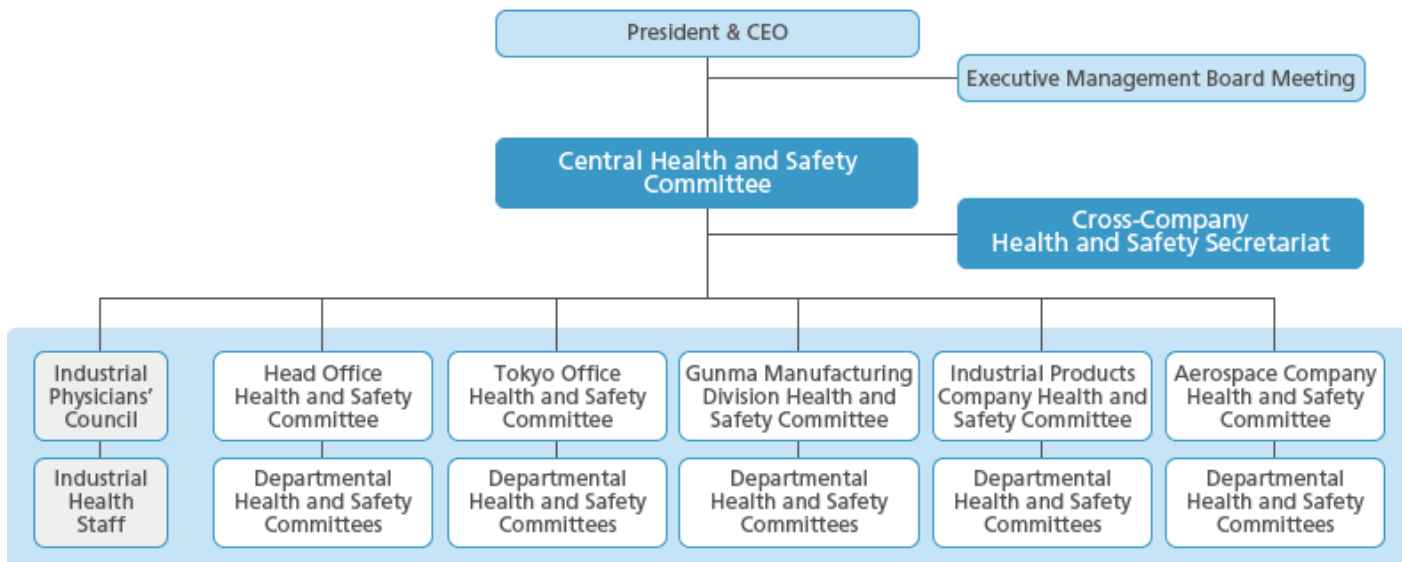
Health and Safety Management System

FHI established the Central Health and Safety Committee composed of an equal number of members (7 each) from the company and the labor union for the purpose of preventing employee accidents and diseases and improving the working environment. The committee has one chairperson elected from the company and one vice-chairperson elected from the labor union.

The Central Health and Safety Committee engages in extensive discussion on themes that include the basic policy concerning occupational health and safety, investigations into the causes of industrial accidents and diseases and countermeasures to them, improvement of the working environment, health and safety education, road safety, fire prevention and other topics.

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.

At the Health and Safety Kickoff Meeting for FY2017, staff from Labor Standards Inspection Offices and industrial physicians were invited to give presentations to disseminate the content of the Industrial Safety and Health Act, which was revised in June 2014. While aiming to promote the understanding that our employees have about the legislation, we also intend to draw on these presentations for our FY2017 safety and health activities as a company.

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.

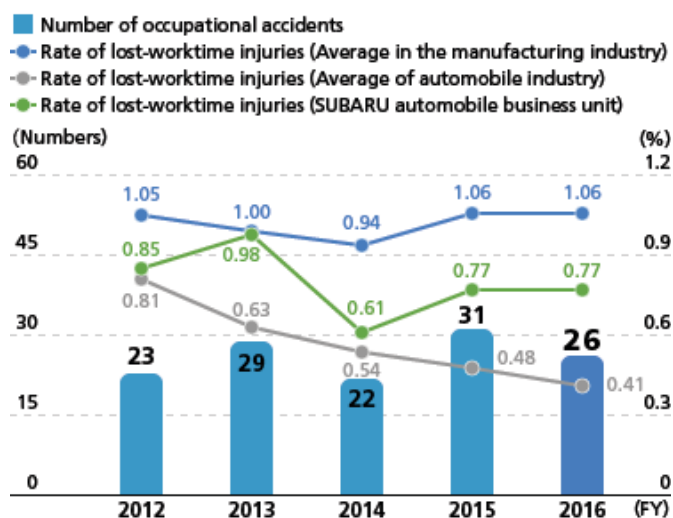
In FY2016, there were 26 incidents of industrial accidents, which included four lost-worktime accidents and zero fatal accidents. The accident rate in the Subaru Automotive Business was 0.77, and the lost-worktime injury rate, which indicates the severity of accidents, was 0.11, equal to the average for the automobile manufacturing industry as a whole.

In FY2017, we are aiming for zero industrial accidents. Employees will continue to wear safety declaration badges in order to further disseminate the focus on "Compliance with rules on standard working hours" and "Implementing hazard prediction for non-routine work."



FY2017 Safety and Health Kick Off Meeting held at Utsunomiya Manufacturing Division

Occurrence of Industrial Accidents and Rate of Lost-Worktime Injuries



* The number of accidents is calculated based on fiscal year while the frequency of accidents is calculated based on calendar year.

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 at each worksite. 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 conduct follow-up activities every six months.

Moreover, at some sites we have implemented an initiative using drive recorders to identify employees' driving habits. Through continuing these activities, we are striving for further awareness about safe driving.



Our Approach to Health Promotion

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), individual health consultations to those diagnosed with a cautionary concern in a medical checkup, counseling and other healthcare services. In FY2016, we removed cigarette vending machines from some worksites as an internal anti-smoking measure.

Comments from a Public Health Nurse

Supporting health promotion as a friendly face

For employees to be able to work with healthy bodies and minds is the source of a company's vitality as well as an asset. In terms of support for employees to be healthy, mental health measures are mentioned first. We not only promote self-care through workshops and so on but also the creation of a workplace in which employees care for each other.

In the area of health guidance, we naturally provide support and build systems to prevent lifestyle diseases and so that people receiving treatment can also be healthy, and we sometimes adjust menus in the employee canteen and the canteens in the dormitories for unmarried workers as well as sending letters to the families of employees about lifestyle improvements.

Health is something that you manage yourself, but family support and the environment are also important. We try to provide support that is closely matched to the individual, including the background of employees, and are committed to always being a friendly face for employees. Going forward, we will also continue providing support that enables employees to be healthy in their work as well as spend a healthy retirement.



Michiko Suzuki
Public health nurse, Gunma
Manufacturing Division

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.



Employees: Communication with Labor Union

Building Positive Labor–Management Relations

FHI's employees belong to the Fuji Heavy Industries Labor Union. Out of a total of 14,772 FHI employees, 13,865 employees belonged to the labor union as of October 1, 2015. There are also labor unions at sales companies and affiliates in Japan, and the Confederation of Fuji Heavy Industries Affiliated Labor Unions (Fuji Rouren), which includes these unions, had 24,853 members as of October 1, 2015.

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, issues concerning work styles and other topics. 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.

Comparison with ISO26000

To meet the international standard, Fuji Heavy Industries, Ltd. uses core subjects of the ISO26000 Guideline as references. Visit www.iso.org for details of the ISO26000 standard .

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 ▸ Overseas 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 involvement 2. Education and culture 3. Employment creation and skills development 4. Technology development and access 5. Wealth and income creation 6. Health 7. Social investment 	<ul style="list-style-type: none"> ▸ Social Contribution ▸ Environmental Communication



2016 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, such as mitigating and adapting to climate change, resource recycling, and preservation of biodiversity, we are striving to solve environmental problems through our business activities.

◎ Looking back on FY2016

In November 2015, we established the Corporate Governance Guidelines to allow our group companies to grow sustainably and to improve medium- and long-term corporate worth. The Guidelines describe that Subaru aims to be an “Attractive Company with Presence” and to practice car manufacturing that is thoroughly considered and reliably manufactured with the linchpin of “Customer First,” contributing to creating a better society and environment by continuing to provide “Safety and Enjoyment” to the customer, and engaging in CSR activities to realize a sustainable society.

◎ Aiming at achieving a “Sustainable Society”

Our group aims to realize a “Sustainable Society” while overseeing the entire supply chain and product life cycle, from procurement of raw materials to production, distribution, sales, recycling and disposal.

FY2017 is the final year in the Fifth Voluntary Plan for the Environment FY2013-FY2017. We will finish strong and work toward creating our next Voluntary Plan for the Environment.



Mitsuru Takahashi

Director and Corporate
Executive Vice President

Chairman of the Environmental
Committee

Environmental Policy

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

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

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

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

Summary of the 5th Voluntary Plan for the Environment (FY2013-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.

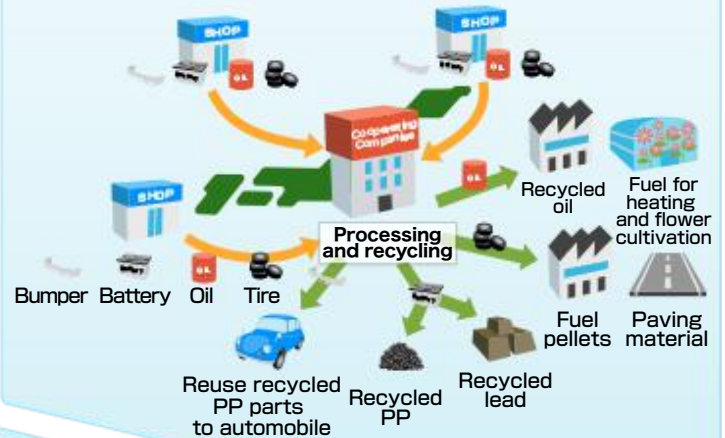
This idea is held in common among all group companies, not just our company, as a guideline, and the entire group is proactively involved in improving environmental problems on a continuous basis. Our environmental initiatives introduced here are categorized into four groups: global warming measures,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

The 5th Voluntary Plan for the Environment

Global Warming Measures



Resource Recycling



Pollution Prevention and Reduction of Hazardous Chemical Usage



Environmental Management



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 FY2017)	FY2016			FY2017	
			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. 	<ul style="list-style-type: none"> Complete development of the next-term IMPREZA that incorporates the environmental engine and CVT. 	<ul style="list-style-type: none"> Completed development of sedan/wagon vehicles for all destinations. 	○	Introduce the next generation IMPREZA incorporating the environmental engine and CVT to the marketplace.
		<ul style="list-style-type: none"> Japan: Meet the 2015 Fuel Economy Standards. Overseas: Meet the fuel economy/GHG emissions standards in each region. 	<ul style="list-style-type: none"> Continue to conduct monitoring in each country/region. 	<ul style="list-style-type: none"> 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 4g-CO₂/km China: Met 2015 fuel consumption regulations. 	○	Continue to conduct monitoring in each country/region.	
	Clean energy use	<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. 	<ul style="list-style-type: none"> Continue to develop next generation hybrid vehicles for introduction to the marketplace. Continue to promote research for introducing electric vehicles into the market. Complete market introduction of Euro 6 compliant vehicles for all vehicle lines. 	<ul style="list-style-type: none"> Reflected the results of verification of environmentally improved hybrid systems into the design details for next term testing. Completed basic desktop review of EV, and transitioned to a state where the next step (verification testing) can be taken. Completed market introduction of Euro 6 compliant vehicles for all vehicle lines. 	○	Transition from advanced development to the mass production development stage, and prepare for making design specifications more precise and adding an outlook that includes productivity.
		<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. 	<ul style="list-style-type: none"> Based on FY2015 results, promote evaluation of the system using prototypes. 	<ul style="list-style-type: none"> Completed structural reviews and optimization procedures and added the expectation to expand development to other models. 	○	Make efforts to reduce exhaust gas and improve fuel economy with feedback control technology.
		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. 	<ul style="list-style-type: none"> Promote development of low global warming potential air conditioners. 	<ul style="list-style-type: none"> Continued development of low global warming potential air conditioners. Clarified the North American introduction plan. 	○
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 FY2007 level by FY2017 at domestic production facilities. For overseas production facilities, set medium term CO₂ emissions targets and conduct activities to attain them. 	<ul style="list-style-type: none"> Reduce CO₂ emissions per unit of production at domestic production facilities by 9% from FY2007 level. Reduce CO₂ emissions by 1% from FY2015 level. 	<ul style="list-style-type: none"> Reduced CO₂ emissions per unit of production by 48% from FY2007 levels at domestic production facilities. Failed to meet target with the result of 200,921 t-CO₂. 	○	Reduce CO ₂ emissions per unit of production at domestic production facilities by 10% from FY2007 level.
		<ul style="list-style-type: none"> Promote CO₂ emissions reduction activities synchronized with the Energy Saving Law. 	<ul style="list-style-type: none"> Use FY2007 per unit of CO₂ emission as BM, and reduce emission by 1% every year. 	<ul style="list-style-type: none"> Aim for a 9% reduction of per unit of CO₂ emission using FY2007as BM (Base unit target for completed cars in 2015 is 31.26 kg/unit). 	<ul style="list-style-type: none"> Achieved a 9% reduction of per unit of CO₂ emission with 2007 as the reference point. (Achieved 26.39 kg/unit compared to the 31.25 kg/unit annual target for the CO₂ base unit of completed cars.) 	○	Aim for a 10% reduction in per unit of CO ₂ emissions using FY2007 as the reference point. (Annual target for completed cars: CO ₂ base unit of 30.94 kg/unit)
	Offices	<ul style="list-style-type: none"> Ensure compliance with the Energy Saving Law. 	<ul style="list-style-type: none"> Use FY2010 per unit of energy use as BM, and reduce energy use by 1% every year (across the company including offices). 	<ul style="list-style-type: none"> Achieve average annual reduction of 1% per base unit. 	<ul style="list-style-type: none"> Achieved the 1% average annual reduction from the BM year across the entire business. 	○	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 FY2017)	FY2016			FY2017	
			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. 	<ul style="list-style-type: none"> Continue to promote designs that consider recycling. 	<ul style="list-style-type: none"> (FY2016 results) Achieved a recycling rate of 95% or greater. Promoted 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. Continue zero emission (zero landfill waste either directly or indirectly) at both domestic and overseas production facilities. 	<ul style="list-style-type: none"> Continue the appropriate management of waste and reducing waste generation by improving yield and packaging. Continue zero emission at both domestic and overseas production facilities. 	<ul style="list-style-type: none"> Reduce the volume of waste generation to 14,905 tons or less. Japan: Maintain zero landfill waste. Overseas: Maintain zero landfill waste at SIA. 	<ul style="list-style-type: none"> Failed to reach the target of 14,905 tons with 15,904 tons generated. Japan: Maintained zero waste disposed at landfills throughout the year. Overseas: Maintained zero waste disposed at landfills throughout the year. 	○	Set the target value of 13,707 tons for the quantity of industrial waste generation only. Promote reduction measures. Intensely suppression of waste generation.
		<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"> Japan: Reduce water use per unit of production at domestic production facilities by 4% from FY2012 level. Overseas: Reduce water use by 1% from FY2015 levels. 	<ul style="list-style-type: none"> Japan: Reduced water use per unit of production at domestic production facilities by 44% from FY2011 level. Overseas: Failed to reach target with water use at 973,726 m³ due to increased use in line with opening a new paint factory. Increased by 3.7% from the previous year. 	○	Reduce water use per unit of production at domestic production facilities by 5% from FY2012 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. 	<ul style="list-style-type: none"> Continue the collection scheme and promote recycling of repair-exchanged bumpers. 	<ul style="list-style-type: none"> Continued the collection scheme into the last quarter, and promoted recycling of repair-replacement bumpers. There were 39,149 units collected this fiscal year. 	○

■ 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 FY2017)	FY2016			FY2017 Target
			Target	Results	Evaluation	
A. Green Products	Reduction in emissions	◆ Promote the introduction of low-emission vehicles to improve air quality. ◇ 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.	Promote development in compliance with the latest exhaust gas regulations and low-emission systems in each country and region in order to reduce exhaust gas on a global scale.	Completed development with the following for next-term Impreza: -Compliance with North American LBT -Compliance with the EU EURO6 regulations.	○	In order to reduce emissions on a global scale, continue to promote development in compliance with the latest exhaust gas regulations and low-emission systems of each country and region.
	Reduction in noise	◆ Promote the development of technologies for noise reduction that can also improve fuel economy and reduce emissions. ◇ Promote the development of noise reduction technologies that consider driving conditions on urban roads.	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.	Achieved global expansion of CVT transmission that can both be considerate of the environment and add fun to driving.	○	Promote development of car models that reduce environmental noise for actual city driving.
	Reduction in the use of environmentally hazardous substances	◆ Promote the management and reduction in the use of environmentally hazardous substances. ◇ Improve management of chemical substances contained in products. ◇ Promote the development of technologies to switch to substances with lower environmental impact. ◆ Overseas: Comply with related laws and regulations, including the EU directives.	Promote improved management of chemical substances using IMDS. Promote switching to substances with lower environmental impact.	Promoted improved management of chemical substances using IMDS in North America. Promoted replacing lead, mercury, and plasticizers with substances with a lower environmental impact.	○	Promote preparations for testing all parts as part of the 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	◆ Further reduce per unit of VOC emissions (g/m ²) at production lines. ◇ Reduce per unit of VOC emissions to below 49.3 g/m ² (a 48.1% reduction from the FY2011 level).	Continue improving thinner recovery devices, and set target to 49.3 g/m ² or less.	The goal was met with an annual result of 48.1 g/m ² , with contributions from reducing thinner use and maintaining the recovery rate, etc.	○	Continue improving thinner recovery devices, and set the annual target to be 47.8 g/m ² or less.
		◆ Continue to reduce emissions of PRTR substances into the environment. ◇ Identify and manage the chemical substances regulated by the PRTR law and promote further reduction in the use of these substances.	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.	Completed all accounting for FY2016.	○	Continue to perform accounting management for PRTR substances.
		◆ Promote activities targeting the elimination of occurrences of hazardous substances leaking off site, complaints, and exceeding legal standards. ◇ 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.	Eliminate all occurrences of hazardous substances leaking off site, complaints, and exceeding legal standards. 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.	Received four complaints of obnoxious odors from neighboring residents. Explained the current status of onsite communications. Received one complaint regarding exceeding nighttime noise standards. No incidents of off-site spills.	X	Eliminate all occurrences of hazardous substances leaking off site, complaints, and exceeding legal standards. To prevent environmental accidents and complaints, promote improvement in equipment and improve communication with regional and local residents.

* As for VOC emission targets after FY2015, the annual targets were revised due to changes in production volume. (FY2015: revised to 47.2 g/m² from 48.8 g/m²; FY2017: 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 FY2017)	FY2016			FY2017 Target
			Target	Results	Evaluation	
A. Green Products	Research on traffic environments	◆ 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. ◇ Promote efforts to develop an Advanced Safety Vehicle (ASV) promotion plan. ◆ Expand deployment of an advanced safe driving system and promote the development of technologies for further enhancement.	Conduct activities based on the 8th Advanced Safety Vehicle (ASV) promotion plan. Promote technological development for practical use of accident prevention technology utilizing inter-vehicle communications and the Cooperative Adaptive Cruise Control (CACC) system. Continue to promote expansion of advanced safety systems and development of system advancement focusing on automated driving.	Continued activities based on the ASV promotion plan, and promoted development of accident prevention technology that utilizes inter-vehicle communications. Participated in public-private partnerships efforts for SPF automated safety systems. Promoted technological development for practical use of automated driving.	○	Continue to promote activities in line with the promotion plan for SPF (Strategic Innovation Promotion Program) automated travel systems and development toward putting of accident prevention technology utilizing inter-vehicle communications into practical use. Continue to promote development to expand advanced safety systems and development for early implementation of automated driving.
		◆ Promote disclosure of lifecycle assessment (LCA) data.	Continue to calculate and disclose LCA data for cars that have undergone full model changes.	There was no vehicle appropriate for LCA calculations.	-	Continue to calculate and disclose the LCA data for models that have undergone full model changes.
	Promotion of lifecycle assessment	◆ Request both domestic and overseas suppliers to maintain the structure to establish environmental management systems (EMS). ◇ Maintain the structure to establish EMS including new suppliers. ◆ Review the green procurement guidelines and revise as necessary.	Maintained the structure to establish EMS. Revised green procurement guidelines.	Maintained the structure to establish EMS. (Automobile) 383 companies established including 2 new vendors (100%). (Aerospace) CPJ 86 companies established including 3 new vendors (100%). (Industrial Products) CPJ 133 companies established including 3 new vendors (100%). Revised green procurement guidelines and notified vendors.	○	Continue to maintain the structure to establish EMS. Continue to disseminate information to vendors.
Green procurement activities	◆ Reduce environmentally hazardous substances.	◆ Encourage suppliers to further improve management of and reduce the use of environmentally hazardous substances contained in parts and materials. ◇ Continue to investigate content of environmentally hazardous substances. Reduce environmentally hazardous substances by using alternatives	Continued to investigate content of environmentally hazardous substances. (Automobile) Investigated content of 3 substances in plastic regulated by REACH. (Aerospace) CPJ Investigated content of vendor use of environmentally hazardous substances. (Industrial Products) Continued JAMA sheet investigations. Reduced environmentally hazardous substances through switching to alternatives. (Automobile) Promoted switching 3 PVC substances regulated by REACH. (Aerospace) CPJ Continued review of alternatives in order to reduce use of environmentally hazardous substances. (Industrial CPJ) Completed partial switchover to alternatives for compliance with RoHS.	Continued to investigate content of environmentally hazardous substances. (Automobile) Investigated content of 3 substances in plastic regulated by REACH. (Aerospace) CPJ Investigated content of vendor use of environmentally hazardous substances. (Industrial Products) Continued JAMA sheet investigations. Reduced environmentally hazardous substances through switching to alternatives. (Automobile) Promoted switching 3 PVC substances regulated by REACH. (Aerospace) CPJ Continued review of alternatives in order to reduce use of environmentally hazardous substances. (Industrial CPJ) Completed partial switchover to alternatives for compliance with RoHS.	○	Continue to investigate content of environmentally hazardous substances. Reduce environmentally hazardous substances by using alternatives
	◆ Set supplier CSR guidelines and deploy them to suppliers. (Aerospace and Industrial Products Companies) Automobile Division has already finished setting and deployment.	◆ Set guidelines and promote deployment and awareness raising of the guidelines to suppliers. ◇ Promote CSR procurement activities based on the guidelines. ◆ Revise and disseminate the guidelines that include a response to conflict minerals. ◆ Continue to study biodiversity conservation.	Promoted CSR procurement activities based on the guidelines. (Automobile) Revised guidelines and notified vendors. (Aerospace) CPJ Revised guidelines and notified vendors. (Industrial CPJ) Revised guidelines and notified vendors.	○	Promote CSR procurement activities based on the guidelines. Continue to disseminate information to vendors.	
	◆ Support dealerships' environmental activities.	◆ 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".	Sequentially verify progress status of EA21 mid-term evaluation and recertification audit at all dealerships. Support them to maintain the certification. Continue D-SPECs system utilization, support quantitative management to be established, and help reduction activities at the dealerships.	Sequentially verify progress status of EA21 mid-term evaluation and recertification audit for all dealerships. Also, confirmed that all dealerships are continuing EA21 through submission of copies of the certificate. Supported compliance with the Energy Saving Act (power equalizing) at dealerships through system improvements.	○	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 quantitative 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	◆ 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.	Continue to give factory tours, hold on-site events, and carry out environmental exchange classes. Continue to implement clean-up activities around each business site. Advance the biodiversity initiatives road map and promote the initiatives. Promote greening activities taking biodiversity conservation into consideration.	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. The Gunma Visitor's Center received 100,000 visitors. Advanced the biodiversity initiatives road map. A biodiversity element was included in the review for greening the Tokyo Office.	○	Continue 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.
		◆ Disclose environmental information through regular publication of environmental reports and other documents in a timely manner.	◆ Provide environment report in the form of CSR report and provide updated information on the website.	Created a 2015 environmental website and provide information there. Enrich the content of the report.	○	Create a 2016 environmental website and provide information there. Further enrich the content of the report.
	◆ Improve and enhance the contents of environmental reports. (Compliance with environmental reporting guidelines, inclusion of Group companies in the scope of reporting)	◆ Improve compliance to environmental reporting guidelines of the Ministry of the Environment, and improve the content of environmental reporting.	Enrich the content of the report.	Planned enrichments to the content of the environmental report for the next fiscal year.	○	Further enrich the content of the report.
Promotion of environmental education and awareness activities	◆ Participate in environmental events and publicize corporate environmental efforts.	◆ Continue to participate in Eco-Products Exhibitions to widely publicize the company's eco-friendly products and efforts.	Participate in the 2015 Eco-Products Exhibition and widely publicize the company's eco-friendly products and efforts.	Exhibited the Impreza Sport Hybrid at the 2015 Eco-Products Exhibition and held a test drive event.	○	Participate in the 2016 Eco-Products Exhibition to widely appeal our eco-friendly products and efforts.
	◆ Continue environmental and social education under the in-house education system.	◆ Hold more environmental education, enlightenment and presentation events.	Using a variety of opportunities, proactively implement environmental education and educational activities.	Participated in the Ministry of the Environment sponsored "COOL CHIC" and announced to society the eco-responsiveness of Subaru products. * Exhibited the Impreza Sport Hybrid, which was favorably received. Implemented environmental awareness education with E-learning (Head Office, Tokyo)	○	Using a variety of opportunities, proactively implement environmental education and educational activities.
	◆ Continue to hold lectures and workplace meetings to present improvement examples.	◆ Promote sharing the internal auditing and environmental education systems for more practical EMS activities.	Renew ISO14001 certification through recertification audit in November/December. Make adjustments to respond to the 2015 revision of the ISO14001 standards	Renewed ISO14001 certification through the recertification audit in November/December. Created a revised 2015 roadmap.	○	ISO14001: Complete transition to the revised 2015 standards.
Establishment of an Environmental Management System	◆ Make continuous improvements to the Environmental Management System.	◆ Increase cooperation with subsidiaries and maintain and improve the Environmental Management System structure.	Promote to make adjustments with affiliated companies for a specific time period and method for integration.	Met with 3 affiliated companies regarding EMS integration.	○	Promote EMS integration process with the 3 affiliated companies. Recommend that the affiliated companies and suppliers become ISO14001 or EA21 certified (FHI prefers EA21).

* 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.

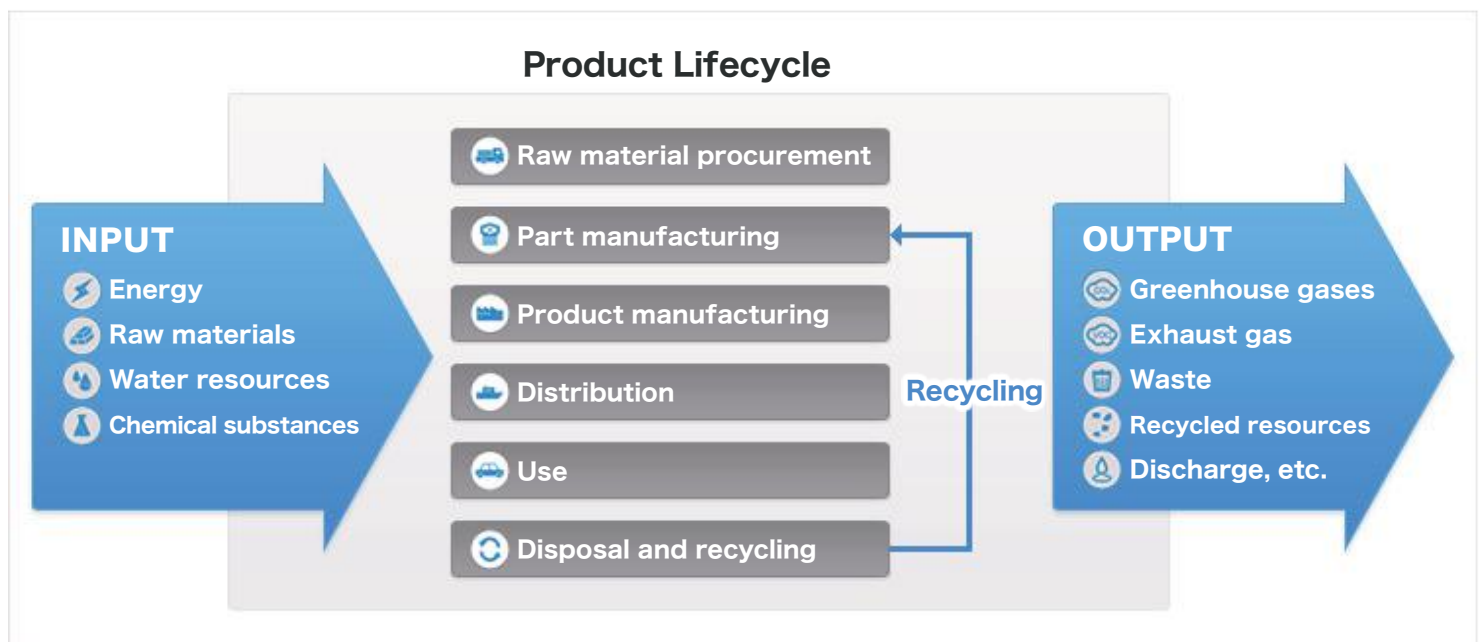


Environmental Management

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. Throughout the product life cycles and the supply chain, FHI is working toward the use of sustainable resources, mitigating and adapting to climate change including creating a low carbon society, and preserving biodiversity.

Business Activities and Environmental Impact

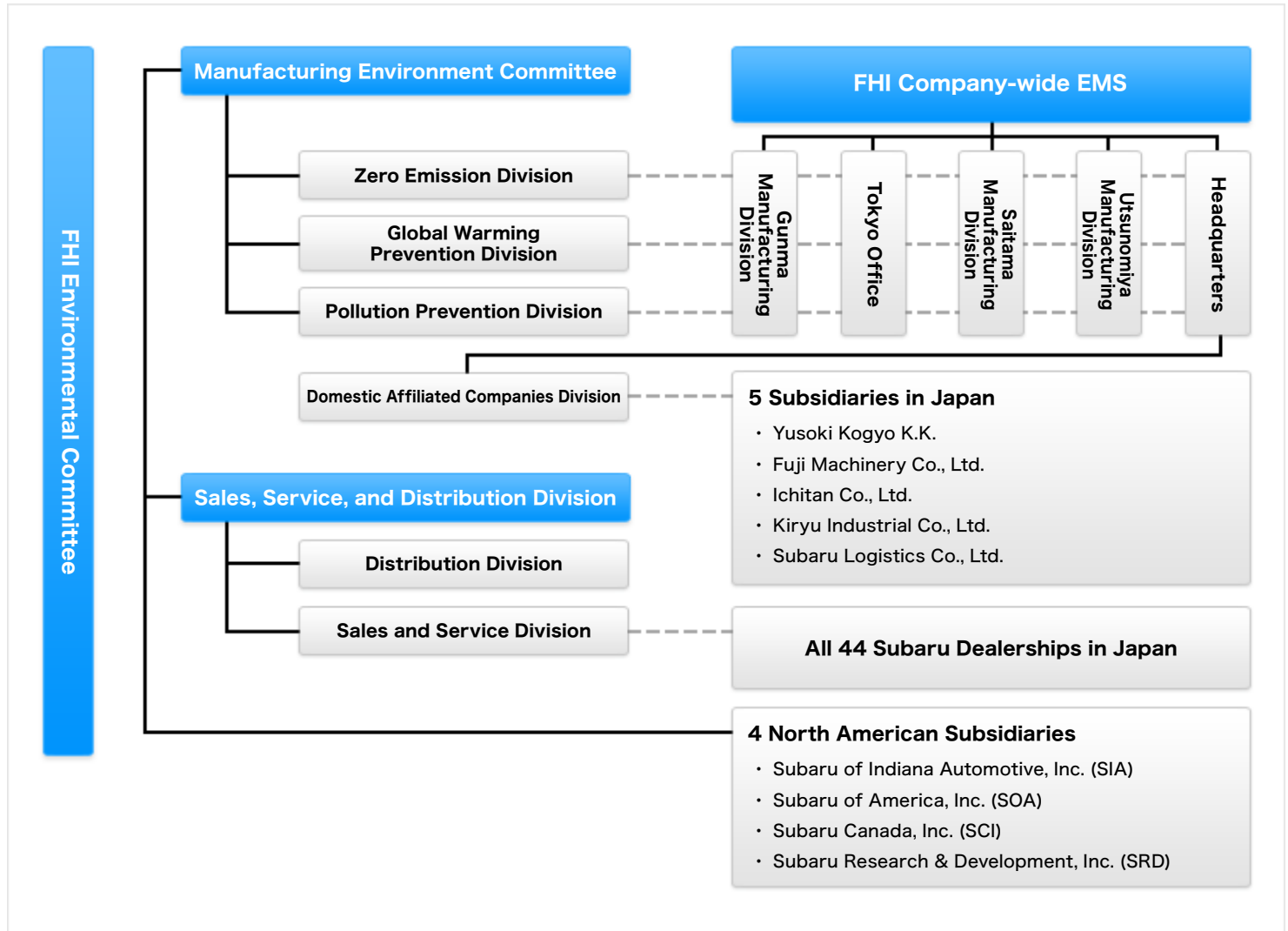


Organization

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 2016)



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 700 outlets obtained Eco Action 21 (EA21) certification, which was the first in Japan among all automobile manufacturers.

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, Subaru Logistics Co., Ltd. received ISO 14001 certification in March 2013, received ISO 39001 certification, which is the international standard for road traffic safety management systems, in September 2015, and is currently working toward receiving ISO 9001 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.

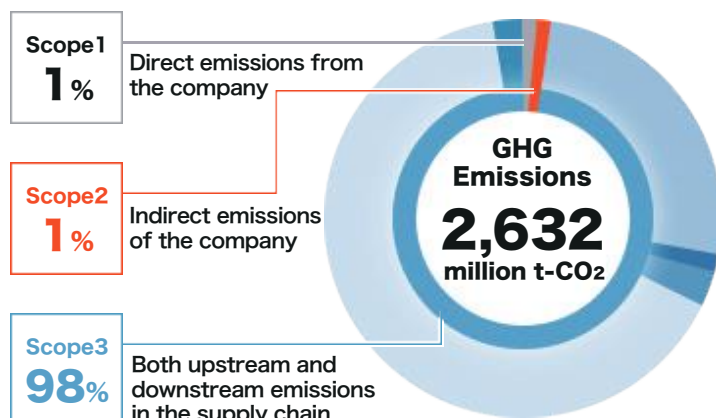
Status of Establishing EMS/EnMS in the FHI Group

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. Fuji Jukou House Corporation Total: 6 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-CO ₂)	Calculation Scope, etc.
Upstream	1 Purchased goods and services	6,632,996	Domestic and overseas
	2 Capital goods	444,958	Domestic and overseas
	3 Fuel and energy related activities not included in Scopes 1 or 2	71,036	Domestic and overseas
	4 Transportation and delivery (upstream)	647,441	Domestic and overseas
	5 Waste generated in operations	14,724	Domestic and overseas
	6 Business travel	4,050	Domestic and overseas
	7 Employee commuting	10,926	Domestic and overseas
	8 Leased assets (upstream)	-	N/A
Downstream	9 Transportation and delivery (downstream)	-	N/A
	10 Processing of sold products	3,396	Domestic and overseas
	11 Use of sold products	17,246,287	Domestic and overseas
	12 End-of-life treatment of sold products	528,667	Domestic and overseas
	13 Leased assets (downstream)	-	N/A
	14 Franchises	49,583	Domestic and overseas
	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 FY2015, 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 separate aspects of risk and opportunities.

FY2016 Major Initiatives

- Implemented a survey on use of biologic resources such as leather and plant derived raw materials. Confirmed that there was no negative impact on the environment during the procurement process.
- Switched the copy paper used at the Head Office to 100% recycled paper that does not use any new trees as a resource.
- Added “No use of raw materials that are a cause of social problems,” and “Make efforts to be situationally aware and to respond appropriately with the goal of not using raw materials associated with conflict minerals and social problems such as human rights violations” to the human rights and labor item in the CSR Guidelines for Suppliers and published this on the website.
- Implemented periodic investigations on the trends for certification for non-biologic resources such as aluminum, tin, and mining.
- Activities for preserving rare species
Using corporate sites as safe places to preserve endangered rare species has been gathering attention. In the Tokoji temple in Kitamoto City, where our Saitama Manufacturing Division is situated, there stands Ishito Kabazakura (cherry tree), one of the Nihon Godai Zakura (the five major cherry trees in Japan), designated as Japan’s natural monument in 1922. We have inherited and are carefully nurturing the descendants of the tree at our site. We had elementary school children, who came to our site for field trips, learn the history of the cherry tree and the importance of preserving endangered rare species.
- Forest Conservation Activities in China: “31 Forest Star Tours”
We established “Subaru Ecological Forests” in 31 natural conservation zones from 2013 and supplied 31 Foresters. This year, Subaru again invited guests and provided them with opportunities to learn about the importance of forest conservation and to experience tree planting activities.

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



March 2003: The descendent tree were planted.



The tree brings forth pretty blossoms every spring.



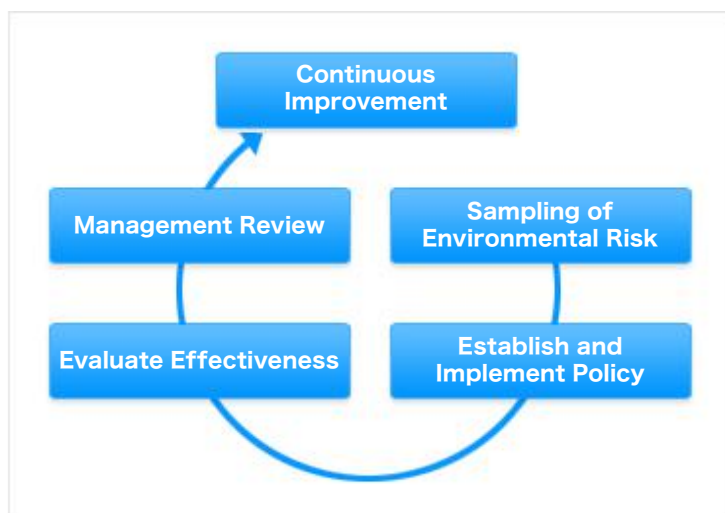
“31 Forest Star Tours” in China

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 July 2015, the Tokyo Office implemented training that simulated leaks from an underground tank to check emergency operations and emergency communications systems for hazardous materials facility security personnel. Thirteen employees attended the training to minimize the impact on the surrounding environment.

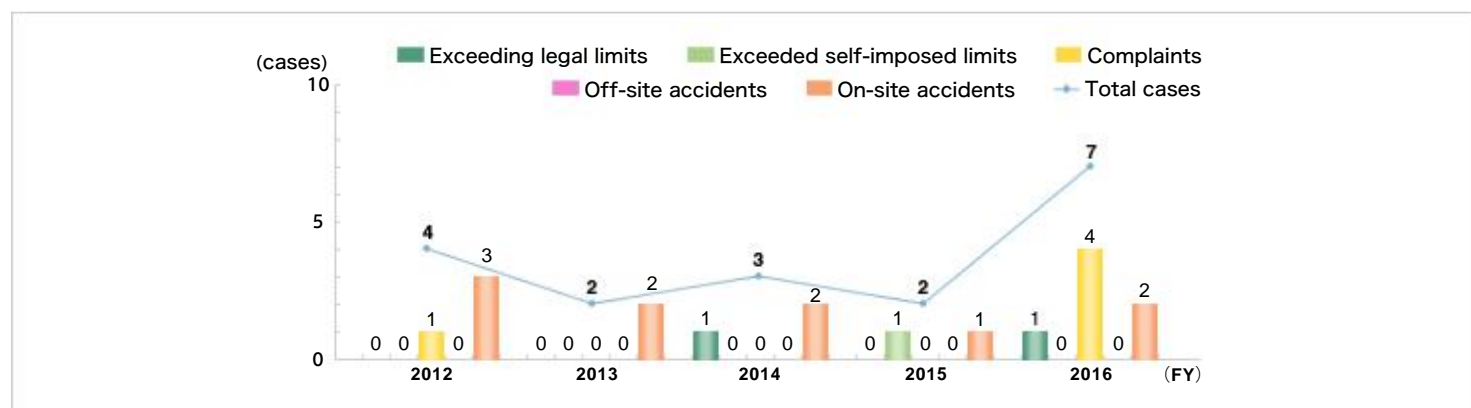
We will continue to periodically carry out training in order to improve our emergency response capacity.



Status of Compliance with Environmental Laws and Regulations

At Subaru, 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 FY2016

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. There was one case of exceeding legal standards, so measures were implemented to prevent a recurrence.

Name	Number of Cases	Details	Main Corrective Measures
Saitama Manufacturing Division	1 case for noise	March: Exceeded noise regulations for night.	Reviewed night time operations that were the cause of the noise.

◎ Environmental Complaints Received in FY2016

We are working toward a goal of “zero” environmental complaints. We received 4 environmental complaints.

Name	Number of Cases	Details	Main Corrective Measures
Gunma Manufacturing Division	4 cases of offensive odors	October–January: Received complaints about paint odor.	Implemented provisional measures to remove the odor; currently planning equipment improvements.

◎ Status of Environmental Accident Occurrences in FY2016

We are striving to achieve the goal of zero accidents, both on and off site. There were two incidents of on-site accidents. We implemented measures to prevent recurrence.

Name	Number of Cases	Details	Main Corrective Measures
Gunma Manufacturing Division	2 cases for water quality	July and August: Alkaline waste water and cloudy water from an onsite construction site flowed into the onsite waterway.	Educational support was provided for the construction sections..

Environmental Accounting (FHI Group FY2016 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:

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

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.

FY2016 Calculation Results

Environmental cost came to 32.3 billion yen on a non-consolidated basis, up 2.43 billion yen (8.2%) from the previous fiscal year, and 33.7 billion yen on a consolidated basis, up 2.67 billion yen (8.6%).

The cost increase was mainly due to an increase in research and development (R&D) costs (2.35 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 1.04%.

FY2016 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 2016	FY 2015	FY 2014	FY 2016	FY 2015	FY 2014	FY 2016	FY 2015	FY 2014	FY 2016	FY 2015	FY 2014
(1) Cost in the business area	①Pollution prevention cost	479	389	340	656	549	489	206	206	167	656	656	215
	②Global environmental conservation cost	21	21	28	43	142	90	39	39	360	93	93	376
	③Resource recycling cost	547	540	513	1,144	1,011	1,098	0	0	0	3	3	0
(2) Upstream and downstream costs	Recycling related cost Cost arising from changes in product materials	129	122	128	129	122	128	-	-	-	-	-	-
(3) Administration cost	Cost for monitoring environmental impact Cost for the Environmental management Cost for environmental education	77	81	86	143	142	137	-	-	-	-	-	-
(4) R&D cost	R&D cost for environmental impact reduction	30,809	28,462	19,696	31,328	28,786	19,999	2,546	2,302	2,275	2,568	2,324	2,276
(5) Social activity cost	Cost related to donation, etc. for environmental conservation groups	91	84	103	95	88	106	-	-	-	-	-	-
(6) Environmental remediation cost	Cost to remedy soil and underground pollution	124	147	103	126	149	103	0	0	6	0	0	0
(7) Other cost		0	0	0	0	0	0	-	-	-	-	-	-
Grand Total		32,278	29,845	20,997	33,664	30,990	22,150	2,790	2,547	2,807	3,320	3,076	2,874

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

FY2016 Economic Effect Calculation Results

Item	Economic effect (Millions of yen)	
	Non-consolidated	Consolidated
Reduction in energy cost from energy conservation	8	20
Sales from recycling (sales of valuable items: metals, waste liquids, and cardboard boxes)	1,552	2,364
Reduction in use of raw materials due to recycling (reduced packaging materials cost)	1	1

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 issue for companies is how to conserve fuel while reducing carbon dioxide emissions and how to contribute to preventing global warming. Global trend is the 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 environmental era working at a global scale, 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. After 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, efforts to lower the drag coefficient of car bodies with enhanced aerodynamics and an idling stop system in the LEGACY, IMPREZA and FORESTER. The LEGACY and FORESTER adopt the new-generation engine with direct injection turbo and high torque Lineartronic CVT, and also in 2014, by introducing the Levorg with a downsized 1.6L displacement turbo, high performance driving as well as exceptional environmental efficiency were achieved. We expanded the use of the hybrid system adopted in the SUBARU XV model, which allowed drivers to experience the driving enjoyment unique to Subaru, to the IMPREZA SPORT in 2015 to better meet market needs.



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.

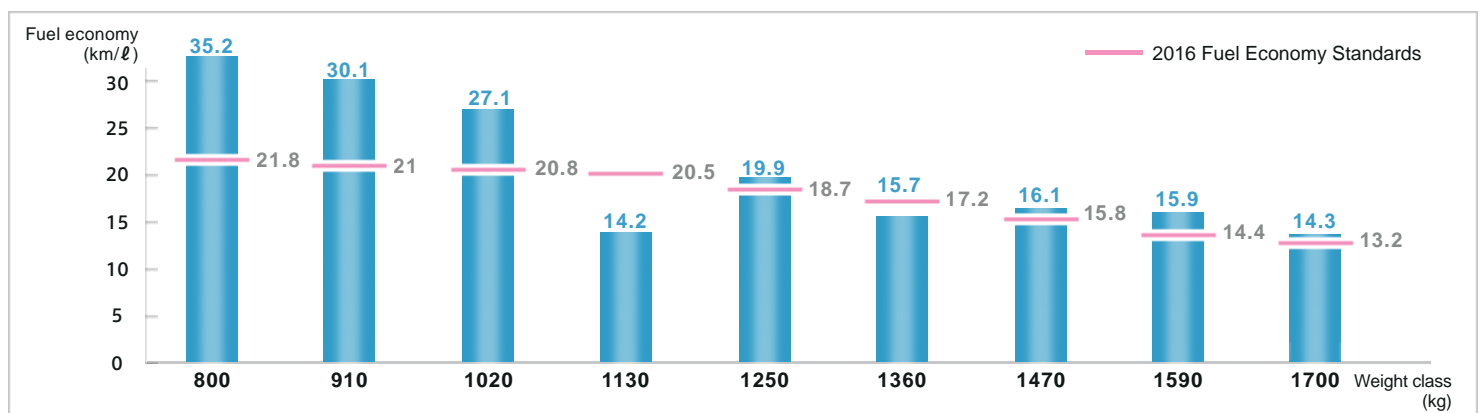
Fuel Economy Standards

Japan: Achieved the FY2016 Fuel Economy Standards in 7 of 9 Weight Classes

Passenger cars meeting the FY2016 Fuel Economy Standards accounted for about 91% of the total production, and 7 of the 9 weight classes of Subaru vehicles sold met the FY2016 Fuel Economy Standards.

Looking toward the FY2021 Fuel Economy Standards, three models, including the Subaru XV Hybrid, have already achieved the standards, and the proportion of manufactured vehicles that achieved the standard has reached 12%.

FY2016 Fuel Economy Standards Achievement Status



US: Achieved 2015 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 2015 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.

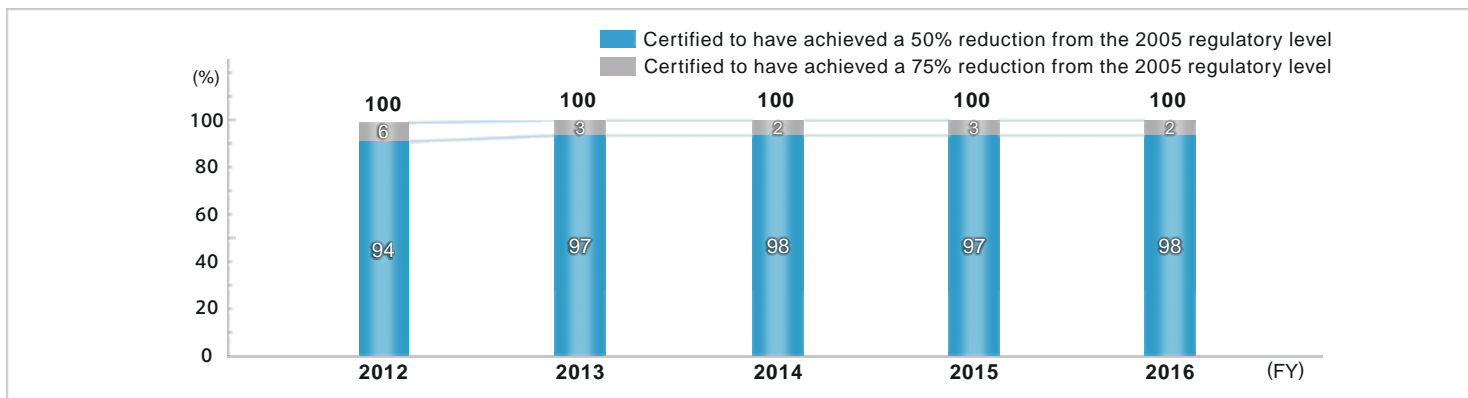
In order to improve the state of air pollution, Subaru introduced low emission vehicles (certified by the Ministry of Land, Infrastructure, Transport and Tourism) that meet standards stricter than the regulations.

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 FY2013. Additionally, all vehicles we produce are certified Ultra Low Emission Vehicles (U-LEV) achieving a 50% reduction from the regulatory values specified in the 2005 emissions standards).

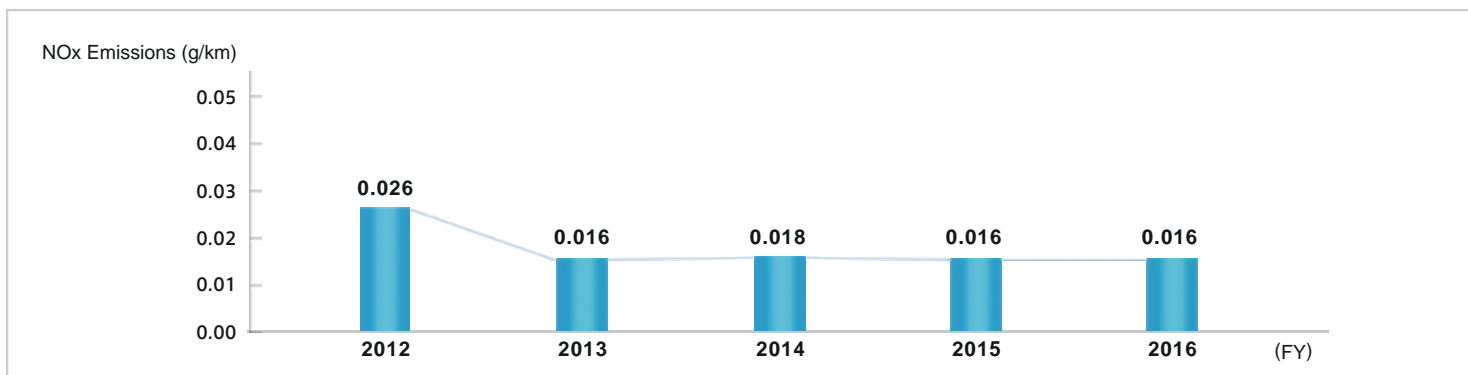
Percentage of Low Emission Gasoline-powered Passenger Vehicles



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.

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 the newly developed 2.0L horizontally opposed direct-injection engine, the new model Impreza, planned for introduction to the market this year, achieved both fun-to-drive acceleration and reducing noise level on urban roads.

Management of Chemical Substances (Operation of the IMDS)

Since the enforcement of the European Union's Registration, Evaluation and Authorization of Chemicals (REACH) regulation, 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 proper 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 we are promoting management system that can promptly disclose information regarding the usage of substances requiring management according to EU REACH, etc.

Renewable Fuel 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

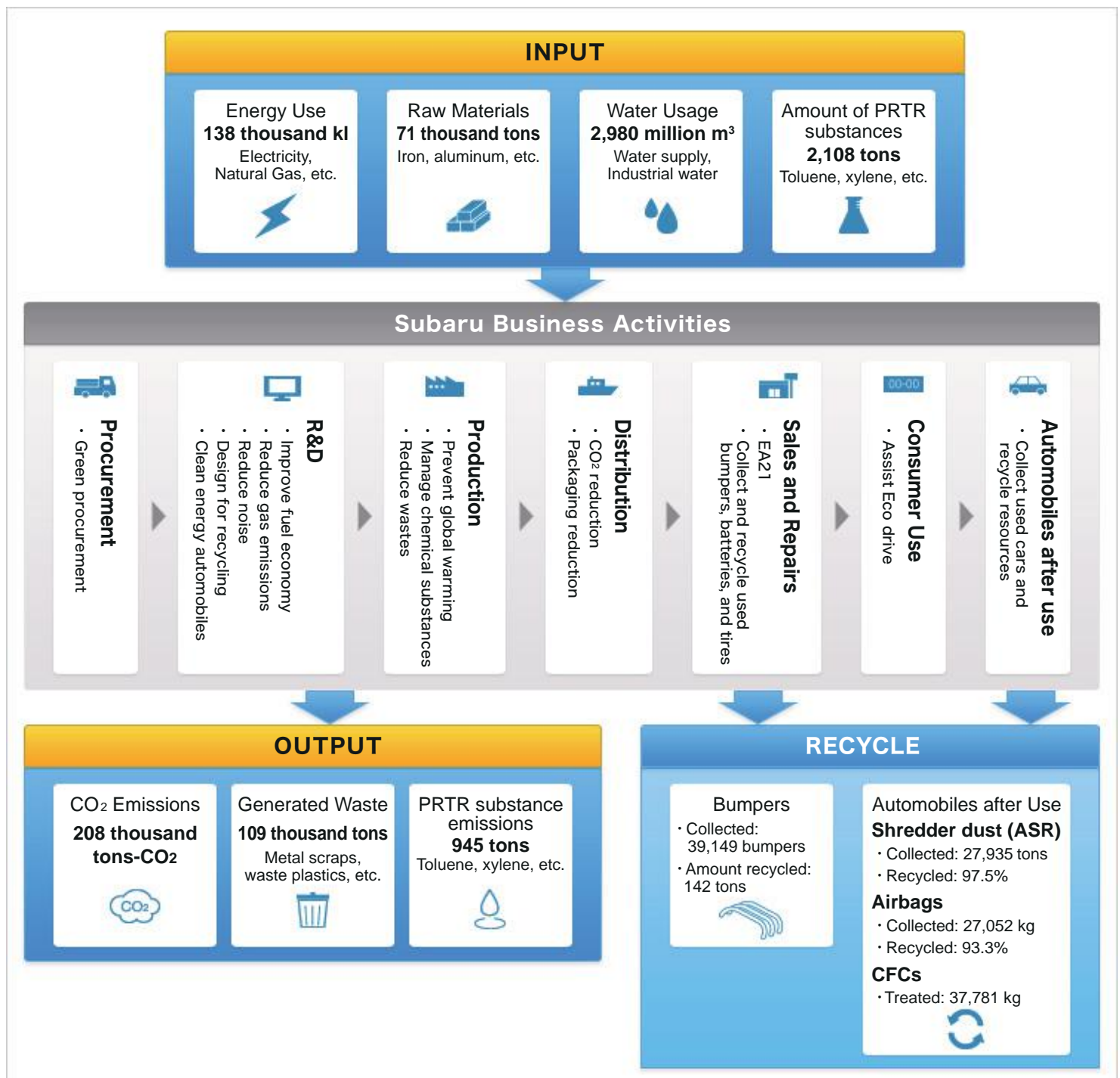
Main Input Resources and Emission Matters in Automobile Manufacturing

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

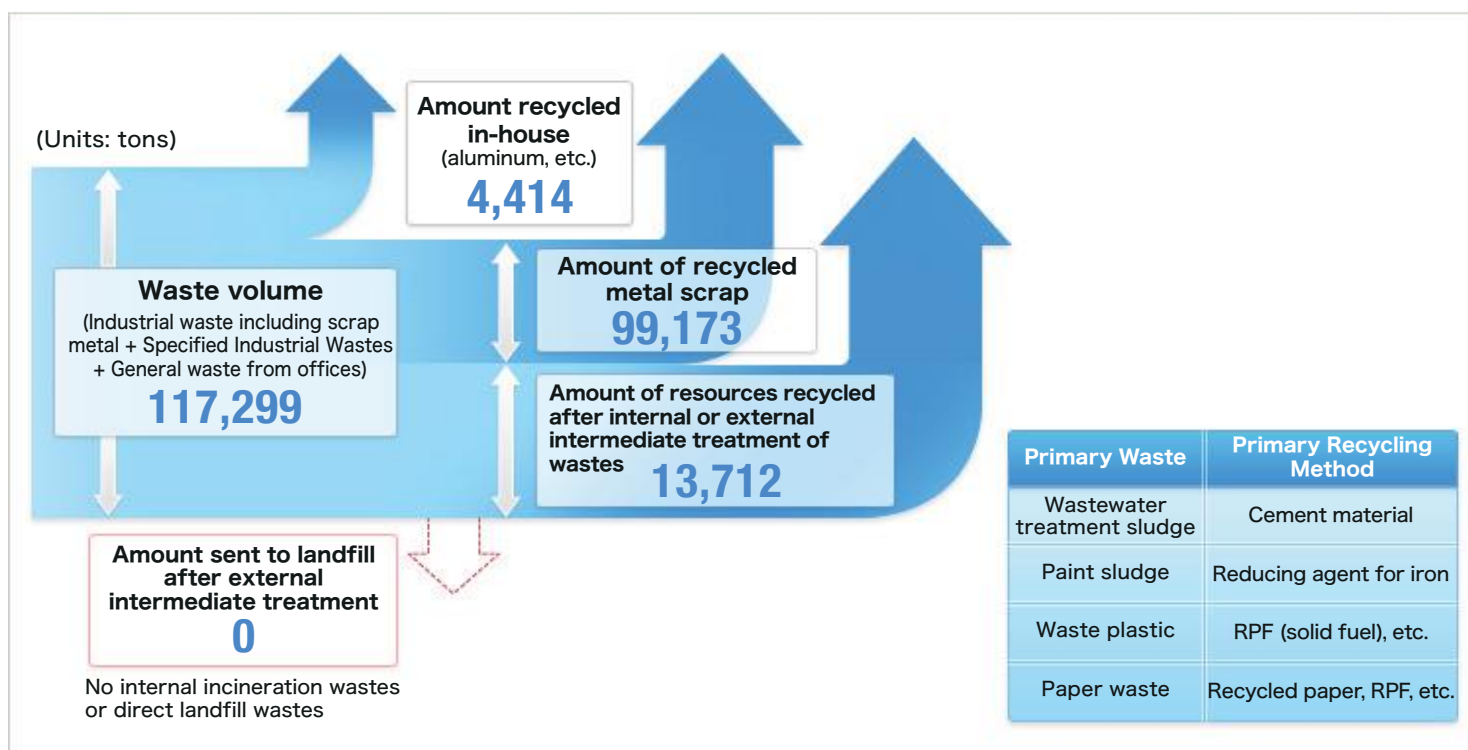
We promote global warming prevention activities by continuing various initiatives to reduce CO₂ emissions such as installing energy conserving equipment, improving productivity, etc.

The 5th Voluntary Plan for the Environment called for 48% reduction in CO₂ emissions per unit of sales in FY2016 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.

Summary of Total Waste Generated and Treated in FY2016 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 48.1g/m² in FY2016, down 47.4% from FY2000 levels.

We continue to decrease the use of cleaning thinners and increase the recovery of used thinner, as well as (partially) converting to 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 FY2016, appropriate treatment of trace PCB wastes (transformer and condenser) from the Utsunomiya Manufacturing Divisions was performed.



Transportation operation for trace PCB wastes

Eco Initiatives at Ebisu Subaru Building Head Office

The Ebisu Subaru Building received the CASBEE (Comprehensive Assessment System for Built Environment Efficiency) “S Rank” in February 2015. CASBEE is a system headed by the Ministry of Land, Infrastructure and Transport that comprehensively and fairly evaluates the quality of buildings, including environmental considerations such as energy conservation and use of materials and equipment that have a low impact on the environment, as well as consideration toward indoor comfort and landscape.



Introduction of Renewable Energy

The Tokyo Office installed a solar power system with two 10 kw and one 5 kw generators on the office roof and one 2 kw generator at the gatehouse. The system generates 33,807 kwh annually to cover some of the power needs of the Tokyo Office.

Also, a 420 kw rated output (enough for about 100 homes) solar power system was installed in Kiryu, Gunma Prefecture as an electric power seller in 2014, and a business to generate and sell 427,706 kwh annually was started.





Initiatives for Distribution

Reducing the Environmental Impact of Transporting Subaru Automobiles

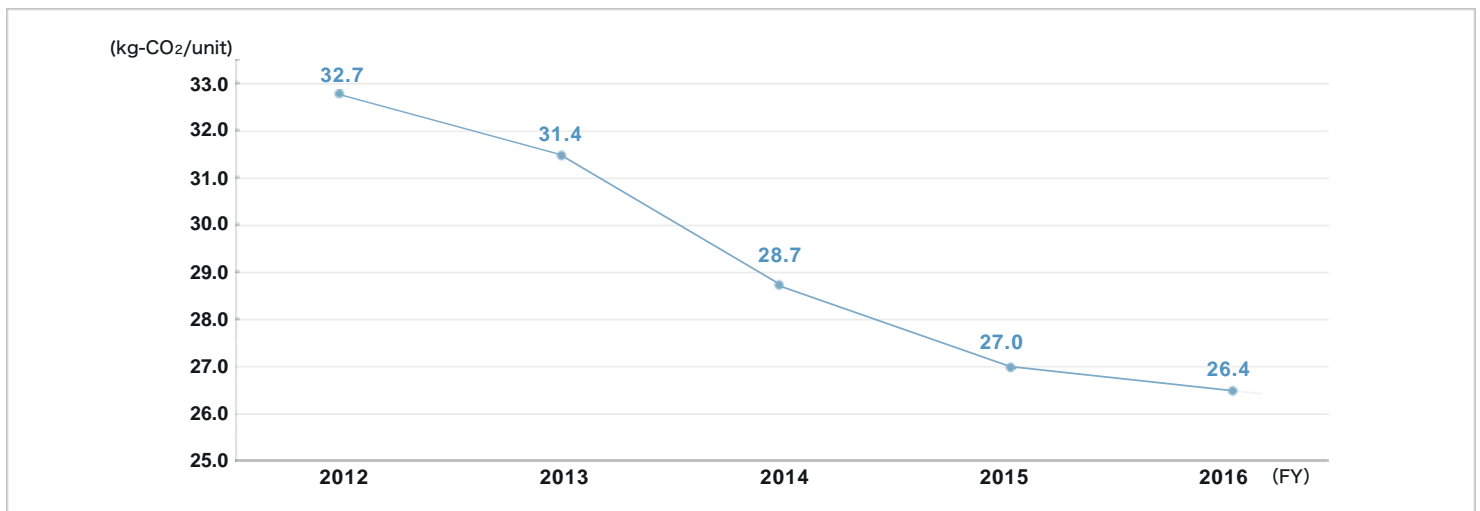
During the transport of Subaru automobiles, we are contributing to reducing the environmental burden by promoting efficient transport, such as setting optimized transportation routes, promoting modal shifts, and improving loading efficiency.

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 finished car model mix and to larger model types to be transported, have reviewed and improved loading and packing, and jointly transport finished vehicles with other companies in the same industry, in order to improve loading efficiency and reduce the number of shipments.



◎ CO₂ Emissions during Transport per Subaru Vehicle



Reuse of Packing Materials

Subaru Logistics Co., Ltd., which handles packaging and transport for complete knock-down (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 FY2016 was 549.6 tons, an increase of 105% over the previous year, and the ratio of newly purchased reused packaging materials was 16.5%, a 0.3 point increase from the previous year.

As a result of this improvement in logistics, we received the “Logistics Grand Prize” at the “All Japan Logistics Case Convention 2015” sponsored by the Japan Institute of Logistics Systems.

We will continue to carry out environmental impact reduction activities by expanding the reuse of packaging materials.



Dunnage for aluminum wheels



Small part packaging



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.

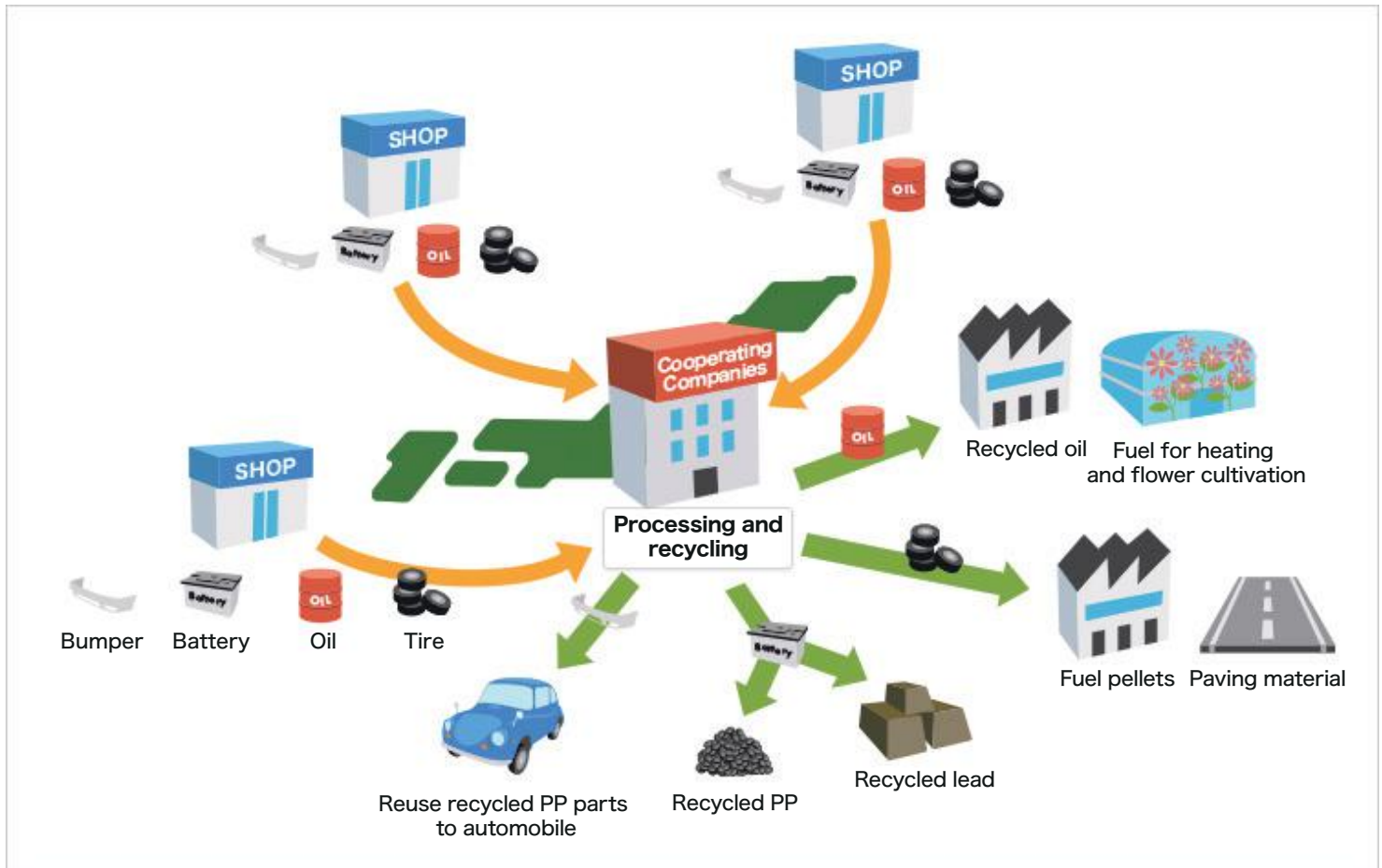
Zero Emission at Domestic Dealers

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 FY2016 was that 1,197 tons of used lead-acid batteries, 4,944 kiloliters of used oil, and 194,191 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.



◎ Recycling Waste Oil

Waste oil generated at Subaru dealerships throughout Japan during oil changes is recycled as recycled fuel oil based on the zero emissions scheme created by Fuji Heavy Industries Ltd. Every year, farmers in Yamagata prefecture can grow beautiful poinsettia and cyclamen using this recycled fuel oil for heating greenhouses. These poinsettias were given to visitors to our event held on December 23, 2015, as a Christmas present.



◎ Recycling Used Tires

Used tires changed and collected at Subaru domestic dealers are crushed and made into rubber chips, which are then reused as fuel at plants such as power plant, paper making company(pulp) and iron factory, etc. In addition to this kind of thermal recovery, we have started to reuse these chips as paving materials. The used tires made into rubber chips are mixed in asphalt, or applied as an overlay of asphalt pavement. They can be used for parking lots, children's playgrounds, athletic fields, and sidewalks of hospitals/nursery homes, with varied blending ratios of chips depending on the use. We not only recycle the outer layer of the tires, but the entire rubber parts of those tires for pavement materials by sorting each part thoroughly, such as wires, rubber components, etc. We are the first car manufacturer to recycle all the rubber parts of a tire for pavement materials.



Staff Parking



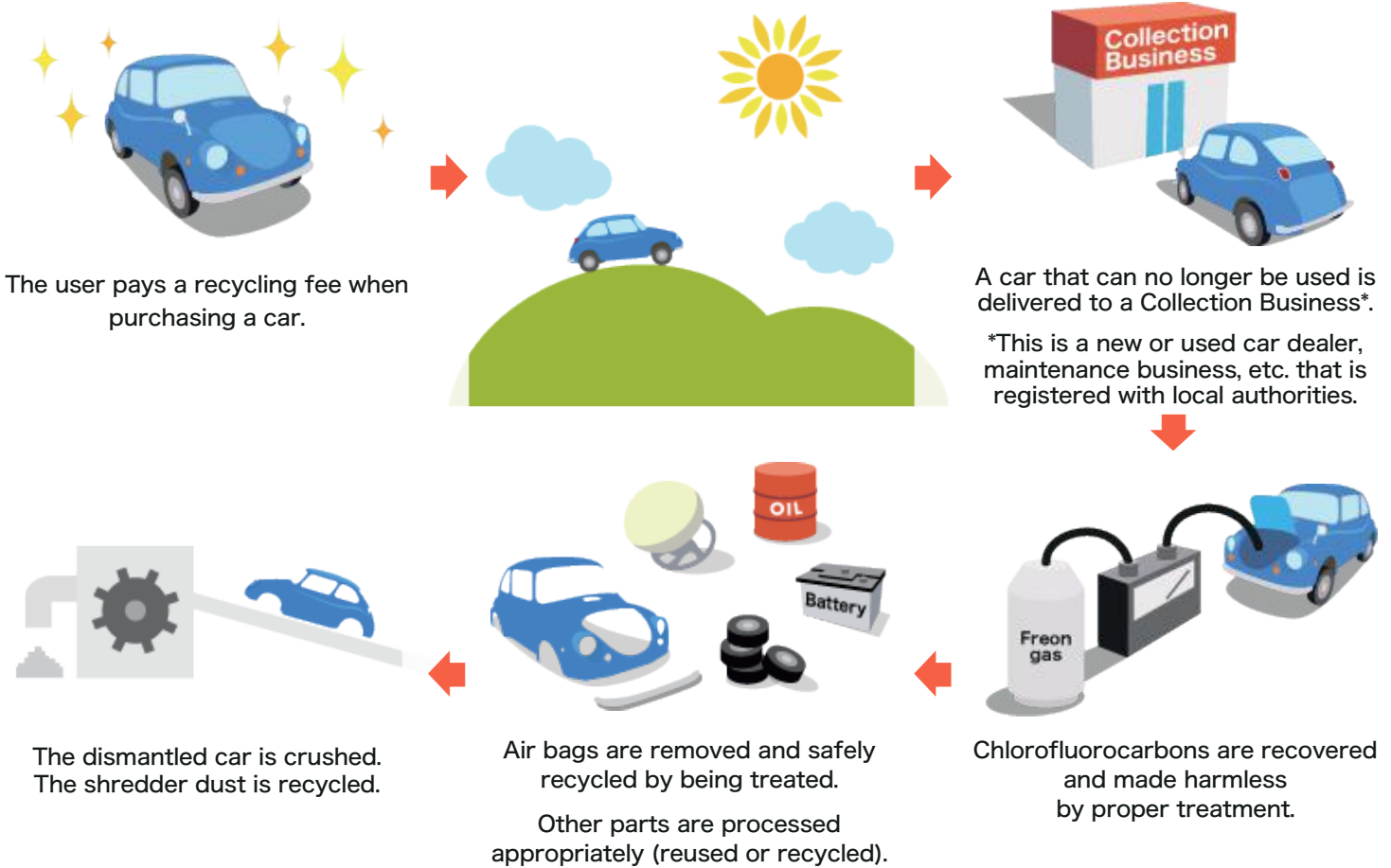
Stella Town: Animal Square



Automobile Recycling

Automobile Recycling Process

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.

Improvement in Wiring Harness Dismantling

Adopted a harness layout and structure than can be recovered quickly and efficiently.



Use of Easily Recycled Materials

Actively adopted olefin resins that are easily recycled to use in internal parts.



■ Parts where olefin resin is used
■ Olefin resin is used as the base material in decorative parts



Improved Material Identification

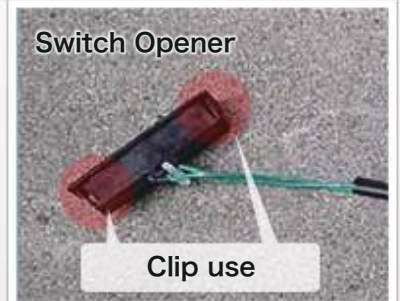
Improved material separation by displaying the material identification not only on the inner surface of bumpers but also on the outer surface.



Adoption of Easily Dismantled Structures

Eliminated screws for the switch opener of the trunk and rear gate by using clips.

Switch Opener



Clip 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 FY2016 was 97.5%, 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 93.3%, 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.



Green Purchasing Network



Environmental information of each model

Eco Product Net of the Green Purchasing Network website
We initiated to introduce our products on the "Eco Product Net" page of the Green Purchasing Network (GPN) website. The webpage is not for GPN to recommend any products, but to provide comparative environmental performance data of various products to help those that are considering purchasing them.

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 FY2016, we had 91,249 children visit the site. The on-site Subaru Visitor's Center has a car recycling zone. Here, elementary school children can actually view items to be recycled and the results of recycling in order to understand the recycling process.



◎ 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 FY2016, 1,717 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 2015, we began implementing “New Employee Environmental Conservation Education” for the 391 new employees of the automotive business division and the 206 new employees at the Head Office. 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 held 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, external lecturers were 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 2015”

In December 2015, we exhibited at the Eco Products Exhibition 2015, Japan's largest environmental exhibition. We introduced product features of the advanced hybrid system of the Subaru Impreza Sport Hybrid and advanced safety prevention technology such as EYESIGHT. Also, as environmental initiatives unique to Fuji Heavy Industries Ltd., a presentation and panel exhibitions introduced domestic and foreign zero emissions activities, Subaru of China's forest conservation activity initiatives, resysled paper circulation at the Head Office, and paving material created by recycling tire chips from passenger cars.

In addition, we participated in the disaster area reconstruction assistance credit scheme, offset 10.8 t-CO₂ of CO₂ emissions at exhibitions, and worked toward reducing carbon dioxide as measures against global warming.



Overseas Initiatives

Overseas Environmental Initiatives

In May 2012, Subaru of Indiana Automotive, Inc. (SIA), the US production base of 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. The ISO 14001/50001 certifications were renewed in March 2015, three years after certification was received.



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.

SOA opened a parts distribution center that also has the function of a training center in Florence, New Jersey, in June 2013. This building has received the LEED certification given to environmentally conscious buildings. On its rooftop, it has a solar power generation system that generates 1 megawatt of electricity, and in 2015, it generated 1,283,000KWH, which was used for lighting and power in the building.

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



Efforts to Reduce Waste Materials

SIA has continued zero landfill for 10 years since 2004, and taking advantage of this experience, supports the activities for other companies and organizations to achieve zero landfill.

In June 2015, SOA/SIA were cooperated with the National Park Service (NPS) celebrating 100 years, a large scale effort to cut back on waste from US national parks sent to landfills was announced. Targeted is the 45 thousand tons of waste from the 237 million US national park visitors and waste generated from lodgings and transportation.

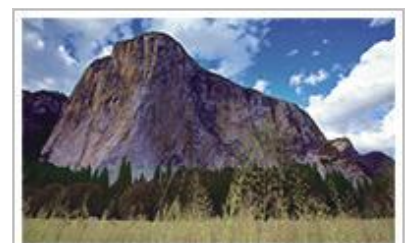
Specifically, SIA uses its knowledge from its zero landfill program to first reduce waste bound for landfills at the Yosemite, Grand Teton, and Denali national parks.



National park officials visiting the SIA factory



SIA's thorough waste separation and management



Other Initiatives

Earth Day to Appreciate Beautiful Nature

Earth Day, April 22, is a day to act on one's concern over the environment and the Earth. On that day, SIA planted trees with children of the nursery for employees adjacent to the site, and thanked the beautiful nature.



Canadian Environment Week 2015

Subaru Canada, Inc. (SCI), which sells Subaru automobiles, carries out various environmental activities during Canadian Environment Week every June, recognizing it as a time to reinforce environmental initiatives. In FY2016, a cleaning reinforcement week was set, 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.



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 FY2016, a total of 1,674 tons of chemical substances were handled and there were 98 tons of atmospheric emissions.



Environmental Data

The main aspects of environmental performance of FHI* in FY2016 are shown in the following figures.

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

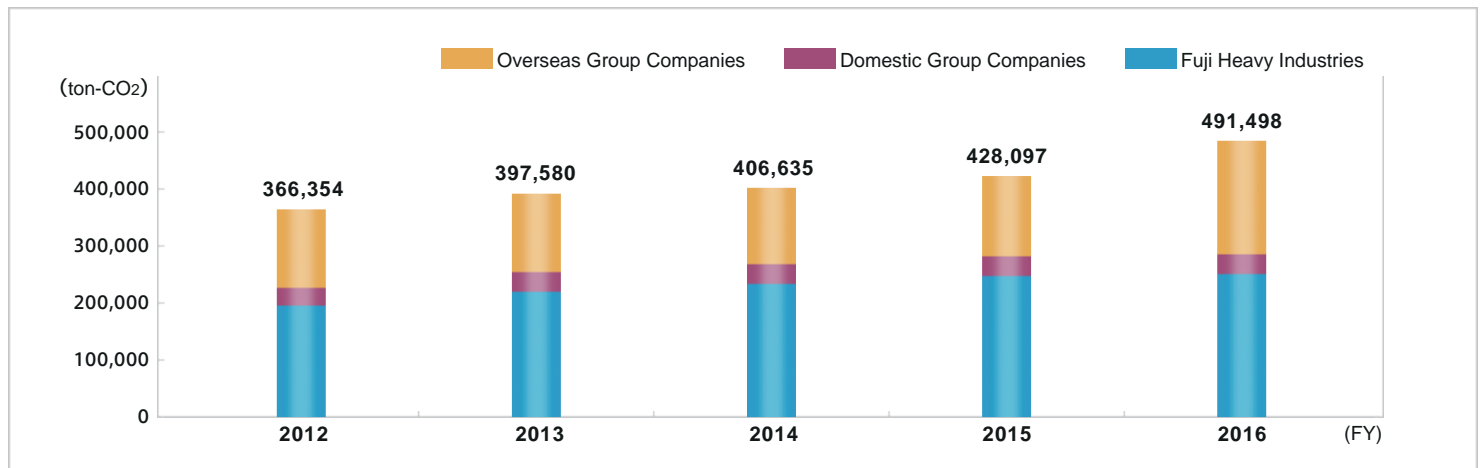
Each domestic business site sets and manages voluntary standards that are 20% higher than pollution prevention laws and regulations standards. All measurements were compliant with laws and regulations and pollution prevention agreements.

Targeted companies/divisions : Fuji Heavy Industries : Gunma, Utsunomiya, Saitama and Tokyo

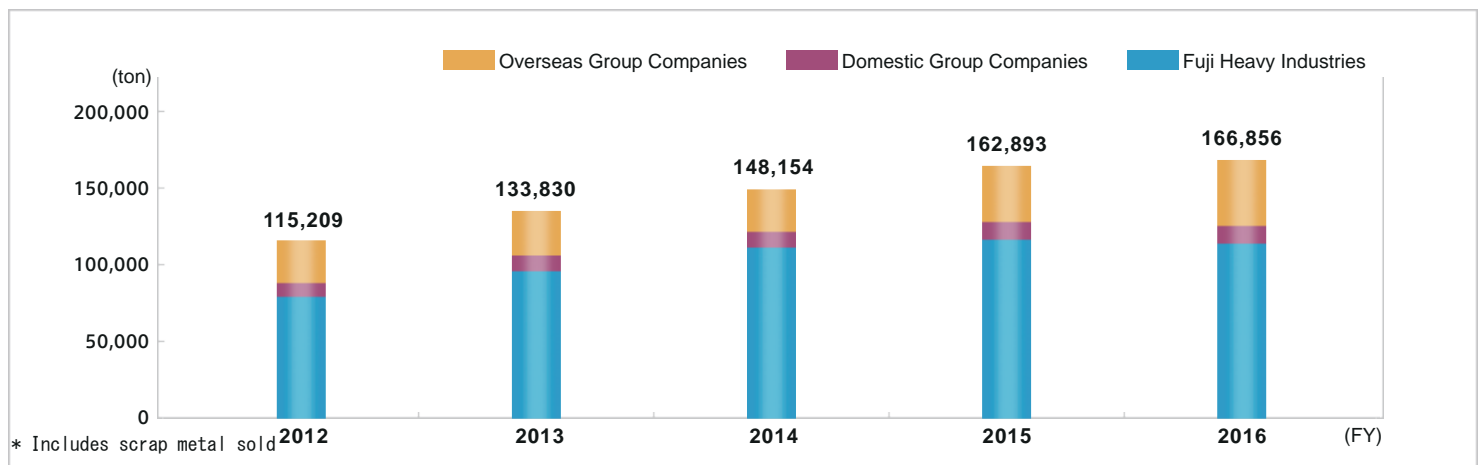
Domestic Group Companies:Yusoki Kogyo K.K., Fuji Machinery Co.Ltd., Ichitan Co.,Ltd., Kiryu Industrial Co., Ltd., Subaru Logistics Co., Ltd.

Overseas Group Companies:SIA, SOA, SCI, SRD

CO₂ Emissions [Fuji Heavy Industries + Domestic Group Companies + Overseas Group Companies]

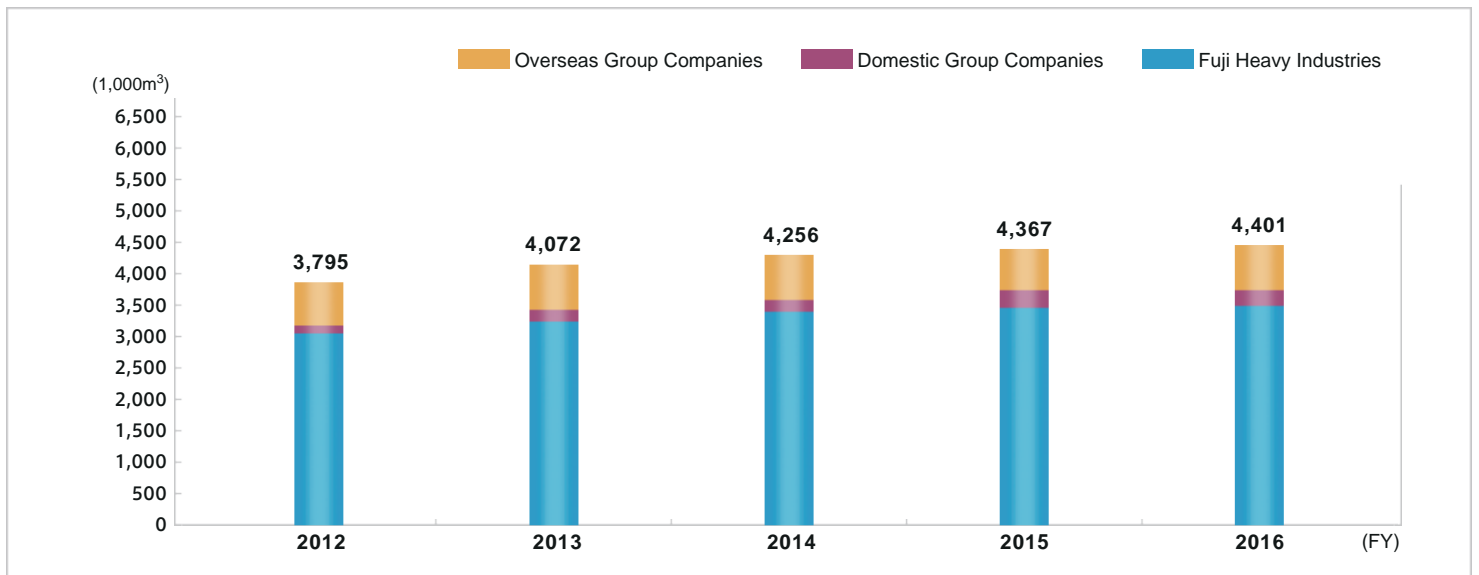


Waste Generation [Fuji Heavy Industries + Domestic Group Companies + Overseas Group Companies]

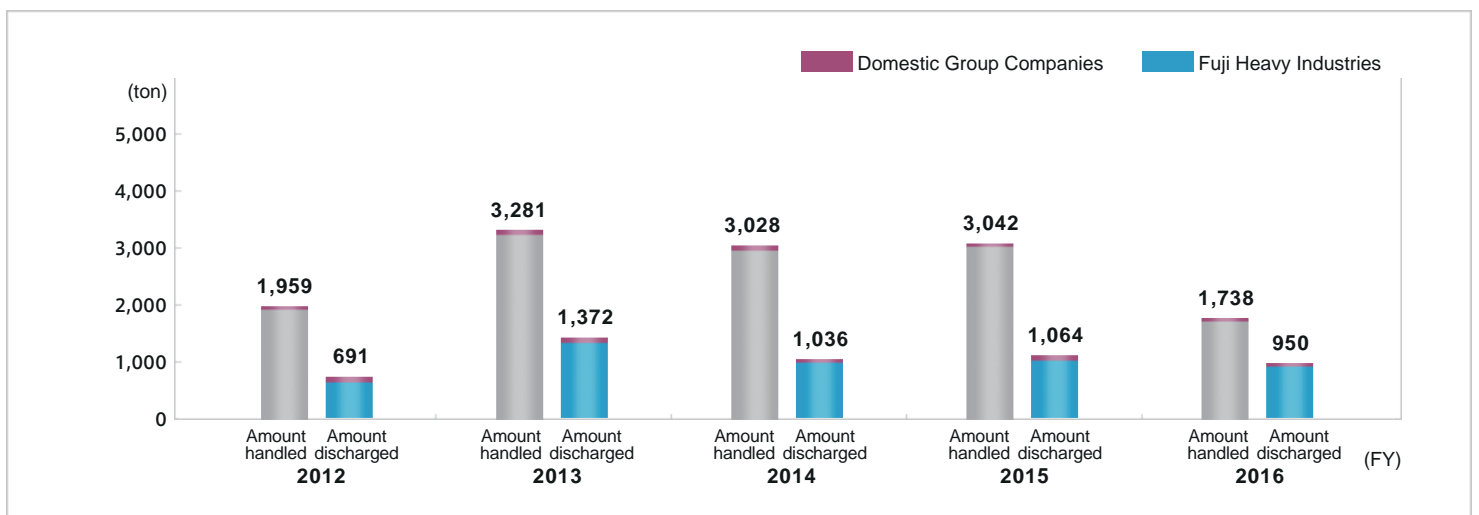


* Includes scrap metal sold

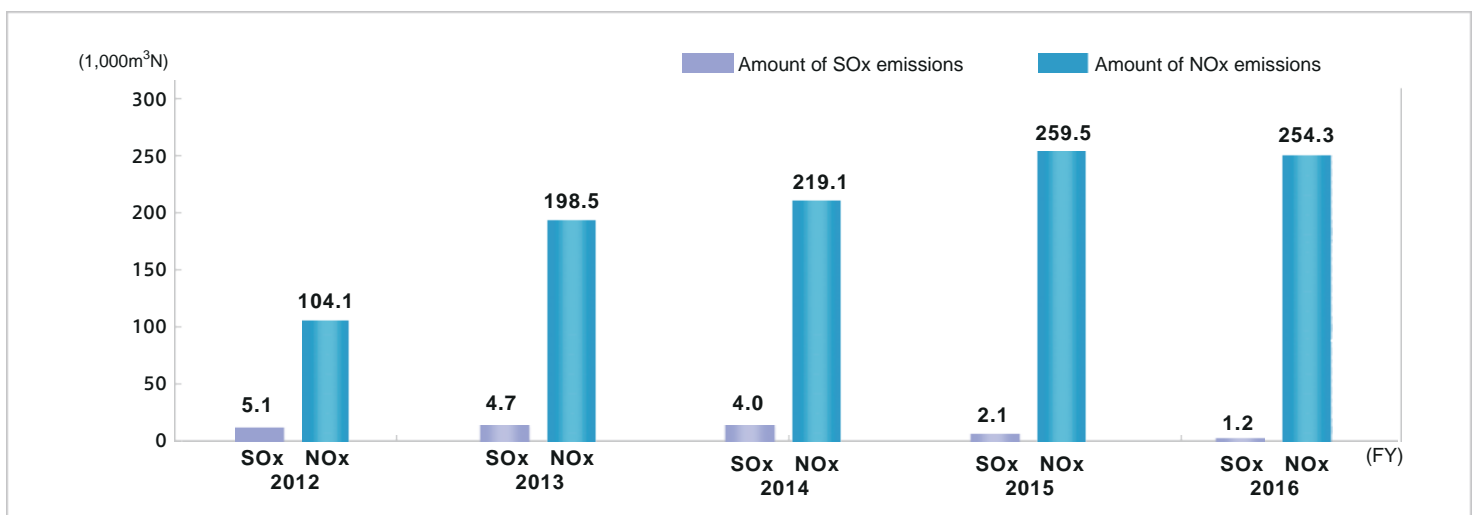
Volume of Water Used [Fuji Heavy Industries + Domestic Group Companies + Overseas Group Companies]



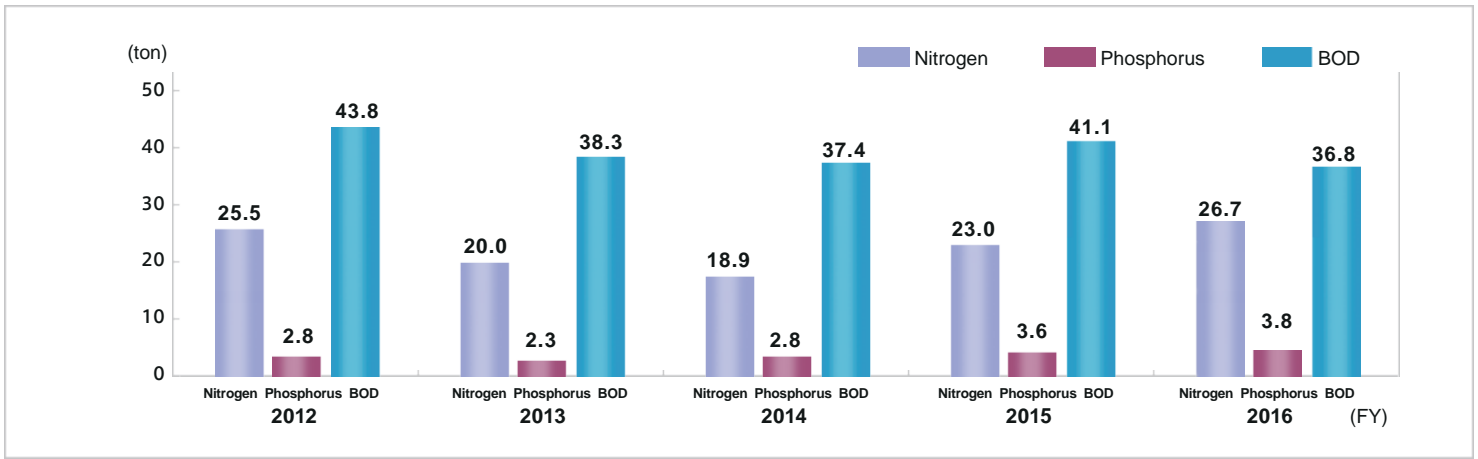
PRTR Chemical Substances Emissions [Fuji Heavy Industries + Domestic Group Companies]



NOx and SOx Emissions [Fuji Heavy Industries]



Nitrogen, Phosphorus, and BOD Emissions [Fuji Heavy Industries]





Environmental Performance by Manufacturing Division and Tokyo office

Gunma Manufacturing Division

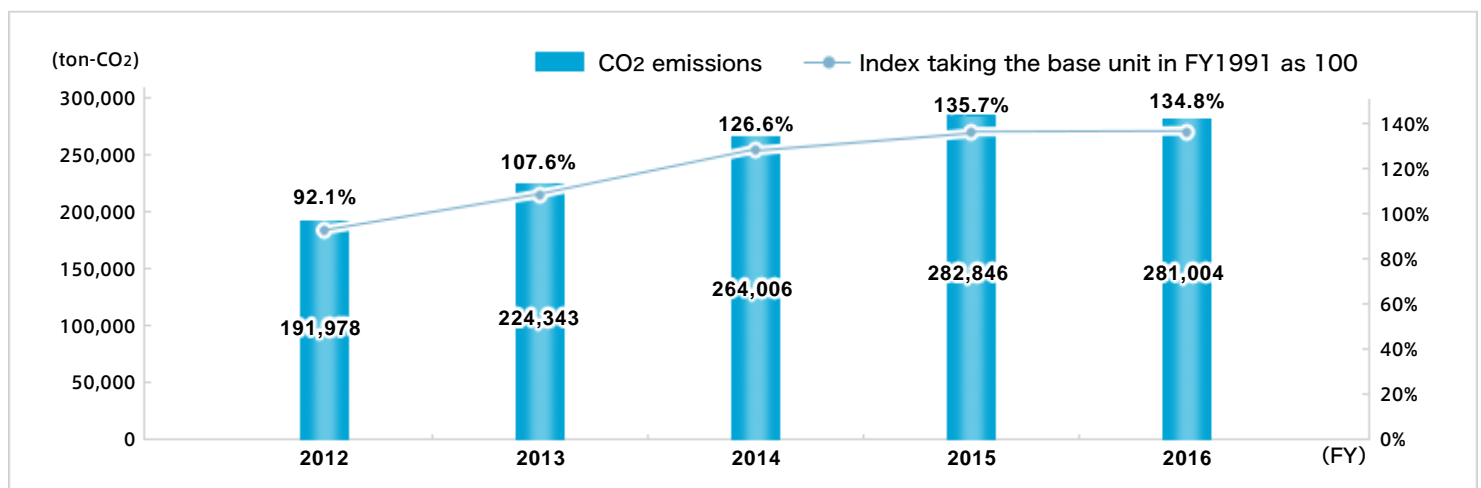
The Gunma Manufacturing Division that manufactures Subaru cars is actively engaged in various environmental conservation activities so that “Green Subaru” can be delivered from “Green Factories.”

Initiatives for Prevention of Global Warming

CO₂ emissions in FY2016 was 281,004 tons-CO₂.

We will continue efforts in energy conservation and contributions in preventing global warming.

Changes in CO₂ Emissions



Note: After FY2016, the transitional data for CO₂ emissions is presented in the values calculated and reported based on the Act on Promotion of Global Warming Countermeasures.

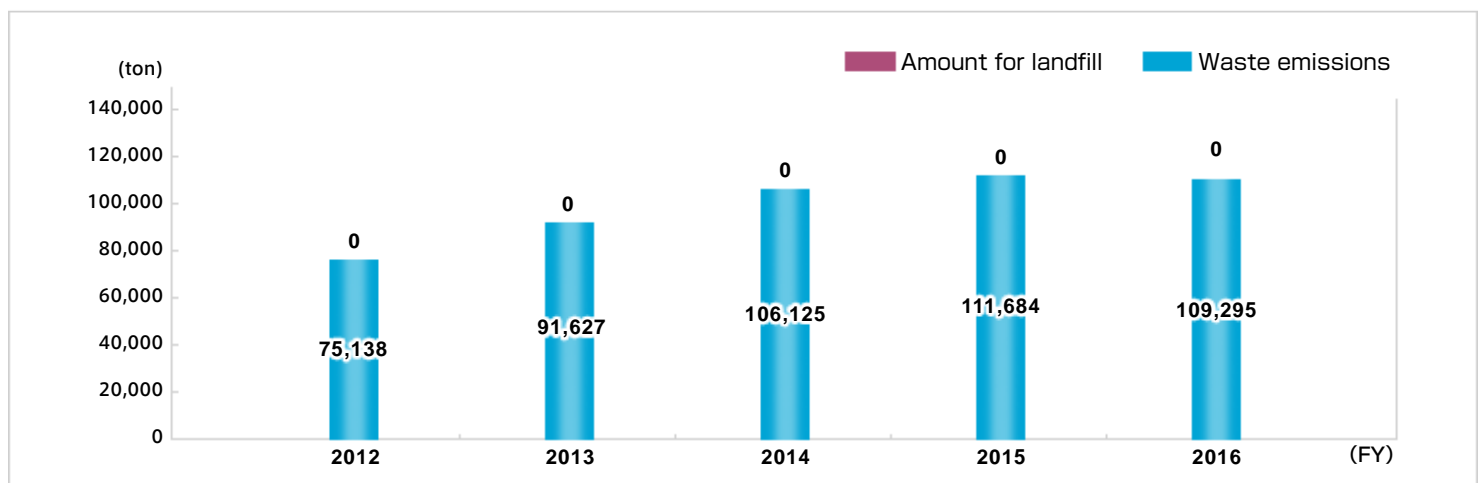
Initiatives for Zero Emissions

The amount of waste emissions in FY2016 was 109,295 tons.

The amount for landfill was 0 tons, continuing zero emissions from FY2002.

We will continue to improve recycling and reduce waste emissions.

Changes in Waste Emissions and Amount for Landfill



Note: Subaru definition of zero emissions

Total volume of landfill waste (amount directly sent to landfills + amount sent to landfills after intermediate processing) is less than 0.5% of the total waste volume (industrial waste + industrial waste subject to special control + general waste from business activities) excluding metals

Initiatives for Pollution Prevention

In order to maintain harmony with the local society and the lush natural environment, we promote initiatives such as managing exhaust gas and effluent and reducing environmental risk as well as activities for preventing occurrences of environmental accidents and pollution.

Environment-related measurements for FY2016

Voluntary standards for air, water quality, noise, vibrations, etc. are set and are managed to be 20% higher than the legal standards.

Water quality measurements

All measurement results were compliant with Water Pollution Prevention Law, Gunma prefectural regulations, and Ota-Oizumi pollution prevention agreements.

Main Plant

[Unit: mg/ℓ except for pH]

Item	Regulated value (Prefectural regulations)	Voluntary standard	Maximum	Minimum	Average
Concentration of hydrogen ion (pH)	5.8~8.6	6.1~8.3	7.6	6.9	7.2
Biochemical oxygen demand (BOD)	25	20	19.4	1.0	9.0
Suspended solids (SS)	50	40	28.5	1.0	5.0
n-hexane extract content (Mineral oil content)	5	4	1.0	0.0	0.8
n-hexane extract content (Animal and plant oils and fats content)	30	24	1.0	0.0	1.0
Fluorine	8	6.4	1.2	0.0	0.7
Zinc	2	1.6	0.5	0.0	0.3
Soluble iron	10	8	0.1	0.0	0.1
Soluble manganese	10	8	0.4	0.0	0.2
Total phosphorus	16(8)	6.4	2.1	0.0	1.1
Total nitrogen	120(60)	48	6.7	0.0	4.9

[Effluent is discharged into public rivers. Values for total phosphorus and total nitrogen are daily averages.]

Yajima Plant

[Unit: mg/ℓ except for pH]

Item	Regulated value (Prefectural regulations)	Voluntary standard	Maximum	Minimum	Average
Concentration of hydrogen ion (pH)	5.8~8.6	6.1~8.3	7.5	7.1	7.2
Biochemical oxygen demand (BOD)	25	20	18.2	2.4	6.8
Suspended solids (SS)	50	40	3.2	1.0	2.1
n-hexane extract content (Mineral oil content)	5	4	2.8	1.0	1.6
n-hexane extract content (Animal and plant oils and fats content)	30	24	1.0	0.1	0.6
Fluorine	8	6.4	1.6	1.4	1.5
Zinc	5	4	0.5	0.1	0.3
Soluble iron	10	8	0.1	0.1	0.1
Soluble manganese	10	8	0.6	0.4	0.5
Total phosphorus	16(8)	6.4	0.9	0.3	0.6
Total nitrogen	120(60)	48	5.2	5.2	5.2

[Effluent is discharged into public rivers. Values for total phosphorus and total nitrogen are daily averages.]

Oizumi Plant

[Unit: mg/ℓ except for pH]

Item	Regulated value (Prefectural regulations)	Voluntary standard	Maximum	Minimum	Average
Concentration of hydrogen ion (pH)	5.8~8.6	6.1~8.3	8.2	7.1	7.4
Biochemical oxygen demand (BOD)	10	8	7.1	1.0	3.1
Suspended solids (SS)	10	8	4.6	1.6	3.9
n-hexane extract content (Mineral oil content)	3	2.4	1.0	0.0	0.8
n-hexane extract content (Animal and plant oils and fats content)	30	24	1.0	1.0	1.0
Fluorine	8	6.4	0.2	0.2	0.2
Zinc	2	1.6	0.3	0.0	0.2
Soluble iron	5	4	0.1	0.1	0.1
Soluble manganese	5	4	0.1	0.1	0.1
Total phosphorus	16(8)	6.4	0.1	0.1	0.1
Total nitrogen	120(60)	48	10.9	9.3	10.1

[Effluent is discharged into public rivers. Values for total phosphorus and total nitrogen are daily averages.]

Item	Regulated value (Prefectural regulations)	Voluntary standard	Maximum	Minimum	Average
Concentration of hydrogen ion (pH)	5.8~8.6	6.1~8.3	8.0	7.2	7.7
Biochemical oxygen demand (BOD)	25	20	1.0	0.5	0.9
Suspended solids (SS)	50	40	3.6	1.0	1.8
n-hexane extract content (Mineral oil content)	5	4	1.0	0.1	0.7
n-hexane extract content (Animal and plant oils and fats content)	30	24	1.0	1.0	1.0
Fluorine	8	6.4	0.2	0.2	0.2
Zinc	5	4	0.0	0.0	0.0
Soluble iron	10	8	0.1	0.1	0.1
Soluble manganese	10	8	0.1	0.1	0.1
Total phosphorus	16(8)	6.4	0.1	0.1	0.1
Total nitrogen	120(60)	48	1.6	1.2	1.4

[Effluent is discharged into public rivers. Values for total phosphorus and total nitrogen are daily averages.]

◎ Air measurements

All measurement results were compliant with Air Pollution Control Act.

Main Plant

[Unit: ppm for NO_x, and g/Nm³ for particulate matter]

Equipment/facility	Substance	Regulated value	Voluntary standard	Maximum	Average
Paint drying furnace	NO _x	230	184	150	68
	Particulate matter	0.2	0.16	0.007	0.002

[Data for primary equipment/facility is presented here.]

Yajima Plant

[Unit: ppm for NO_x, and g/Nm³ for particulate matter]

Equipment/facility	Substance	Regulated value	Voluntary standard	Maximum	Average
Paint drying furnace	NO _x	230	184	54	31
	Particulate matter	0.2	0.16	0.004	0.002

[Data for primary equipment/facility is presented here.]

Oizumi Plant

[Unit: ppm for NO_x, and g/Nm³ for particulate matter]

Equipment/facility	Substance	Regulated value	Voluntary standard	Maximum	Average
Aluminum melting furnace	NO _x	180	144	57	32
	Particulate matter	0.2	0.16	0.13	0.023

[Data for primary equipment/facility is presented here.]

◎ Noise and vibration measurements

All measurement results were compliant with Noise Regulation Act and Vibration Regulation Act.

Noise

Gunma prefectural regulations, and Ota-Oizumi pollution prevention agreements

[Unit: dB(A)]

Measurement Location	Regulated value (Night)	Voluntary standard	Measurement sites	Measured value
Main Plant	55	54	20	34~52
Yajima Plant	55	54	20	41~53
Oizumi Plant	50	49	13	37~49

Vibration

Gunma prefectural regulations, and Ota-Oizumi pollution prevention agreements

[Unit: dB(A)]

Measurement Location	Regulated value (Night)	Voluntary standard	Measurement sites	Measured value
Main Plant	65	64	20	12.0~39.3
Yajima Plant	65	64	20	16.1~38.2
Oizumi Plant	60	59	13	14.2~38.5

◎ VOC measurements for paint equipment, etc.

All measurement results were compliant with Air Pollution Control Act.

VOC

Air Pollution Control Act

[Unit: ppm-C]

Equipment/facility		Regulated value	Maximum	Minimum
Paint booth, etc.	(Main Plant)	700	647	229
	(Yajima Plant)	700	360	74
	(Yajima Plant)	400	251	94

◎ Odor measurements

All measurement results were compliant with Offensive Odor Control Act.

Measurement Location	Regulated value	Voluntary standard	Measurement sites	Measured value
Main Plant	21	20	6	Less than 10
Yajima Plant	21	20	6	Less than 10
Oizumi Plant	21	20	6	13 or less

© Amount of Chemical Substances Subject to PRTR Handled, Discharged, Etc.

Gunma Manufacturing Division (Main Plant, Yajima Plant, Oizumi Plant, and North Plant)

[Unit: kg/year]

Chemical substance	Amount handled	Atmospheric emissions	Water emissions (Public waters)	Amount moved (Sewage)	Amount moved	Amount consumed	Amount removed through processing	Amount recycled
Water soluble zinc compounds	48,979	0	519	0	11,637	36,824	0	0
Ethylbenzene	376,182	223,066	0	0	0	4,869	27,589	120,658
Xylene	537,485	340,055	0	0	0	24,370	129,183	43,878
1,2,4-Trimethylbenzene	46,490	453	6	0	0	46,332	0	0
1,3,5-Trimethylbenzene	48,103	32,590	0	0	0	1,635	6,146	7,733
Toluene	502,589	302,420	0	0	0	56,676	121,371	22,123
Naphthalene	6,641	4,851	0	0	0	0	1,790	0
Nickel compounds	10,443	0	470	0	7,885	2,089	0	0
Bis (2-ethylhexyl) phthalate	7,899	0	0	0	159	7,741	0	0
Hydrogen fluoride and its water-soluble salts	6,610	0	1,476	0	4,965	169	0	0
N-hexane	14,583	313	0	0	0	14,533	0	0
Benzene	2,363	71	0	0	0	2,357	0	0
Formaldehyde	21,590	10,579	0	0	2,591	0	5,829	2,591
2-ethoxyethyl acetate (also known as ethylene glycol monoethyl ether acetate)	1,192	63	2	0	3	660	461	3
Manganese and compounds	25,092	0	651	0	11,477	12,963	0	0
Dioxins	0	0	0	0	0	0	0	0
Total	1,656,241	914,460	3,124	0	38,715	211,218	292,369	196,985
			917,584					

Saitama Manufacturing Division

The industrial equipment company continues to promote creating an environmental management system, including the supply chain, and reducing environmentally hazardous substances.

Creating an EMS based on certification (ISO14001, Eco Action 21, etc.) from external organizations continues toward a 100% compliant system, with 133 suppliers, including new transaction partners, becoming certified.

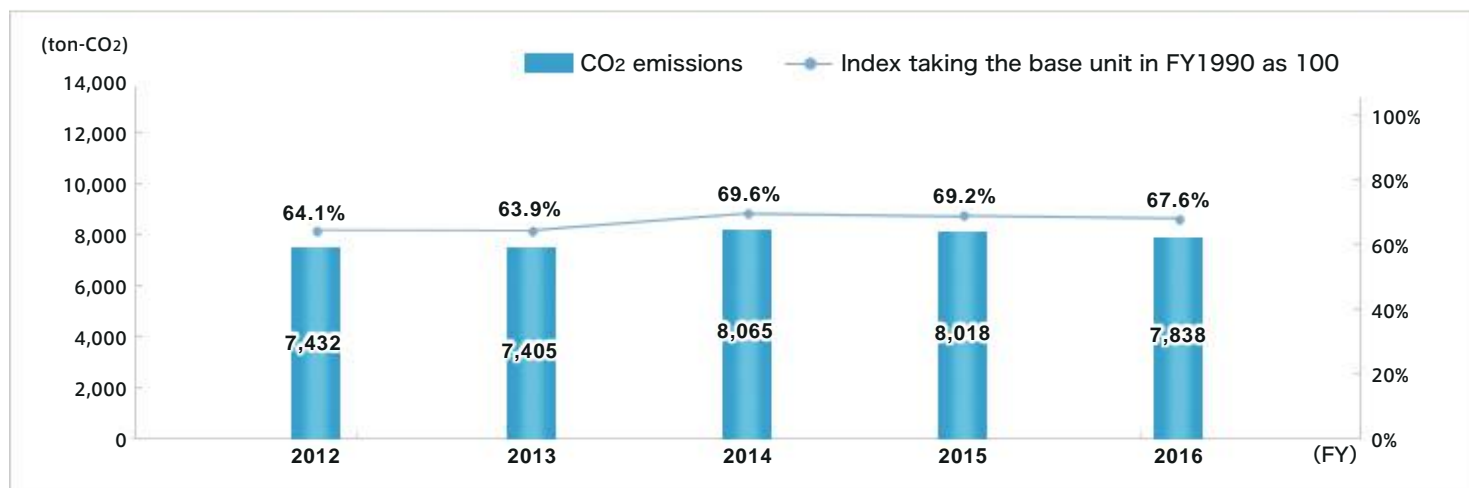
Efforts continue to perform various surveys and reduce environmentally hazardous substances in order to comply with various regulations such as EU directives.

■ Initiatives for Prevention of Global Warming

CO2 emissions in FY2016 was 7,838 tons-CO2.

We will continue efforts in energy conservation and contributions in preventing global warming.

◎ Changes in CO2 Emissions



Note: After FY2016, the transitional data for CO2 emissions is presented in the values calculated and reported based on the Act on Promotion of Global Warming Countermeasures.

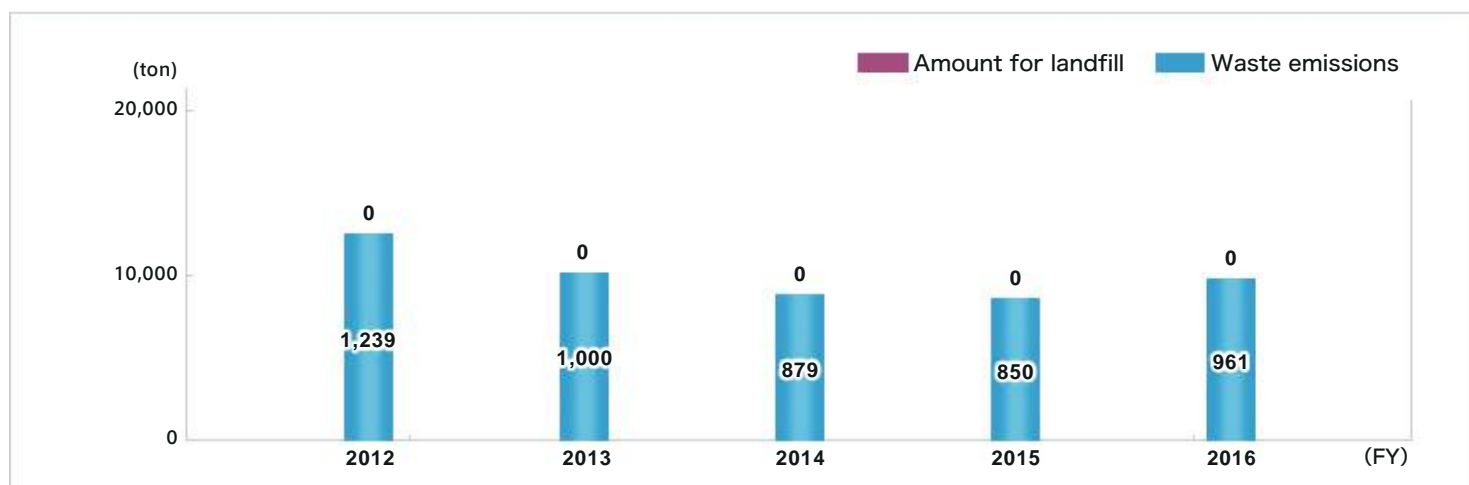
■ Initiatives for Zero Emissions

The amount of waste emissions in FY2016 was 961 tons.

The amount for landfill was 0 tons, continuing zero emissions from FY2003.

We will continue to improve recycling and reduce waste emissions.

◎ Changes in Waste Emissions and Amount for Landfill



Note: Subaru definition of zero emissions

Total volume of landfill waste (amount directly sent to landfills + amount sent to landfills after intermediate processing) is less than 0.5% of the total waste volume (industrial waste + industrial waste subject to special control + general waste from business activities) excluding metals.

Initiatives for Pollution Prevention

In order to maintain harmony with the local society and the lush natural environment, we promote initiatives such as managing exhaust gas and effluent and reducing environmental risk as well as activities for preventing occurrences of environmental accidents and pollution.

Environment-related measurements for FY2016

A voluntary standard for water quality is set and is managed to be 20% higher than the legal standards.

Water quality measurements

All measurement results were compliant with Sewage Law and Kitamoto City sewer regulations.

[Unit: mg/ℓ except for pH]

Item	Regulated value	Voluntary standard	Maximum	Minimum	Average
Concentration of hydrogen ion (pH)	5~9	5.4~8.6	8.5	7.3	7.7
Biochemical oxygen demand (BOD)	600	480	310	100	190
Suspended solids (SS)	600	480	230	45	143
n-hexane extract content (Animal and plant oils and fats content)	30	24	17.0	4.1	10.2

[Effluent is discharged into public sewers.]

Noise measurements

There was one (night) case that exceeded the standards for Noise Regulation Act and Saitama prefecture living environment conservation regulations.

Equipment/facility control was reviewed as a measure for prevention.

[Unit: dB(A)]

Item	Time of day	Regulated value	Measurement sites	Measured value
Noise	Noon	55	6	47.3~50.4
	Morning and evening	50	6	40.2~49.0
	Night	45	6	31.5~52.6

Amount of Chemical Substances Subject to PRTR Handled, Discharged, etc.

[Unit: kg/year]

Chemical substance	Amount handled	Atmospheric emissions	Water emissions (Public waters)	Amount moved (Sewage)	Amount moved	Amount consumed	Amount removed through processing	Amount recycled
Ethylbenzene	1,155.5	8.5	0	0	0	1,147.0	0	0
Xylene	4,885.4	33.7	0	0	0	4,851.7	0	0
N, N-dicyclohexylamine	209.6	0	0	0	209.6	209.6	0	0
1,2,4-Trimethylbenzene	2,539.8	8.2	0	0	0	2,531.6	0	0
Toluene	8,338.2	87.9	0	0	0	8,250.3	0	0
N-hexane	3,225.2	10.2	0	0	0	3,215.0	0	0
Benzene	545.0	24.9	0	0	0	520.1	0	0
Total	20,898.7	173.4	0	0	209.6	20,725.3	0	0
			173.4					

Tokyo Office

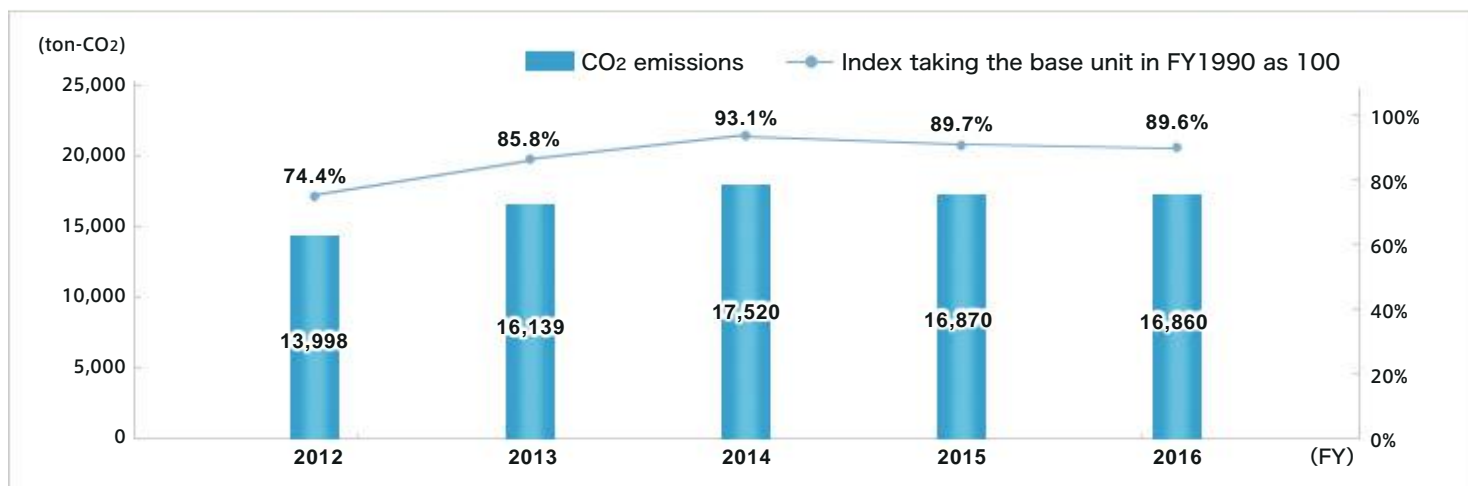
As a manufacturer of transportation equipment including automobiles, we recognize that “the response to global environmental problems is an important issue in management” and continue our environment conservation efforts.

■ Initiatives for Prevention of Global Warming

CO₂ emissions in FY2016 was 16,860 tons-CO₂.

We will continue efforts in energy conservation and contributions in preventing global warming.

◎ Changes in CO₂ Emissions



Note: After FY2016, the transitional data for CO₂ emissions is presented in the values calculated and reported based on the Act on Promotion of Global Warming Countermeasures.

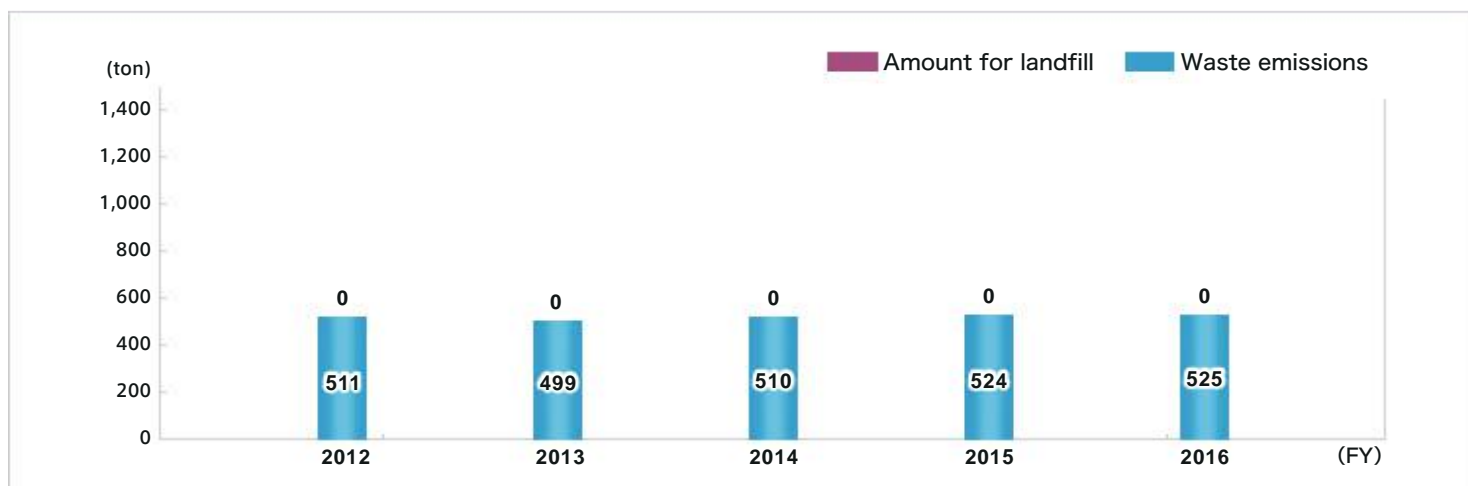
■ Initiatives for Zero Emissions

The amount of waste emissions in FY2016 was 525 tons.

The amount for landfill was 0 tons, continuing zero emissions from FY2005.

We will continue to improve recycling and reduce waste emissions.

◎ Changes in Waste Emissions and Amount for Landfill



Note: Subaru definition of zero Emissions

Total volume of landfill waste (amount directly sent to landfills + amount sent to landfill after intermediate processing) is less than 0.5% of the total waste volume (industrial waste + industrial waste subject to special control + general waste from business activities) excluding metals

Initiatives for Pollution Prevention

In order to maintain harmony with the local society and the lush natural environment, we promote initiatives such as managing exhaust gas and effluent and reducing environmental risk as well as activities for preventing occurrences of environmental accidents and pollution.

We will continue our efforts for a target of zero that includes exceeding standards.

Environment-related measurements for FY2016

A voluntary standard for water quality is set and is managed to be 20% higher than the legal standards.

Water quality measurements

All measurement results were compliant with Water Pollution Prevention Law and Mitaka City sewer regulations.

[Unit: mg/ℓ except for pH]

Item	Regulated value	Voluntary standard	Maximum	Minimum	Average
Concentration of hydrogen ion (pH)	5.7~8.7	5.9~8.4	8.4	7.6	8.2
Biochemical oxygen demand (BOD)	300	240	210	72	125
Suspended solids (SS)	300	240	230	25	94
n-hexane extract content (Mineral oil content)	5	4	Less than 4	Less than 4	Less than 4
n-hexane extract content (Animal and plant oils and fats content)	30	24	20	Less than 4	6
Total phosphorus	16	12.8	10.0	2.6	5.9
Total nitrogen	120	96	96	21	37
Soluble manganese	10	8	0.02	0.01	0.01
Cyanide	1	0.8	Less than 0.01	Less than 0.01	Less than 0.01

[Effluent is discharged into public sewers.]

Amount of Chemical Substances Subject to PRTR Handled, Discharged, Etc.

[Unit: kg/year]

Chemical substance	Amount handled	Atmospheric emissions	Water emissions (Public waters)	Amount moved (Sewage)	Amount moved	Amount consumed	Amount removed through processing	Amount recycled
Ethylbenzene	16,085	0.19	0	0	0	16,085	0	0
Ethylene glycol	911	0.00	0	0	0	911	0	0
Xylene	68,019	0.72	0	0	0	68,018	0	0
1,3,5-Trimethylbenzene	12,817	0.03	0	0	0	12,817	0	0
Toluene	210,075	7.71	0	0	0	210,067	0	0
1,2,4-Trimethylbenzene	44,381	0.18	0	0	0	44,381	0	0
Benzene	6,798	0.88	0	0	0	6,797	0	0
N-hexane	24,967	5.61	0	0	0	24,961	0	0
Total	384,052	15	0	0	0	384,037	0	0
			15					

Utsunomiya Manufacturing Division

We will strive to work toward environmental issues such as global warming prevention efforts, in order to fulfill our social responsibilities as corporate citizens developing/manufacturing aircrafts, etc..

Initiatives for Prevention of Global Warming

In FY2016, energy conservation activities were promoted by managing energy use at each work site, which led to reduction in total CO2 emissions.

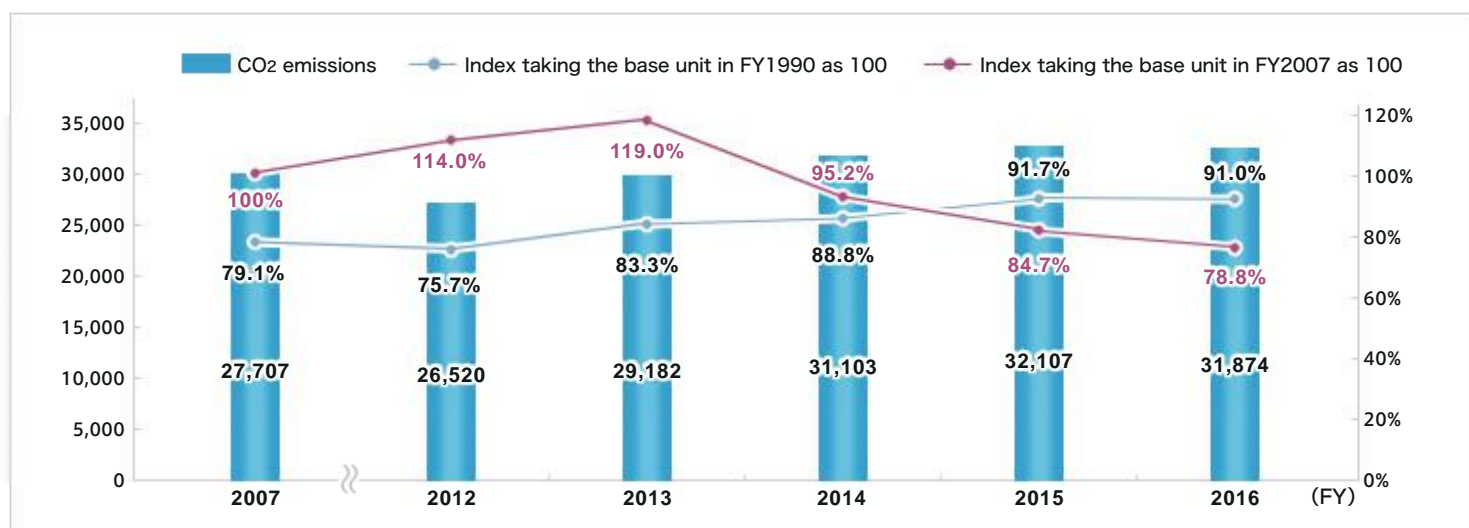
Unnecessary energy use was reduced by implementing an energy conservation patrol at all factories and work sites.

For equipment/facility improvements, a switch to LED lighting and updating to energy saving air conditioners are still ongoing.

The CO2 total emissions base unit was a 21% reduction from FY2007 levels.

We will continue further efforts in energy conservation and contributions in preventing global warming.

Changes in CO2 Emissions



Note: After FY2016, the transitional data for CO2 emissions is presented in the values calculated and reported based on the Act on Promotion of Global Warming Countermeasures.

Note: Definition of the base unit index

Base Unit: CO2 emissions per production value (tons-CO2/hundred million yen)

Base Unit Index: Index taking the base unit in FY2007 as 100

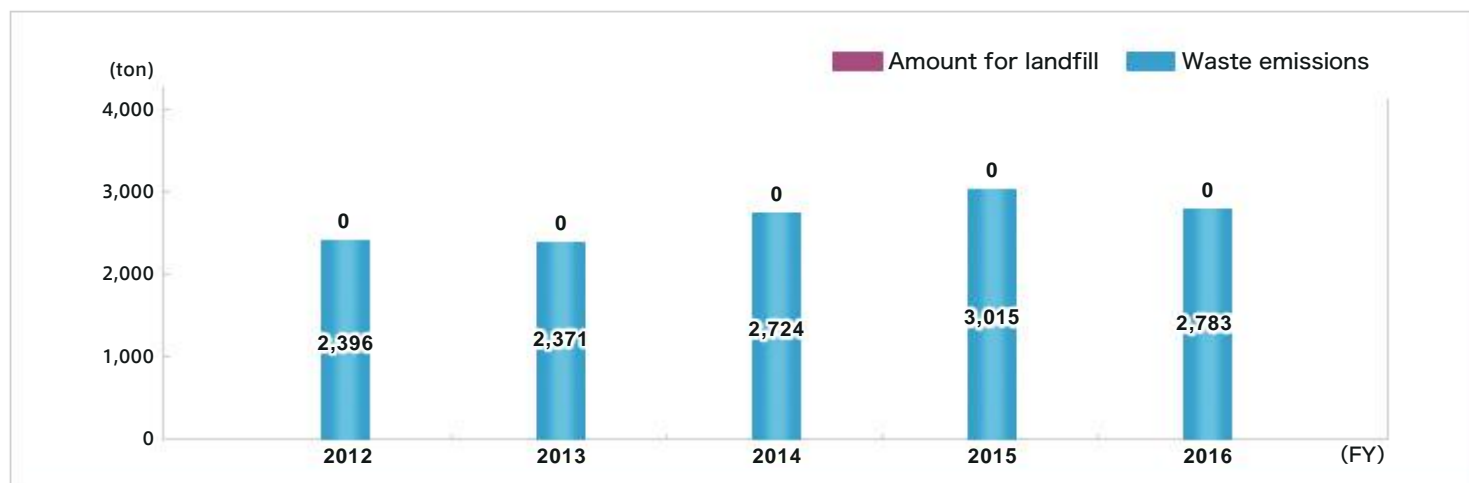
Initiatives for Zero Emissions

The amount of waste emissions in FY2016 was 2,783 tons.

The amount for landfill was 0 tons, continuing zero emissions from FY2003.

We will continue to improve recycling and strive to reduce waste emissions.

Changes in Waste Emissions and Amount for Landfill



Note: Subaru definition of zero emissions

Total volume of landfill waste (amount directly sent to landfills + amount sent to landfills after intermediate processing) is less than 0.5% of the total waste volume (industrial waste + industrial waste subject to special control + general waste from business activities) excluding metals

Initiatives for Pollution Prevention

In order to maintain harmony with the local society and the lush natural environment, we promote initiatives such as managing exhaust gas and effluent and reducing environmental risk as well as activities for preventing occurrences of environmental accidents and pollution.

Ground operation of helicopters at the South Plant have been moved to the apron as far away as possible from the site boundaries in consideration of reducing noise to the neighboring houses.

There have been no environmental accidents or environmental complaints on or off-site since 2010 due to implementation of the above initiatives.

We will continue our efforts to reach our voluntary standards and to keep environmental accidents and complaints on and off-site to zero.

Environment-related measurements for FY2016

All measurement results were compliant with Water Pollution Prevention Law, Utsunomiya City sewer regulations that are applied to each area and Handa environmental protection agreements, and have cleared our voluntary standards* that are 20% higher.

* We have set our voluntary standards for all measurements (air, water quality, noise and vibrations) to be 20% higher than the legal standards.

Water Quality Measurements

All measurement results were compliant with Water Pollution Prevention Law and Sewage Law, and have met our voluntary standards that are 20% higher.

Main Plant

[Effluent discharged into public sewers]

[Unit: mg/ℓ except for pH]

Item	Regulated value	Voluntary standard	Maximum	Minimum	Average
Concentration of hydrogen ion (pH)	5~9	5.4~8.6	7.7	6.8	7.3
Suspended solids (SS)	600	480	387	Less than 1.0	44.0
Biochemical oxygen demand (BOD)	600	480	389	Less than 0.5	55.0
N-hexane extract content (Mineral oil content)	5	4	Less than 1.0	Less than 1.0	Less than 1.0
N-hexane extract content (Animal and plant oils and fats content)	30	24	16.0	1.3	5.2
Fluorine compounds	8	6.4	1.6	Less than 0.2	0.3
Cyanide	1	0.8	Less than 0.1	Less than 0.1	Less than 0.1
Cadmium	0.1	0.08	0.021	Less than 0.005	0.003
Total chromium	2	1.6	0.19	Less than 0.01	0.03
Hexavalent chromium	0.1	0.08	0.02	Less than 0.02	0.02

[Effluent discharged into public rivers]

[Unit: mg/ℓ except for pH]

Item	Regulated value	Voluntary standard	Maximum	Minimum	Average
Concentration of hydrogen ion (pH)	5.8~8.6	6.0~8.3	7.9	7.0	7.6
Suspended solids (SS)	50	40	1.2	Less than 1.0	1.1
Biochemical oxygen demand (BOD)	30	24	4.4	Less than 0.5	1.3
N-hexane extract content (Mineral oil content)	5	4	Less than 1.0	Less than 1.0	Less than 1.0
N-hexane extract content (Animal and plant oils and fats content)	30	24	Less than 1.0	Less than 1.0	Less than 1.0
Cyanide	1	0.8	Less than 0.1	Less than 0.1	Less than 0.1
Cadmium	0.1	0.08	Less than 0.005	Less than 0.005	Less than 0.005
Total chromium	2	1.6	Less than 0.01	Less than 0.01	Less than 0.01
Hexavalent chromium	0.5	0.4	Less than 0.02	Less than 0.02	Less than 0.02

South Plant

[Effluent discharged into public sewers]

[Unit: mg/ℓ except for pH]

Item	Regulated value	Voluntary standard	Maximum	Minimum	Average
Concentration of hydrogen ion (pH)	5~9	5.4~8.6	8.3	6.8	7.4
Suspended solids (SS)	600	480	253	4.4	63.9
Biochemical oxygen demand (BOD)	600	480	215	3.8	86.6
N-hexane extract content (Mineral oil content)	5	4	Less than 1.0	Less than 1.0	Less than 1.0
N-hexane extract content (Animal and plant oils and fats content)	30	24	9.5	Less than 1.0	2.8
Cyanide	1	0.8	Less than 0.1	Less than 0.1	Less than 0.1
Cadmium	0.1	0.08	Less than 0.005	Less than 0.005	Less than 0.005
Total chromium	2	1.6	0.03	Less than 0.01	0.02
Hexavalent chromium	0.1	0.08	Less than 0.02	Less than 0.02	Less than 0.02

[Effluent discharged into public rivers]

[Unit: mg/ℓ except for pH]

Item	Regulated value	Voluntary standard	Maximum	Minimum	Average
Concentration of hydrogen ion (pH)	5.8~8.6	6.0~8.3	7.9	7	7.3
Suspended solids (SS)	50	40	3.6	Less than 1.0	2.5
Biochemical oxygen demand (BOD)	30	24	11.5	Less than 0.5	2.2
N-hexane extract content (Animal and plant oils and fats content)	5	4	Less than 1.0	Less than 1.0	Less than 1.0
Cyanide	1	0.8	Less than 0.1	Less than 0.1	Less than 0.1
Cadmium	0.1	0.08	Less than 0.005	Less than 0.005	Less than 0.005
Total chromium	2	1.6	Less than 0.01	Less than 0.01	Less than 0.01
Hexavalent chromium	0.5	0.4	Less than 0.02	Less than 0.02	Less than 0.02

2nd South Plant

[Effluent discharged into public sewers]

[Unit: mg/ℓ except for pH]

Item	Regulated value	Voluntary standard	Maximum	Minimum	Average
Concentration of hydrogen ion (pH)	5~9	5.4~8.6	7.9	6.8	7.4
Suspended solids (SS)	600	480	298	1.6	55.6
Biochemical oxygen demand (BOD)	600	480	250	1.1	57.7
N-hexane extract content (Mineral oil content)	5	4	Less than 1.0	Less than 1.0	Less than 1.0
N-hexane extract content (Animal and plant oils and fats content)	30	24	11.6	Less than 1.0	1.9
Fluorine compounds	8	6.4	1.2	Less than 0.2	0.3
Cyanide	1	0.8	Less than 0.1	Less than 0.1	Less than 0.1
Cadmium	0.1	0.08	Less than 0.005	Less than 0.005	Less than 0.005
Total chromium	2	1.6	0.76	Less than 0.01	0.05
Hexavalent chromium	0.1	0.08	Less than 0.02	Less than 0.02	Less than 0.02

Item	Regulated value	Voluntary standard	Maximum	Minimum	Average
Concentration of hydrogen ion (pH)	5.8~8.6	6.0~8.3	7.4	6.8	7.1
Suspended solids (SS)	50	40	3.2	Less than 1.0	2.1
Biochemical oxygen demand (BOD)	30	24	0.9	Less than 0.5	1.7
N-hexane extract content (Mineral oil content)	5	4	Less than 1.0	Less than 1.0	Less than 1.0
Cyanide	1	0.8	Less than 0.1	Less than 0.1	Less than 0.1
Cadmium	0.1	0.08	Less than 0.005	Less than 0.005	Less than 0.005
Total chromium	2	1.6	Less than 0.01	Less than 0.01	Less than 0.01
Hexavalent chromium	0.5	0.4	Less than 0.02	Less than 0.02	Less than 0.02

Handa Plant

Item	Regulated value	Voluntary standard	Maximum	Minimum	Average
Concentration of hydrogen ion (pH)	6~8	6.2~7.8	7.8	7.0	7.6
Suspended solids (SS)	25	20	8.0	Less than 1.0	2.1
Biochemical oxygen demand (BOD)	25	20	7.7	0.7	2.7
Chemical oxygen demand (COD)	25	20	20.0	0.8	5.1
N-hexane extract content (Mineral oil content)	5	4	Less than 0.5	Less than 0.5	Less than 0.5
Cyanide	1	0.8	Less than 0.1	Less than 0.1	Less than 0.1
Cadmium	0.1	0.08	Less than 0.005	Less than 0.005	Less than 0.005
Total chromium	2	1.6	Less than 0.04	Less than 0.04	Less than 0.04
Hexavalent chromium	0.5	0.4	Less than 0.04	Less than 0.04	Less than 0.04

Handa West Plant

Item	Regulated value	Voluntary standard	Maximum	Minimum	Average
Concentration of hydrogen ion (pH)	6~8	6.2~7.8	7.8	7.3	7.5
Suspended solids (SS)	15	12	10.0	2.0	4.1
Biochemical oxygen demand (BOD)	15	12	9.4	2.9	5.5
Chemical oxygen demand (COD)	15	12	9.7	3.6	7.2
N-hexane extract content (Mineral oil content)	2	1.6	Less than 0.5	Less than 0.5	Less than 0.5
Cyanide	0.5	0.4	Less than 0.1	Less than 0.1	Less than 0.1
Cadmium	0.05	0.04	Less than 0.005	Less than 0.005	Less than 0.005
Total chromium	0.2	0.16	Less than 0.04	Less than 0.04	Less than 0.04
Hexavalent chromium	0.3	0.24	Less than 0.04	Less than 0.04	Less than 0.04

© Air measurements

All measurement results were compliant with Air Pollution Control Act and have met our voluntary standards that are 20% higher.

Main Plant

[Unit: ppm for NO_x, and g/Nm³ for particulate matter]

Equipment/facility	Substance	Regulated value	Voluntary standard	Maximum	Average
Cogeneration	NO _x	600	480	165	122
Drying furnace	NO _x	230	184	Less than 100	Less than 100
	Particulate matter	0.2	0.16	Less than 0.001	Less than 0.001

Among the 9 regulation specified equipment/facilities, cogeneration and drying furnace data are shown above. Measured values for the other specified equipment/facilities not presented here have also met the voluntary standards.

South Plant and 2nd South Plant

No equipment/facility to be regulated.

Handa Plant

Regulated by Air Pollution Control Act.

[Unit: ppm for NO_x, and g/Nm³ for particulate matter]

Equipment/facility	Substance	Regulated value	Voluntary standard	Maximum	Average
2 ton boiler	SO _x	1.5	1.2	0.008	Less than 0.002
	NO _x	180	144	37	21
	Particulate matter	0.1	0.08	Less than 0.002	Less than 0.002

Among the 6 regulation specified equipment/facility, boiler data is shown above. Measured values for the other specified facilities not presented here have also met the voluntary standards.

Handa West Plant

Regulated by the Air Pollution Control Act

[Unit: ppm for NO_x, and g/Nm³ for particulate matter]

Equipment/facility	Substance	Regulated value	Voluntary standard	Maximum	Average
2 ton boiler	SO _x	1.5	1.2	Less than 0.002	Less than 0.002
	NO _x	180	144	31	21
	Particulate matter	0.1	0.08	Less than 0.002	Less than 0.002

Among the 5 regulation specified equipment/facility, boiler data is shown above. Measured values for the other specified facilities not presented here have also met the voluntary standards.

◎ Noise and vibration measurements

All measurement results are compliant with Noise Regulation Act and Vibration Regulation Act and have met our voluntary standards.

Noise: Noise Regulation Act

[Unit: dB(A)]

Measurement Location	Regulated value (Night)	Voluntary standard	Number of measurements	Maximum
Main Plant	60	58	8	57
South Plant	50	48	3	33
2nd South Plant	50	48	3	43
Handa Plant	65	63	3	61
Handa West Plant	65	63	6	62

Vibration: Vibration Regulation Act

[Unit: dB(Z)]

Measurement Location	Regulated value (Night)	Voluntary standard	Number of measurements	Maximum
Main Plant	65	63	8	32
South Plant	60	58	2	Less than 30
2nd South Plant	60	58	3	Less than 30
Handa Plant	70	68	3	Less than 30
Handa West Plant	70	68	5	Less than 30

◎ Amount of Chemical Substances Subject to PRTR Handled, Discharged, Etc.

Aerospace Company

[Unit: kg/year; for dioxins only: mg-TEQ/year]

Chemical substance	Amount handled	Atmospheric emissions	Water emissions (Public waters)	Amount moved (Sewage)	Amount moved	Amount consumed	Removed Amount processed	Recycled Volume
Bisphenol-A	1,367	0	0	0	1,243	124	0	0
Xylene	9,041	5,723	0	0	1,926	1,392	0	0
Hexavalent chromium compounds	2,375	0	0	0	1,674	218	483	0
Toluene	24,539	19,027	0	0	5,477	35	0	0
Manganese and its compounds	1,170	0	0	0	468	702	0	0
1,3-dioxolane	7,840	6,115	0	0	1,725	0	0	0
Total	46,332	30,865	0	0	12,513	2,471	483	0

Signing of the Environmental Protection Agreement with Handa City

We previously had a pollution prevention agreement focusing on conventional pollution prevention with Handa City. On February 22, 2011, based on a request by the city, we signed an environmental protection agreement that expanded our activities to focus further on the environment such as energy conservation and waste.

Fuji Heavey Industries Ltd.

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issued in September 2016