

CSR Report | 2017

Corporate Social Responsibility Report



SUBARU





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Editorial Policy

This Report, which introduces the outcome of efforts by Subaru Corporation with its domestic and overseas affiliates in corporate social responsibilities (CSR), has been released to promote communication with our stakeholders, including customers, shareholders, business associates, local communities, and employees, aiming to further strengthen our commitments.

Specifically, in the feature article, we introduce the Subaru 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; compliance; corporate governance; the environment; social contributions; information disclosure; procurement; and employees.

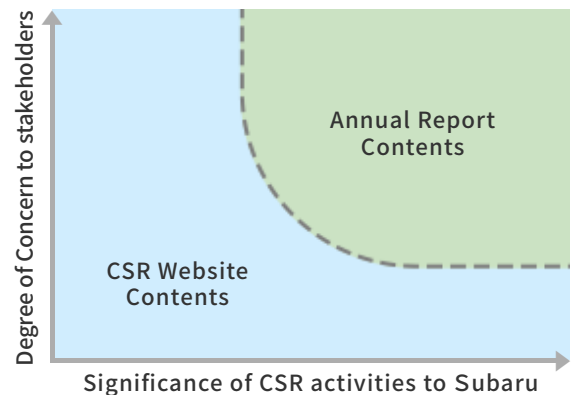
Regarding Report Media

To facilitate understanding of Subaru Corporation's CSR initiatives by a greater number of stakeholders, some of the CSR activity information have 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 also available as a PDF file, which is stored in the Library section of the website. Please utilize them according to your purpose.

[> Subaru Annual Report](#)

[> CSR Report Library](#)

Approach to report media



Report Cycle

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

Subjects of Reports

Reported Organizations

The report covers Subaru Corporation together with its Group member companies both domestic and overseas.

Period Covered

- The information in this report is primarily for the period from April 2016 to March 2017, 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.

Guidelines Referenced

- ISO26000
- GRI Sustainability Reporting Guidelines (G4)
- Environmental Report Guidelines (2012) by the Japanese Ministry of the Environment

Special Notice on Prospects

This report includes a variety of information on the prospects, plans, forecasts, etc., for the future of Subaru Corporation and the Subaru Group member companies. Since information contained is based on past facts and those materials currently available, it may differ markedly depending on future economic trends, the company's business environment and other factors. We therefore request your understanding in this matter.

Issue Periods

- Previous issue: August 2016
 - Current issue: October 2017
 - Next scheduled issue: August 2018
-

Miscellaneous

- > [Subaru Corporation Website Home Page](#)
- > [Corporate Profile](#)
- > [Investor Relations](#)
- > [Financial Results](#)
- > [Annual Report](#)



Message from the President

Our aim is to improve quality throughout the company to establish a prominent presence.

Yasuyuki Yoshinaga

President and CEO

Enhancing the Subaru brand through our business

In April 2017, we changed our name from Fuji Heavy Industries, Ltd. to Subaru Corporation. By unifying our company name with our brand, we hope to accelerate our efforts to further enhance the brand, enabling Subaru to grow into an attractive global brand in the automotive and aerospace industries.

In our mid-term management vision, we set a goal of becoming “not big in size, but a high-quality company with distinctive strengths” by 2020. To achieve this, we want to enhance the quality and added value not only of the products and services that we supply to our customers, but also of the company itself, through our business activities.

Combining the pursuit of enjoyment and peace of mind with consideration for the environment

When thinking about enhancing our brand, technology and products are the elements that are crucial in bringing this goal to fruition. The Subaru brand cannot be attractive without high quality. Our company started out developing aircraft; precisely because this is in our DNA, we set very stringent technical standards for safety. Our EyeSight-equipped vehicles have achieved excellent safety ratings both within Japan and overseas. For example, in the U.S., the Insurance Institute for Highway Safety (IIHS) awarded several Subaru models their TOP SAFETY PICK rating. Going forward, we plan to bring to fruition the ultimate evolution of our EyeSight driver assist system, in pursuit of even greater safety.

As a company positioned primarily in the automotive industry, addressing environmental problems — especially climate change — is a key theme for us. We have already announced plans to launch an EV in 2021. Customers often tell us that the handling of Subaru cars is what makes them appealing. We plan to do our part to tackle climate change while making the most of Subaru's unique qualities by making an EV that combines enjoyment with peace of mind. Within this context, we will leverage our alliance with Toyota Motor Corporation to launch a plug-in hybrid in the U.S. in 2018.

‘The earth, the sky and nature’ are Subaru’s fields of business.

In April 2017, we revised our Environmental Policy, declaring that “ ‘The earth, the sky and nature’ are Subaru’s fields of business.” These words encapsulate our desire to take the greatest possible care of ‘the earth, the sky and nature,’ since they are the fields in which our automotive and aerospace businesses — the pillars of our enterprise — operate. We have launched the SUBARU Forest Project as one such initiative, which will begin with nature conservation activities in Subaru-owned forests. Going forward, the Subaru Group will undertake global environmental conservation activities with the concept, “ ‘The earth, the sky and nature’ are Subaru’s fields of business.”

A company living in harmony with communities and society

We have a strong desire to contribute to communities and society as a whole. Businesses in the automotive industry and manufacturing industry in general are sustained by countless people and local communities, including ancillary industries. This is why we put great importance to our relationships with local communities.

Since the United Nations adopted the Sustainable Development Goals (SDGs) in 2015, companies have faced growing calls to address a variety of global issues. We at Subaru are aware of the importance of meeting these expectations. We believe that both making safer products that impose less of a burden on the environment and incorporating the perspective of contributing to the community into our business activities will help to create a sustainable society. In the future, we will continue to value the importance of contributing to the local community, while stepping up our efforts to tackle safety and environmental issues through our business activities.

Developing systems and people to maintain a dynamic company

The recent expansion in our operations means that we enjoy greater social influence than before. As such, we are more conscious than ever of the need to enhance the quality of our company. Due to the growing importance of global business management and supervision relating to all aspects of our operations, we established the new Corporate Administration Division and reinforced collaboration between relevant divisions. We also set up the CSR & Environment Department to focus exclusively on addressing societal expectations regarding corporate social responsibility and the environment. These organizational changes will allow us to devote even greater energies to corporate governance, risk management, CSR, and the environment than previously, thereby enabling us to shift up a gear in our efforts to enhance the quality of the company as a whole.

In the area of human resource development, we attach particular importance to nurturing the younger generation. The question of whether we can become an attractive company — not only in financial terms, but in all our facets — will depend to a great extent on our personnel. Accordingly, we will cultivate talent capable of viewing things from a broad perspective as members of the senior executive team in the future. We will also continue striving to develop female managers and foster a corporate culture in which people feel able to engage in the unfettered exchange of opinions.

Based on our management philosophy of becoming a compelling company with strong market presence, we will seek to further our CSR activities through these initiatives, actively endeavoring to conserve the global environment and contribute to communities, in order to achieve a sustainable society.

Yasuyuki Yoshinaga
President and CEO

Y. Yoshinaga





Business Overview

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

In April 2017, we changed our name from Fuji Heavy Industries, Ltd. to Subaru Corporation. We hope to accelerate our efforts to further enhance the brand, enabling Subaru to grow into an attractive global brand in the automotive and aerospace industries.

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, a new generation transmission, the Lineartronic CVT, and a next generation platform, the Subaru Global Platform, among others. We continue to take on new challenges in pursuit of “Enjoyment and Peace of Mind.”

Brand Statement

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

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

SUBARU TEST & DEVELOPMENT CENTER (Sano City, Tochigi Prefecture; Bifuka Town, Nakagawa District, Hokkaido)

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)
Handa Plant, Handa West Plant (Handa City, Aichi Prefecture)

Industrial Products Division

As we had announced in November 2016, we had decided to terminate our industrial products business in order to utilize management resources more effectively to enhance the competitiveness of our core automotive business. Manufacture and sale of general-purpose engines and generators ceased on September 30, 2017.



The Industrial Products Division manufactured and marketed general-purpose engines used in construction, industrial and agricultural machines, high-performance engines used in snowmobiles and off-road vehicles, and products such as generators and pumps. The general-purpose engine brand in color yellow known as the Robin brand had been in business for over 60 years since former Omiya Manufacturing Division (Omiya Fuji Kogyo then) started producing M6-type engine (540cc) in 1951. With high reputation as a reliable source of power, it had supported the infrastructure of various countries around the globe. There had been over 2,000 types of Subaru general-purpose engine, and they were sold in over 90 countries and welcomed as a brand that can be trusted in the world.

Manufacture and sale of some engines for installation in vehicles will cease as customer supply contracts expire. After-sales service will continue to be provided by our affiliate company, Industrial Products Co., Ltd.

Location Saitama Manufacturing Division (Kitamoto City, Saitama Prefecture)

Corporate Overview (As of March 31, 2017)

Name SUBARU CORPORATION
(Formerly Fuji Heavy Industries Ltd.)

※ On April 1, 2017, we changed our name to the above based on the resolution at the 85th Ordinary General Meeting of Shareholders held on June 28, 2016.

Established July 15, 1953

Paid-in Capital 153.8 billion yen

Employees 32,599 (Consolidated)
14,708 (Non-consolidated)

Head Office Ebisu Subaru Building, 1-20-8, Ebisu, Shibuya-ku, Tokyo 150-8554, Japan
Phone: +81-3-6447-8000

Sales 3,326 billion yen (Consolidated)
2,059.3 billion yen (Non-consolidated)

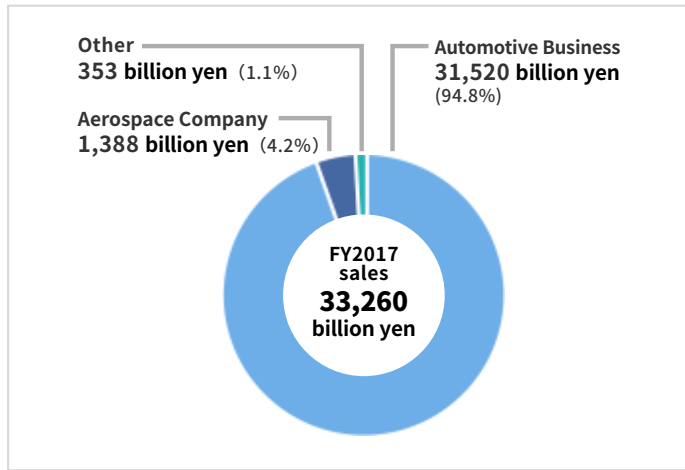
Operating Income 410.8 billion yen (Consolidated)
257.5 billion yen (Non-consolidated)

Ordinary Income 394.3 billion yen (Consolidated)
261.7 billion yen (Non-consolidated)

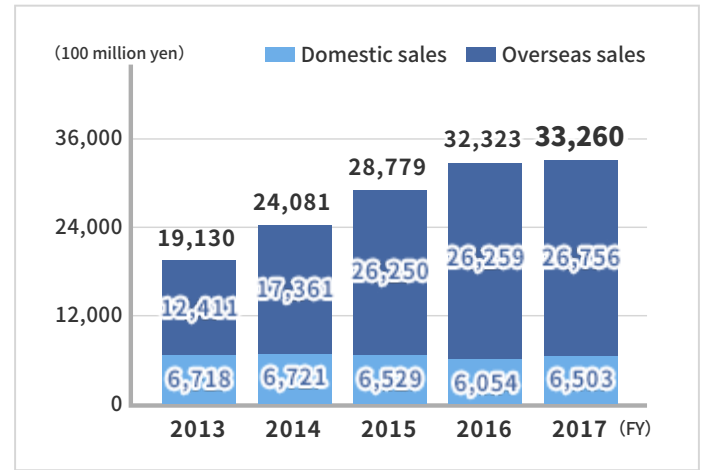
Net income 282.4 billion yen (Consolidated)
208.3 billion yen (Non-consolidated)

※ The figures for Sales through Net Income are for FY2017.

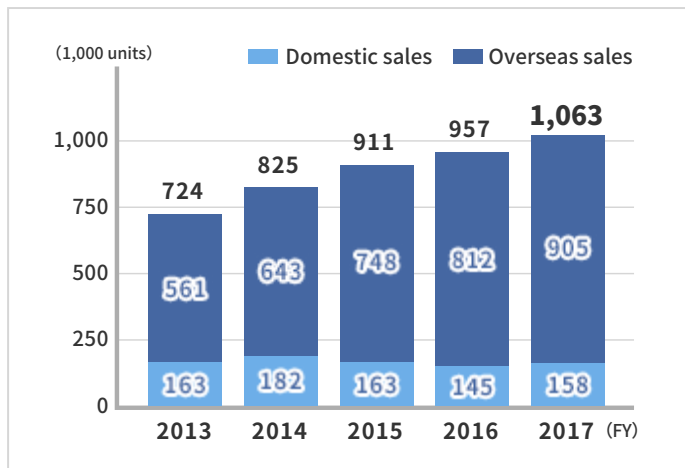
FY2017 Sales Ratio by Business Unit



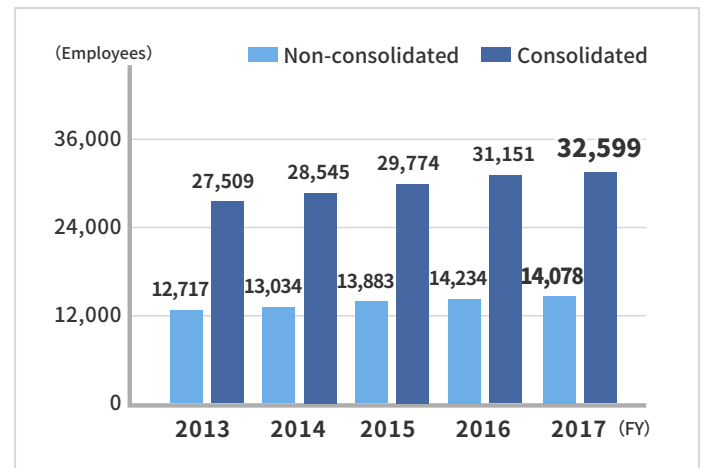
Trends in Sales



Trends in the Number of Car Sales



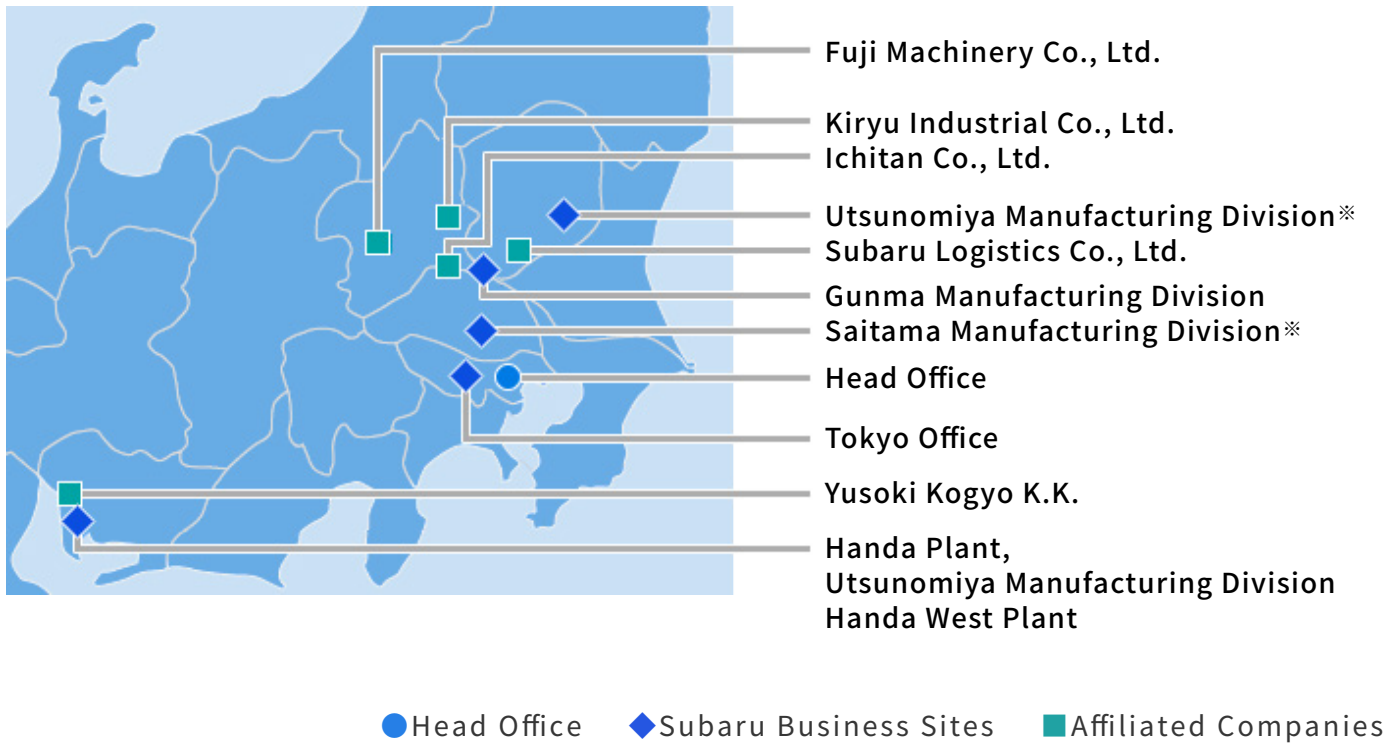
Trends in the Number of Employees



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

Business Sites

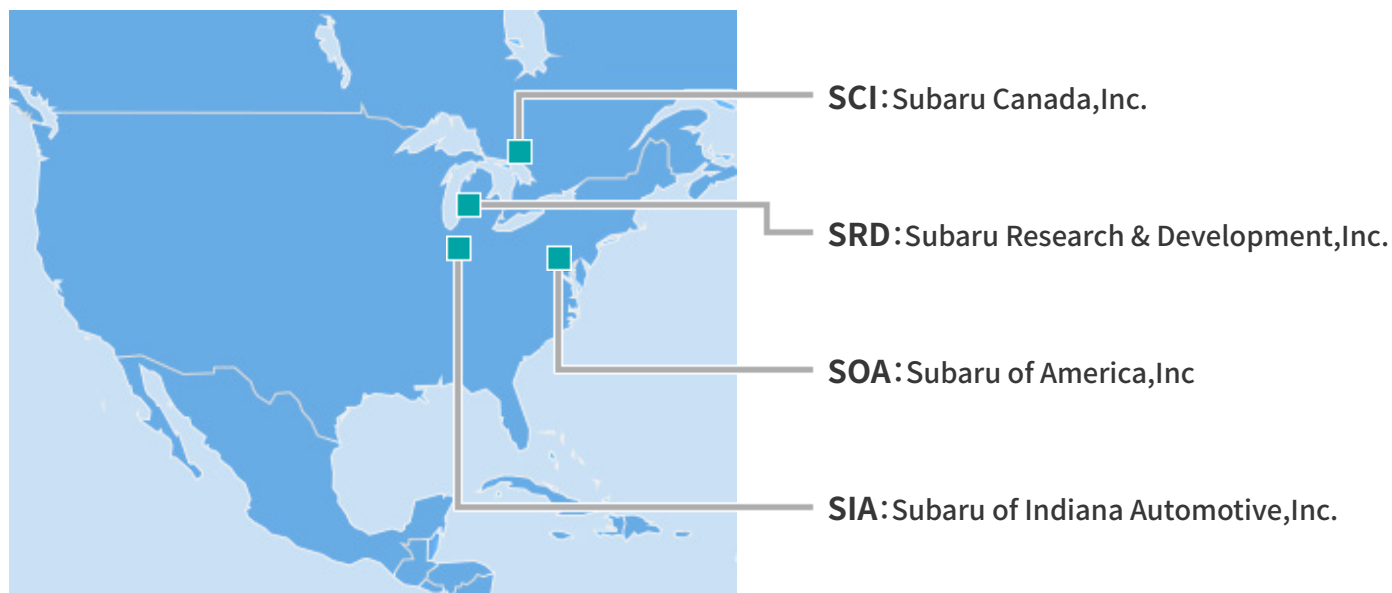
SUBARU and Domestic Subsidiary Companies



| | | |
|---|--|---|
| <p>> Fuji Machinery Co., Ltd. ☐</p> <p>Utsunomiya Manufacturing Division*</p> <p>Saitama Manufacturing Division*</p> <p>> Yusoki Kogyo K.K. ☐</p> | <p>> Kiryu Industrial Co., Ltd. ☐</p> <p>> Subaru Logistics Co., Ltd. ☐</p> <p>Head Office</p> <p>Handa Plant, Utsunomiya Manufacturing Division</p> <p>Handa West Plant</p> | <p>> Ichitan Co., Ltd. ☐</p> <p>Gunma Manufacturing Division</p> <p>Tokyo Office</p> |
|---|--|---|

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

Overseas Subsidiary Companies



> **SCI** : Subaru Canada, Inc. [☐](#)

SRD : Subaru Research & Development, Inc.

> **SOA** : Subaru of America, Inc. [☐](#)

> **SIA** : Subaru of Indiana Automotive, Inc. [☐](#)

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

※In this report we introduce the production sites of Aerospace Company as Utsunomiya Manufacturing Division and Industrial Products Division as Saitama Manufacturing Division.



Special Feature Raising the Curtain on Subaru's Next Generation

Pursuing World-class Safety Performance: the New Impreza!

The all-new Impreza is positioned as the first of Subaru's next-generation strategic vehicles in our Prominence 2020 mid-term management vision.

As it is the first vehicle to be built on our new platform and the first model to use the new design concept, we took on a variety of challenges.

The result was another evolution in enjoyment and peace of mind, the brand values that we offer to customers.

Quite simply, the new Impreza is not only the model that raises the curtain on Subaru's next generation, but also Subaru's new standard.



World-class All-around Safety Performance

Primary Safety

-Accident prevention as the basic design philosophy-

- Excellent visibility and a comfortable driving space

Active Safety

- The Subaru Global Platform ensures a superior driving experience
- Active Torque Vectoring enhances danger avoidance capabilities*

Quality That Far Surpasses Its Class

Outstanding Dynamic Quality

- As well as being the first vehicle to use the Subaru Global Platform, the new Impreza succeeds in combining superb performance with comfort, thanks to analysis technology that quantifies feelings

Static Quality beyond Its Class

- As the embodiment of enjoyment and peace of mind, the DYNAMIC x SOLID design achieves a quality feel that is captivating in every way: appealing to look at, to ride in, and to drive.

Preventive Safety

- EyeSight (ver. 3), the latest evolution of EyeSight, fitted as standard on all vehicles*
- Fitted with Steering Responsive Headlights and High Beam Assist*

Passive Safety

- The Subaru Global Platform delivers outstanding collision impact absorption capability
- Pedestrian protection airbag fitted as standard*

* Specifications may vary for individual markets

Winner of Car of the Year Japan 2016-2017



As well as the higher-quality driving performance offered by the newly developed Subaru Global Platform, the all-new Impreza was recognized for its affordable price bracket and its world-class safety performance, with a host of safety features fitted as standard. These include a pedestrian protection airbag – the first in a Japanese-produced vehicle – and the EyeSight driver assist system.

The All-new Impreza's Chief Engineer Talks about Its Appeal

Delivering the utmost enjoyment and peace of mind for driver and passengers alike was our goal

Kazuhiro Abe
Senior General Manager
Product & Portfolio Planning Division



Achieving a transformative evolution in enjoyment and peace of mind to meet our customers' expectations

We want to better meet our customers' expectations and ensure that even more customers can experience the enjoyment of life with an Impreza. That was the powerful wish that drove us from the moment we started developing the all-new Impreza and it still inspires us today. We asked ourselves what kind of car we would need to end up with to make that wish come true. The search for an answer to that question became the first stage in the car's development. Rather than merely seeking improvements, we decided to pursue a transformative evolution in the values that Subaru offers to customers: enjoyment and peace of mind. We would create a product that enabled everyone to clearly discern these values and recognize them as the car's fundamental appeal. The answer that we came up with and which became the development concept itself was this: "Delivering the utmost enjoyment and peace of mind for driver and passengers alike."

Going beyond a full model change to take on the challenge of building the infrastructure for the next generation of Subaru vehicles

Achieving a transformative evolution in safety performance and driving enjoyment – strengths of Subaru as a whole – was the essential requirement for translating this concept into reality. This meant that we had to go beyond a full model change and rethink the platform from scratch; to put it another way, we had to take on the huge challenge of developing the infrastructure for Subaru’s next generation. I thought that we could only create the infrastructure for the next generation of Subaru vehicles if we achieved a substantial evolution, expressed as “world-class all-around safety performance” and “quality that far surpasses its class.” If we did not succeed with this car, as the first of the next generation, there was no way that we could succeed with the cars that followed. Consequently, every member of the project team felt a tremendous sense of responsibility and pressure in embarking on development.

Over the 15 years or so since the launch of the fourth-generation Legacy, for which the current platform was developed, our engineers have built up various skills and know-how crucial to improving safety performance and driving enjoyment. We poured all of this into the newly developed platform in one go. As well as developing the all-new Impreza, this would lead to the construction of the infrastructure that Subaru needs to continue to deliver the utmost enjoyment and peace of mind globally. With this aspiration in mind, we chose the name “Subaru Global Platform” for the newly developed platform.

The development of this platform has not simply enabled us to significantly enhance dynamic quality and all-around safety performance throughout the Subaru range; it also achieves greater efficiency in development and flexibility in production processes, designed with a view to producing not only gasoline engine vehicles, but also hybrids, plug-in hybrids (PHEVs), and electric vehicles (EVs).

“World-class All-around Safety Performance”

The most critical theme in delivering the utmost enjoyment and peace of mind is safety performance. Based on the Subaru concept of safety, we took an uncompromising approach to raising all aspects of safety performance – Primary Safety, Active Safety, Preventive Safety, and Passive Safety – to a level unmatched elsewhere. In the realm of Primary Safety, we minimized blind spots to ensure excellent visibility and created a fatigue-resistant driving space, further enhancing peace of mind while driving. In terms of Active Safety, the unsurpassed driving experience provided by the Subaru Global Platform enabled us to deliver outstanding danger avoidance capability that puts the all-new Impreza in the top of its class. In the realm of Preventive Safety, the all-new Impreza offers the peace of mind that comes from driving a car awarded the top ratings in preventive safety performance assessments, with the EyeSight (ver. 3) driver assist system fitted as standard to all grades*¹.



Crash test using a car fitted with the first pedestrian protection airbag in a Japanese-produced vehicle

Finally, in the arena of Passive Safety, the Subaru Global Platform delivers outstanding collision impact absorption capability. In addition, we made the all-new Impreza the first Japanese vehicle to be fitted with a pedestrian protection airbag^{※1}, which minimizes injury to pedestrians.

Offering even greater safety not only for the driver and passengers, but also for people outside the car, the all-new Impreza was awarded the Collision Safety Performance Assessment Grand Prix for achieving the highest score ever in the collision safety performance assessment conducted as part of the FY2017 Japan New Car Assessment Program run by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) and the National Agency for Automotive Safety and Victim's Aid (NASVA). In the US market, the all-new Impreza earned the "Top Safety Pick (TSP) +" award, the top rating in the IIHS 2017 safety ratings. I believe that this result only came to fruition thanks to the project team's tireless efforts to achieve performance worthy of the description "World-class All-around Safety Performance."

※1 Specifications may vary for individual markets



Receipt of the 2016-2017 Japan New Car Assessment Program (JNCAP) Grand Prix Award

This prize is awarded to vehicles with a five-star JNCAP collision safety performance assessment rating that have achieved the highest-ever score for collision safety. The all-new Impreza earned the highest-ever scores in all three categories: occupants protection, pedestrian protection, and passenger seat belt reminders (PSBR).



Receipt of the 2017 Top Safety Pick+ Award, the Highest Award of the Insurance Institute for Highway Safety

The all-new Impreza achieved the top rating (Good) in all crashworthiness tests and the top rating (Superior) in the front crash prevention test. In addition, it earned the top rating (Good) in the newly introduced headlight rating and the top rating (Good+) in the child seat anchors ease of use rating, and was recognized as the only small car to earn the top rating on all the criteria assessed by the IIHS^{※2}

※2 Insurance Institute for Highway Safety (US nonprofit organization established by the insurance industry)

A Moving Experience: Quality That Far Surpasses Its Class

The second key theme of the all-new Impreza was elevating the car into the realm of something that moves people emotionally, defying the conventional size-based boundaries between vehicle classes, with all aspects of its sensory qualities that come from “look and feel,” and “drive and ride.” For the dynamic qualities of “drive and ride,” development focused on the goal of making a car that delivers enjoyment and peace of mind for everyone riding in it, while feeling pleasant to drive. With body and suspension rigidity up to 200% higher than the existing range, we took the dynamic quality delivered by the Subaru Global Platform to the next level of a moving experience. In terms of the static qualities of “look and feel,” Subaru’s DYNAMIC x SOLID design philosophy – the embodiment of enjoyment and peace of mind – was adopted across the board for the first time in a production vehicle and blended with premium quality elements that defy conventional class boundaries. We have created an exterior and interior that will capture people’s hearts and provide them with a profound sense of satisfaction. As quality elements that far surpass its class, the dynamic and static qualities of the all-new Impreza are as crucial a part of its appeal as its safety performance.

Besides world-class all-around safety performance and quality that far surpasses its class, the key aspects of the all-new Impreza’s allure are its practicality, designed to enrich people’s active everyday lives; its premium interior feel and up-to-the-minute infotainment system; its comfortable cabin; and its fuel efficiency, which provides a tangible sense of its superiority in daily use.

For all of us involved in its development, our dream is to see the all-new Impreza become a key partner in the lives of our customers. Feeling happier and more enriched, our customers suddenly realize that this car has become an integral part of their lifestyle.

Next-generation Technology Research and Development

The Subaru Global Platform Looks Ahead to the Safety Standards of the Future

Leading a further evolution in collision safety performance with a 40% increase in impact energy absorption efficiency.

One of our key objectives in completely revamping the platform – the basic structure of the car – is a further evolution in world-class safety performance, which is the pre-eminent feature of Subaru vehicles. With the new platform, we pursued an evolution in the undercarriage by substantially increasing the rigidity of the body and chassis, bringing the center of gravity even lower, and rethinking the suspension design. As a result, in our own tests, danger avoidance capability (the speed at which dangers can be safely avoided by quickly turning the steering wheel in an emergency) increased from 84.5 km/h in the existing model to 92.5 km/h in the next-generation model built on the new platform, reaching a level comparable with high-end sports models.

Dramatically increased driving stability provides world-class danger avoidance capability.

In addition to increased body and chassis rigidity, the new platform achieves a dramatic increase in body strength, due to an optimized frame structure, multiplexed load transmission paths, and the use of high-strength materials. This all adds up to an increase of about 40% in the efficiency of impact energy absorption.

Looking ahead to the next ten years, we are working on a design that will bring further performance improvements through the use of even stronger materials, so that our vehicles can absorb more severe collisions efficiently in the future.



Subaru's Perspective on Environmental Technology

We will meet each region's regulations through a combination of significant efficiency improvements in the internal combustion engine and the use of electric motors.

Aiming to increase fuel efficiency while reducing CO₂ emissions, we are working on further improvements to the current direct-injection engine, while also undertaking development with a view to launching a new design of downsizing turbo engine.

Looking at our mainstay US market, the Zero Emission Vehicle (ZEV) Regulation will be extended to intermediate volume manufacturers – including Subaru – in California and a number of other states in 2018. As such, we are moving forward with research and development so that we can time the launch of our PHEVs to coincide with this and subsequently launch our EVs there in 2021.

Fundamentally, our approach is to add PHEVs and EVs that leverage the individuality and handling features of the Subaru brand's existing models, rather than developing dedicated PHEV or EV models. This will enable us to keep offering cars equipped with Subaru's characteristic enjoyment and peace of mind in the green vehicle era.

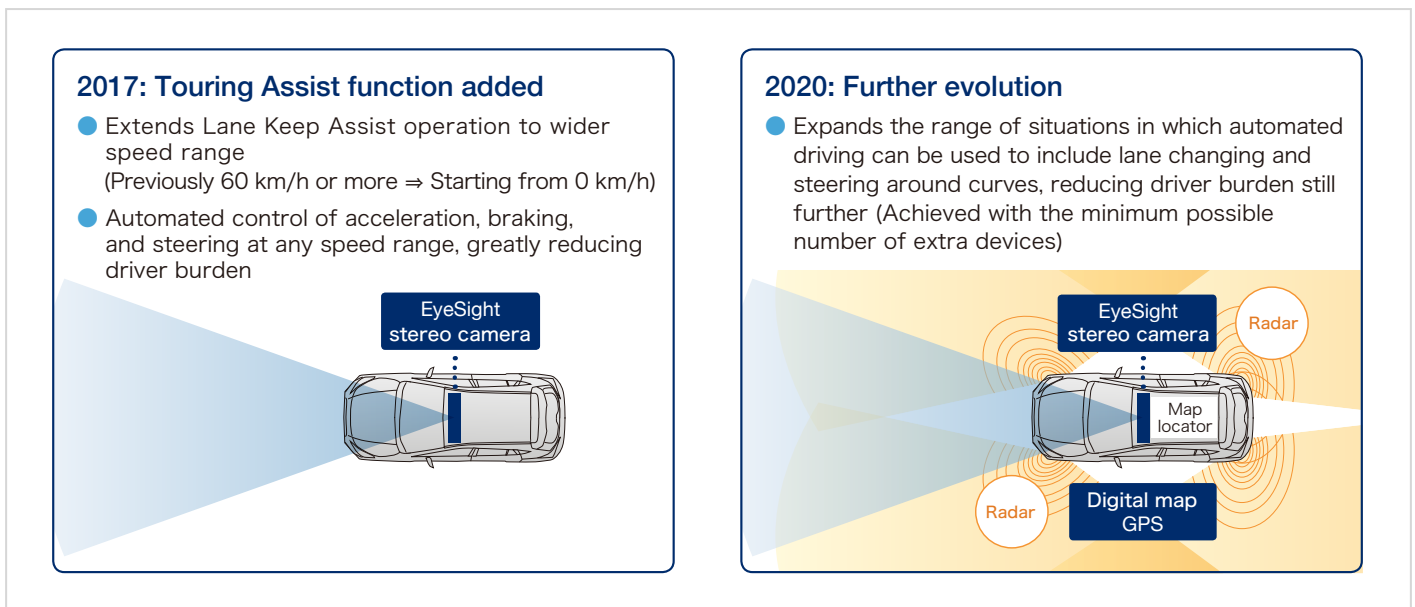
Subaru's Perspective on Self-driving Technology

Rather than making cars drive instead of people, we aim to reduce traffic accidents to zero by evolving our EyeSight driver assist system.

In 2017, we will introduce an updated version of EyeSight that features the new Touring Assist function.

This extends the minimum speed at which EyeSight's Lane Keep Assist function operates from 60 km/h to 0 km/h. It also adds automated steering that follows the preceding vehicle in the same lane, teamed with Adaptive Cruise Control to assist drivers with automated control of acceleration, braking, and steering on expressways, greatly reducing driver burden. Our original stereo camera technology simultaneously uses information on lane markings and preceding vehicles to offer consistent operation in a wide range of real-world settings. In 2020, we plan to add radar and digital maps to EyeSight, commercializing an advanced driver assist system that further expands the range of situations in which automated driving can be used to include lane changing and steering around curves.

By prioritizing the development of driver assist functions that target situations in which such accidents are most likely to occur, we will continue to enhance the accident avoidance capability of Subaru vehicles going forward.





The Subaru Group's CSR

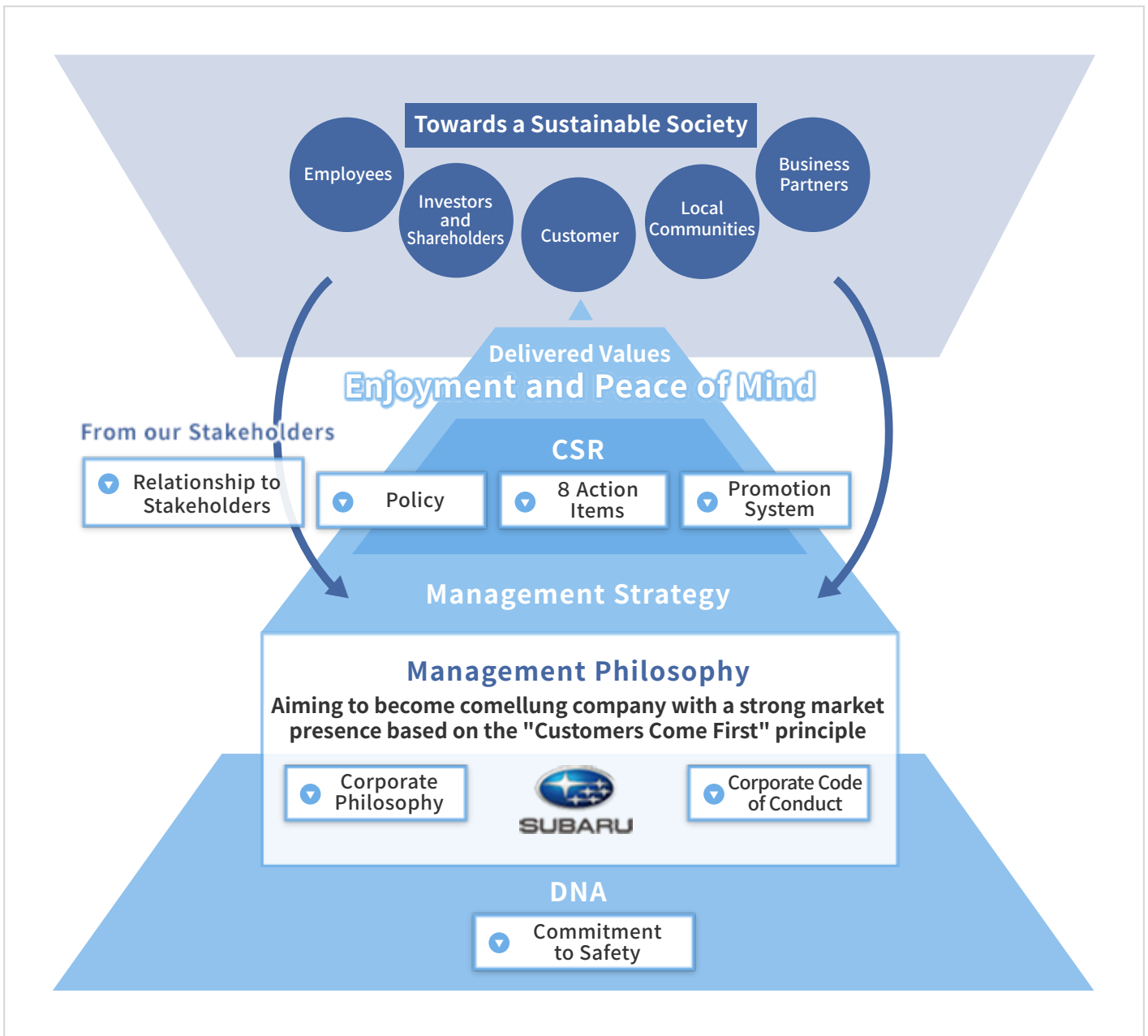
The Subaru Group engages in CSR activities aimed at contributing to the creation of a better society and the environment through our core business activities to achieve a sustainable society.

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 Subaru 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 Subaru 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

Subaru Corporation (SUBARU) 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 established 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 Subaru 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 our Corporate Code of Conduct.
2. We become involved as a corporate citizen in addressing social issues facing society today.

The Eight CSR Action Items

We have 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.



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.



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.

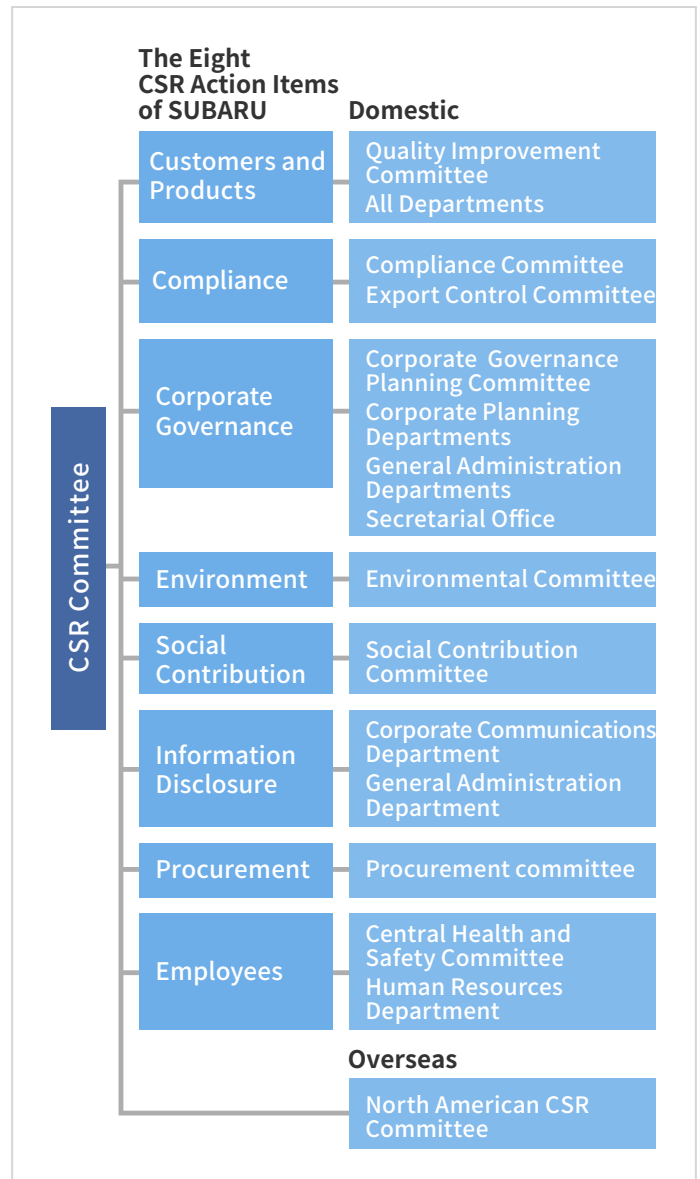
※The ideas of the CSR activities are drawn from the “Charter of Corporate Behavior” issued by the Japan Business Federation.

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. Furthermore, with higher social demand regarding the areas of CSR and the environment as well as heightened importance in management, we have established the CSR & Environment Department.

The CSR Committee consists of specialized committees and organizational units, each of which is closely linked to any one of the eight CSR-related categories, and each committee or unit engages 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.

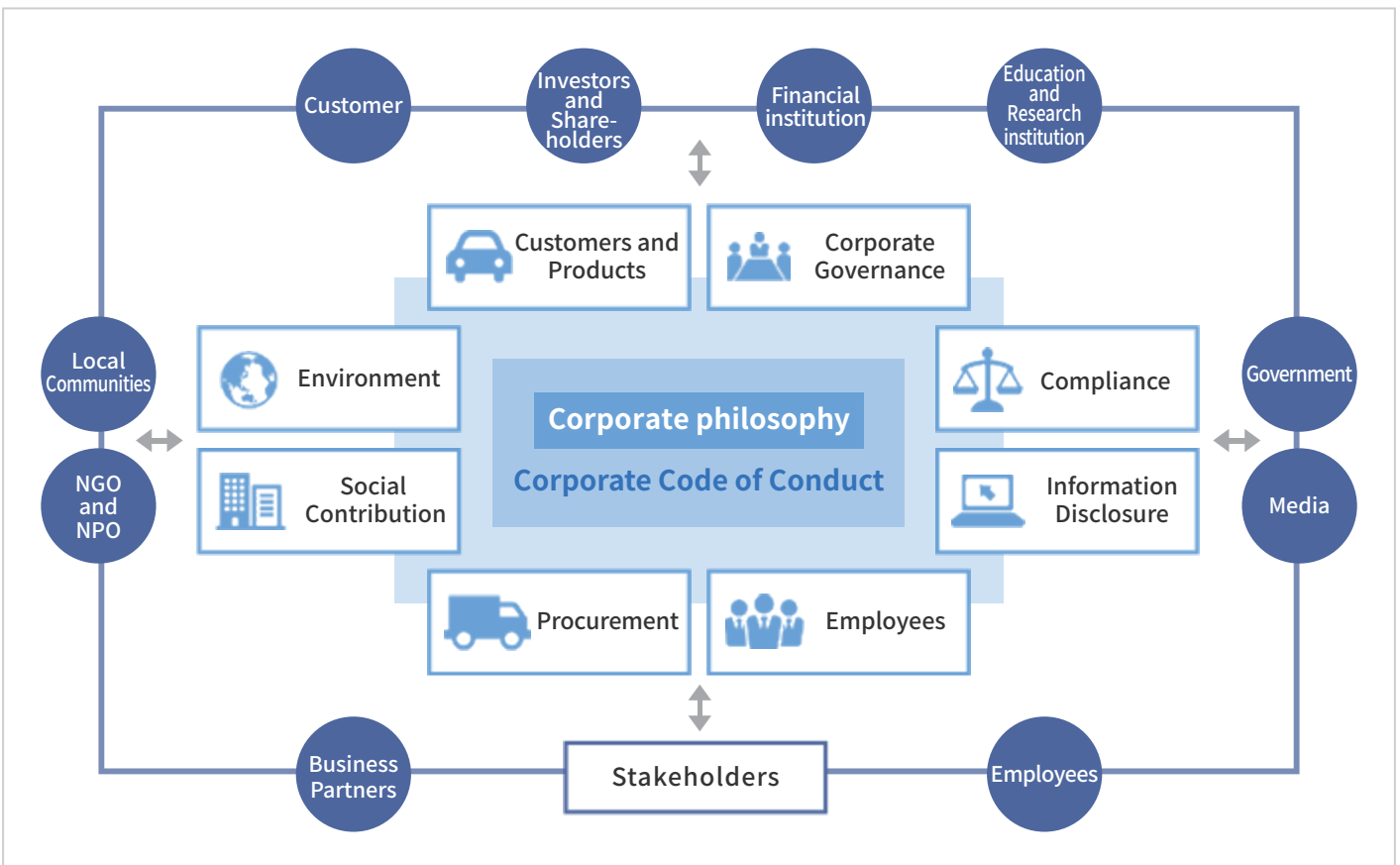
Organization Chart



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



The Subaru Group Stakeholders and Communication Methods

| Stakeholders | Communication Methods |
|--|--|
| Customers | Establish Subaru Customer Consultation Centers, implement satisfaction surveys, and hold events. |
| Shareholders, investors | Hold shareholders meeting (annual), issue reports, and release information on the Internet. |
| Financial organizations | Release information on the Internet, make explanations at the account settlement, and hold monthly discussions. |
| Educational/research institutions | Implement work place visits, implement school visit project in elementary and middle schools, and hold plant tours (90,000 visitors annually). |
| Governments | Participate in economic organizations and meetings of industrial groups, and have discussions and exchanges with local government. |
| Media | Hold financial report briefings for media and analysts (quarterly), and release information on the Internet. |
| Employees | Hold labor-management consultations, carry out stress check and voluntary reporting, and conduct educational training by profession and class. |
| Business partners | Hold procurement policy briefing, practice regular exchange of information, and recognize business partners that are making major contributions in technology, quality, etc. |
| NGOs/NPOs | Respond to questionnaires and surveys, implement regional and social contribution activities and make donations through support of the philosophy. |
| Local communities | Encourage traffic safety through safety workshops and child-friendly sites. Schedule cleanup activities by employees and hold exchanges with local residents. |

Safety is Our DNA

Having roots in the aircraft industry, the Subaru Group considers safety to be the most important feature underpinning automobiles. Since we launched the Subaru 360 over a half-century ago to this day, we have engaged in automotive manufacturing 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 even 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.

SINCE 1960

Ensuring safety for drivers

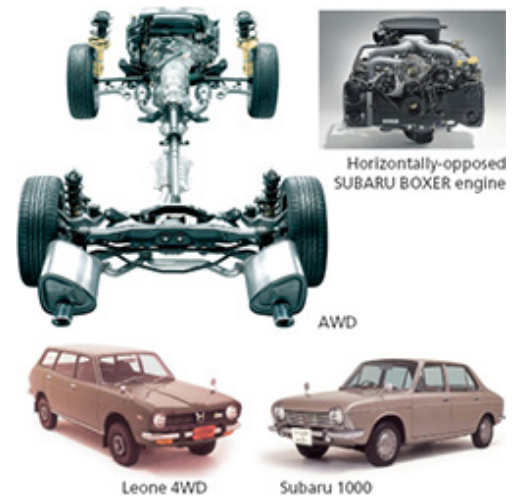


Developing a vehicle body for collision safety based on All-Around Safety that is ahead of the times.

Since that period, Subaru has dedicated itself to developing vehicle bodies for collision safety following the 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.

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.



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.

The Impeza/XV, Legacy, Forester, and Levorg/WRX S4 with the SUARU EyeSight technology has garnered the highest ratings in a host of preventive safety performance 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 Impeza/XV, Legacy, Forester, and Levorg/WRX S4 with this latest EyeSight technology has garnered the highest ratings in a host of preventative safety performance tests.



Subaru's Approach to the Future of Safety

Going forward, Subaru is working on technological development themes, including heavy traffic autopilot, driving load reduction, and automated 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.

The Subaru Global Platform, the new platform introduced in 2016, dramatically enhances vehicle body strength by “optimization of frame structure,” “diversification of load transmission paths,” “expansion of high-strength material usage” in addition to “improvement in vehicle body and chassis rigidity,” and improves the energy absorption rate at the time of impact by about 40% over current models.

In addition, in anticipation of the next ten years, we are working on a design expected to further improve performance by using higher strength materials, etc. so as to respond more effectively to collisions that are expected to be more severe in the future.

Initiatives toward Sustainable Development Goals

Sustainable Development Goals (SDGs) are development goals for 2030 made up of 17 goals and 169 items set by the UN in order to achieve a sustainable future. Recently, there is a growing demand for corporations to respond to global issues, and Subaru recognizes the importance of making a response. The Subaru Group is to make contributions to SDGs in various forms in order to achieve a sustainable society through industrial activities.



› [Message from the President](#)



Customers and Products: Efforts to Raise Customer Satisfaction Levels

Our Approach to Customer Satisfaction Activities

The Subaru 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.

Established “SUBARU Recall Inquiry Line”

Subaru established the “SUBARU Recall Inquiry Line” in November 2016 independent of the traditional toll-free number to specifically handle recall inquiries, including the airbag recall problem. 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. Also, the valuable comments, requests and guidance received from customers are passed on to the relevant departments to be reflected in making future improvements in quality and product and after-sales services.

SUBARU Recall Inquiry Line

 **0120-412215**

Note that your call will be recorded to confirm the contact

We are open to the following inquiries.

• Inquiry/question regarding recalls

Office Hours (Japan Time)

9:00am - 5:00pm (Weekdays/Weekends, Holidays)

The Number of Inquiries from Customers

Monthly Average: 2,200 (December 2016-March 2017)

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 Call



0120-052215

Note that your call will be recorded to confirm the contact

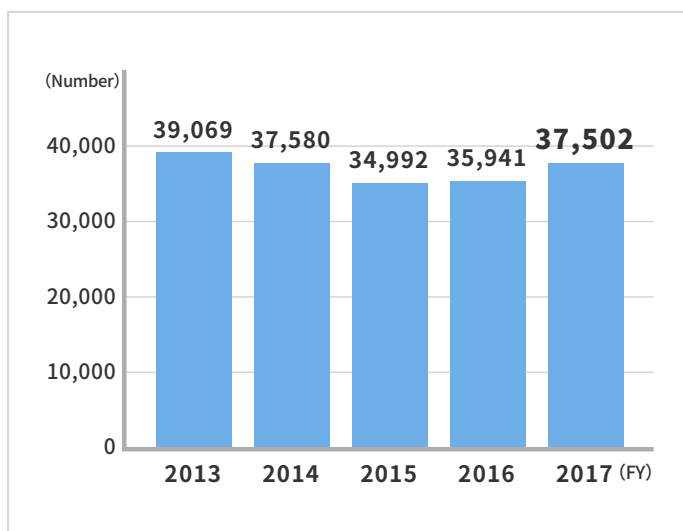
Please contact SUBARU Customer Center if you have a any inquiries as below.

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

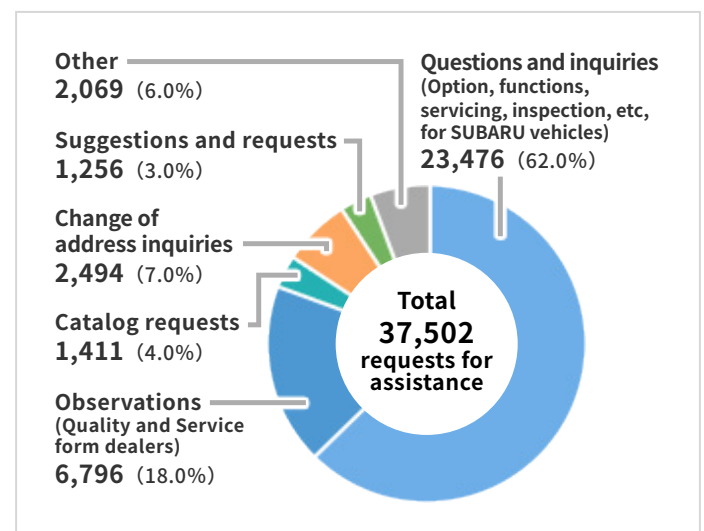
Office Hours 9:00am - 5:00pm (Weekdays)*
 (Japan Time) 9:00am - 12:00am / 1:00pm - 5:00pm
 (Saturdays, Sundays and Public holidays)

*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



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 Customer Questionnaire directed at customers who bought a vehicle at one of our dealers. We take the comments and requests of customers that we learn from the results of the survey seriously, and continuously make improvements at each of our dealers.

In FY2017, we achieved a certain level of appreciation with the positive opinions accounting for 94.7% of responses on the “Overall satisfaction” item for comprehensive evaluation of dealers used with a breakdown of 35.8% for “Extremely satisfied,” 45.4% for “Satisfied,” and 13.5% for “Somewhat satisfied.” On the other hand, there were still some responses that did not amount to satisfaction with 4.0% for “Somewhat dissatisfied” and 1.3% for “Dissatisfied.” The Subaru Automotive Business as a whole is working on improvements activities.

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)
- Set up of free drinks, expansion of drinks menu
- Increased variety of magazines
- Increased amenity goods in bathrooms, etc.

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
- Introduction of digital books and SUBARU original amenity goods at some dealerships to make waiting-time more enjoyable.

Number of valid response to the SUBARU Questionnaire

FY 2017: 98,127 responses/year

FY 2016: 95,324 responses/year

FY 2015: 84,090 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 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 so that we can expand customer satisfaction activities suited to the SUBARU's product characteristics.

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

With the vision of “Having Customers Say ‘Let’s Choose SUBARU Again’ through Our Customer Service”, SUBARU Academy is dedicated to training human resources that can provide “Enjoyment and Peace of Mind” to the customers.

For trainings in Japan, we develop and provide trainings that meet the fast environmental change in sales and services.

For overseas service staff, we provide curriculums that meet specific regional needs.

Number of Trainees Enrolled in Education Programs (Trainings away from the Academy included)

| | FY2017 |
|--------------------------------|---------------------|
| Manager, sales staff and other | 3,652 people |
| Service staff | 1,424 people |
| Total | 5,076 people |

※SUBARU Academy:

We have established the SUBARU Academy as a dedicated organization in the development of human resources for dealerships in and out of Japan. The SUBARU Training Center, opened in 2005 in Hachioji City, Tokyo, houses various training rooms, a test course, various servicing/training equipment as well as accommodation facilities (consisting of 133 rooms with a maximum capacity of 165 people).



SUBARU Training Center

STARS Sales Professional Certification Program

We established the Subaru Staff Training and Rating System (STARS)* sales professional certification program as recognition of staff with the ability to provide and support customers with “Enjoyment and Peace of Mind.”

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 2017: Sales STARS Level 1 – 40 salespeople, Level 2 – 549 salespeople, Level 3 – 1,237 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 staff certification. (As of April 2017: Service STARS Mechanic Level S – 14 mechanics, Level 1 – 857 mechanics, Level 2 – 1,101 mechanics, Level 3 – 1,050 mechanics, Level 4 – 306 mechanics/Front Counter Service Advisor Level S – 7 people, Level 1 – 250 people, Level 2 – 546 people)

Our goal is for 5% of all salespeople to achieve Level 1, 15% to achieve Level 2, and 60% to achieve Level 3 by 2020. 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 distributors achieving uniformly high after-sales service through dealers around the world so that SUBARU customers can drive with peace of mind, the Customer Service Division works to 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.

To this end, we offer the Advanced Technical Training (ATT) and STEP Trainer Training (STT) as technical training curriculums for the development of the trainers who provide training to 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, we assigned external trainers certified by us to 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

Organizational Reinforcement

The Customer Service Division works in partnership with distributors 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 distributors 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 21 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 distributors from eight leading countries

Efforts at the Aerospace Company

The Aerospace Company, regarding aircrafts delivered to Japan's Self Defense Force among other customers, conducts various questionnaires in addition to regular customer visits to ascertain customers' needs in detail and respond appropriately and to raise customer satisfaction through maintenance and operation.

Our maintenance personnel involved in production also hold workplace visits and networking events, which assist them deepen and improve mutual understanding of operations with customers who actually engage in maintenance.

Efforts at the Industrial Products Division

Based on the feedback from customers, we carry out information analysis and improvement activities in order to raise 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)

Subaru considers customer satisfaction as the first priority, and works constantly to improve products and services to provide world-class quality.

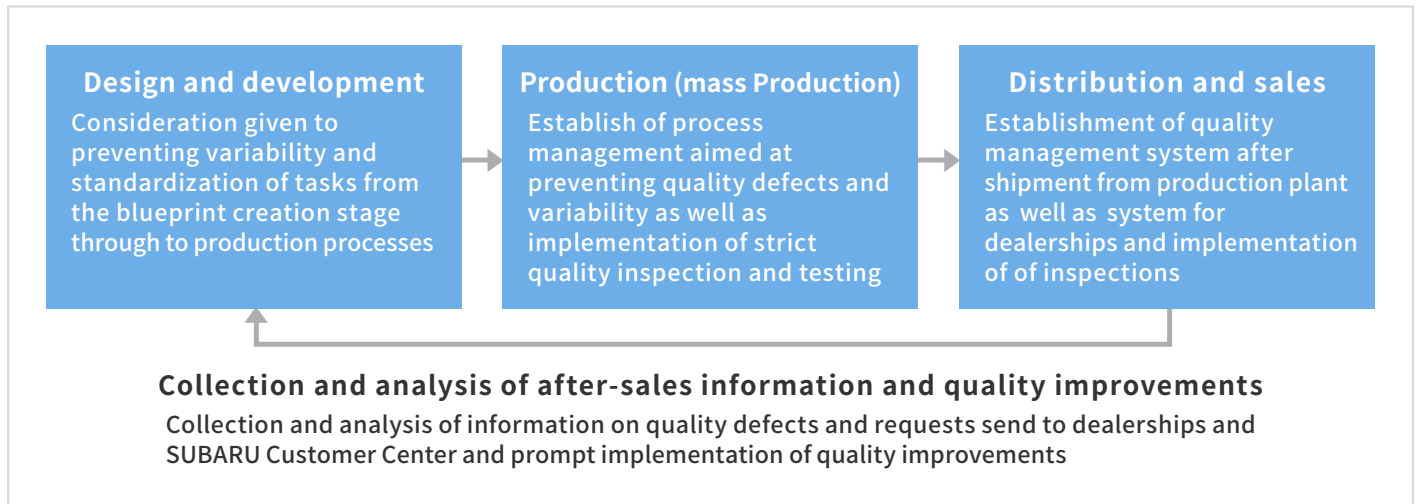
Product Quality Management System

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

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

Quality Management Cycle

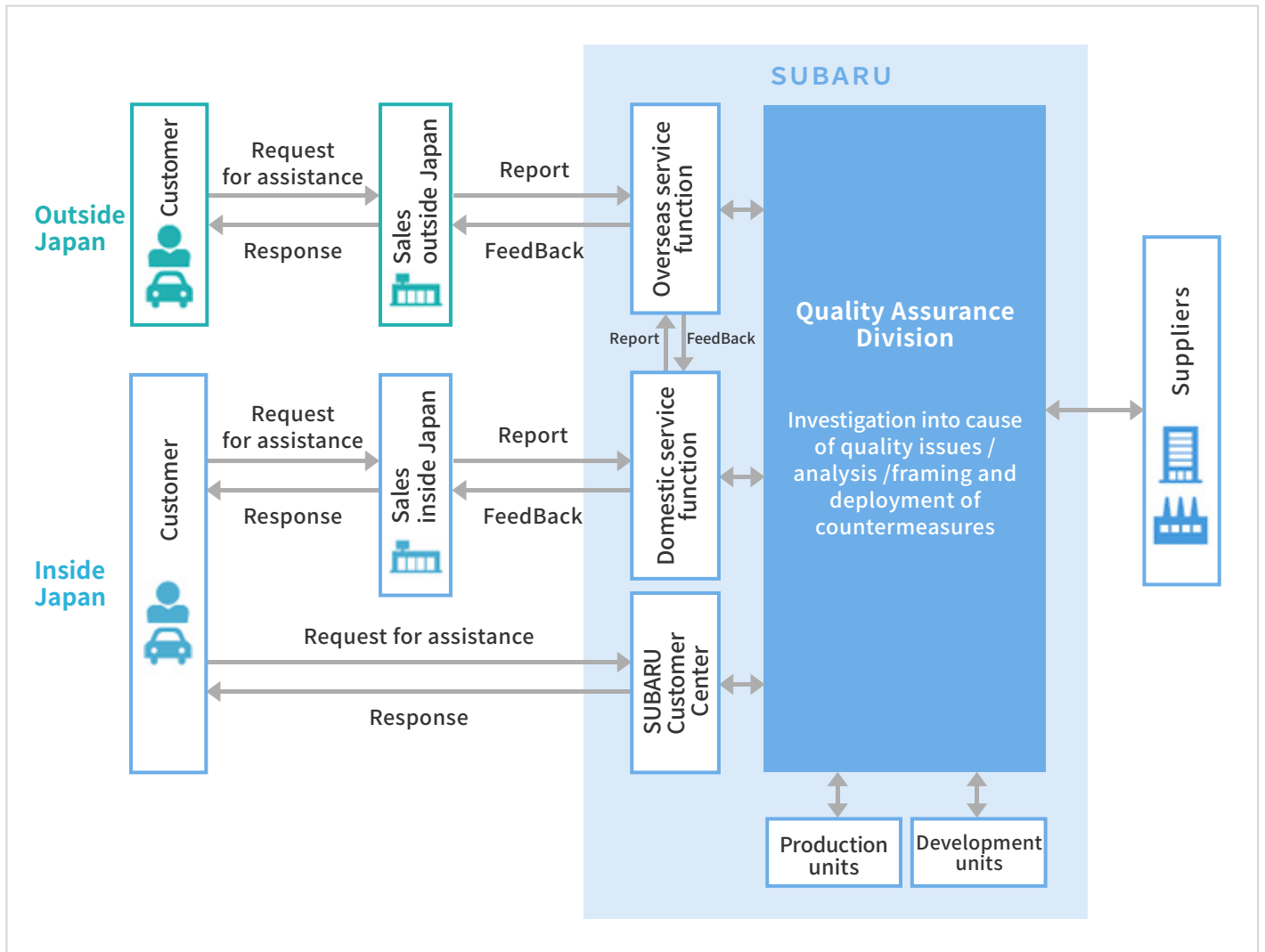


Creating a System Aimed at Improving Quality

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 realize higher-quality development and production. 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 FY2017, in order to speed up our response to market issues, we optimized the organization of domestic/overseas quality improvement promotion departments (body/PU market quality section).

Quality Improvement System



Implementing Quality Control Training

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

Main curriculum around quality assurance

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

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 mails from our dealerships to affected customers to inform them that they can have their cars repaired free of charge.

In FY 2017, we had no cases of violating rules and regulations in regard to information provision on quality and safety.

› [Please refer to the our website for the details of our response to recalls.\(In Japanese only\)](#)

Efforts at the Aerospace Company

Quality Management System Based on Aerospace Industry Standards

The Aerospace Company's production activities are based on its policy of "Placing Safety and Quality First" in order to commit itself to playing its part on SUBARU brand.

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 industry.

In addition, we have quickly adopted into our Aerospace Company's quality management system the Supplements to JIS Q 9100 (SJAC 9068) that were independently and jointly established by the Japanese aerospace and defense industries in order to prevent improper occurrences related to quality.

Efforts Aimed at Improving Quality

Subaru'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” each year, engaging in activities that include lectures, commendation of employees contributing to quality improvement and distribution of educational pamphlets to all employees. The lecture for FY2017 entitled Risk Management that Protects the Safety of Sky and Roles of the Leaders was presented by Hiroyuki Kobayashi, who is a Risk management Specialist and Aviation Commentator and was once a JAL pilot. More than 500 people were involved including employees from assistant manager level and above, the company president and suppliers.

In addition, the Aerospace Company has 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.



Lecture on quality

Efforts at the Industrial Products Division

Efforts Aimed at Improving Quality

At the Industrial Products Division, the Quality Control Committee consisting of all departments oversees the progress of quality targets every quarter of the year.

As for year-round initiatives, we designated November as the “Quality Month” each year, engaging in activities, such as inviting quality control slogans, in order to raise awareness among employees.

We also strive to improve quality by deploying quality education programs to each job grade.

Furthermore, in our efforts to further expand the use of our Quality Management System (QMS), since May 2017 we are seeking ISO 9001 certification as the Industrial Products Division group including our affiliated companies.



Our Approach to Making Safe Vehicles

Subaru conducted a survey of the number of personal accidents by Subaru vehicles sold within Japan from FY2011 to FY2015. The results showed that vehicles with the EyeSight Driver Assist Technology (version 2) had about 80% fewer rear-end collision accidents and about 50% fewer pedestrian accidents compared to vehicles without EyeSight per 10,000 vehicles, and about 60% fewer accidents in the survey overall.

For this survey, we based our independent calculations on data from the Institute for Traffic Accident Research 90 accidents for EyeSight (version 2) available models of Subaru vehicles that were sold in Japan from FY2011 to FY2015 (246,139 units had EyeSight (version 2) installed; 48,085 did not) were categorized in the survey.

※ Institute for Traffic Accident Research and Data Analysis



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.](#) 

Thoughts on Active Safety

Active Safety is an approach to safety based on preventing accidents, assuming that accidents may occur. In the event of an accident, for safe avoidance it is important to maintain vehicle stability no different from normal, under a variety of weather and road conditions.

Based on the idea that the ultimate drive fosters safety, the exceptional fundamental performance delivered by our horizontally-opposed SUBARU BOXER engine and Symmetrical All-Wheel Drive are the basis for refinement of vehicle performance that enables users to drive with confidence in all kinds of environment and climate.

[> Click here for more details.](#) 



Horizontally-opposed engine



Symmetrical All-Wheel Drive

Thoughts on Pre-crash Safety

Pre-crash Safety is an approach that supports driver's driving operations and predicts hazards with the aim of helping reduce damage in the event of a collision.

We were quick to introduce the idea of pre-crash safety and have proceeded with 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 and Forester have also been equipped with EyeSight (Ver.3), and we are working to increase the models fitted with the system.

Also, Impreza that went through full model change in October last year and XV in April this year are equipped with EyeSight (ver.3).

[> Click here for more details.](#) 

Thoughts on Passive Safety

Passive Safety is an approach to safety technology that aims to minimize damage in the event of an accident.

We have promoted development considering safety in all aspects of a 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 we also consider collision with pedestrians in its safety system, for which it is highly acclaimed, not only in Japan but also throughout the world.

Furthermore, we have achieved greater passive safety capability by increasing the amount of energy absorbed at the time of impact by a factor of 1.4 over past systems with the next generation platform, the “Subaru Global Platform” introduced last year.

[> Click here for more details.](#) 



Image of Impreza JNCAP Frontal Offset Crash Test

FY 2017 Car Assessment Results

We undergo safety performance testing and assessment of public organizations in and out of Japan including JNCAP*¹ in Japan, IIHS*² in the U.S., EuroNCAP*³ in Europe, and ANCAP*⁴ in Australia, and have gained the highest rank of assessment in most of them.

In FY2017, all evaluated automobile models received high scores in the “Pedestrian AEB Evaluation,” a new evaluation started in the JNCAP preventive safety performance evaluation and, in continuation from FY2016, all evaluated automobile models received the highest score of “Preventive Safety Performance Evaluation (ASV++). In the same way, the Impreza and XV received the Grand Prize for the JNCAP Collision Safety Performance Evaluation awarded to the models receiving the highest scores ever by making major improvements in safety performance, such as by making pedestrian protective airbags standard.

- ※1 JNCAP : 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 IIHS : Insurance Institute for Highway Safety.
- ※3 EuroNCAP : European New Car Assessment Programme: a program for publishing vehicle safety information conducted in Europe.
- ※4 ANCAP : ANCAP is an independent organization composed of the transportation authority of Australia and New Zealand that has been providing safety assessments since 1993.

FY2017 Commendations

Japan JNCAP

ASV++:

EyeSight-equipped Legacy,
Levorg/WRX, Impreza/XV,
Forester



Crash Safety Performance
Assessment Five Star Award
Crash Safety Performance
Assessment Award
Crash Safety Performance
Assessment Special Prize



Europe EuroNCAP

Levorg: 5★ in 2016



U.S IIHS

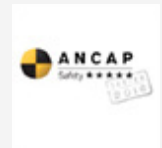
2017 TOP SAFETY PICK+
Awards*

EyeSight/high luminance
light-equipped Legacy,
Outback, Forester, Impreza



Australia ANCAP

Levorg and Impreza: 5★
in 2016



* 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, Rear collision (whiplash) test and Roof Strength Test as well as the rating of “Advanced” or higher in the Front Crash Prevention Test. In addition to these conditions, a vehicle that is rated “Acceptable” or higher in the head light evaluation is awarded TOP SAFETY PICK CLASS (TSP+).



Customers and Products: Approaches to Welfare Vehicles

Approaches 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 FY2017, we added CHIFFON to the TRANSCARE series to enhance the lineup, and the new model Impreza has also stayed in the lineup.

We exhibited LEVORG TRANSCARE at “SUBARU STAR SQUARE,” our showroom at our Head Office so that many customers can actually experience its ride.

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. \(In Japanese only\)](#)

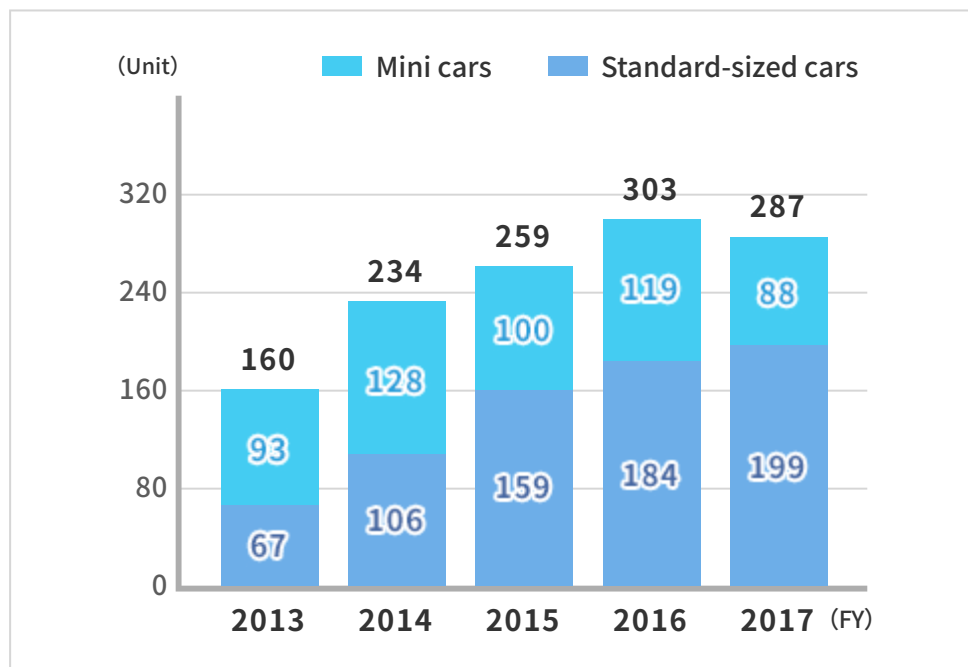


CHIFFON/CHIFFON CUSTOM



IMPREZA SPORT TRANSCARE/
Wing Seat (Lift Type)

Number of TRANSCARE Series Sold





Basic Concept and Policy

Subaru 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. Subaru 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

We have 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 Subaru 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.

We are now in the process of revising our Compliance Manual to further promote compliance as a group by having all employees, including those of our company as well as of our affiliates, carry common Compliance Manual by the end of FY2018.



Compliance Manual

What is 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

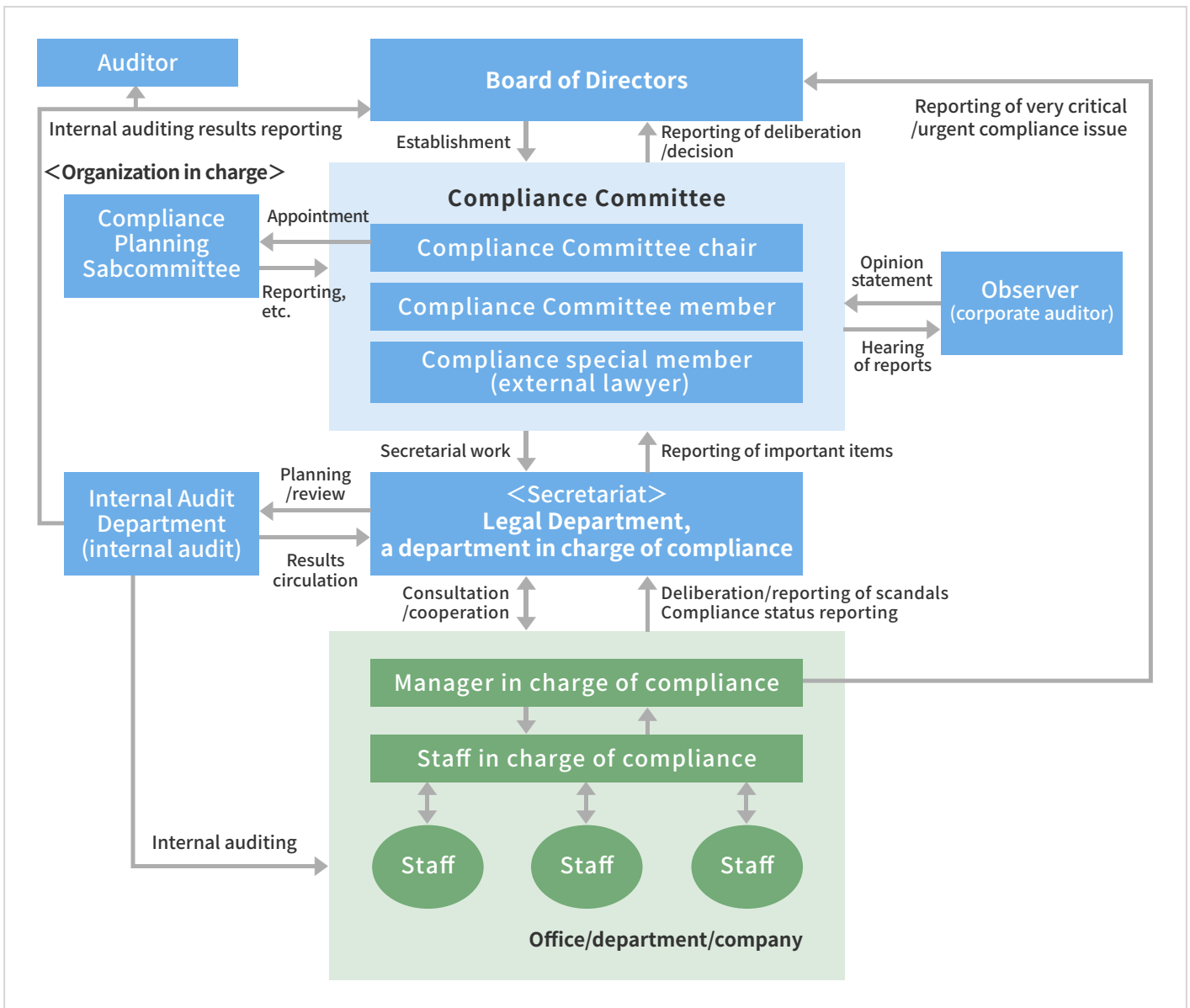
1. We develop and provide creative products and services while paying sufficient attention to the environment and safety.
2. We respect the rights and characteristics of individuals.
3. We promote harmony with society and contribute to the prosperity of society.
4. We meet social norms and act honestly 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, the Subaru Group employees and temporary employees have the option of using the Compliance Hotline and reporting issues directly to the Hotline Desk located within Subaru.

After receiving information via mail, telephone, or email, employees assigned to the Hotline Desk research situations and take appropriate actions based on Subaru'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 Subaru 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.

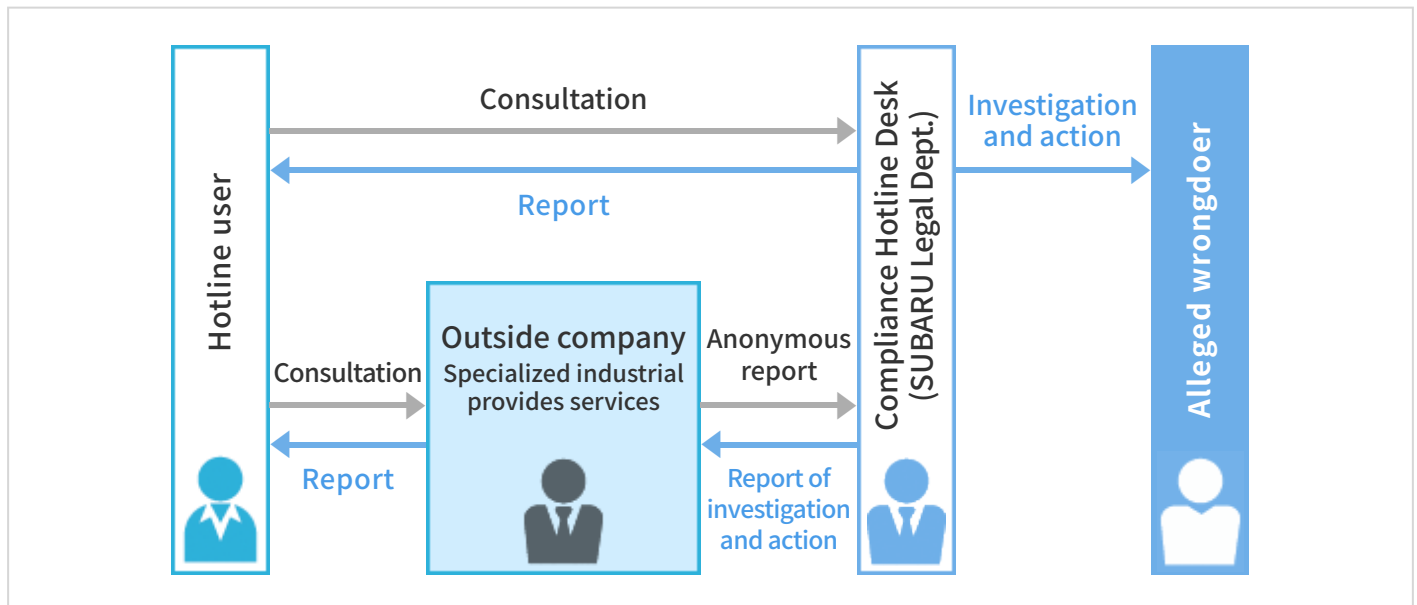
The number of consultations to Compliance Hotline in FY2017 was 60 and its breakdown is as follows. In order to respond to these issues, we look into the facts carefully with Legal Department General Manager being mainly in charge to resolve problems as quickly as possible. Also, they are reported to the management or Compliance Committee as necessary to prevent recurrence.

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 the Subaru 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.

Breakdown of Consultations to Compliance Hotline by Issue

| Theme | No. Reported |
|--|--------------|
| Work environment | 2 |
| Labor-related | 14 |
| Human relationship, harassment | 26 |
| Compliance, business violation, wrongful act | 18 |

Compliance Hotline (Flow from consultation to solution)



Furthermore, in order to respond to the reported issues closer to the sites, we are in the process of preparing the establishment of Compliance Hotline managed independently by each group companies.



Compliance Hotline Card

Personal Information Protection Initiatives

To comply with the Personal Information Protection Act, Subaru 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.

In FY2017, no protest or complaint was filed regarding disclosure of personal information.

In accordance with implementation of the revised Personal Information Protection Act in May 2017, we are now reviewing our existing systems and regulations, and other tools.



Handbook for SUBARU Dealer Staff

Compliance Activity Achievements

Based on the belief that Subaru and all its 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 human resrouces/education sections, and a total of about 4,100 people (equivalent to about 13% of the entire work force of our group as a whole) took part in FY2017. 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
(Tokyo Office)

Anti-corruption Initiatives

In FY2015, the Anti-corruption Guidelines (in Japanese and English) were created to prevent corruption and were distributed to the entire group including domestic and foreign affiliated companies. The in-house Compliance Manual and the Compliance Handbook for domestic affiliated companies also describe the prohibition on bribery and completeness in fair trade.

In addition, the Anti-corruption Guidelines for China (with Chinese translation) that takes into consideration the social circumstances unique to China were established in FY2016 and distributed to the Chinese subsidiaries. In FY2017, we had the companies complete stipulating regulations and conducted education to the managers of the Chinese subsidiaries on the content of the regulations and considerations for compliance.

In FY2017, we had no violations of laws related to corruption globally.



Our Basic Approach to Corporate Governance

- Subaru 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.
- Subaru 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.
- Subaru 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.
- Subaru 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 our corporate governance.

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

> [Corporate Governance Guidelines](#)  PDF/93kB

Company Organizational Bodies

We have adopted a Board of Corporate Auditors system, in which Board of Directors and the Board of Corporate Auditors perform decision making, oversight and auditing of the execution of important business operations.

In order to maintain diversity and balance in knowledge, experience, and ability for the Board of Directors that is required for the sustainable longevity of the company and improvement of corporate value over the mid- and long-term, several outside directors have been selected for the Board of Directors, taking into consideration the experience, insight, and expertise of corporate managers and experts.

In addition, internal directors are selected by comprehensively evaluating and judging experience, insight, and expertise in light of the requirements for directors derived from the corporate philosophy and management strategy.

The Board of Directors consists of 15 directors maximum, including both in and out of our company, in accordance with the Articles of Incorporation.

The Board of Directors in FY2017 is composed of eight directors, two of whom are highly independent outside directors to further strengthen governance. The chairman of the board is concurrently served by President, not by executive officers.

The Board of 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, we have placed the Automotive Business at the core and have introduced an in-house company system for the Aerospace business division with the aim of clarifying responsibility and speeding up execution of business operations.

Along with expanding the scope of management, we are striving to strengthen the functionality of the board of directors with the aim of improving oversight and speeding up execution of business operations by separating management and execution of business operations, and to strengthen global business management and industrial monitoring functionality related to management overall by newly establishing a business management headquarters, a Chief Quality Officer (CQO), a Chief Technology Officer (CTO), and a Chief Information Officer (CIO).

[Prevention of Conflicts of Interest by Members of the Board of Directors]

- Receive prior approval from the Board of Directors when there is a risk of a transaction that has a conflict of interest.
- Reporting on the status of concurrent positions of each director in the previous fiscal year at the annual Board of Directors' Meeting in April (reporting illegal transactions or that there were no concurrent obligations that interfere with duties).

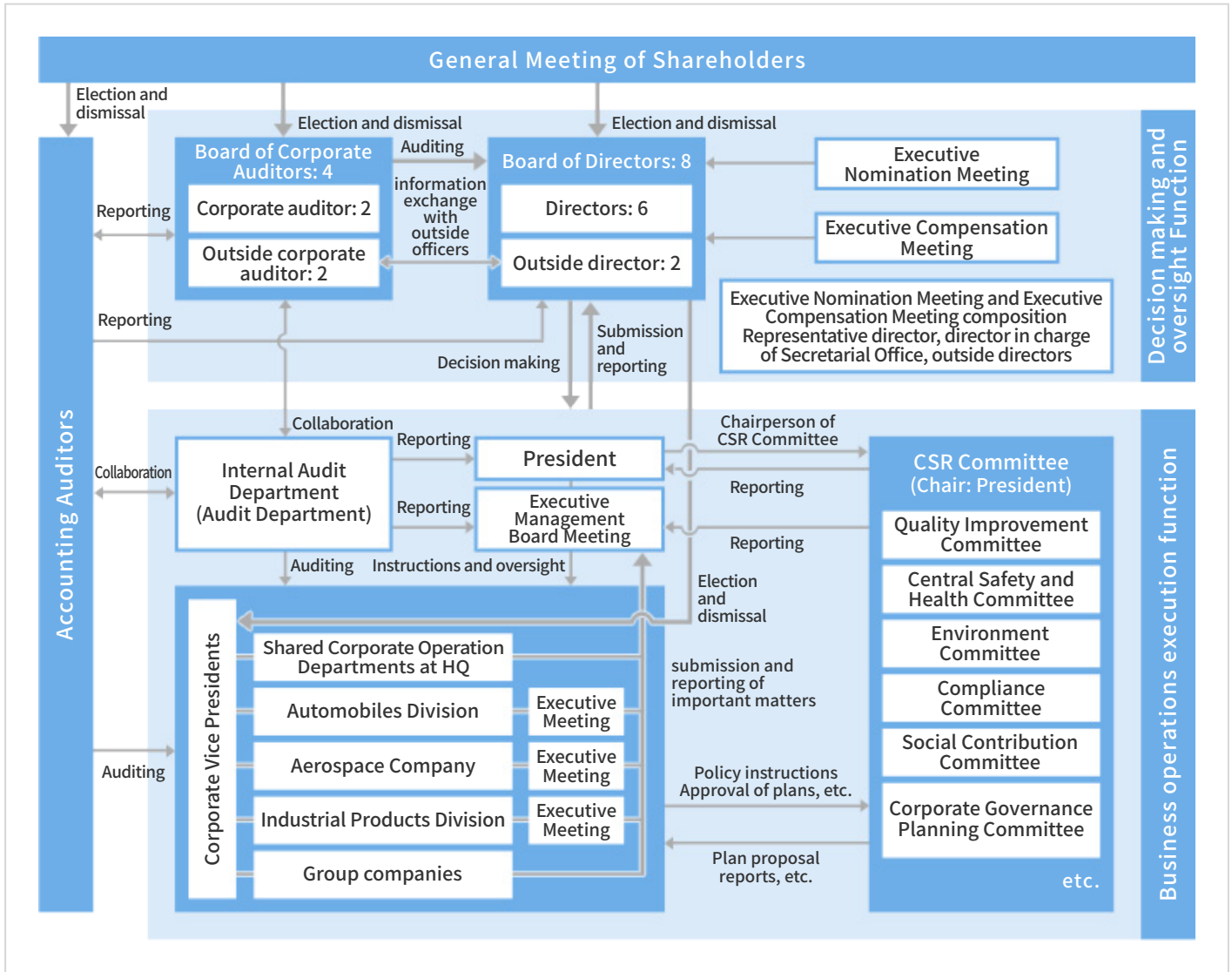
Attendance at Board of Directors' Meetings (last five years)

| | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 |
|--------------------------|--------|--------|--------|--------|--------|
| No. of times held | 16 | 17 | 14 | 15 | 15 |
| Attendance | 87.5% | 82.4% | 100% | 96.3% | 96.3% |

※For newly appointed directors in each period, attendance was calculated for Board of Directors' Meetings held after taking office.

In order for them to fulfill their responsibilities, study groups are held for directors and auditors so that they can continually provide the information and knowledge related to industrial activities that are required to give oversight to management. In addition, in order to provide information continuously to the external directors on our management philosophy, corporate culture, and management environment, opportunities are provided for plant tours and business reports from the executive departments and an environment to encourage sharing of information and the exchanging of ideas among executives has been established.

System of Corporate Governance



Executives Appointment Committee

In order to maintain fairness and transparency in the decision process for nominating directors, the Executives Appointment Committee reports the names of those proposed as candidates for Executives and Auditors and nominations for Executive Officers to the Board of Directors.

The Executives Appointment Committee is made up of the President, the Director of the Office of the Executive Secretariat, in addition to External Directors, and for FY2017, the President served as its chairman. In addition, one meeting was held in FY2017 and made recommendations focused primarily on the structure of executives, personnel, and the roles for each, and on representative personnel for important subsidiaries.

Executive Compensation Committee

The Executive Compensation Committee set compensation by considering compensation standards of other corporations that are suitable for comparison, compensation of employees at Subaru, and social conditions. The Council is made up of the President, the Director of the Office of the Executive Secretariat, and External Directors, and for FY2017, the President served as its chairman.

The council met four times in FY2017 and performance-based compensation for directors (excluding external directors) and executive officers was determined based on evaluations. In addition, as part of a review of the executive compensation system, a stock transfer compensation system with a transfer restriction was designed and proposed to the Board of Directors.

Total compensation for directors was resolved to be no more than 1.2 billion yen (of which 200 million was earmarked for external directors) per year at the 85th Ordinary General Meeting of Shareholders held on June 28, 2016. Within this framework, the Executive Compensation Council deliberated and the Board of Directors resolved that the following be paid: (1) basic compensation (fixed portion amount based on position held and taking into consideration the business environment, etc.); (2) short-term performance based compensation (performance based portion based on consolidated ordinary income results and taking into consideration ROE[※], capital adequacy ratio improvement, human resources development, business environment, etc.); and (3) long-term incentives (compensation for granting shares with transfer restriction to provide incentive for sustained improvement of corporate value). Note that standards for each item were set according to corporate responsibilities and differentiated between internal and external status by using survey data from external expert institutions. In addition, the total for (3) has an upper limit of 200 million yen per year. External directors do not qualify for (2) or (3).

※ROE : Return On Equity

Development of Internal Control System

We resolved our 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 to the development of necessary systems to ensure proper operation of a stock company, at a meeting of the Board of Directors in April 2015.

Status of Development of Risk Management System

At our company, 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. We have also created and operate 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.

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.

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 Subaru 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 Subaru internal reporting system (Compliance Hotline.)

Status of Internal Audits and Auditing by Corporate Auditors

Our 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.

We have 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, 2017 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.



Our 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.

In FY2017, our Emergency Task Force has conducted for the first time an initial response training in cooperation between our Head Office and Tokyo Office assuming the occurrence of large scale earthquake. We will continue the training and confirm and review our BCP to prepare. 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.

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.



Initiatives in FY2017

In line with the voluntary environmental conservation plan, a voluntary plan is being created from the four aspects of "Global Warming Measures," "Resource Recycling," "Pollution Prevention," and "Environmental Management" and initiatives for the plan are being promoted.

Main Initiatives and Results

(excerpted from the Fifth Voluntary Plan for the Environment)

- Launched the new Impreza model incorporating an environmental engine and CVT both domestically and to the global market.
- Reduced CO₂ emissions per production value from domestic production plants by 43% from FY2007 levels.
- Achieved a 10% reduction in CO₂ emission base units for distribution from FY2007.
- Achieved a 95% or greater recycle rate in FY2017 by promoting a recycling-centric design for new vehicles.
- Continued zero landfill at foreign and domestic production plants.
- Expanded development of a low-noise tire with good fuel economy and promoted reduction of road noise.

▶ Established new Environmental Policy



▶ All domestic dealers continued to obtain EA21 Certification



▶ Conducted water risk assessment at major plants





▶ **Environmental Vision**



▶ **Environmental Management**



▶ **Environmentally Friendly Automobiles**



▶ **Environmentally-conscious Procurement**



▶ **Climate Change**



▶ **Recycling-based Society**



▶ **Water Resources**



▶ **Preventing Pollution**



▶ **Biodiversity**



▶ **Environmental Data**



▶ **Environmental Performance
by Manufacturing Division
and Tokyo office**



SUBARU Environmental Policies

[Established in April 1998, revised in April 2017]

< SUBARU Sustainability Principles >

”The earth, the sky and nature“ are Subaru’s fields of business.

With the automotive and aerospace businesses as the pillars of Subaru’s operations, our fields of business are the earth, the sky and nature.

Preservation of the ecosystem of our planet, the earth, the sky and nature, is of utmost importance to ensure the future sustainability of both society and our organization.

We align our business strategy to enhance these global goals in all of our operations.



1. We develop and deliver products to meet societal needs and contribute to the environment through advanced technologies.

By striving to create advanced technologies that put the environment and safety first, we will develop and deliver products that can contribute to protecting the earth's environment.

2. We focus on efforts aimed at coexistence with nature.

Together with efforts to reduce carbon-dioxide emissions in all of our operations, we will promote active engagement with nature by stressing forest conservation.

3. We take on challenges as one through an all-Subaru approach.

Utilizing our unique organizational character that allows us to oversee the entire supply chain, all of us together will take on the challenges of environmental protection of our planet through an all-Subaru approach.

< Environmental Principles >

Subaru's fields of business are the earth, the sky and nature. Subaru understands that the health and preservation of biodiversity and controlling climate change are critical to ensuring a sustainable future for our planet earth, nature, communities and businesses.

| | |
|-------------|---|
| Products: | We develop our products and conduct R&D in light of the lifecycle environmental impacts of our products. |
| Purchasing: | Our purchasing activities reflect consideration for biodiversity and other aspects of environmental protection. |
| Production: | We strive to minimize our environmental impact through improving energy efficiency and waste management. |
| Logistics: | We strive to minimize our environmental impact through enhancing energy efficiency and promoting pollution prevention. |
| Sales: | We endeavor to recycle resources efficiently and reduce waste. |
| Management: | We will strive to improve our sustainability program through contributions that meet societal needs and by publicizing our activities as Team Subaru. |

Message from the Environmental Committee Chair

Aiming for a Sustainable Society

On April 1, 2017, we changed our company name to Subaru Corporation. In addition, the environmental policy was revised to become the "Subaru Environmental Policy" at the same time as the corporate name change. The new Subaru Environmental Policy is based on the concept that "the earth, the sky and nature are Subaru's fields of business," and considers preservation of the ecosystems of our planet, in which Subaru's industrial fields of the automotive and aerospace industries, or "the earth, the sky and nature", is of utmost importance to ensure the future sustainability of both society and organization. We align our business strategy to enhance these global goals in all our operations. We will strive in all of our corporate activities with this in mind.

Specific activities include acquisition of ISO14001 and Eco Action 21 Value Chain certification, and also by evolving our efforts to the entire Subaru group, a highly efficient environmental management adapted to the industry would be achieved throughout the entire supply chain. At the same time, the Subaru Environmental Policy focuses on initiatives aimed at co-existence with nature. The "Subaru Forest Project" activity that we started as one of those initiatives takes place in Subaru owned forests where forest maintenance and conservation activities are to be carried out with cooperation from local communities.

The 2017 Environmental Report focused on our efforts to address environmental issues such as the entire corporate supply chain and product life cycles from the procurement of raw materials to the manufacturing, distribution, marketing and selling, recycling, and disposal of products. Please read through this information and feel free to leave your frank opinions and impressions.

We will continue to aim for a sustainable society through continuously improving corporate values and contributing to creating a better society and environment based on our management philosophy of aiming to be "a compelling company with a strong market presence."



Director of the Board
Corporate senior
Vice President





Environmental
Committee Chair,
Yoichi Kato

Subaru Voluntary Plan for the Environment

Among the targets set in the Fifth Voluntary Plan for the Environment, 95% or greater targets have been achieved.

The Sixth Voluntary Plan for the Environment links the fiscal year plan for the mid-term management plan with the target year of 2020, and intensifies the content for activities to be linked to global approach to the environment.

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

- > 1. Global Warming 
- > 2. Resource Recycling 
- > 3. Pollution Prevention and Reduction of Hazardous Chemical Use 
- > 4. Environmental Management 

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

[1] Global Warming

| Field | Item | Target/Initiative (Up to FY2017) | FY2017 | | | |
|---|--|--|--|--|--|---|
| | | | Target | Results | Evaluation | |
| A. Green Products | Fuel economy improvement | ◆ Continue to improve fuel economy through full model changes and annual improvements. | ◇ Improve fuel economy by 30% over older models through innovations to environmental engines/CVTs. ◇ Introduce horizontally opposed direct-injection turbo engines to the market. | • Introduce the next generation IMPREZA incorporating the environmental engine and CVT to the marketplace. | • Introduced the New Impreza from the domestic to the global marketplace. | — |
| | | ◆ Promote fuel economy improvements to conform to fuel economy/GHG emissions standards in each country/region. | ◇ Japan: Meet the 2015 Fuel Economy Standards. ◇ Overseas: Meet the fuel economy/GHG emissions standards in each region. | • Continue to conduct monitoring in each country/region. | • Japan: Met the FY2016 fuel economy standards in eight of the nine categories, and made it possible to compensate with credit for remaining one category. Calculation results expected to be ready in mid-June. • EU: Met the target with exceeded regulatory values. • China: Met 2016 fuel economy regulations. | ○ |
| | Clean energy use | ◆ Introduce hybrid cars into the market. | ◇ Introduced hybrid cars into the Japanese market in 2013. | • 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. | • Completed confirmation of the performance confirmation phase as planned and shifted to the production development completion confirmation phase. | ○ |
| | | ◆ Conduct research aimed at the launch of electric vehicles in the market. | ◇ Promote electric vehicle research. | • Continue to promote research for introducing electric vehicles and PHEVs to the market. | • Completed basic development and started motorized parts trial production toward advanced development of vehicles starting next fiscal year. | ○ |
| | | ◆ Promote diesel engines' improvement and launch into the market of diesel engines. | ◇ Promote compliance with the Euro 6 for horizontally opposed diesel engines. | (Completed the final target for the Fifth Voluntary Plan one year ahead of schedule). | (Completed the final target for the Fifth Voluntary Plan one year ahead of schedule). | — |
| | Control of global warming from air conditioning refrigerants | Automobiles | ◆ Promote and establish technologies to reduce exhaust gas and improve fuel economy by fusing electronic control and general purpose engines. | ◇ Promote development of fuel-injection general-purpose engine models and promote their wide introduction into the market. | • Make efforts to reduce exhaust gas and improve fuel economy with feedback control technology. | • Introduced feedback control into the fuel-injection system and completed air-fuel ratio optimization tests. |
| ◆ Promote the development of air conditioners that use low global warming potential refrigerants. | | | ◇ Further promote the development of low global warming potential air conditioners. | • Further promote development of low global warming potential air conditioners. | • Development proceeded as planned to expand deployment of low global warming potential air conditioners. | ○ |
| B. Green Factories, Distribution, and Offices | Production facilities | ◆ Reduce CO ₂ emissions per unit of production at domestic production facilities. | ◇ Reduce CO ₂ emissions per unit of production by 10% from FY2007 level by FY2017 at domestic production facilities. | • Reduce CO ₂ emissions per unit of production at domestic production facilities by 10% from FY2007 level. | • Reduced CO ₂ emissions per unit of production at domestic production facilities by 43.0% from FY2007 levels. | ○ |
| | | ◆ Promote activities to reduce CO ₂ emissions at overseas production facilities ^{*)} . | ◇ For overseas production facilities, set medium term CO ₂ emissions targets and conduct activities to attain them. | • CO ₂ emissions increased due to factory expansion. The target is set to 251,151 t-CO ₂ . | • Achieved the target with the result of 191,031 t-CO ₂ . | ○ |
| | Distribution | ◆ Promote CO ₂ emissions reduction activities synchronized with the Energy Saving Law. | ◇ Use FY2007 per unit of CO ₂ emission as BM, and reduce emission by 1% every year. | • 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) | • Achieved per unit of CO ₂ emission goals for completed cars, CKD, parts and accessories. • Achieved a 10% reduction in per unit of CO ₂ emission from FY2007 for completed cars. (Achieved CO ₂ base unit of 26.23 kg/unit rather than the annual target of 30.94 kg/unit). | ○ |
| | Offices | ◆ Ensure compliance with the Energy Saving Law. | ◇ Use FY2010 per unit of energy use as BM, and reduce energy use by 1% every year (across the company including offices). | • Achieve average annual reduction of 1% per base unit. | • Achieved the 1% average annual reduction from BM year across the entire business. | ○ |

*) SIA : Subaru of Indiana Automotive, Inc.

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

[2] Resource Recycling

| Field | Item | Target/Initiative (Up to FY2017) | FY2017 | | | |
|--|--------------------------------|--|---|---|---|---|
| | | | Target | Results | Evaluation | |
| A. Green Products | Recyclability improvement | Automobiles ◆ 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. | ◇ Promote new model designs that consider recycling, and contribute to an actual recycling rate of 95% by 2015. | • Continue to promote designs that consider recycling. | • As a result of promoted a design for recycling consideration, a recycling rate achieved more than 95%. | ○ |
| B. Green Factories and Offices (Dealerships) | Production facilities | ◆ Continue the appropriate disposal of waste and reducing waste generation. | ◇ Continue the appropriate management of waste and reducing waste generation by improving yield and packaging. | • Set the target value of 13,707 tons for the quantity of industrial waste generation only. • Promote reduction measures. • Intensify suppression of waste generation. | • Achieved the target with track record of 14,052 t-CO ₂ . | ○ |
| | | ◆ Continue zero emission (zero landfill waste either directly or indirectly) at both domestic and overseas production facilities. | ◇ Continue zero emission at both domestic and overseas production facilities. | • Japan: Zero waste disposed at landfills. Continue to maintain zero emissions. • Overseas: Zero waste disposed at landfills. Continue to maintain zero emissions. | • Japan: Continued to meet zero waste disposed at landfills. • Overseas: Continued to meet zero waste disposed at landfills. | ○ |
| | | ◆ Reduce water use at both domestic and overseas production facilities. | ◇ Reduce water use at production facilities across Group companies in and outside Japan. | • Reduce water use per unit of production at domestic production facilities by 5% from FY2012 level. • Set a target of 987,432 m ³ for operation of the Second Paint Factory. | • Reduced water use per unit of production at domestic production facilities by 45% from FY2012 level. • SIA met the water use target with 821,169 m ³ . (Reused water in the painting process) | ○ |
| | Offices (Domestic dealerships) | Automobiles ◆ Continue the collection of used bumpers. | ◇ Continue the collection of used bumpers. | • Continue the collection scheme and promote recycling of repair-exchanged bumpers. | • Continued the collection and recycled 32,936 repair-replacement bumpers (Subaru genuine parts + pre-delivery inspection). | ○ |

Subaru Voluntary Plan for the Environment
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) | FY2017 | | | |
|-------------------|--|---|--|--|---|---|
| | | | Target | Results | Evaluation | |
| A. Green Products | Reduction in emissions | <ul style="list-style-type: none"> Promote the introduction of low-emission vehicles to improve air quality. | <ul style="list-style-type: none"> Japan: Increase the number of models (produced by Subaru) achieving a 75% reduction from the 2005 regulatory values. Overseas: Promote the introduction of low-emission vehicles to improve air quality in each country and region. | <ul style="list-style-type: none"> 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. | <ul style="list-style-type: none"> Completed development in compliance with EURO6c for the European model of Legacy. Promoting development for real world exhaust gas control. | ○ |
| | Reduction in noise | <ul style="list-style-type: none"> Promote the development of technologies for noise reduction that can also improve fuel economy and reduce emissions. | <ul style="list-style-type: none"> Promote the development of noise reduction technologies that consider driving conditions on urban roads. | <ul style="list-style-type: none"> Promote development of car models that reduce environmental noise during actual driving on urban roads. | <ul style="list-style-type: none"> Improved fuel efficiency. Expanded deployment of a low-noise tire and promoted reduction of driving noise. | ○ |
| | Reduction in the use of environmentally hazardous substances | <ul style="list-style-type: none"> Promote the management and reduction in the use of environmentally hazardous substances. Overseas: Comply with related laws and regulations, including the EU directives. | <ul style="list-style-type: none"> Improve management of chemical substances contained in products. Promote the development of technologies to switch to substances with lower environmental impact. | <ul style="list-style-type: none"> Promote preparations for testing all parts as part of the improved management of chemical substances using IMDS. Promote switching to substances with lower environmental impact. | <ul style="list-style-type: none"> Advanced preparations for IMDS all parts testing and promoted improving chemical substance management. Promoted switching to substances with lower environmental impact. | ○ |
| | Automobiles | <ul style="list-style-type: none"> Further reduce per unit of VOC emissions (g/m²) at production lines. | <ul style="list-style-type: none"> Reduce per unit of VOC emissions to below 47.8 g/m² (a 48.1% reduction from the FY2001 level). | <ul style="list-style-type: none"> Continue improving thinner recovery devices, and set the FY target to be 47.8 g/m² or less. | <ul style="list-style-type: none"> Achieved the FY target with track record of 47.7 g/m². | ○ |
| | Management and emission reduction of environmentally hazardous substances at production facilities | <ul style="list-style-type: none"> Continue to reduce emissions of PRTR substances into the environment. Promote activities targeting the elimination of occurrences of hazardous substances leaking off site, complaints, and exceeding legal standards. | <ul style="list-style-type: none"> Identify and manage the chemical substances regulated by the PRTR law and promote further reduction in the use of these substances. Promote activities targeting the elimination of occurrences of hazardous substances leaking off site, complaints, and exceeding legal standards through environmental risk reduction activities. Set stricter voluntary standards and conduct small-risk elimination activities. | <ul style="list-style-type: none"> Continue to perform accounting management for PRTR substances. Eliminate all occurrences of hazardous substances leaking off site, environmental complaints and exceeding legal standards. To prevent environmental accidents and complaints, promote improvement in equipment as well as improve communication with regional and local residents. | <ul style="list-style-type: none"> Performed accounting management for PRTR substances. Received two environmental complaints and measures were completed. Received one incidents of on-site leaking and measures were completed. Occured one exceeding standard value and measures were completed. | ○ |

As for VOC emission targets after FY2015, the annual targets were revised due to changes in production volume. (FY2017: revised from 47.4g/m² to 47.8g/m²)





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

[4] Environmental Management

| Field | Item | Target/Initiative (Up to FY2017) | FY2017 | | | |
|---|---|---|---|---|---|---|
| | | | Target | Results | Evaluation | |
| A. Green Products | Research on traffic environments | <ul style="list-style-type: none"> Work further on Intelligent Transport System (ITS) and the development of traffic accident prevention technologies in order to realize a safer and more comfortable motorized society. | <ul style="list-style-type: none"> Promote efforts to develop an Advanced Safety Vehicle (ASV). Promote efforts to develop a safe driving support system that is in coordination with infrastructure. | <ul style="list-style-type: none"> Continue to promote activities in line with the promotion plan for SP (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 driver assist system and development for early implementation of automated driving. | <ul style="list-style-type: none"> Continuously promoted activities in line with the promotion plan for SP (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 driver assist systems and development of early implementation of advanced automated driver assist systems. | ○ |
| | Automobiles | <ul style="list-style-type: none"> Expand deployment of an advanced driver assist system and promote the development of technologies for further enhancement. | <ul style="list-style-type: none"> Further promote technological development to expand deployment of "EyeSight (ver.2)", advanced driver assist system. | <ul style="list-style-type: none"> Continue to identify assessment trends of each country. Continue to promote technological development to remain top class. | <ul style="list-style-type: none"> In line with the deployment plan of each model for EyeSight version 3, continuously promoted development compatible with the assessment in each country. Identified assessment trends of each region after 2020 and incorporated them into development planning. | ○ |
| | Promotion of lifecycle assessment | <ul style="list-style-type: none"> Promote disclosure of lifecycle assessment (LCA) data. | <ul style="list-style-type: none"> Promote disclosure of LCA data starting with cars that have undergone full model changes. | <ul style="list-style-type: none"> Continue to calculate and disclose the LCA data for models that have undergone full model changes. | <ul style="list-style-type: none"> Performed and disclosed LCA calculation for the new Impreza. | ○ |
| Green procurement activities | <ul style="list-style-type: none"> Request both domestic and overseas suppliers to maintain the structure to establish environmental management systems (EMS). | <ul style="list-style-type: none"> Maintain the structure to establish EMS including new suppliers. Review the green procurement guidelines and revise as necessary. | <ul style="list-style-type: none"> Continue to maintain the structure to establish EMS. (Automobile) Continue to maintain the structure to establish EMS including new suppliers. (Aerospace CFI) Continue to maintain the structure to establish EMS including new suppliers. (Industrial Products CFI) Continue to maintain the structure to establish EMS including new suppliers. Continue to disseminate information to suppliers. | <ul style="list-style-type: none"> Maintained the structure to establish EMS. (Automobile) 377 companies established including 8 new suppliers (100%). (Aerospace CFI) 98 companies established including 12 new suppliers (100%). (Industrial Products Division) 122 suppliers established. (100%). Deployed and spread green procurement guidelines to new suppliers. | ○ | |
| | <ul style="list-style-type: none"> Reduce environmentally hazardous substances. | <ul style="list-style-type: none"> Encourage suppliers to further improve management of and reduce the use of environmentally hazardous substances contained in parts and materials. | <ul style="list-style-type: none"> Continue to investigate content of environmentally hazardous substances. (Automobile) Continue investigations. (Aerospace CFI) Continue to investigate suppliers use of environmentally hazardous substances. (Industrial Products CFI) Continue JAMA sheet investigations. Reduce environmentally hazardous substances by using alternatives. (Automobile) Promote switching 3 PVC substances regulated by REACH. (Aerospace CFI) Continue review of alternatives in order to reduce use of environmentally hazardous substances. (Industrial Products CFI) Promote switching to alternatives for compliance with RoHS. | <ul style="list-style-type: none"> Continued to investigate content of environmentally hazardous substances. (Automobile) Continued investigations. (Aerospace CFI) Investigated status of suppliers use of environmentally hazardous substances. (Industrial Products Division) Continued investigations. Reduced environmentally hazardous substances through switching to alternatives. (Automobile) Proceeded with study on switching to REACH regulated WWF ethanol. (Aerospace CFI) Continued review of alternatives in order to reduce use of environmentally hazardous substances. (Industrial Products Division) Completed compliance with RoHS. | ○ | |
| | <ul style="list-style-type: none"> Set supplier CSR guidelines and deploy them to suppliers. (Aerospace and Industrial Products Companies) Automobile Division has already finished setting and deployment. | <ul style="list-style-type: none"> Set guidelines and promote deployment and awareness raising of the guidelines to suppliers. | <ul style="list-style-type: none"> Promote CSR procurement activities based on the guidelines. (Automobile) Continue to disseminate information to suppliers. (Aerospace CFI) Continue to disseminate information to suppliers. (Industrial Products CFI) Continue to disseminate information to suppliers. | <ul style="list-style-type: none"> Promoted CSR procurement activities based on the guidelines. (Automobile) Confirmed actual operation status with each priority supplier separately. (Aerospace CFI) Notified each procurement committee of the revised guidelines. (Industrial Products Division) Requested compliance with guidelines up to production completion at production planning information sessions and individual meetings. | ○ | |
| | <ul style="list-style-type: none"> Support dealerships' environmental activities. | <ul style="list-style-type: none"> Support all dealerships maintain "Eco Action 21" certification. Support voluntary implementation of environmental measures, such as energy conservation and waste reduction measures, under "Eco Action 21". | <ul style="list-style-type: none"> Sequentially verify progress status of mid-term evaluation and EA21 certification audits at all dealerships. Support them to maintain the certification. Continue D-SPECS system utilization, support quantity management to be established, and help reduction activities at the dealerships. | <ul style="list-style-type: none"> Implemented a review of the schedule, implementation status, results, etc. for the certification audits for dealerships. Also, confirmed that all dealerships are continuing EA21 through their submission of copies of the certificate. Continued D-SPECS system utilization. In addition, progress has been planned with the goal of introducing systems in compliance with the Fluorocarbons Emission Control Law in FY2018. | ○ | |
| C. Expanding Environmental Management | <ul style="list-style-type: none"> Promotion of environmental conservation activities, including biodiversity conservation, in cooperation with local communities. | <ul style="list-style-type: none"> Continue to participate in environmental events, and make friendly exchanges with and support factory tours of residents near factories. Continue to conduct cleanup and greening activities, including biodiversity conservation efforts, near factories. Promote greening activities taking biodiversity conservation into consideration. Support activities of and work with environmental organizations. | <ul style="list-style-type: none"> Continue to give factory tours, hold on-site events, and carry out environmental exchange classes. Continue cleanup activities around factories and offices. Promote greening activities taking biodiversity conservation into consideration. | <ul style="list-style-type: none"> Continue 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. | <ul style="list-style-type: none"> Carried out the following as part of our social contribution activities. Environmental class visits to elementary and junior high schools in Utsunomiya and Handa: 33 schools (Utsunomiya 21 and Handa 12 schools). Participation: 1,933 students (Utsunomiya 1,254 and Handa 679 students). The Gunma Visitor's Center received 1,507 groups and 88,989 visitors. Head Office and each divisions continued cleanup activities of their surrounding areas. Conducted meetings to inform green area guidelines taking biodiversity into consideration. | ○ |
| | <ul style="list-style-type: none"> Disclosure of environmental information | <ul style="list-style-type: none"> Disclose environmental information through regular publication of environmental reports and other documents in a timely manner. Improve and enhance the contents of environmental reports. (Compliance with environmental reporting guidelines, inclusion of Group companies in the scope of reporting) Participate in environmental events and publicize corporate environmental efforts. | <ul style="list-style-type: none"> Provide environment report in the form of CSR report and provide updated information on the website. Improve compliance to environmental reporting guidelines of the Ministry of the Environment, and improve the content of environmental reporting. Continue to participate in Eco-Products Exhibitions to widely publicize the company's eco-friendly products and efforts. | <ul style="list-style-type: none"> Create a 2016 environmental website and provide information there. Further enrich the content of the report. Participate in the 2016 Eco-Products Exhibition to widely appeal our eco-friendly products and efforts. | <ul style="list-style-type: none"> Proceeded with preparations for content improvement for next year's report. Proceeded with posting third-party opinions and preparing our response. Participated in the 2016 Eco-Products Exhibition (December 8-10). | ○ |
| Promotion of environmental education and awareness activities | <ul style="list-style-type: none"> Continue environmental and social education under the in-house education system. Continue employee education through in-house magazines and other media. Continue to hold lecture and workplace meetings to present improvement examples. | <ul style="list-style-type: none"> Hold more environmental education, enlightenment and presentation events. | <ul style="list-style-type: none"> Using a variety of opportunities, proactively implement environmental education and educational activities. | <ul style="list-style-type: none"> Held a management level workshop on the Paris Agreement and greenhouse gases. Updated the environmental education textbook for new employees. Made preparations to refresh the environmental card from April 2017. Educated management on the necessity of environmental efforts in line with the revised environmental policy. | ○ | |
| | <ul style="list-style-type: none"> Establishment of an Environmental Management System | <ul style="list-style-type: none"> Maintain ISO 14001 integrated certification of all company outlets. Make continuous improvements to the Environmental Management System. Increase cooperation with subsidiaries and maintain and improve the Environmental Management System structure. | <ul style="list-style-type: none"> Promote sharing the internal auditing and environmental education systems for more practical EMS activities. Encourage more subsidiaries to acquire the ISO 14001 integrated certification in order to improve the system. | <ul style="list-style-type: none"> ISO14001: Complete transition to the revised 2015 standards. Promote EMS integration process with Fuji Machinery Co., Ltd., Kiryu Industrial Co., Ltd. and Subaru Logistics Co., Ltd. Recommend that the affiliated companies and suppliers become ISO14001 or EA21 certified (FH prefers EA21). | <ul style="list-style-type: none"> Received ISO 14001 recertification audit in November to December and certification renewed. Integrated three related companies, completed the ISO 14001:2015 revised manual, and prepared for transition. Established a system for ISO14001:2015 integrated certification with Fuji Machinery Co., Ltd., Kiryu Industrial Co., Ltd. and Subaru Logistics Co., Ltd. Prepared to start environmental activities under the new standards in April 2017. | ○ |

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.

The 6th Voluntary Plan for the Environment (FY2018 to FY2021)

- > 1. Global Warming Measures 
- > 2. Resource Recycling 
- > 3. Pollution Prevention and Reduction of Hazardous Chemical Use 
- > 4. Environmental Management 

Subaru Voluntary Plan for the Environment The 6th Voluntary Plan for the Environment (FY2018 to FY2021)

[1] Global Warming Measures

| Field | Item | | Target/Initiative (Up to FY2021) | FY2018 | |
|--------------------|---|---|---|---|---|
| | | | | Target | |
| Products | Fuel economy improvement | Automobiles | <ul style="list-style-type: none"> ◆ Continue to improve fuel economy through full model changes and annual improvements. | <ul style="list-style-type: none"> ◇ Innovate to an environmental engine, and realize category top level fuel efficiency. ◇ Introduce horizontally opposed direct-injection downsized turbo engines to the market. | <ul style="list-style-type: none"> • Install the environmental engine and CVT on the next-term XV and expand globally. • Advanced development of the horizontally opposed direct injection downsized turbo engine (under review for mass production). |
| | Clean energy use | | <ul style="list-style-type: none"> ◆ Promote introduction of electric vehicles. | <ul style="list-style-type: none"> ◇ Introduce plug-in hybrid cars into the main markets in 2018. ◇ Promote research for introducing electric vehicles into the market. | <ul style="list-style-type: none"> • Completed development of a plug-in hybrid car for North America and transition to a certification and mass production phase. • Determine target functions for electric vehicles and the means to achieve them, and begin manufacture of vehicle for checking functions. |
| | Road traffic improvement - IT technology (Automate driving technology and preventive safety technology) | | <ul style="list-style-type: none"> ◆ Make efforts to expand deployment of advanced driver assist systems and development of automated driving technology, further advance technological development to prevent accidents before they happen, and contribute to CO₂ reduction through preventing traffic congestion due to accidents and improving traffic flow with driving support technology. | <ul style="list-style-type: none"> ◇ Promote technological development of advanced driver assist system technology and preventive safety technology focused on the EyeSight advanced driver assist system and expand to more markets. ◇ Introduce the traffic jam assist feature that keeps a car in the same lane on expressways to the market in 2017. ◇ Introduce the highway automatic driving feature including lane changes to the market in 2020. | <ul style="list-style-type: none"> • Continue to promote technological development of advanced driver assist systems focused on introduction of the traffic jam assist feature to the market, expansion of deployment of EyeSight, anticipation of assessment trends and incorporation of them into development plan. Also, continue to promote activities based on promotion plans of industry/government/academia such as SIP/ASV. |
| Production | Production facilities | <ul style="list-style-type: none"> ◆ Reduce CO₂ emissions per unit of production at domestic production facilities. | <ul style="list-style-type: none"> ◇ Reduce CO₂ emissions per unit of production by 14% from FY2007 level by FY2021 at domestic production facilities. | <ul style="list-style-type: none"> • Reduce CO₂ emissions per unit of production at domestic production facilities by 11% from FY2007 level. | |
| | | <ul style="list-style-type: none"> ◆ Promote activities to reduce CO₂ emissions at overseas production facilities^{*)}. | <ul style="list-style-type: none"> ◇ For overseas production facilities, set medium term CO₂ emissions targets and conduct activities to attain them. | <ul style="list-style-type: none"> • While the plan is to increase production and unit sales, the target is set to 189,696 t-CO₂. | |
| Distribution/Sales | Distribution | <ul style="list-style-type: none"> ◆ Promote CO₂ emissions reduction activities synchronized with the Energy Saving Law. | <ul style="list-style-type: none"> ◇ Use FY2007 per unit of CO₂ emission as BM, and reduce emission by 1% every year. | <ul style="list-style-type: none"> • With FY2007 per unit of CO₂ emission as BM, continue to reduce emission by 1% every fiscal year. | |

*) SIA : Subaru of Indiana Automotive, Inc.

Subaru Voluntary Plan for the Environment The 6th Voluntary Plan for the Environment (FY2018 to FY2021)

[2] Resource Recycling

| Field | Item | | Target/Initiative (Up to FY2021) | FY2018 |
|------------|------------------------------------|---|---|--|
| | | | | Target |
| Products | Recyclability improvement | <ul style="list-style-type: none"> ◆ Continue to implement measures to comply with the Automobile Recycling Law. | <ul style="list-style-type: none"> ◇ Promote new model designs that consider recycling, and contribute to an actual recycling rate of 95% by 2020. ◇ Promote technological development regarding easy dismantling of CFRP products. | <ul style="list-style-type: none"> • Maintain an actual recycling rate of 95% or better. • Continue to promote designs that consider recycling. |
| | | <ul style="list-style-type: none"> ◆ Continue to implement measures to make parts and materials more detachable, separable, and sortable. | | |
| | | <ul style="list-style-type: none"> ◆ Make efforts for CFRP recycling technology. | | |
| | Promotion of life-cycle assessment | <ul style="list-style-type: none"> ◆ Promote disclosure of life-cycle assessment (LCA) data. | <ul style="list-style-type: none"> ◇ Promote release of LCA data from full model change vehicles. | <ul style="list-style-type: none"> • Promptly release data timed to model changes. • Enhance disclosed content. |
| Production | Production facilities | <ul style="list-style-type: none"> ◆ Establish processing schemes for difficult material to process, etc. | <ul style="list-style-type: none"> ◇ Improve recycling and proper treatment. | <ul style="list-style-type: none"> • Promote review and verification for treatment and recycling. |
| | | <ul style="list-style-type: none"> ◆ Continue the appropriate disposal of waste and reducing waste generation. | <ul style="list-style-type: none"> ◇ Continue the appropriate management of waste and reducing waste generation by improving yield and packaging. | <ul style="list-style-type: none"> • Continue improvement of yield, understand the outlook for volume produced, and manage/continue waste generation reduction. |
| | | <ul style="list-style-type: none"> ◆ Continue zero emission (zero landfill waste either directly or indirectly) at both domestic and overseas production facilities. | <ul style="list-style-type: none"> ◇ Continue zero emission at both domestic and overseas production facilities. | <ul style="list-style-type: none"> • Continue zero emission at both domestic and overseas production facilities. |
| | | <ul style="list-style-type: none"> ◆ Manage volume of water used at both domestic and overseas production facilities. | <ul style="list-style-type: none"> ◇ Manage volume of water used at production facilities across Group companies in and outside Japan. | <ul style="list-style-type: none"> • Manage volume of water used at production facilities across Group companies in and outside Japan. |

■ Subaru Voluntary Plan for the Environment

The 6th Voluntary Plan for the Environment (FY2018 to FY2021)

[3] Pollution Prevention and Reduction of Hazardous Chemical Use

| Field | Item | | Target/Initiative (Up to FY2021) | FY2018 |
|------------|--|--|---|--|
| | | | | Target |
| Products | Reduction in emissions | ◆ Promote the introduction of low-emission vehicles to improve air quality. | ◇ Japan: Increase the number of low emission standard certified models by WLTP (produced by Subaru). Overseas: Promote the introduction of low-emission vehicles to improve air quality in each country and region. | • Advanced development to control exhaust gas emissions in the real world. • Mass production development in line with WLTP-based low emission regulations. |
| | 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 switching to substances with lower environmental impact. | • Prepare an all part survey system and improve management precision. • Promote switching to substances with lower environmental impact. |
| Production | Management and emission reduction of environmentally hazardous substances at production facilities | Automobiles ◆ Further reduce per unit of VOC emissions (g/m ³) at production lines. | ◇ Reduce per unit of VOC emissions. | • Reduce per unit of VOC emissions. |
| | | ◆ 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. | • Identify and manage the chemical substances regulated by the PRTR law. |
| | | ◆ 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 environmental accidents, complaints, and exceeding legal standards through environmental risk reduction activities. ◇ Set stricter voluntary standards and conduct small-risk elimination activities. | • Promote activities targeting the elimination of occurrences of environmental accidents, complaints, and exceeding legal standards through environmental risk reduction activities. |

■ Subaru Voluntary Plan for the Environment

The 6th Voluntary Plan for the Environment (FY2018 to FY2021)

[4] Environmental Management

| Field | Item | | 2020年度までの目標・取り組み | 2017年度 |
|---|--|---|--|---|
| | | | 目標 | |
| Procurement | Green procurement activities | ◆ Request both domestic and overseas suppliers to establish, maintain, and strengthen environmental management systems (EMS). | ◇ Continue to establish and maintain the EMS including new suppliers. ◇ Request that the entire supply chain improve environmental management throughout the product life cycle. | • Continue to maintain the structure to establish EMS including new suppliers. • Revise the guidelines and deploy them to suppliers. |
| | | ◆ 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, and promote to reduce environmentally hazardous substances by using alternatives. |
| | | ◆ Apply the supplier CSR guidelines and green procurement guidelines. | ◇ Revise the guidelines according to the social environment and changes in corporate policy, and request suppliers to deploy, disseminate, and comply with the guidelines. | • Revise the guidelines and deploy them to suppliers. |
| Distribution/Sales | Promotion of environmental conservation activities among dealerships [Green Retail] | Automobiles ◆ Provide support to dealerships' environmental activities. | ◇ Support all dealerships maintain "Eco Action 21" ^① certification. ◇ Support voluntary implementation of environmental measures, such as energy conservation and waste reduction measures, under "Eco Action 21". | • Sequentially verify progress 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. |
| 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 give factory tours, hold on-site events, and carry out environmental exchange classes. | • Continue environmental class visits. • Continue to welcome visitors to the Gunma Visitor's Center. |
| | | ◆ Continue to conduct cleanup and greening activities, including biodiversity conservation efforts, near factories. | ◇ Continue cleanup activities around factories and offices. | • Continue clean-up activities around each business site. |
| | | ◆ Support activities of and work with environmental organizations. | ◇ Promote greening activities taking biodiversity conservation into consideration. | • Start the Subaru forest initiative. • Support and cooperate in local environmental conservation activities. |
| | Disclosure of environmental information | ◆ Disclose environmental information through regular publication of environmental reports and other documents in a timely manner. | ◇ Provide environmental report. Provide updated information on the website. | • Disclose environmental information in a timely manner. • Obtain third-party certification for disclosed content. |
| ◆ 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. | • Further enrich the content of the environmental report and make preliminary preparations for receiving certification for the report. | |
| Promotion of environmental education and awareness activities | ◆ Continue environmental and social education under the in-house education system. ◆ Continue employee education through in-house magazines and other media. ◆ Continue to hold lectures and workplace meetings to present improvement examples. | ◇ Participate in Eco-Products Exhibitions, etc. to widely publicize the company's eco-friendly activities. | • Actively publicize the company's environmental initiatives at events. | |
| | | ◆ Hold more environmental education, enlightenment and presentation events. | • Deploy environmental education and environmental training with more people participating. • Feature educational content in the in-house magazine. • Inform all employees of the revised environmental policies. | |
| | | ◆ Maintain ISO 14001 integrated certification of all company outlets. | • Continue the integrated certification system including the three subsidiaries (Subaru Logistics Co., Ltd., Kiryu Industrial Co., Ltd., and Fuji Machinery Co. Ltd.) and obtain certification with the revised version. | |
| Establishment of an Environmental Management System | ◆ Make continuous improvements to the Environmental Management System. | ◇ Promote sharing the internal auditing and environmental education systems for more practical EMS activities. ◇ Promote acquiring the ISO 14001 integrated certification, including 3 subsidiaries (Subaru Logistics Co., Ltd., Kiryu Industrial Co., Ltd. and Fuji Machinery Co.Ltd.), in order to further improve the system. | • Explain the EA21 value chain to suppliers, and support participating suppliers. | |
| | ◆ Increase cooperation with subsidiaries and suppliers, and maintain and improve the establishment of consolidated environmental management system. | ◇ Delay the EA21 value chain to subsidiaries and suppliers. | | |

^① 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.



Relation between Global Environment and Business Activities

The Subaru group has its pillars in the automotive and aerospace businesses and responsibility to be involved in the entire life cycle of a product from procurement of raw materials to manufacture, use, and disposal of the product.

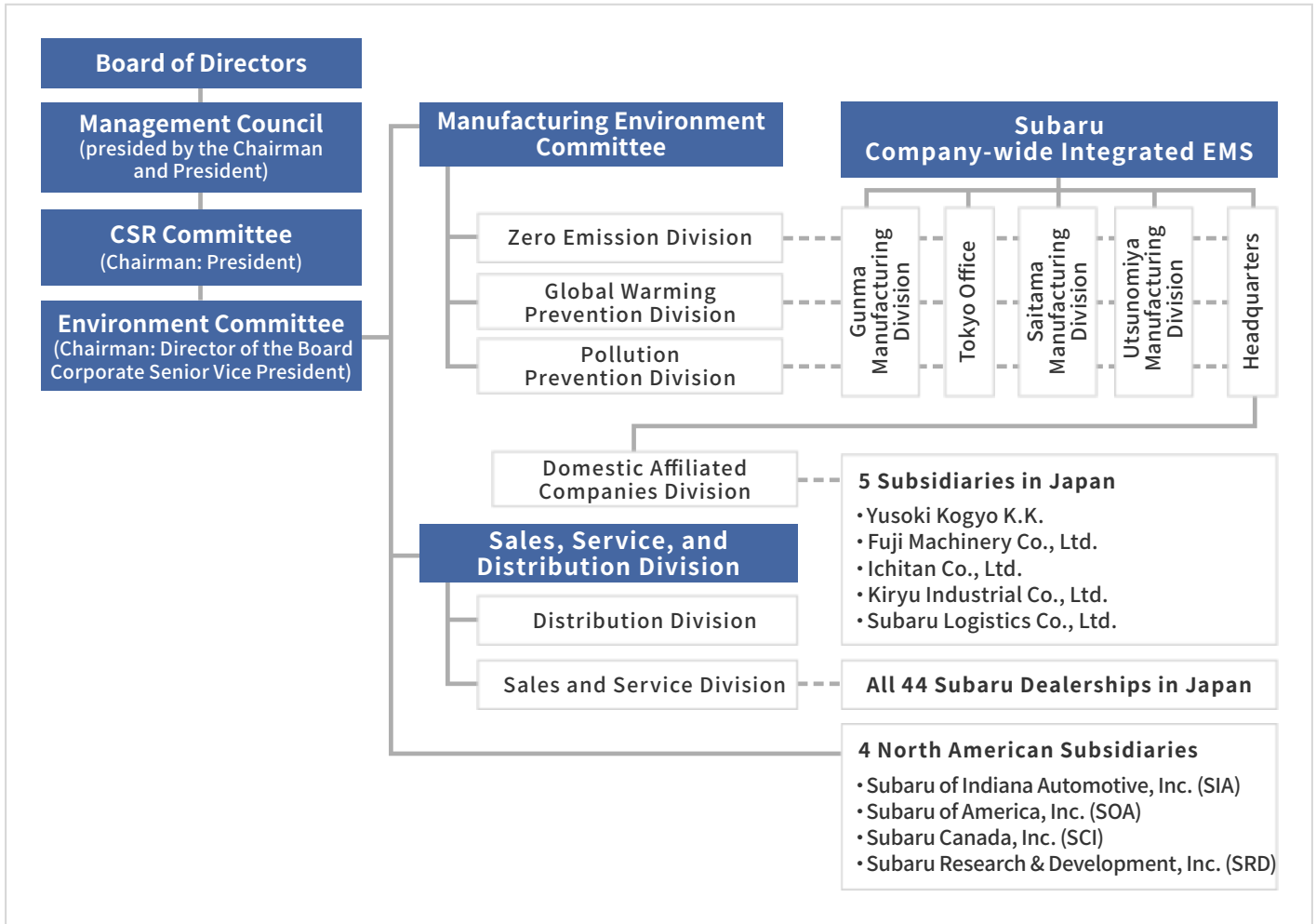
The Subaru group, taking advantage of organizational characteristics that can oversee the entire supply chain, contributes to achieving a sustainable society by addressing global environmental issues such as coping with climate change and biodiversity.

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, and reports important problems to the executive management board meeting and the board of directors. The director proactively promotes environmental conservation activities, comprehensively managing the progress and the direction of our efforts.

SUBARU Group Environmental Management Organization

SUBARU Group Environmental Management Organization (as of the end of June 2017)



Status of Establishing the Environmental Management System

We are actively engaged in establishing an environmental management system for the entire Subaru group, have established environmental management systems at offices, business partners, foreign and domestic consolidated manufacturing companies, and foreign and domestic Subaru dealers, and are acquiring third-party certification.

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. And we introduced the “Eco Action 21 Value Chain Model Business” promoted by the Ministry of the Environment.

In addition, in May 2012, SIA, the US production site for Subaru, became the first automobile production plant in the US to obtain ISO50001 certification, which is the international standard for energy management systems (EnMS), and continues to actively promote these activities. Furthermore, Subaru Logistics Co., Ltd. obtained ISO14001 certification in February 2013, ISO39001 certification, the international standard for road traffic safety management systems in August 2015, and ISO9001, the quality management systems standard, in February 2016. In addition to these achievements, through global business activities as the Subaru 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 to reduce environmentally hazardous substances.

Status of Establishing EMS/EnMS in the SUBARU Group

| Category | Factories and Offices | | | | Dealerships | Distributors |
|-------------------|---|--|---|--|--|---|
| | Subaru Corporation | 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 | 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. FAS Corporation Fuji Jukou House Corporation Total: 7 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 |

Eco Action 21 and the Introduction of Value Chain Model Business

We were the first automobile manufacturer to acquire Eco Action 21 certification for all dealerships and outlets in 2011 and are promoting operation under these guidelines. This achievement was recognized and approved as the “First Value Chain Model Business” for further promotion by the Ministry of the Environment of Japan. We plan to develop and promote Eco Action 21 to the group while receiving instruction and support from IPSuS*, the accreditation institute for eco action.

*IPSuS: Institute for Promoting Sustainable Societies. This organization studies and plans new initiatives for building sustainable societies and implement them by integrating business related initiatives such as Eco Action 21 and product and service related initiatives that make use of the supply chain.



› Environmental Management System Request to Business Partners

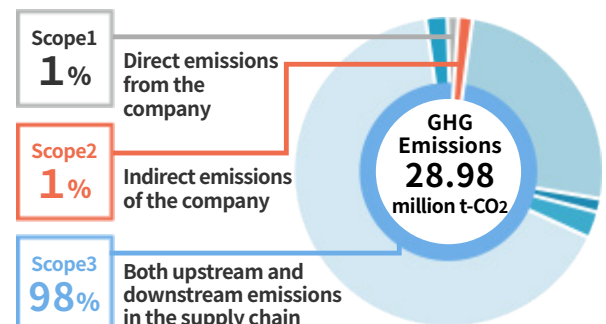
› Promoting Acquisition of Eco Action 21 Certification for the Supply Chain

Greenhouse Gas Emissions in the Supply Chain

Greenhouse gas (GHG) emissions in the supply chain for FY2017 were 28.98 million t-CO₂.

We participated in the Ministry of the Environment “Support for Calculating Supply Chain Greenhouse 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 | 7,156,385 | Domestic and overseas |
| | 2 | Capital goods | 519,870 | Domestic and overseas |
| | 3 | Fuel and energy related activities not included in Scopes 1 or 2 | 63,603 | Domestic and overseas |
| | 4 | Transportation and delivery (upstream) | 717,777 | Domestic and overseas |
| | 5 | Waste generated in operations | 20,000 | Domestic and overseas |
| | 6 | Business travel | 4,238 | Domestic and overseas |
| | 7 | Employee commuting | 11,434 | 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 | 19,164,729 | Domestic and overseas |
| | 12 | End-of-life treatment of sold products | 592,140 | Domestic and overseas |
| | 13 | Leased assets (downstream) | - | N/A |
| | 14 | Franchises | 49,583 | Domestic and overseas |
| | 15 | Investments | - | N/A |

Environmental Risk Management

We work to prevent and minimize environmental risk in our business activities (such as environmental accidents, pollution, or non-compliance with laws and regulations) by periodic sampling and management of environmental risks.

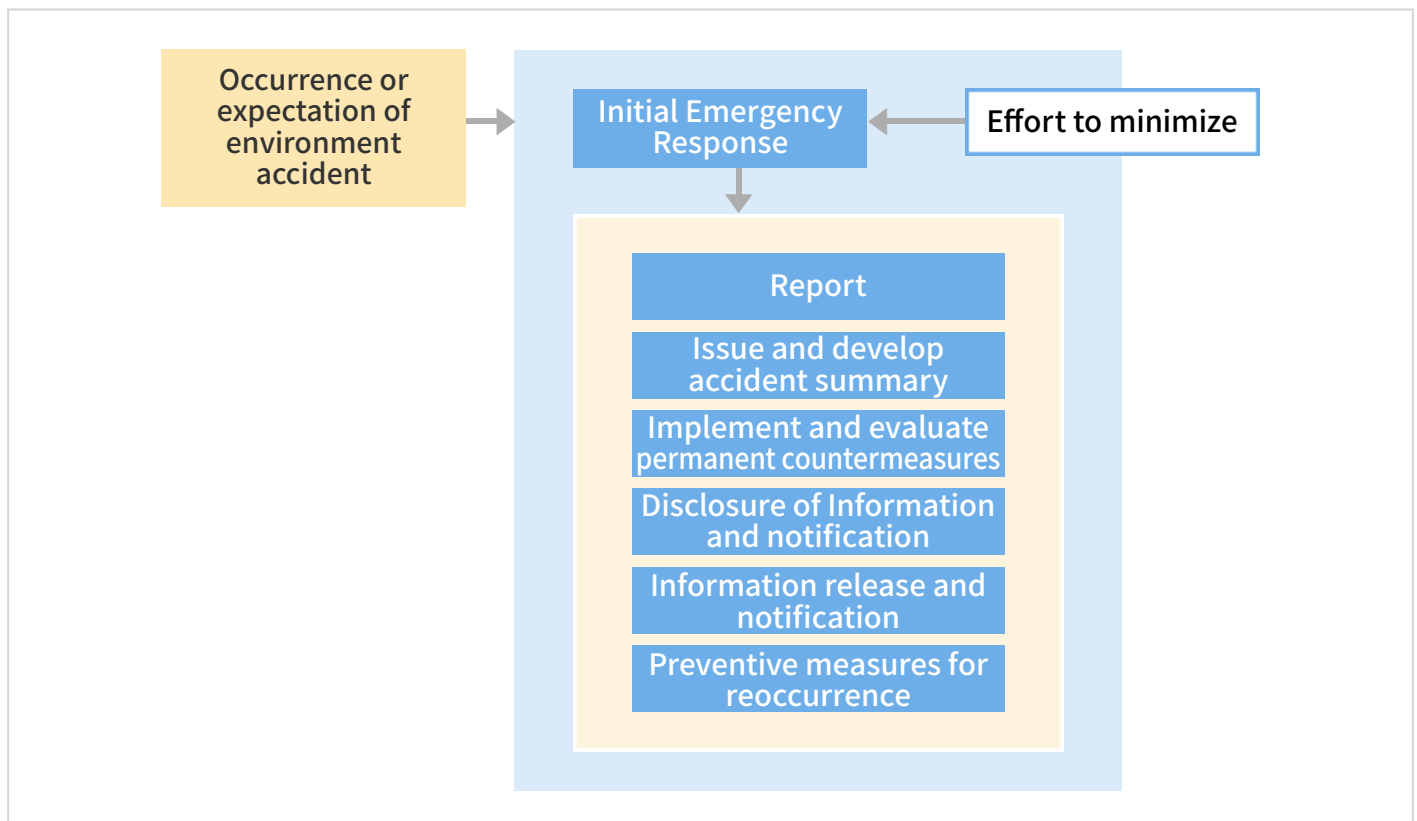
In addition, we strive to quickly implement emergency measures and measures to prevent recurrence and to avoid secondary risks due to confusion by standardizing the management process when an environmental risk is discovered and training during normal times.

In November 2016, the Tokyo Office implemented emergency response training with 204 participants to minimize contamination that occurs with soil and sewage inflow with gasoline or oil leaks on the roads onsite.

We will continue to conduct regular trainings to prevent accidents in the future.



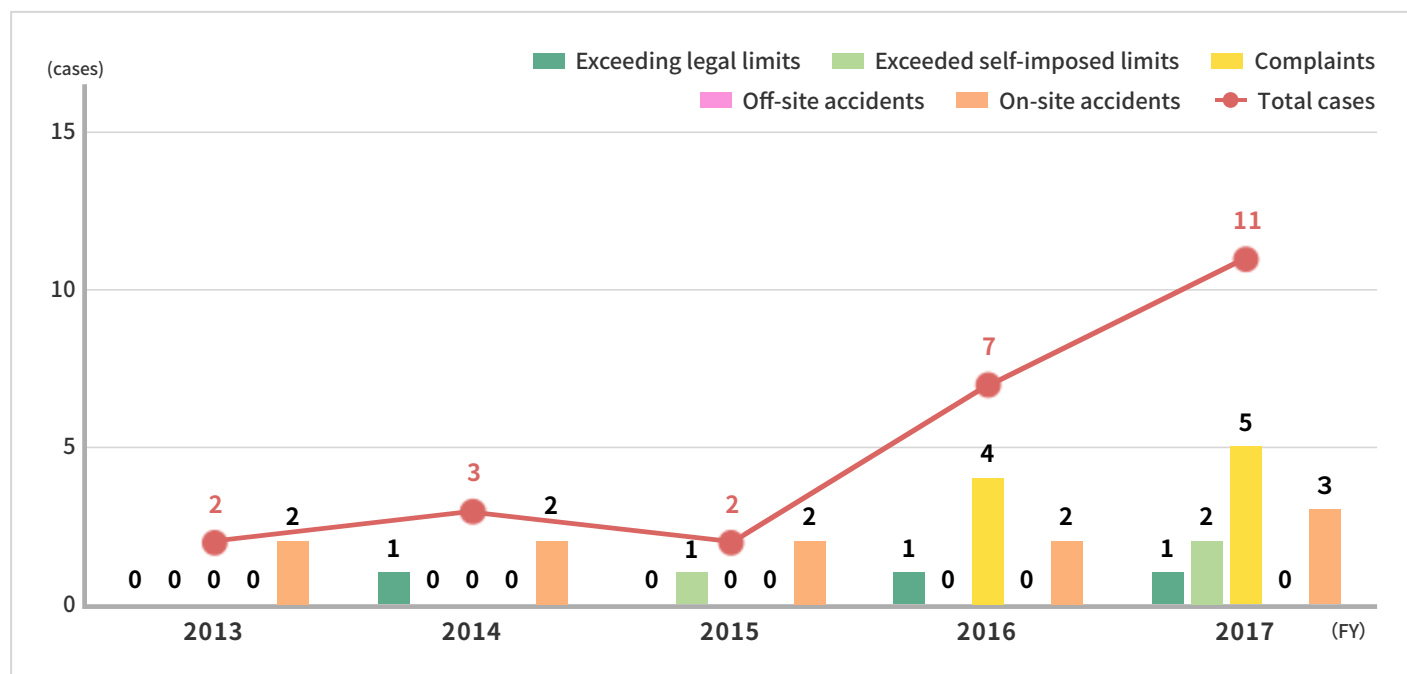
Process when an Environment-related Accident Occurs



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 FY2017

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 | Exceeded the night-time noise regulations limits. | Because the cause was poor maintenance of the cooling water pump, we carried out maintenance and implemented countermeasures. There were no complaints. |

Environmental Complaints Received in FY2017

We received 5 environmental complaints.

| Name | Number of Cases | Details | Main Corrective Measures |
|-----------------------------------|-----------------|--|--|
| Gunma Manufacturing Division | 2 cases | Received complaints about odor. | Made efforts to reduce the odor by implementing equipment improvements and began measures for materials. |
| | 2 cases | Received complaints about noise. | To replace the hydraulic pump and filter for the paint supply device. In addition, we are striving to respond promptly to changes noticed by continuous monitoring and improve communication with the neighborhood around the plant. |
| Utsunomiya Manufacturing Division | 1 case | Received a complaint about noise during a forklift repair. | Immediate stop of work and an apology was offered. The cause and corrective measures were explained to the satisfaction of the party making the complaint. There were no further complaints. |

Status of Environmental Accident Occurrences in FY2017

We are striving to achieve the goal of zero accidents, both on and off site.

There were three 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 | Muddy water flowed from the construction site to onsite waterways and oil separation tanks. The flow was contained onsite and there was no flow outside of the plant grounds. | Implemented continuing education for construction work manager and added water quality management with transparent gauges. |
| Utsunomiya Manufacturing Division | 1 case for water quality | Water-based paint flowed onsite when rain fell on paint that had not completely dried while painting the roof. The flow was contained onsite and there was no flow outside of the plant grounds. | Confirmed status before and after scheduled work and will issue work instructions. |

Environmental Accounting (Subaru Group FY2017 Results)

Environmental Cost Approach and Calculation Method

Referencing to the Guidelines of the Ministry of the Environment, independent guidelines had been established for Subaru environmental conservation activity organizations (Calculation methods have been changed partially starting in FY2006), and environmental costs are calculated and summarized according to these guidelines. (Group companies also use the same guidelines for calculations.)

Environmental Cost and Capital Investment Calculation Method

Capital investments and related expenses for environmental equipment (investments of 25 million yen or more), and labor costs are calculated on a differential or pro-rata basis. For example, investments and environmental costs for energy conservation at a production facility are calculated as follows:

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

For smaller facilities with investments of less than 25 million yen, the costs for capital investments and maintenance costs limited to environmental purposes are totaled. In addition, depreciation of equipment for which an investment was made is not included in the environmental cost from the viewpoint of cash flows. Other expenses, such as fixed assets taxes and insurance costs, are also omitted from the total. Environmental cost and economic effect of environmental facilities are included only for three years from the year after the facilities are put into operation.

FY2017 Calculation Results

Environmental cost came to 34.5 billion yen on a non-consolidated basis, up 2.21 billion yen (6.8%) from the previous fiscal year, and 36.2 billion yen on a consolidated basis, up 2.49 billion yen (7.4%). The cost increase was mainly due to an increase in research and development (R&D) costs (2.15 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 1.09%.

FY2017 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 2017 | FY 2016 | FY 2015 | FY 2017 | FY 2016 | FY 2015 | FY 2017 | FY 2016 | FY 2015 | FY 2017 | FY 2016 | FY 2015 |
| (1) Cost in the business area | ①Pollution prevention cost | 410 | 479 | 389 | 677 | 656 | 549 | 1,346 | 206 | 206 | 1,372 | 656 | 656 |
| | ②Global environmental conservation cost | 49 | 21 | 21 | 77 | 43 | 142 | 175 | 39 | 39 | 228 | 93 | 93 |
| | ③Resource recycling cost | 617 | 547 | 540 | 1,176 | 1,144 | 1,011 | 9 | 0 | 0 | 9 | 3 | 3 |
| (2) Upstream and downstream costs | Recycling related cost Cost arising from changes in product materials | 340 | 129 | 122 | 340 | 129 | 122 | — | — | — | — | — | — |
| (3) Administration cost | Cost for monitoring environmental impact Cost for the environmental management Cost for environmental education | 80 | 77 | 81 | 159 | 143 | 142 | — | — | — | — | — | — |
| (4) R&D cost | R&D cost for environmental impact reduction | 32,535 | 30,389 | 28,462 | 33,238 | 31,328 | 28,786 | 4,017 | 2,546 | 2,302 | 4,232 | 2,568 | 2,324 |
| (5) Social activity cost | Cost related to donation, etc. for environmental conservation groups | 98 | 91 | 84 | 102 | 95 | 88 | — | — | — | — | — | — |
| (6) Environmental remediation cost | Cost to remedy soil and underground pollution | 359 | 124 | 147 | 381 | 126 | 149 | 0 | 0 | 0 | 0 | 0 | 0 |
| (7) Other cost | | 0 | 0 | 0 | 0 | 0 | 0 | — | — | — | — | — | — |
| Grand Total | | 34,488 | 32,278 | 29,845 | 36,151 | 33,664 | 30,990 | 5,546 | 2,790 | 2,547 | 5,842 | 3,320 | 3,076 |

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

FY2017 Economic Effect Calculation Results

| Item | Economic effect (Millions of yen) | |
|--|-----------------------------------|--------------|
| | Non-consolidated | Consolidated |
| Reduction in energy cost from energy conservation | 10 | 47 |
| Sales from recycling (sales of valuable items: metals, waste liquids, and cardboard boxes) | 2,117 | 3,665 |
| Miscellaneous | 1 | 1 |
| Grand Total | 2,128 | 3,713 |

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

Environmental Communication

We value the relations with all our stakeholders, and to become a trustworthy corporation that brings peace of mind to our stakeholders. To this end, we widely disseminate environmental reports, environmental accounting and examples of environmental conservation activities through various media, such as CSR reports and our website.

Information Posted on GPN Eco Products Net



Green Purchasing Network

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 information of each model

Communication with Local Residents

At the Gunma Manufacturing Division, we communicate daily with local residents who live near the factories, dormitories, and corporate housing. Representatives of the factories visit the head administrator and assistant head administrator (deputy administrator) of the administrative districts every month and exchange information about Subaru events, happenings in the region, and issues with Subaru.

In addition, once a year we explain the status of the Gunma Manufacturing Division and our environmental initiatives as well as open the factories for visits to gain deeper understand of our activities.

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 2016, 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.

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.

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.



Exhibit at EcoPro 2016

We participated in the EcoPro 2016 (formerly Eco Products), the largest environmental exhibition in Japan, in December 2016 and exhibited the Subaru Impreza to introduce its environmental performance and greatly enhance all-around safety.

In addition to environmental initiatives through our products, Subaru has introduced views and initiatives focused on the environment such as zero landfill activities implemented both domestically and internationally, forest protection activities by Subaru of China, and examples of cyclamen cultivation using waste oil recycling, and has implemented experiential environmental education using Kinect[®] to study the environment in a gaming atmosphere.

※ Kinect: Equipment retailed by Microsoft that operates by gestures and speech recognition.



Eco-Science Fair and Go Green event 2016

The Fair and Go Green event is a single event of which SIA was the title sponsor. The event was held Friday, April 8, 2016 at the Indiana State Museum, which is located in downtown Indianapolis. Over 1,000 students attended, from elementary age through high school. All the science exhibits are designed around ways to improve our environment and lessen our carbon footprint. SIA made a presentation around our own environmental initiatives and also awarded a grant to a project SIA's judges thought was the most interesting and well-presented. This \$3,000 grant went to the school and the student received a special plaque. SIA intends to continue our sponsorship.



Third-party Evaluations

Earned A-minus from CDP

We received an A-, second only to the highest grade of A, in the “CDP* Climate Change Report” released on October 25, 2016.

* CDP: A nonprofit organization cooperatively managed by 827 institutional investors (managing assets of US\$100 trillion).

CDP sends questionnaires to leading global companies to ask for disclosure on environmental strategies and greenhouse gas emissions information, and the responses are analyzed and evaluated and then disclosed to investors.



Acquired the highest rating for DBJ environmental ratings for the first time

We received the highest rating that recognizes “notably advanced environmental efforts” under the DBJ Environmentally Rated Loan Program of Development Bank of Japan Inc. (DBJ). This is the first time we have been rated in the program.

Initiated in 2004, DBJ Environmental Ratings Loan Program is the world’s first financing menu to incorporate environmental ratings. The program scores environmental management of client companies with a screening system developed by DBJ and grants three different interest rates according to the scores attained.

DBJ highly evaluated Subaru’s advanced environmental management practices, which are based on thorough risk management that includes its suppliers, to comply with strict environmental regulations of each country that apply to vehicle manufacturers.



We obtained the DBJ Environmentally Rated Loan in May 2016.

Received the Indiana Governor's Award for Environmental Excellence

SIA received the Indiana Governor's Award for Environmental Excellence for 2016 in the Energy and Renewable Resources category and were publicly acknowledged by the Indiana Department of Environmental Management. This award is given to the corporation with the most exemplary environmental practices within the state of Indiana. Subaru was recognized for reducing CO₂ emissions by 1,097 tons/day (equivalent to 85% of emissions before conversion) by converting part transportation trucks to natural gas. SIA has now received this award four times: in 2003 for the Recycle and Reuse category, in 2006 for the Five-year Continuous Improvement category, and in 2014 for the Energy and Renewable Resources category.



Letter of Appreciation from the UN for Subaru of China's Public Interest Activities

Subaru of China (SOC) received an invitation from "Forests of China" and participated in the "Save the Earth" art exhibit held at the United Nations as a member of the "Forests of China" delegation. "Forests of China" is a public interest entity jointly established by Chinese governmental departments and organizations such as the China Forestry Society, the Guangming Daily, the China Guanghua Foundation, and the China Wildlife Conservation Society. SOC sponsors the "Forests of China" and cooperatively has carried out the "31 Forest" Star Tours.

SOC was invited to this art exhibit in recognition of the major contribution to environmental conservation in China through an event called "Drawing a Beautiful Home Garden" which was an activity in the 2016 SOC "31 Forests: Journey of the Stars, the Season4." A public letter of appreciation was sent to SOC from the UN for efforts to protect ecosystems.





Our Approach to Environmentally Friendly Automobiles

Approaches and Strategies for Improving Fuel Economy

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

In recent years, major issues for automobile manufacturers are how to save fuel while in use and how to contribute to preventing global warming by reducing CO₂ emissions.

We thoroughly pursue improvements in fuel efficiency by expanding use of direct fuel injection engine and introducing all-new, redesigned downsized turbo engines for internal combustion engine vehicles that account for the majority of our products, and aim for achieving top level fuel efficiency in segment with the net thermal efficiency of 40% or more.

In addition, in order to advance fuel efficiency for the vehicle overall, transmission efficiency was further advanced by friction reduction in the transmission, and the body was improved by promoting weight reduction by Subaru Global Platform (SGP), aerodynamic, and friction improvements in transmission functions overall.

Through these initiatives, we are considering development of a new-generation environmental strategy vehicle with a view to 2020 and beyond.

In addition, we are promoting development the deployment of electric vehicles that meet the US zero-emission vehicle (ZEV) regulations and fuel consumption regulations of various nations that are becoming more strict, aiming toward development of PHV vehicles true to the Subaru identity. And we will introduce them to the US market in 2018 and our EV globally in 2021.

Through these initiatives, we are aiming for the top class fuel efficiency among SUV category and will continue to work toward improving fuel efficiency.

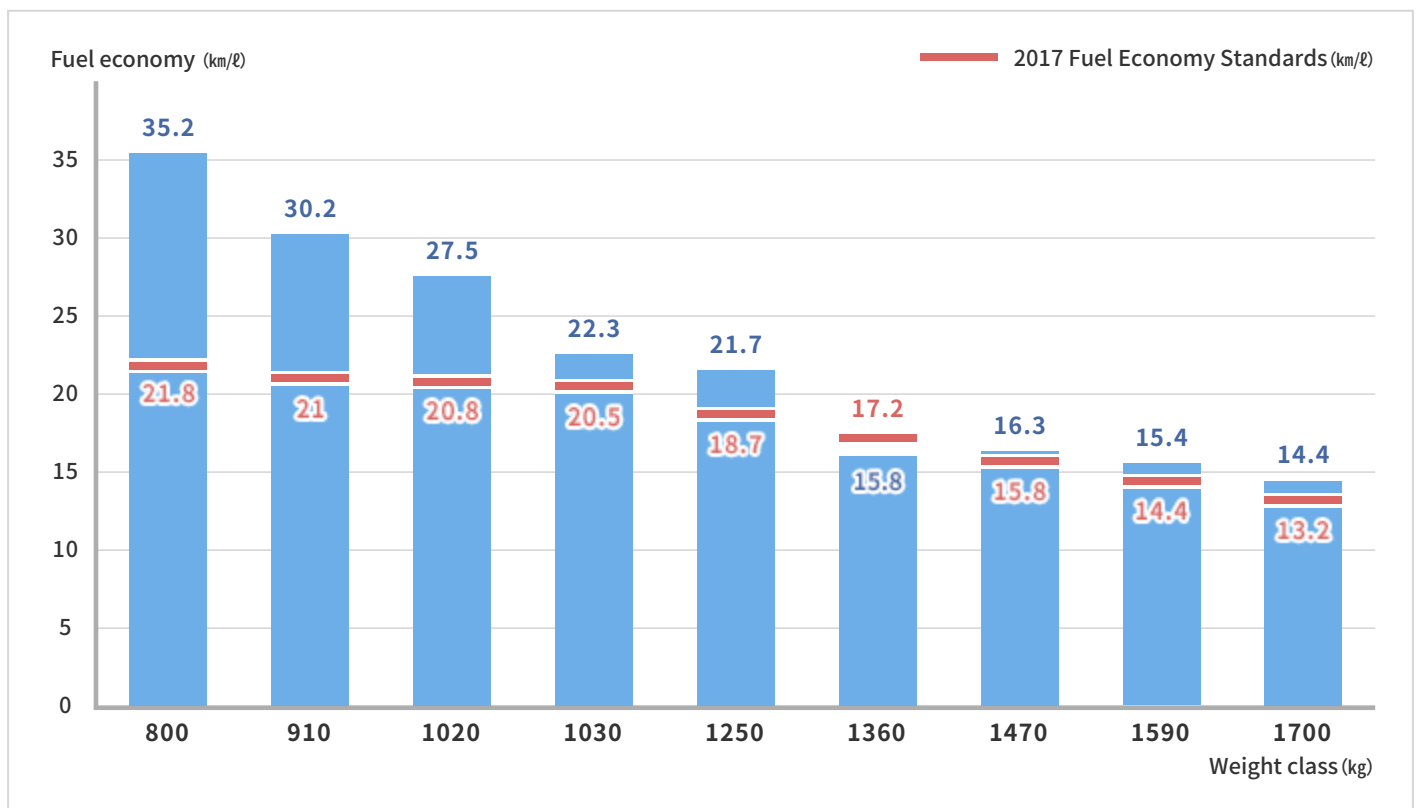
Fuel Economy Standards

Japan: Achieved the FY2016 Fuel Economy Standards in 8 of 9 Weight Classes

The percentage of passenger cars meeting the FY2016 fuel economy standards was 93%, with 8 weight classes (one more than the previous year) of the 9 weight classes of the Subaru vehicles that are sold meeting the FY2016 fuel economy standards.

To meet the FY2021 fuel economy standards, we are introducing a newly developed down-sized turbo engine and an electric vehicle.

Fuel Economy Standards Achievement Status in FY2017



US: Achieved 2016 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 2016 model year.

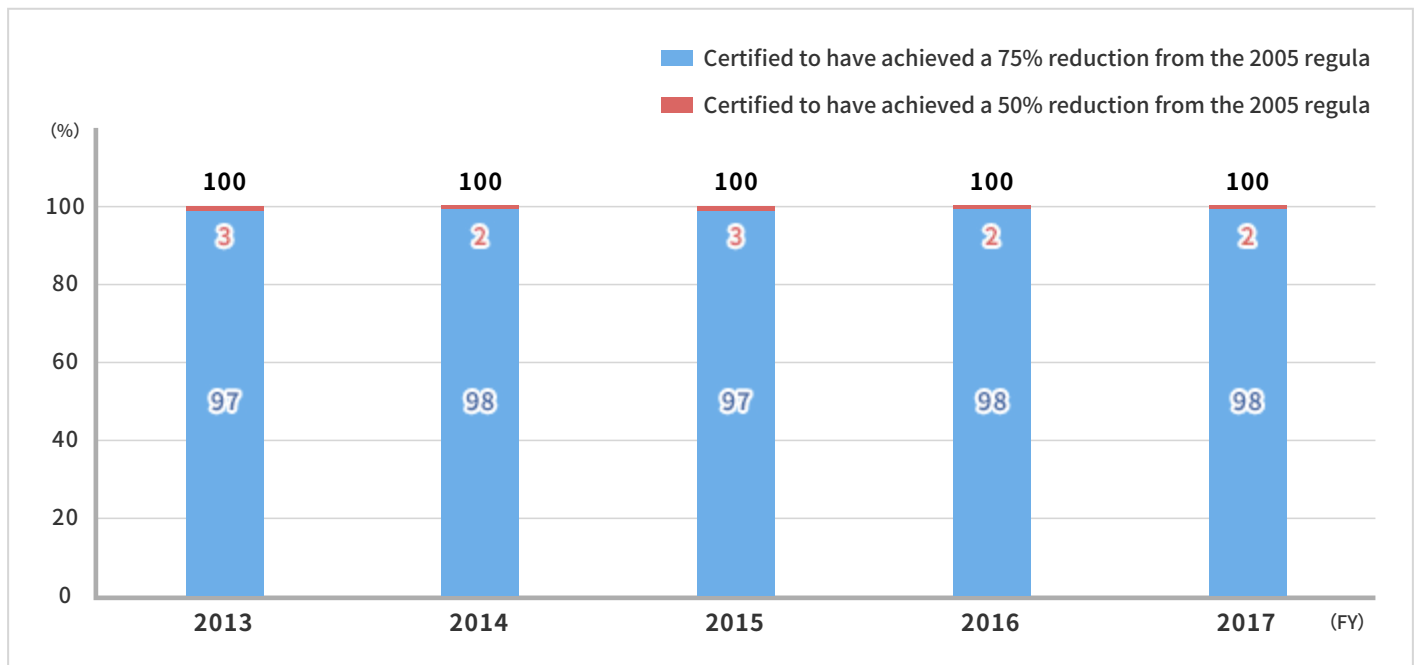
Not only achieving fuel economy and CO₂ regulations that are becoming stricter worldwide, we are also set to further spread vehicles with greater fuel economy in the global market.

Low Exhaust Emissions

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



Noise Countermeasures

We are also 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.

The new model Impreza introduced to the market in October 2016 implemented a low-noise tire with the new platform. As a result, excellent fuel efficiency and pleasant drivability were maintained while allowing a reduction in traffic noise while driving in urban areas.

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 a management system that can promptly disclose information regarding the usage of substances requiring management according to EU REACH, etc.

[> IMDS](#) 

Life-cycle Assessment (LCA)

The LCA method to quantitatively evaluate the environmental impact through the life cycle of product and service is considered to be an effective tool for building a sustainable society. We utilize this LCA to quantify the environmental impact of an automobile over its life cycle (over each step of mining of raw materials, manufacturing, transportation, use, and disposal) and develops and designs products with low environmental impact.



Approach to Environmentally-conscious Procurement

The Subaru Group aims to achieve a sustainable society recognizing that working on improving environmental issues through business activities is an urgent social issue imposed on corporations and that we bear the responsibility to accomplish this. In regard to procurement, the environmental policy notes that “Our purchasing activities reflect consideration for biodiversity and other aspects of environmental protection.” We promote the procurement of parts, materials, and services from business partners who implement business activities that consider the environment.

Green Procurement

Initiatives in the Subaru Group

The Subaru Group has summarized in the “Subaru Green Procurement Guidelines” its expectations for business partners regarding environmental initiatives.

The guidelines primarily request cooperation in the following six areas:

- Compliance with environmental laws and regulations
- Establishment of environmental management systems (EMS)
- Submission of environmental manager registration forms
- Improved in environmental performance of business partners
- Management of environmentally hazardous substances related to parts, materials, and services
- Reduction in environmentally hazardous substances in logistics

Compliance to these guidelines is considered a necessary criterion for selecting business partners.

› [Subaru Green Procurement Guidelines](#)  PDF/656KB

Reducing Environmental Impact of Parts

The Subaru Group complies with laws and regulations concerning substances of concern in each country, including the ELV Directive (Glossary 6) and the REACH regulation.

We perform usage surveys regarding chemical substances contained in parts to our business partners as necessary and continue to perform management of those substances. In addition, we are sequentially switching from materials that are prohibited by laws, regulations, or self-regulation such as industrial norms to alternative materials and are working to reduce environmentally hazardous substances.

Procurement that Considers Biodiversity

The Subaru Group surveyed the usage status of the biological resources of leather and plant-derived materials and confirmed that there was no negative impact on the environment during the procurement process. In addition, our main office has switched to 100% recycled copy paper that does not use new plant resources and we plan to sequentially switch over at other facility as well.

Environmental Management System Request to Business Partners

The Subaru Group requests based on the Green Procurement Guidelines that business partners formulate an environmental management system with the acquisition of ISO14001 third-party certification at its base. We request the business partners who have difficulty acquiring ISO14001 to pass Eco Action 21 or our voluntary examination.

To those business partners who have passed our voluntary examination, we make inquiries or perform audits as necessary and request them to continue efforts toward early acquisition of third-party certification for environmental management.



Our Approach to Climate Change

We focus on mitigating the impact on climate change through production, distribution, and sales of our products, specifically CO₂ reduction. The Subaru Environmental Policy revised in April 2017 stipulates this intent, and from FY2018 we will also focus on nature conservation and forest protection.

Risks and Opportunities Related to Climate Change

Introduction and strengthening of environment regulations for products are given as the major risks in the business environment. For example, demands to improve fuel consumption such as exhaust gas regulations, Euro6, and the CAFE standard (Corporate Average Fuel Economy standard) and introduction and strengthening of standards related to percentage of units sold to sales of next generation environment-friendly vehicles including EVs (e.g. ZEV regulations) may become a risk.

On the other hand, since the increase in bad roads, with a focus on unpaved roads, that occurs along with an instable climate caused by climate change leads to an increase in opportunity to maximize travel performance and safety performance through all wheel drive (AWD) technology, a strength of Subaru, demand for Subaru automobiles may increase relatively.

Third-party Evaluations

› [Earned A- in the CDP Climate Change Report](#)

Initiatives in Procurement

› [See the CSR/Procurement page for details.](#)

Initiatives in Production

Energy Conservation Initiatives in Plants

Based on the Act on the Rational Use of Energy, mid- and long-term targets were set, and efforts were made to reduce CO₂ by quantitatively replacing equipment and devices such as lighting with energy-conserving equipment.

› [Environmental Data: CO₂ Emissions](#)

Introduction of Cogeneration Systems

A gas cogeneration system was introduced in the Subaru Training Facility in December 2015 to use energy more effectively. Emissions of CO₂ was reduced by a third compared to conventional systems due to the cleanness of city gas used as the fuel for gas cogeneration and the effective use of waste heat.



Initiatives in Distribution

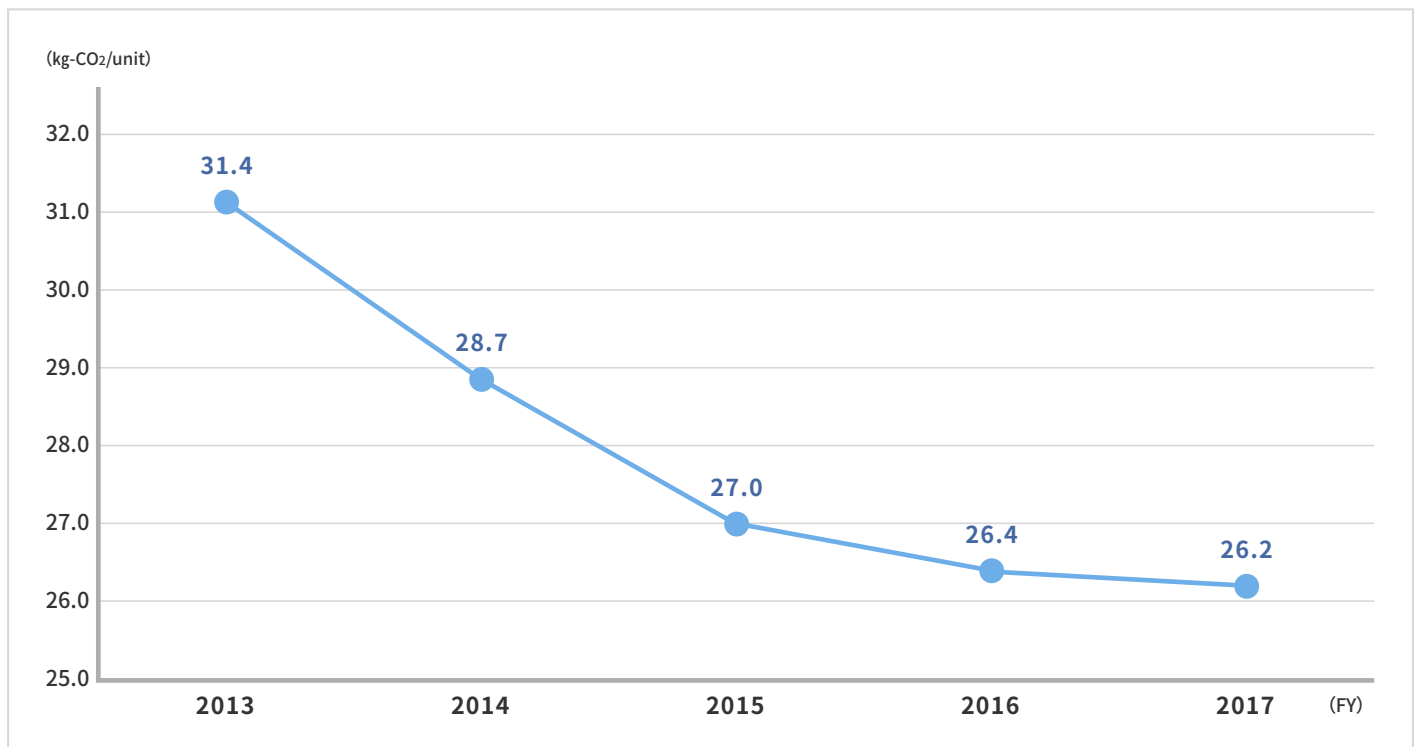
Reducing the Environmental Impact of Transport of Subaru Automobiles

During the transport of Subaru automobiles, we are making efforts to reduce the environmental burden by promoting efficient transport, such as setting optimized transportation routes, promoting modal shifts, and improving loading efficiency by flexibly responding to changes in the finished car model mix and to larger model types to be transported.



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.

CO₂ Emissions during Transport per Subaru Vehicle



Optimizing Parts Supply

We established five domestic area parts centers from October 2013 to October 2016 with the goal of making part supply more efficient.

In addition, CO₂ emissions during transportation were reduced by 64.8% compared to FY2013 by consolidating the parts warehouses that had been scattered among the 44 Subaru domestic dealerships throughout Japan and reviewing the transportation routes.

Introduction of Natural Gas Vehicles (SIA)

SIA, the US production base of Subaru of vehicles, is cooperation with Venture Logistics, which is responsible for parts delivery supplier, and will proceed with the introduction of natural gas vehicles.

Compressed natural gas (CNG) has a lower environmental impact than diesel fuel and is superior in terms of cost efficiency and reliable. One significant hurdle to CNG was that there were no supply stations for natural gas close by. SIA financed the purchase of CNG fleet trucks for Venture and promoted the introduction by establishing CNG fueling stations to its property.

As a result of introducing CNG fleet trucks, 1,097 tons of CO₂ emissions per day were eliminated (corresponding to 85% of emissions before the introduction). CNG costs were also reduced by a total of \$389,136 compared to using diesel fuel.

Initiatives in Sales

Energy Conservation Initiatives in Domestic Dealers

In order to reduce greenhouse gas emissions, Subaru Domestic dealers are sequentially renovating to LED lights and high-efficient type air conditioners.

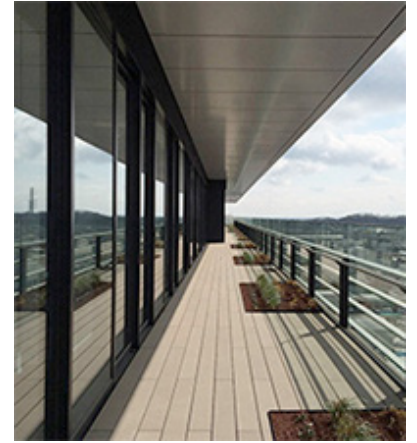
Initiatives in Offices

Initiatives at the Gunma Manufacturing plant New West Building

The New West Building (Ota, Gunma Prefecture) completed in April 2015 introduced various environmental technologies for reducing environmental impacts.

Solar power panels generate 20kW of energy, and solar heat from solar heat collection panels is used to provide hot water supply for the kitchens. In addition, a new-generation lighting system that combines individual address type control and image sensing type human sensor is introduced in the high-efficiency LED lighting. The air conditioning uses high-efficiency air-cooled heat pump chillers.

Low-Emissivity glazed window glass having high heat shielding and heat insulating properties and a cool heat trench that takes outside air from a ventilation tower through an underground isolation layer are also adopted to pre-cool or preheat the air and then supply the air to each floor. The building plans also introduced several innovations such as providing balconies to create a solar radiation shielding effect while creating rest areas, contributing to both energy conservation and a comfortable working environment without relying only on machinery.



Solar radiation shielding due to the effect of the balcony eaves



Our Approach to Recycling-based Society

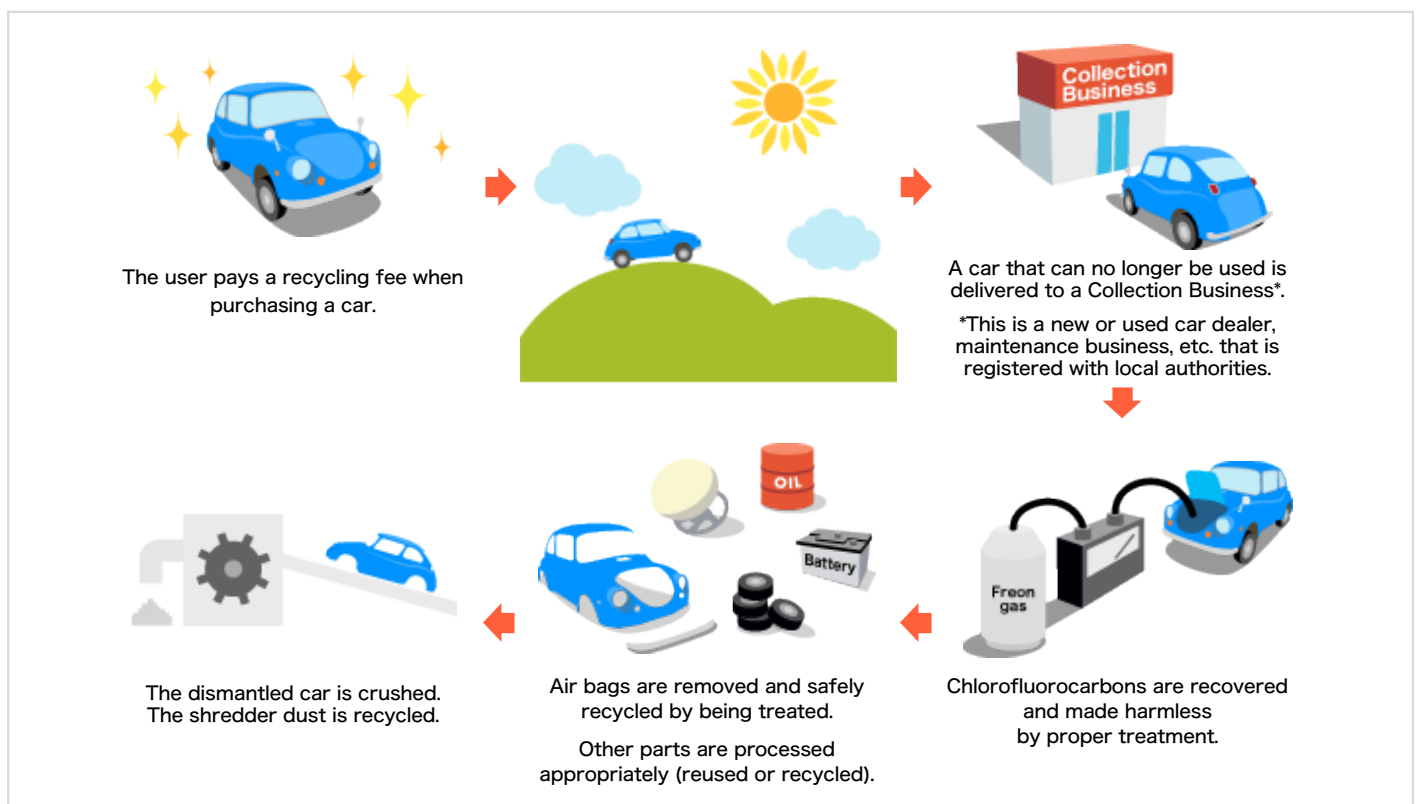
The Subaru Group understands that constructing a recycling-based society is an important theme that is closely related to corporations in the manufacturing industry.

We aim to build a recycling-based society through having 100% automobile-to-automobile recycling to the extent possible considering the product life cycle, continuing to send zero landfill from domestic and foreign production plants to landfills, and aiming for a higher dimensional recycling.

Specifically, we put “resource recycling” as one of the themes of our Voluntary Plan for the Environment, which is the policy for environmental activities of the entire group, and we will steadily implement an environmental conservation voluntary action plan based on it.

Automobile Recycling Process

The Automobile Recycling Law calls for recycling of shredder dust, airbags, etc. and treating chlorofluorocarbons when an automobile has reached end-of-life. Under this law, most of end-of-life vehicles are treated properly in Japan and Japan’s automobile recycling rate has reached 97.8% (Please see News Release).



Promotion of Recycling Conscious Design

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

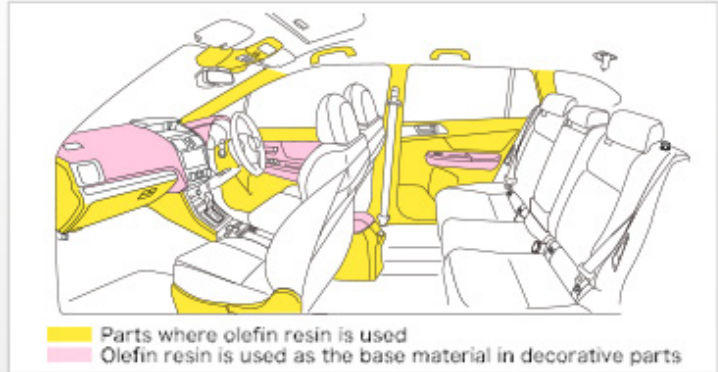
Improvement in Wiring Harness Dismantling

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.



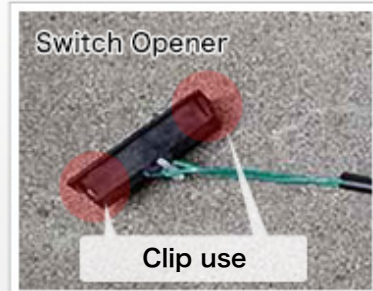
Improved Material Identification

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.



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 |

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 FY2017 was 97.8%, already satisfying the FY2017 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 93.6%, exceeding the legal standard of 85%. Also, the entire amount of recovered CFCs has been appropriately treated.

Initiatives in Procurement

› [For details, please see the CSR/Procurement page.](#)

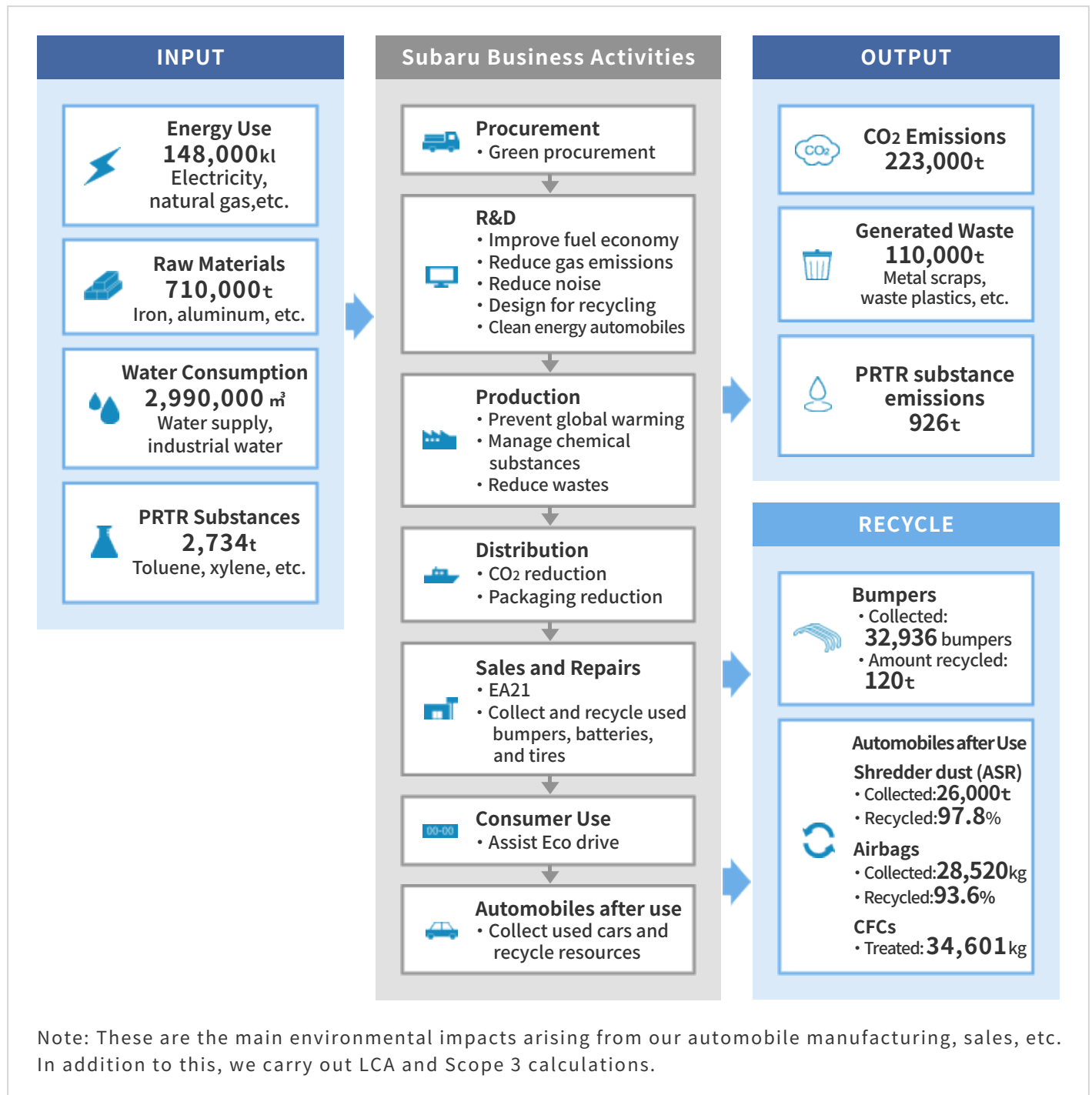
Initiatives in Production

Main Resources Invested in Automobile Manufacturing

In order to promote our environmental initiatives effectively and efficiently, we grasp the inputs and outputs in our business activities as well as overall of energy and resource consumption and environmental impact.

In addition, in order to realize a sustainable society in harmony with the environment through products and services, we take into consideration the environmental impact throughout the product lifecycle, from development, design to use and disposal, and strive to reduce our environmental impact comprehensively.

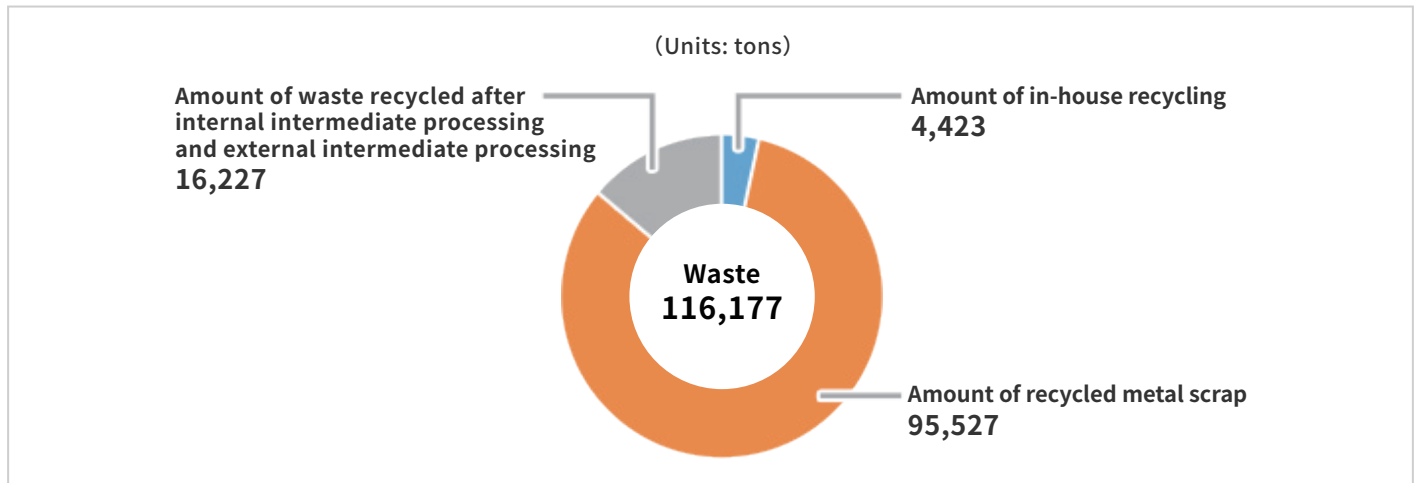
Overall Image of Subaru's Environmental Impact Concerning Automobiles [FY2017]



Initiatives for Waste Reduction at Plants

All Subaru manufacturing plants have maintained zero landfill for waste materials since FY2005.

Overview of Waste Generation and Processing in All Sites in FY2017



Note that no landfill waste was generated after external intermediate processing.

Primary Waste and Recycling Method

| Primary Waste | Primary Recycling Method |
|-----------------------------------|---------------------------|
| Wastewater treatment plant sludge | Raw materials for cement |
| Paint sludge | Reducing agents for steel |
| Waste plastics | RPF (solid fuels, etc.) |
| Paper waste | Recycled paper, RPF, etc. |

Initiatives in Distribution

Reuse of Packaging Materials

Subaru Logistics Co., Ltd., which handles packaging and transport for complete knockdown (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 materials in FY2017 was 652.2 tons, 19% increase from the previous year. This was caused by the addition of the Impreza to the models produced in the United States and the increased production of the Legacy.

In addition, the amount of reused packaging material newly purchased was 15.3%, a 1.2 point reduction from the previous year. The cause for the reduction in new purchases was in sharing materials among car models and the reduction in damaged products. We will continue to carry out environmental impact reduction activities by expanding the reuse of packaging materials.

※Complete knockdown (CKD)



Plastic tray for calipers

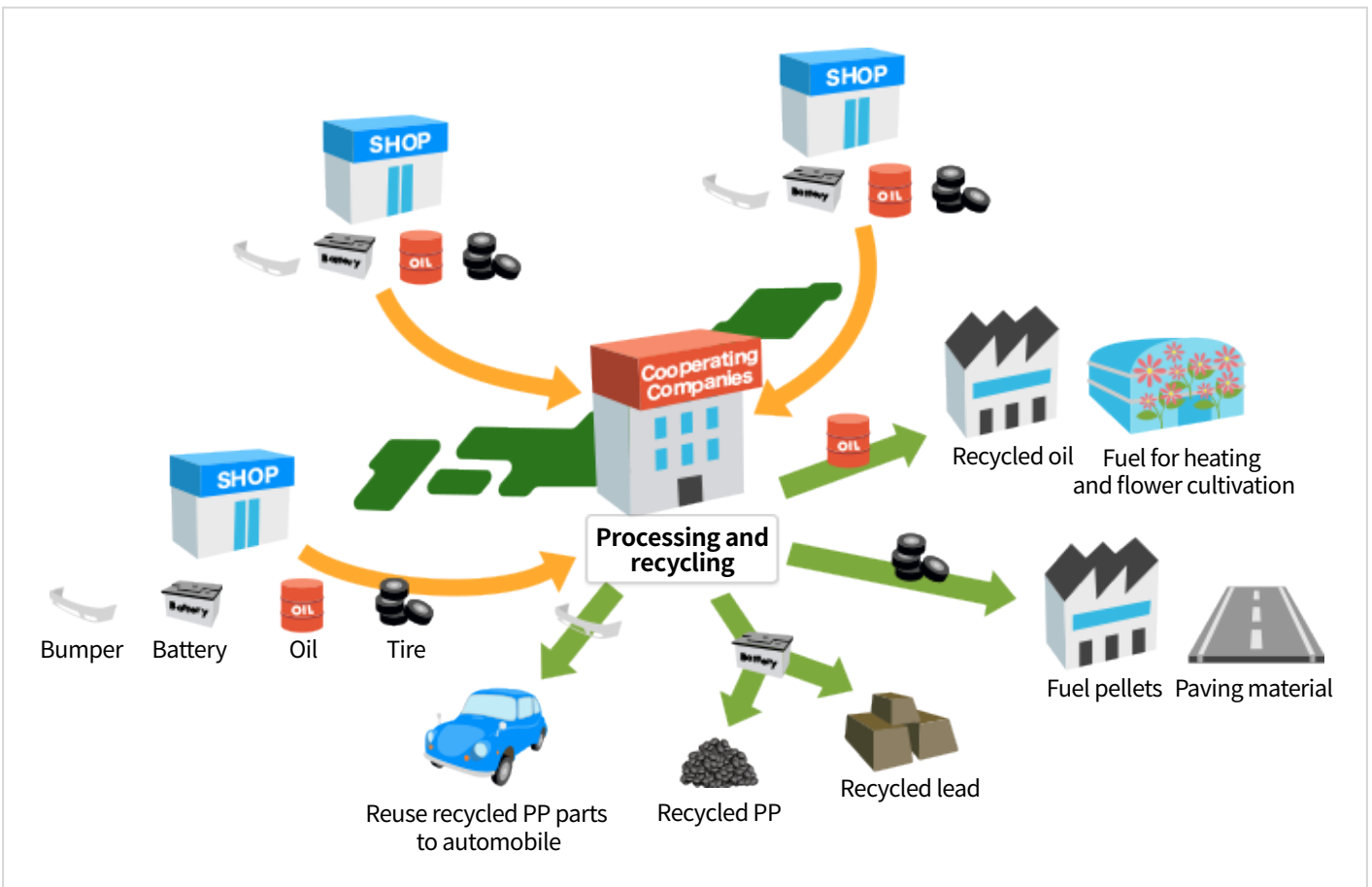


Foam for drive shafts

Initiatives for Sales

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. As the result of these activities in FY2017, 1,348 tons of used lead-acid batteries (208,231 used batteries), 5,290 kiloliters of used oil, and 197,902 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 All Subaru domestic dealerships during oil changes is recycled as recycled fuel oil based on the zero emissions scheme created by us.

Every year, farmers in Yamagata prefecture can grow beautiful poinsettia and cyclamen using this recycled fuel oil for heating greenhouses.

These cyclamens were given to visitors to our event held in December 2016.



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



Stellar Town: Animal Square

Initiatives for Offices

Dismantling facilities with consideration for the environment - New construction method, the first in Japan, dramatically reduces environmental impact-

The demolition work performed from July 2016 to March 2017 to rebuild our Gunma Manufacturing Division West Building adopted a new construction method, the first in Japan, that minimized the impact on the surrounding environment with the cooperation of the construction company in charge of the work. With this new construction method, there was virtually no vibration during demolition and noise transmitted to the site boundary was reduced to about 3/4 of that produced by conventional methods. In addition, the amount of dust was kept to below 10% of that produced by conventional methods.



Overseas Initiatives

National Parks Zero Landfill Initiative

National Parks in the United States are a beloved natural resource, explored by millions every year. At Subaru, because we have such a strong connection to the outdoors we want to help protect and enhance our parks today and for future generations. That's why we are piloting a zero-waste initiative with the National Parks that borrows from our successful efforts to make our US manufacturing plant a zero-waste facility. This initiative is being piloted at three National Parks – Denali, Grand Teton and Yosemite – in partnership with the National Parks Conservation Association. Here, we are working to test various approaches to eliminate waste from our parks and then create best practices that can be applied, ideally, across the entire National Parks system.



Recycling container at Grand Teton National Park. SOA has purchased new containers for visitor to deposit their recycling. In 2016 the Park increased their recycling rate by 2% and educated thousands of employees and visitors.



Our Approach to Water Resources

In our business activities, we perform appropriate management to ensure, use, and discharge water by establishing targets.

The following are established targets for water usage.

- Mid-term target for water usage: Decrease the water usage per unit by 1% every year from FY2011 level (307m³/100 million yen)

For FY2017, we were able to reduce water usage per unit to 169m³/100 million yen, less than the reduction target of 292m³/100 million yen.

The total amount of water usage and the consumption unit are managed by totalling the amount of water for each work site and reporting and verifying these figures at the biannual meeting.

Water quality management is performed by constant monitoring, setting voluntary standards that are 20% higher than legal standards for water quality and regularly conducting voluntary inspections as well as third-party inspections.

There were no water quality test results that did not meet the voluntary management standards.

> [Environmental Data: Water Consumption](#)

Implementation of Water Risk Assessment

We had a third-party expert implement a water risk assessment[※] related to water intake and discharge at SIA and Gunma Manufacturing Division, which are our bases for automobile manufacturing, in order to use water resources sustainably.

The assessment estimated water supply and demand in the river basins where each base is located, and evaluated the possibility of water disaster and the impact on public health, ecosystem, etc. at five levels. We use these to set priorities and perform countermeasures. Both bases currently have a moderate water supply and demand risk and it is expected that the current risk level will be maintained for the mid- to long-term even when climate change is taken into consideration. No biodiversity protection areas have been confirmed downstream and a low vulnerability to water pollution has been confirmed. Use and conservation of water resources meeting local demand will be considered based on this assessment.

※Reference database

(1)WRI Aqueduct water risk atlas、WWF-DEG Water Risk Filter、PREVIEW Global Risk Data Platform、Climate Change Knowledge Portal、Integrated Biodiversity Assessment Tool、NCD-VfU-GIZ Water Scarcity Valuation Tool (Version 1.0)、Costing Nature / Water World



Our Approach to Preventing Pollution

The Subaru group has “The earth, the sky and nature’ are Subaru’s fields of business” as its environmental philosophy and understands that the prevention of pollution to the soil, air, and groundwater is an important responsibility for the continuation of a sustainable society and our business. Based on this, we established voluntary action standards above and beyond the legal standards and processes soil, air, groundwater, noise, etc. appropriately.

Initiatives in Production

VOC Reduction

The amount of volatile organic compounds (VOCs) we emitted from the automobile coating process was 47.7g/m² in FY2017, down 47.8% from FY2001 levels.

We realized the reduction in VOC emission mainly by decreasing the use of cleaning thinners and increasing the recovery of used thinners.

Prevention of Soil and Underground Water Pollution

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

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

Status of Storage and Management of PCB Wastes

We store PCB waste appropriately according to the law and processes them based on a suitable plan so that processing is completed by a predetermined time.



Our Approach to Biodiversity

Recognizing the importance of preserving biodiversity, the Subaru Group makes clear in its Environmental Principles that it strives to address environmental issues on a global scale including biodiversity through all business activities while referencing external initiatives such as the Guidelines for Private Sector Engagement in Biodiversity and Declaration of Biodiversity - Guide to Action Policy by Keidanren, Federation of Economic Organizations. We are also in the process of creating an active biodiversity preservation network through participation in the Japan Business and Biodiversity Partnership.

Based on these ideas, we launched a working group in FY2015 across all business sites, divided business activities into risks and opportunities, created a road map, and steadily supported and promoted these initiatives to the entire group.

Domestic Initiatives

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 IshitoKabazakura (cherry tree), one of the Nihon Godai Zakura (the five major cherry trees in Japan), designated as Japan's natural monument in 1922. We inherited the descendants of the tree in March 2003, and are carefully nurturing them 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.



The tree brings forth pretty blossoms every spring.



Explanation of the origin of Ishitokaba Zakura at the factory

Initiatives at the Tokyo Office

Based on the Ikimono Plus (R)[※], a simple evaluation tool for biodiversity, the boundary areas of the north and east sides at the Tokyo Office were planted with East Asian beautyberry (*callicarpa japonica*) and bamboo-leaf oak (*quercus myrsinifolia*) that are grown around Musashino area, in consideration of biodiversity. Through this initiative, we are contributing to enriching the Musashino scenery of rich nature.



[※]Ikimono Plus is a simple evaluation tool for biodiversity jointly developed by 8 major construction companies.

Distribution of Flower Seedlings to Contribute to Biodiversity

As part of the Subaru Community Exchange Association's activities, the Gunma Manufacturing Division promotes initiatives to contribute to biodiversity.

Flower Distribution Activities

Three times a year, flower seedlings of varieties that contribute to biodiversity are distributed to member corporations of the Subaru Community Exchange Association wishing to purchase them in order to promote each company's greening activities.



Elementary School Flower Bed Contest

A flower bed contest is held for the elementary schools in Ota city and Oizumi town. Flower seedlings that contribute to biodiversity were donated to the elementary schools to create the flower beds.

In 2016, there were 301 participants from 16 schools.

We believe that the participants were able to have rich experiences such as having fun by raising flowers and making new discoveries through creating the flower beds.

Initiatives for Procurement

› Procurement considering biodiversity

Overseas Initiatives

The SUBARU Forest ecology Conservation Project in China: “31 Forest Star Tours”

The SOC established the “The SUBARU Ecology Conservation Forests” in 31 nature reserves starting in 2013 and has invited guests for afforestation activities, activities to protect rare animals, and has provided vehicles and resources required for those activities.



In September 2016, we visited the largest nature reserve in Hainan Province with media and guests.

We had a first-hand experience of the inspection and conservation activities with the Yinggeling Nature Reserve station, a conservation organization for rare tropical birds and monkeys, and felt the importance of ecological conservation.

We will continue to perform activities in harmony with the local natural environment and promote initiatives that protect biodiversity.

› [SOC “31 Forest Star Tours”](#) 

› [Letter of Appreciation from the UN to SOC Public Interest Activities](#)

Subaru and National Wildlife Foundation Certified National Wildlife Habitats

With the monarch butterfly population declining by more than 90% due to habitat loss, Subaru and the National Wildlife Foundation partnered to raise awareness of this important issue and help preserve these important pollinators. In April 2016, the partnership spurred the creation of 377 Certified National Wildlife Habitats at Subaru retailers across the United States. Subaru also distributed 100,000 Butterfly Heroes Kits that provided milkweed seed packets to feed over 400,000 butterflies.



Monarch butterfly subject to conservation



The main aspects of our environmental performance in FY2017 are shown in the following figures.

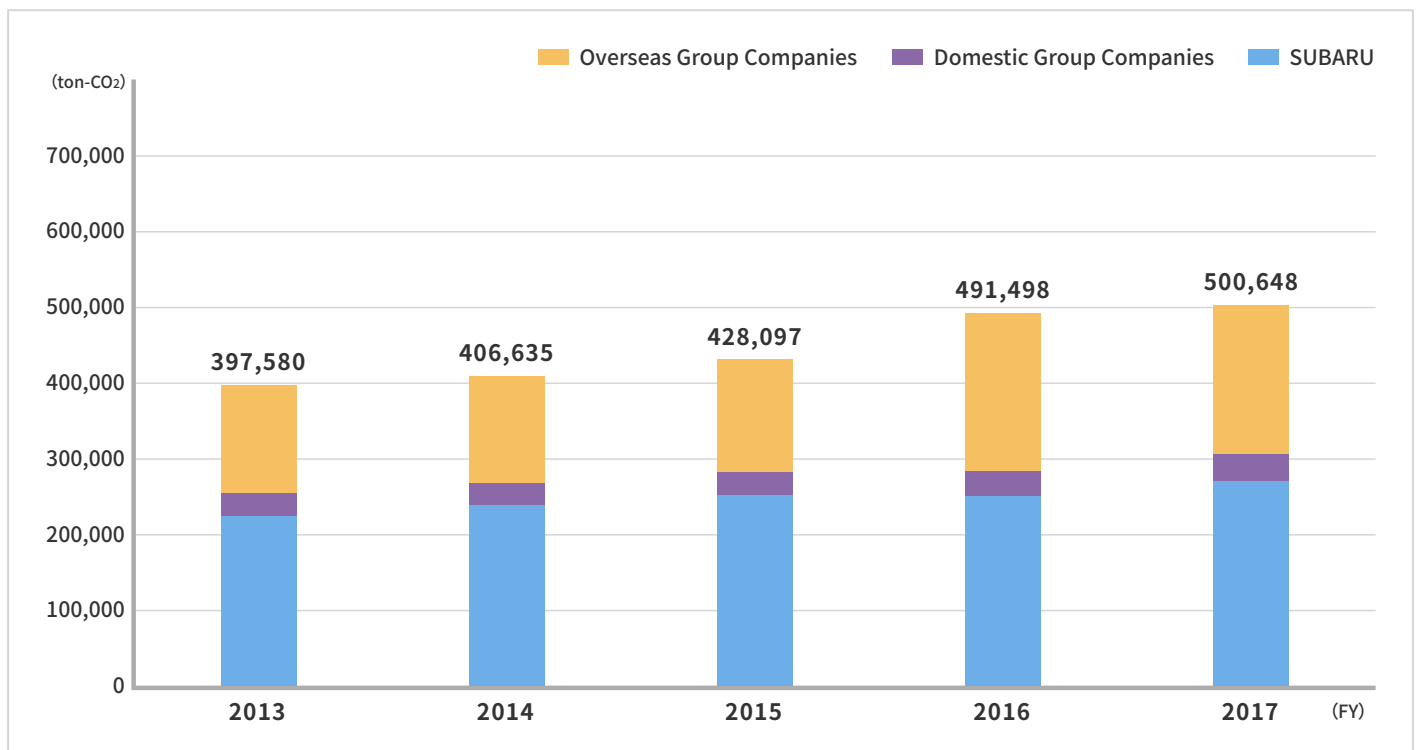
CO₂ emissions, waste generation, water usage, etc. have all increased from the previous year due to increased production volume, etc.

Each domestic business site sets and manages voluntary standards that are 20% higher than pollution prevention laws and regulations standards.

Targeted companies/divisions: Subaru Corporation : 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、 SOMI、 SRD

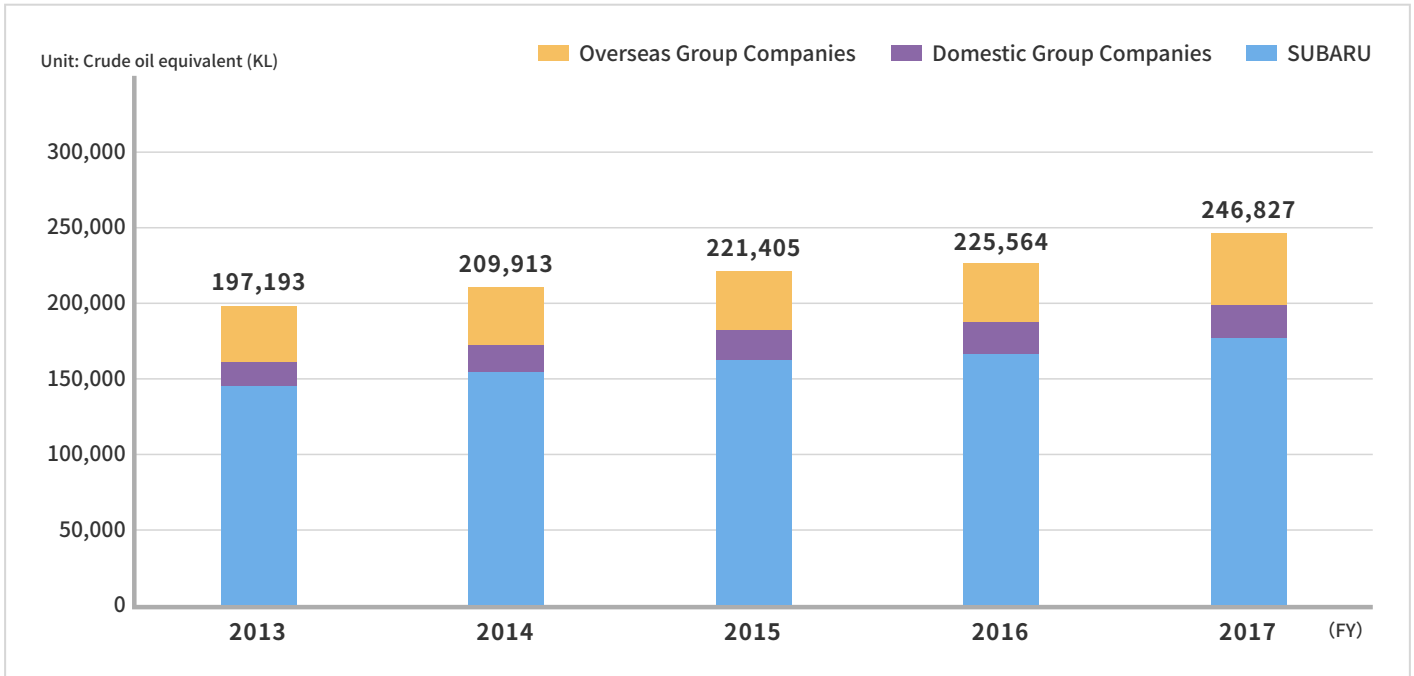
CO₂ Emissions

SUBARU + Domestic Group Companies + Overseas Group Companies



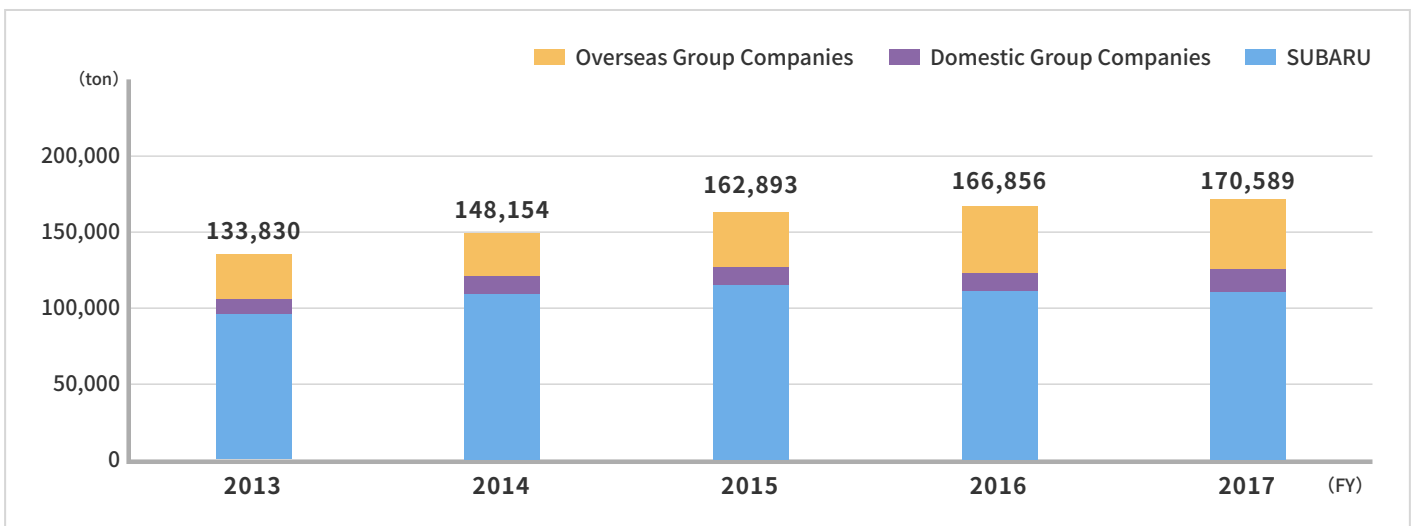
Energy Consumption

SUBARU + Domestic Group Companies + Overseas Group Companies



Waste Generation

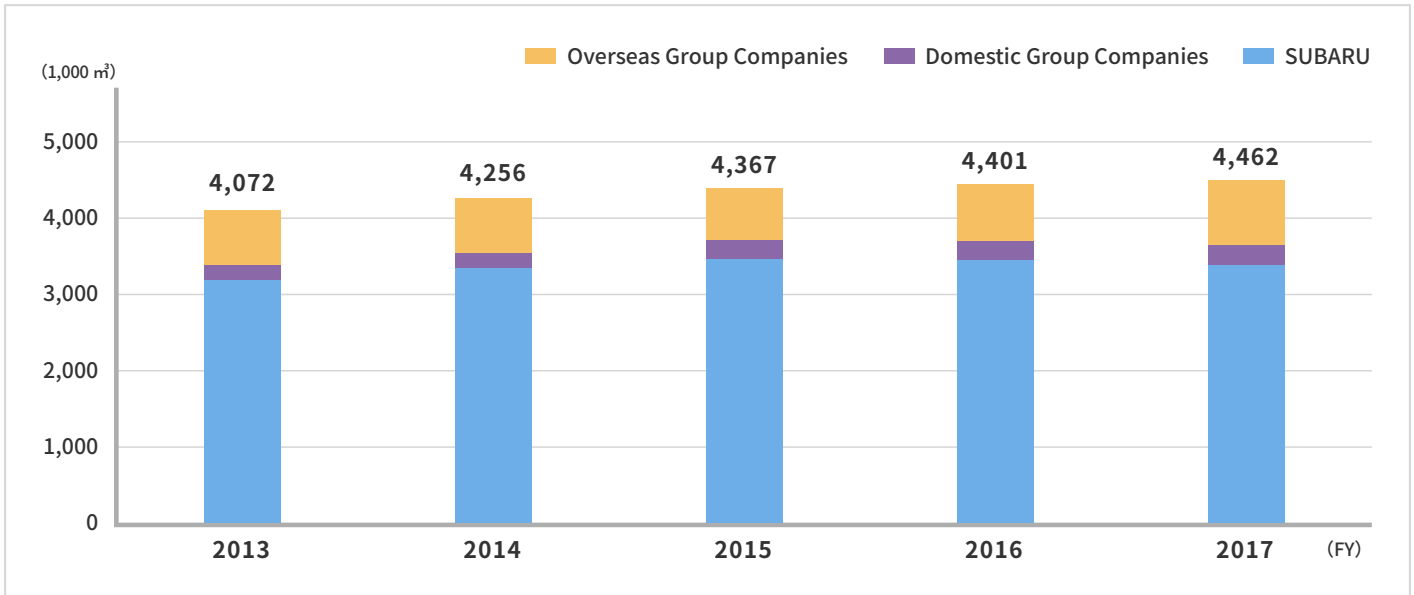
SUBARU + Domestic Group Companies + Overseas Group Companies



※Including scrap metal sold.

Water Consumption

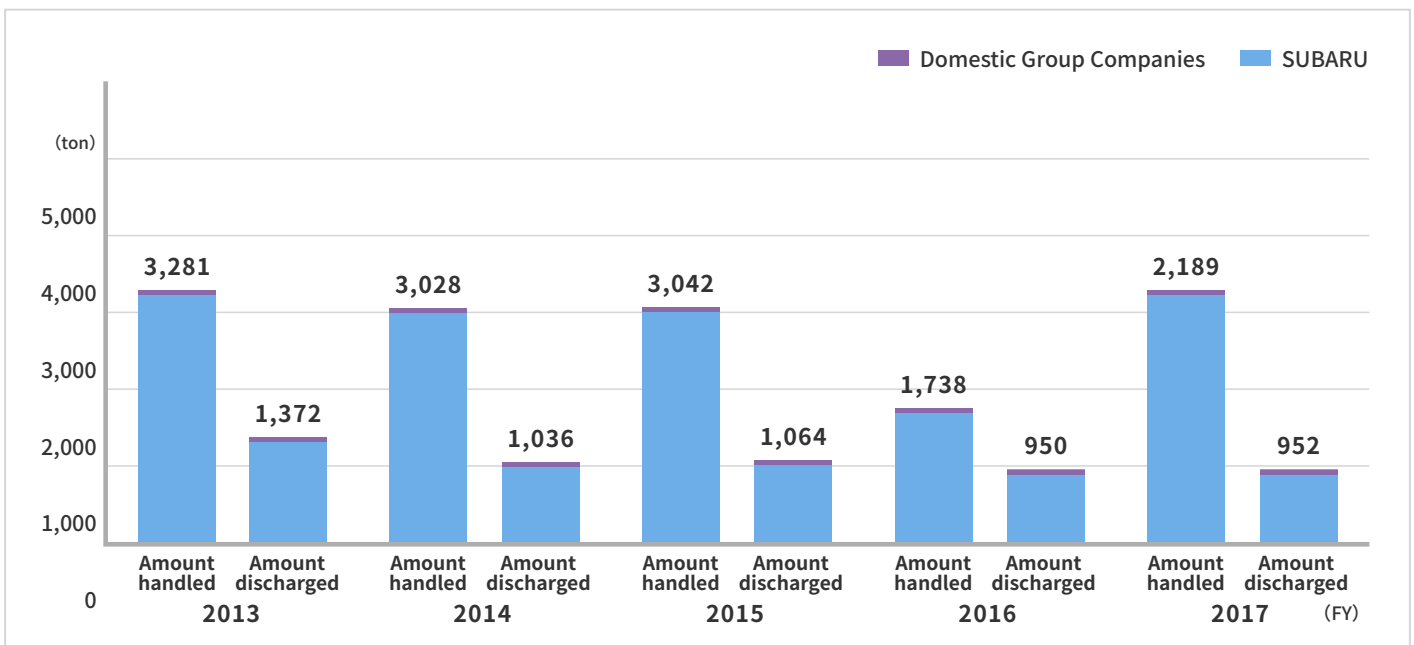
SUBARU + Domestic Group Companies + Overseas Group Companies



PRTR Substances Handled and Emitted

PRTR Substances: Japan's Pollutant Release and Transfer Register (PRTR) Law.

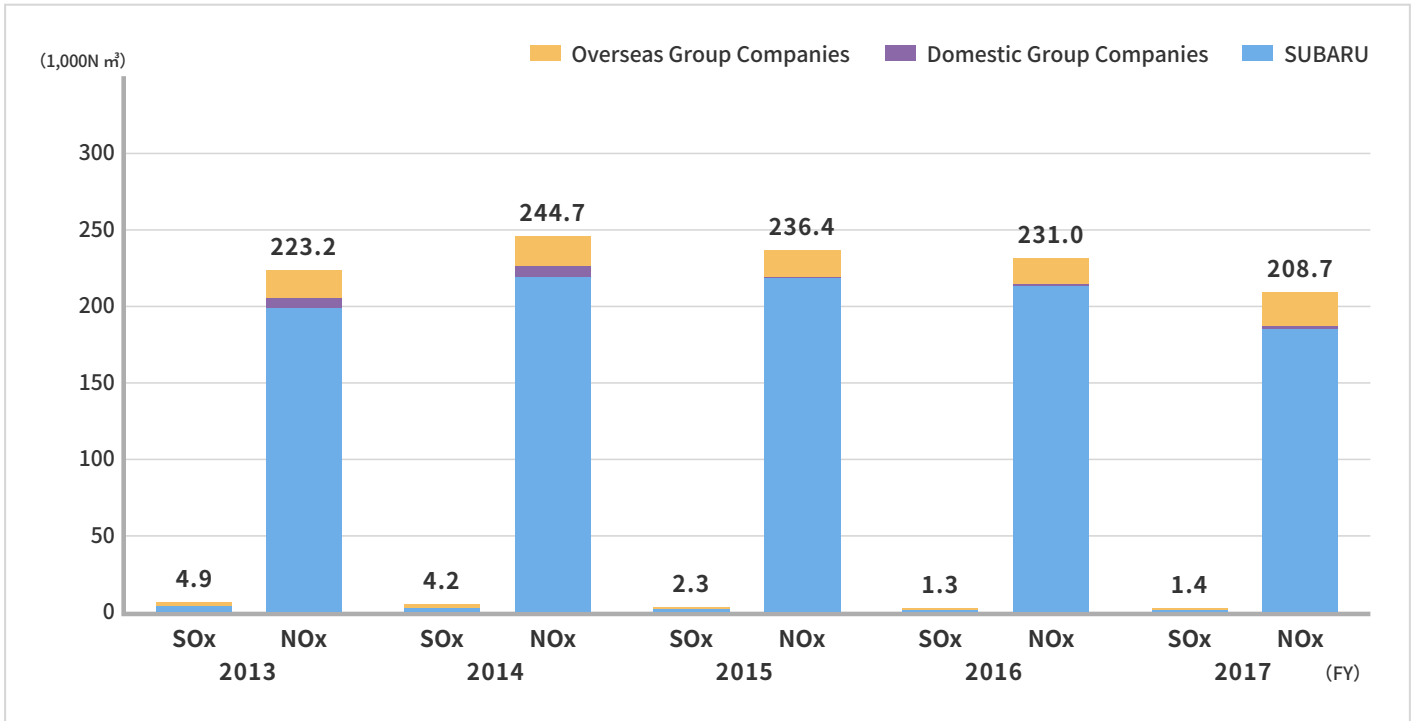
SUBARU + Domestic Group Companies



There is no handling of hazardous wastes specified in Basel Convention Annex I, II, III, and VIII.

NOx and SOx Emissions

SUBARU + Domestic Group Companies + Overseas Group Companies





Gunma Manufacturing Division

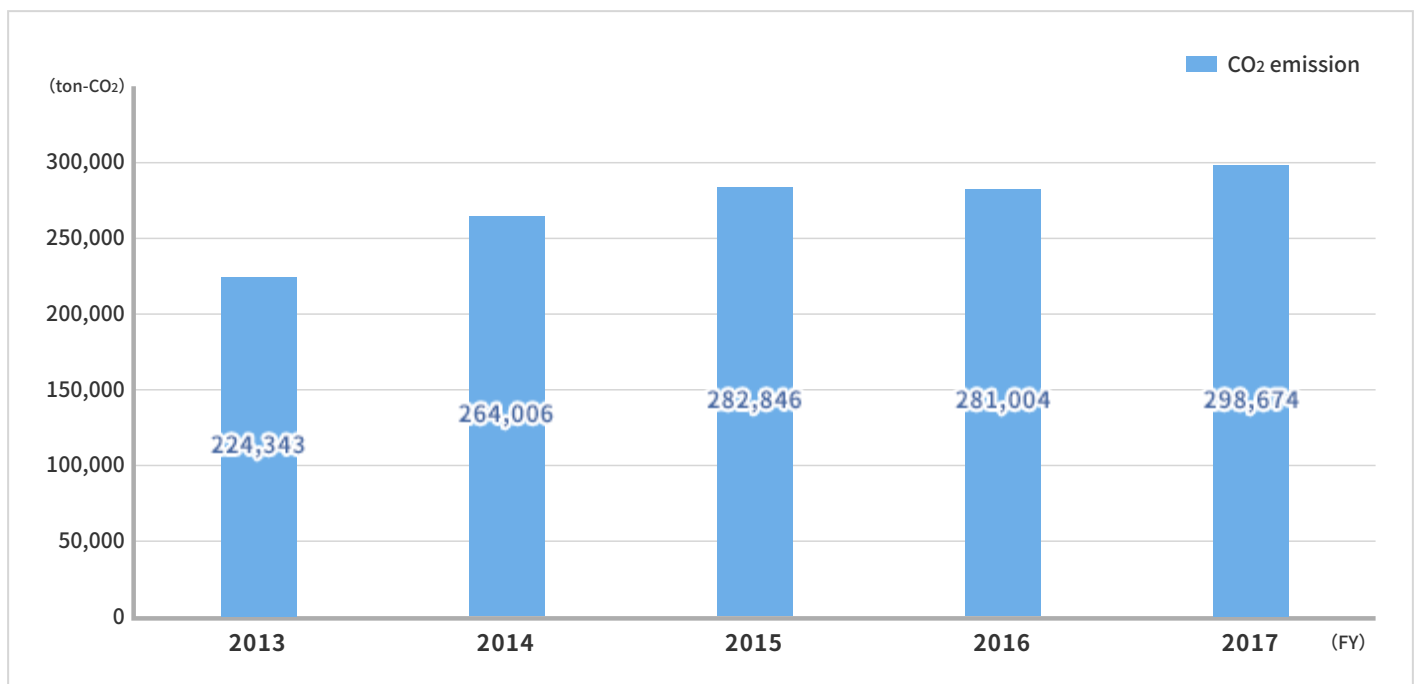
To contribute to global environment conservation, the Gunma Manufacturing Division that manufactures Subaru vehicles is actively engaged in efficient use of energy through carrying out efficient, step-by-step capacity increase.

Initiatives for Prevention of Global Warming

CO₂ emissions in FY2017 was 298,674 tons-CO₂.

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

Changes in CO₂ Emissions

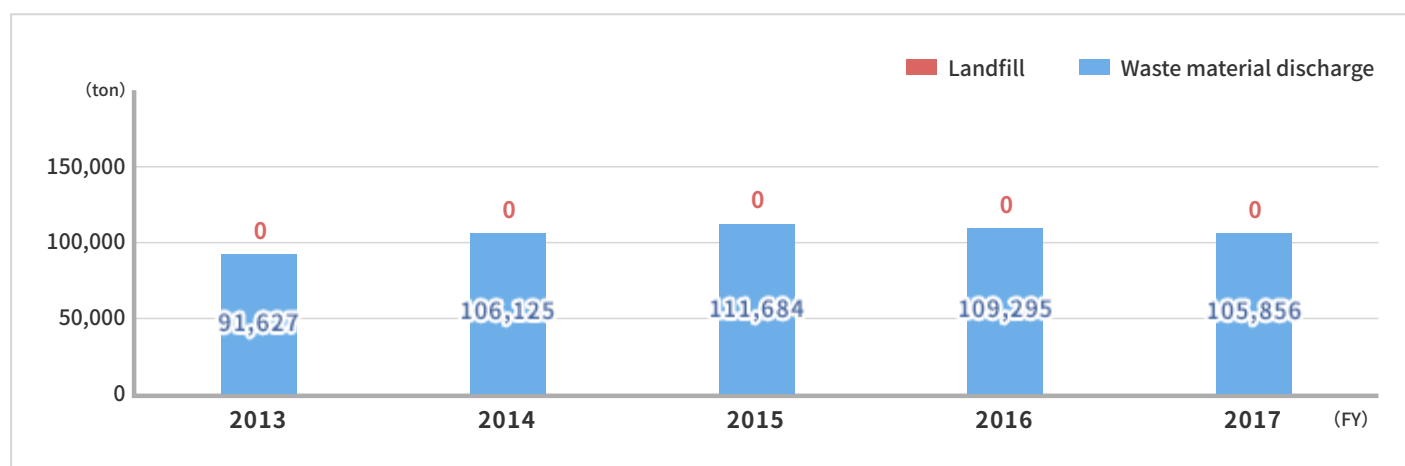


Note: After FY2016, the transitional data for CO₂ emissions is presented in the values calculated and reported based on the Act on Promotion of Global Warming Countermeasures.

Initiatives for Zero Landfill

The amount of waste material discharged in FY2017 was 105,856 tons.
The amount for landfill was 0 tons, continuing zero landfill from FY2002.
We will continue to improve recycling and reduce waste material discharge.

Changes in Waste Material Discharge and Landfill



Note: Subaru definition of zero landfill

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

Environment-related Measurements for FY2017

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 | 7.4 | 6.9 | 7.2 |
| Biochemical oxygen demand (BOD) | 25 | 20 | 6.0 | 2.0 | 3.8 |
| Suspended solids (SS) | 50 | 40 | 4.4 | 1.0 | 2.2 |
| n-hexane extract content (Mineral oil content) | 5 | 4 | 1.0 | 1.0 | 1.0 |
| n-hexane extract content (Animal and plant oils and fats content) | 30 | 24 | 1.0 | 1.0 | 1.0 |
| Fluorine | 8 | 6.4 | 2.7 | 0.2 | 1.3 |
| Zinc | 2 | 1.6 | 0.3 | 0.1 | 0.2 |
| Soluble iron | 10 | 8 | 0.2 | 0.1 | 0.1 |
| Soluble manganese | 10 | 8 | 0.1 | 0.1 | 0.1 |
| Total phosphorus | 16(8) | 6.4 | 2.7 | 1.1 | 1.8 |
| Total nitrogen | 120(60) | 48 | 13.5 | 4.6 | 7.8 |

[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 | 7.3 | 7.2 | 7.3 |
| Biochemical oxygen demand (BOD) | 25 | 20 | 7.3 | 6.4 | 6.9 |
| Suspended solids (SS) | 50 | 40 | 2.4 | 2.0 | 2.2 |
| n-hexane extract content (Mineral oil content) | 5 | 4 | 1.0 | 1.0 | 1.0 |
| n-hexane extract content (Animal and plant oils and fats content) | 30 | 24 | 1.0 | 1.0 | 1.0 |
| Fluorine | 8 | 6.4 | 1.9 | 1.3 | 1.6 |
| Zinc | 5 | 4 | 0.5 | 0.2 | 0.4 |
| Soluble iron | 10 | 8 | 0.1 | 0.1 | 0.1 |
| Soluble manganese | 10 | 8 | 0.7 | 0.3 | 0.5 |
| Total phosphorus | 16(8) | 6.4 | 0.4 | 0.4 | 0.4 |
| Total nitrogen | 120(60) | 48 | 5.1 | 4.9 | 5.0 |

[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 | 7.4 | 7.2 | 7.3 |
| Biochemical oxygen demand (BOD) | 10 | 8 | 5.4 | 4.8 | 5.1 |
| Suspended solids (SS) | 10 | 8 | 1.2 | 1.0 | 1.1 |
| n-hexane extract content (Mineral oil content) | 3 | 2.4 | 1.0 | 1.0 | 1.0 |
| 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 | 0.2 | 0.2 | 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 | 0.4 | 0.3 | 0.4 |
| Total nitrogen | 120(60) | 48 | 18.7 | 6.0 | 12.4 |

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

North 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 | 7.9 | 7.8 | 7.9 |
| Biochemical oxygen demand (BOD) | 25 | 20 | 1.1 | 1.0 | 1.1 |
| Suspended solids (SS) | 50 | 40 | 2.8 | 1.0 | 1.9 |
| n-hexane extract content (Mineral oil content) | 5 | 4 | 1.0 | 1.0 | 1.0 |
| 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 | 0.2 | 0.1 | 0.2 |
| Total phosphorus | 16(8) | 6.4 | 0.1 | 0.1 | 0.1 |
| Total nitrogen | 120(60) | 48 | 1.4 | 1.4 | 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 NOx, and g/Nm³ for particulate matter]

| Equipment/facility | Substance | Regulated value | Voluntary standard | Maximum | Average |
|----------------------|--------------------|-----------------|--------------------|---------|---------|
| Paint drying furnace | NOx | 230 | 184 | 43 | 28 |
| | Particulate matter | 0.2 | 0.16 | 0.003 | 0.002 |

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

Yajima Plant

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

| Equipment/facility | Substance | Regulated value | Voluntary standard | Maximum | Average |
|----------------------|--------------------|-----------------|--------------------|---------|---------|
| Paint drying furnace | NOx | 230 | 184 | 51 | 28 |
| | Particulate matter | 0.2 | 0.16 | 0.004 | 0.002 |

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

Oizumi Plant

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

| Equipment/facility | Substance | Regulated value | Voluntary standard | Maximum | Average |
|--------------------------|--------------------|-----------------|--------------------|---------|---------|
| Aluminum melting furnace | NOx | 180 | 144 | 46 | 38 |
| | Particulate matter | 0.3 | 0.24 | 0.06 | 0.014 |

[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 | 33~54 |
| Yajima Plant | 55 | 54 | 20 | 40~52 |
| Oizumi Plant | 50 | 49 | 20 | 37~48 |

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 | 13.3~41.7 |
| Yajima Plant | 65 | 64 | 20 | 16.2~39.2 |
| Oizumi Plant | 60 | 59 | 20 | 17.8~36 |

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 | 696 | 140 |
| | (Yajima Plant) | 700 | 445 | 91 |
| | (Yajima Plant) | 400 | 254 | 93 |

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 | 17 or less |

PRTR Substances Handled and Emitted

PRTR Substances: Japan's Pollutant Release and Transfer Register (PRTR) Law.

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

[Unit: kg/year (except for dioxins), dioxins: mg-TEQ/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 | 198,842 | 0 | 2,115 | 0 | 0 | 148,430 | 0 | 0 |
| Ethylbenzene | 424,296 | 223,355 | 0 | 0 | 0 | 43,606 | 35,401 | 121,933 |
| Xylene | 716,336 | 342,559 | 0 | 0 | 0 | 184,579 | 134,142 | 55,056 |
| 1,2,4-Trimethylbenzene | 254,114 | 860 | 0 | 0 | 0 | 253,255 | 0 | 0 |
| 1,3,5-Trimethylbenzene | 38,443 | 24,848 | 0 | 0 | 0 | 2,525 | 5,006 | 6,064 |
| Toluene | 822,629 | 299,628 | 0 | 0 | 0 | 376,796 | 123,583 | 22,622 |
| Naphthalene | 16,214 | 9,229 | 0 | 0 | 0 | 0 | 6,985 | 0 |
| Nickel compounds | 10,678 | 0 | 481 | 0 | 8,062 | 2,136 | 0 | 0 |
| Bis (2-ethylhexyl) phthalate | 8,705 | 0 | 0 | 0 | 436 | 8,269 | 0 | 0 |
| Hydrogen fluoride and its water-soluble salts | 10,860 | 0 | 2,358 | 0 | 8,202 | 300 | 0 | 0 |
| N-hexane | 126,708 | 429 | 0 | 0 | 0 | 126,280 | 0 | 0 |
| Benzene | 22,649 | 77 | 0 | 0 | 0 | 22,572 | 0 | 0 |
| Formaldehyde | 19,499 | 9,720 | 0 | 0 | 2,074 | 0 | 5,631 | 2,074 |
| 2-ethoxyethyl acetate (also known as ethylene glycol monoethyl ether acetate) | 1,056 | 711 | 26 | 0 | 309 | 6 | 4 | 0 |
| Manganese and compounds | 32,834 | 0 | 854 | 0 | 15,038 | 16,942 | 0 | 0 |
| Dioxins | 0 | 0.0044 | 0 | 0 | 0.051 | 0 | 0 | 0 |
| Cumene | 13,869 | 8,657 | 0 | 0 | 0 | 0 | 944 | 4,268 |
| Methylnaphthalene | 16,726 | 84 | 0 | 0 | 0 | 16,642 | 0 | 0 |
| Total | 2,734,457 | 920,155 | 5,833 | 0 | 34,121 | 1,202,337 | 311,696 | 212,017 |
| | | | 917,584 | | | | | |

Saitama Manufacturing Division

Industrial Products Division had promoted creating an environmental management system (EMS), 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 had been made to perform various surveys and reduce environmentally hazardous substances in order to comply with various regulations such as EU directives.

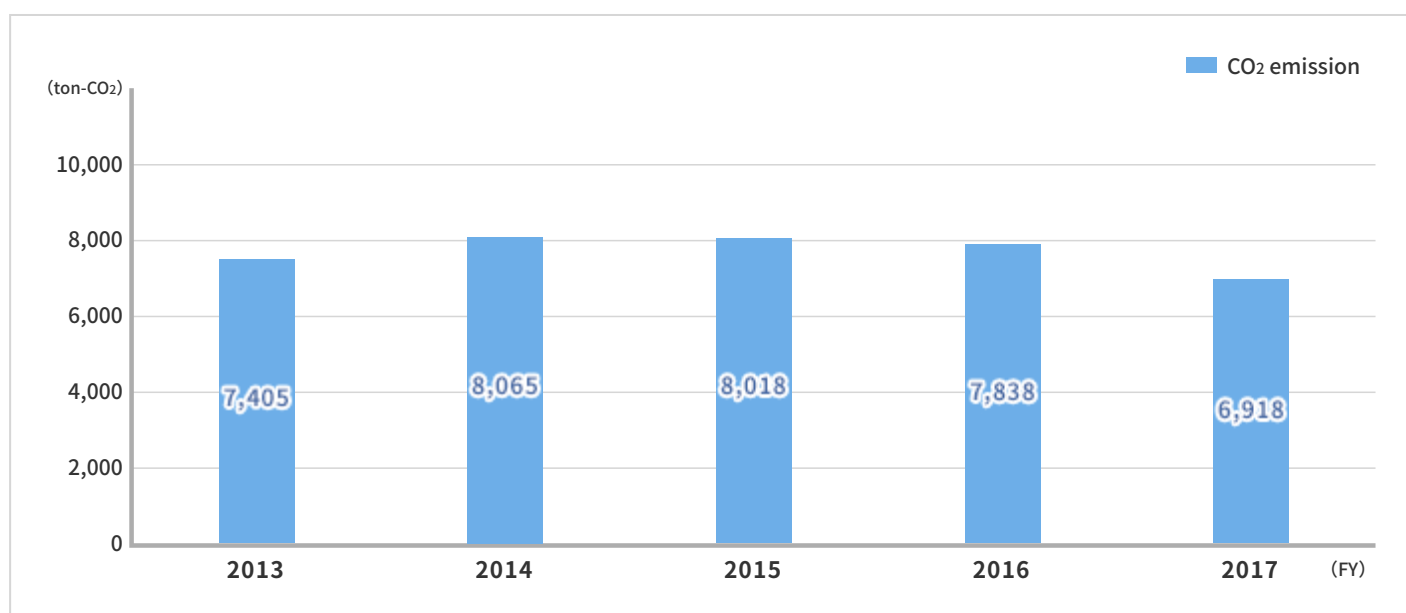
Please note that going forward, Industrial Products Co., Ltd., our affiliate, will continue to promote these efforts.

Initiatives for Prevention of Global Warming

CO₂ emissions in FY2017 was 6,918 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.

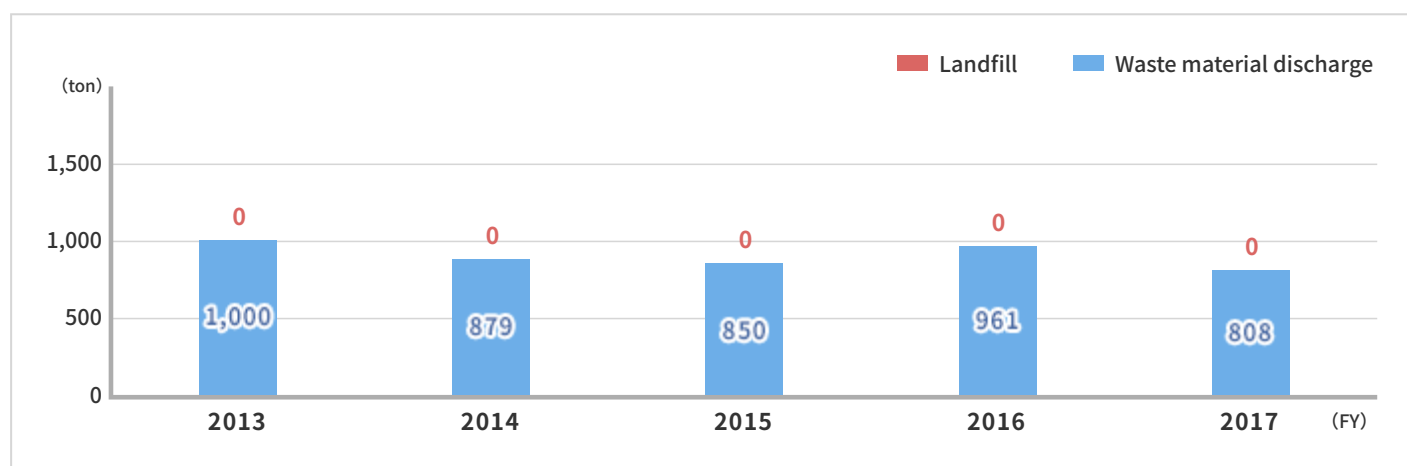
Initiatives for Zero Landfill

The amount of waste emissions in FY2017 was 808 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 Material Discharge and Landfill



Note: Subaru definition of zero landfill

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

Environment-related Measurements for FY2017

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 | 8.1 | 6.5 | 7.4 |
| Biochemical oxygen demand (BOD) | 600 | 480 | 390 | 68 | 186 |
| Suspended solids (SS) | 600 | 480 | 220 | 47 | 98 |
| n-hexane extract content (Animal and plant oils and fats content) | 30 | 24 | 21.0 | 3.2 | 8.0 |

[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.

We improved the cause and took countermeasures.

[Unit: dB(A)]

| Item | Time of day | Regulated value | Measurement sites | Measured value |
|-------|---------------------|-----------------|-------------------|----------------|
| Noise | Noon | 55 | 6 | 48.8~53.5 |
| | Morning and evening | 50 | 6 | 41.6~49.8 |
| | Night | 45 | 6 | 41.1~48.8 |

PRTR Substances Handled and Emitted

PRTR Substances: Japan's Pollutant Release and Transfer Register (PRTR) Law.

[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 | 737.4 | 5.4 | 0 | 0 | 0 | 732.0 | 0 | 0 |
| Xylene | 3,138.9 | 25.5 | 0 | 0 | 0 | 3,113.4 | 0 | 0 |
| N, N-dicyclohexylamine | 219.7 | 0 | 0 | 0 | 219.7 | 219.7 | 0 | 0 |
| 1,2,4-Trimethylbenzene | 1,653.2 | 5.8 | 0 | 0 | 0 | 1,647.4 | 0 | 0 |
| Toluene | 5,374.5 | 56.1 | 0 | 0 | 0 | 5,318.4 | 0 | 0 |
| N-hexane | 2,116.9 | 7.2 | 0 | 0 | 0 | 2,109.7 | 0 | 0 |
| Benzene | 351.7 | 14.5 | 0 | 0 | 0 | 337.2 | 0 | 0 |
| Total | 13,592.3 | 114.5 | 0 | 0 | 219.7 | 13,477.8 | 0 | 0 |
| | | 114.5 | | | | | | |

Tokyo Office

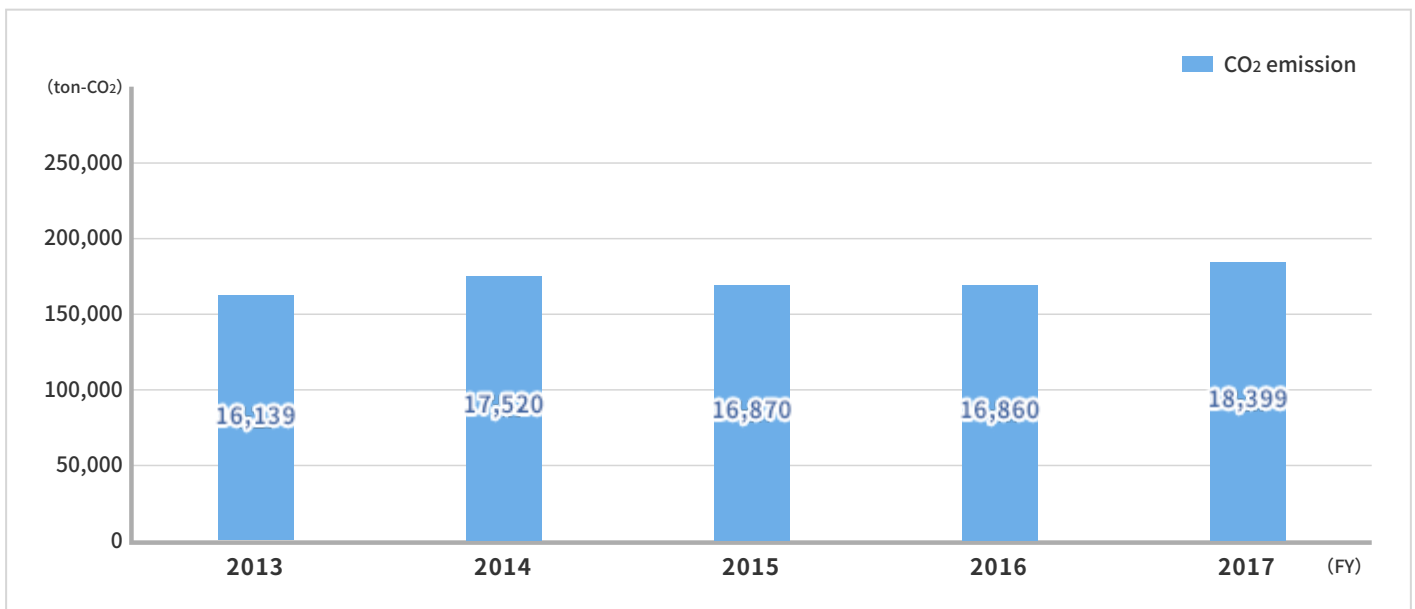
As a manufacturer of transportation equipment including automobiles, we recognize that “the response to global environmental problems is an important issue in management” and continue our environment conservation efforts.

Initiatives for Prevention of Global Warming

CO₂ emissions in FY2017 was 18,399 tons-CO₂.

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

Changes in CO₂ Emissions

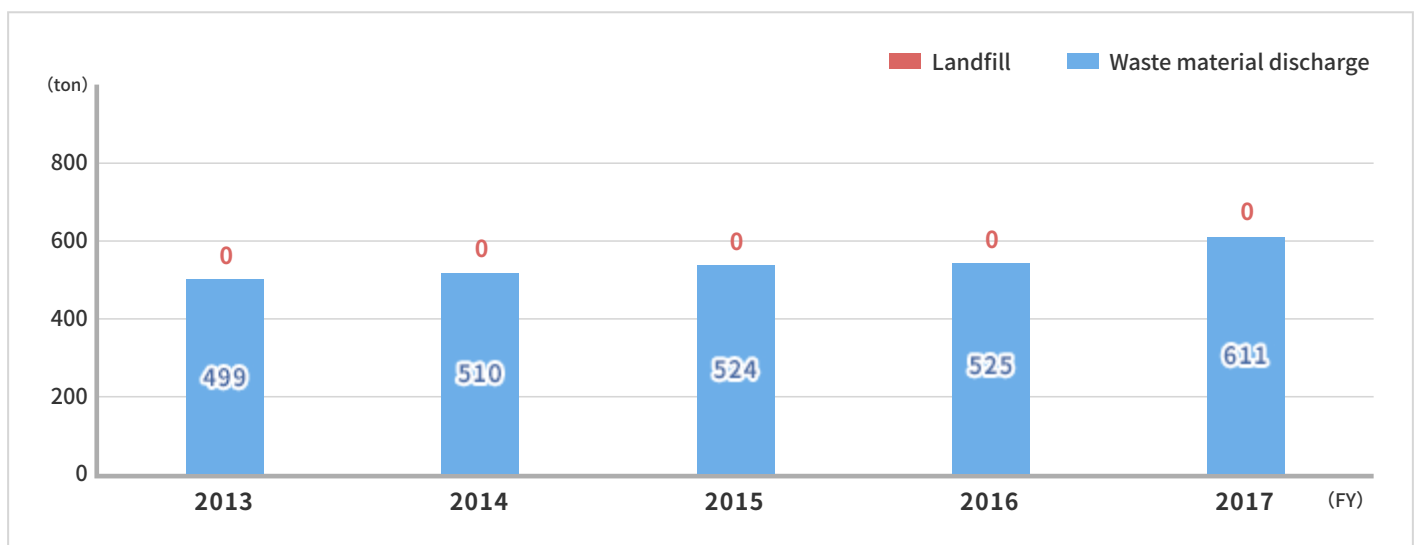


Note: After FY2016, the transitional data for CO₂ emissions is presented in the values calculated and reported based on the Act on Promotion of Global Warming Countermeasures.

Initiatives for Zero Emissions

The amount of waste material discharged in FY2017 was 611 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 Material Discharged and Landfill



Note: Subaru definition of zero landfill

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 FY2017

A voluntary standard for water quality is set and 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 | 7.9 | 8.3 |
| Biochemical oxygen demand (BOD) | 300 | 240 | 210 | 35 | 125 |
| Suspended solids (SS) | 300 | 240 | 170 | 28 | 100 |
| 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 | 9.9 | 2.9 | 5.2 |
| Total nitrogen | 120 | 96 | 60 | 18 | 36 |
| 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.]

PRTR Substances Handled and Emitted

PRTR Substances: Japan's Pollutant Release and Transfer Register (PRTR) Law.

[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 | 18,756 | 0.21 | 0 | 0 | 0 | 18,756 | 0 | 0 |
| Ethylene glycol | 1,456 | 0.00 | 0 | 0 | 0 | 1,456 | 0 | 0 |
| Xylene | 79,349 | 0.79 | 0 | 0 | 0 | 79,348 | 0 | 0 |
| 1,3,5-Trimethylbenzene | 14,948 | 0.03 | 0 | 0 | 0 | 14,948 | 0 | 0 |
| Toluene | 247,600 | 8.44 | 0 | 0 | 0 | 247,592 | 0 | 0 |
| 1,2,4-Trimethylbenzene | 51,845 | 0.19 | 0 | 0 | 0 | 51,845 | 0 | 0 |
| Benzene | 7,873 | 0.96 | 0 | 0 | 0 | 7,872 | 0 | 0 |
| N-hexane | 28,412 | 6.20 | 0 | 0 | 0 | 28,406 | 0 | 0 |
| Total | 450,240 | 17 | 0 | 0 | 0 | 450,223 | 0 | 0 |
| | | | 17 | | | | | |

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

Again in FY2017, energy conservation activities were promoted by managing energy use at each work site, which led to reduction in total CO₂ emissions.

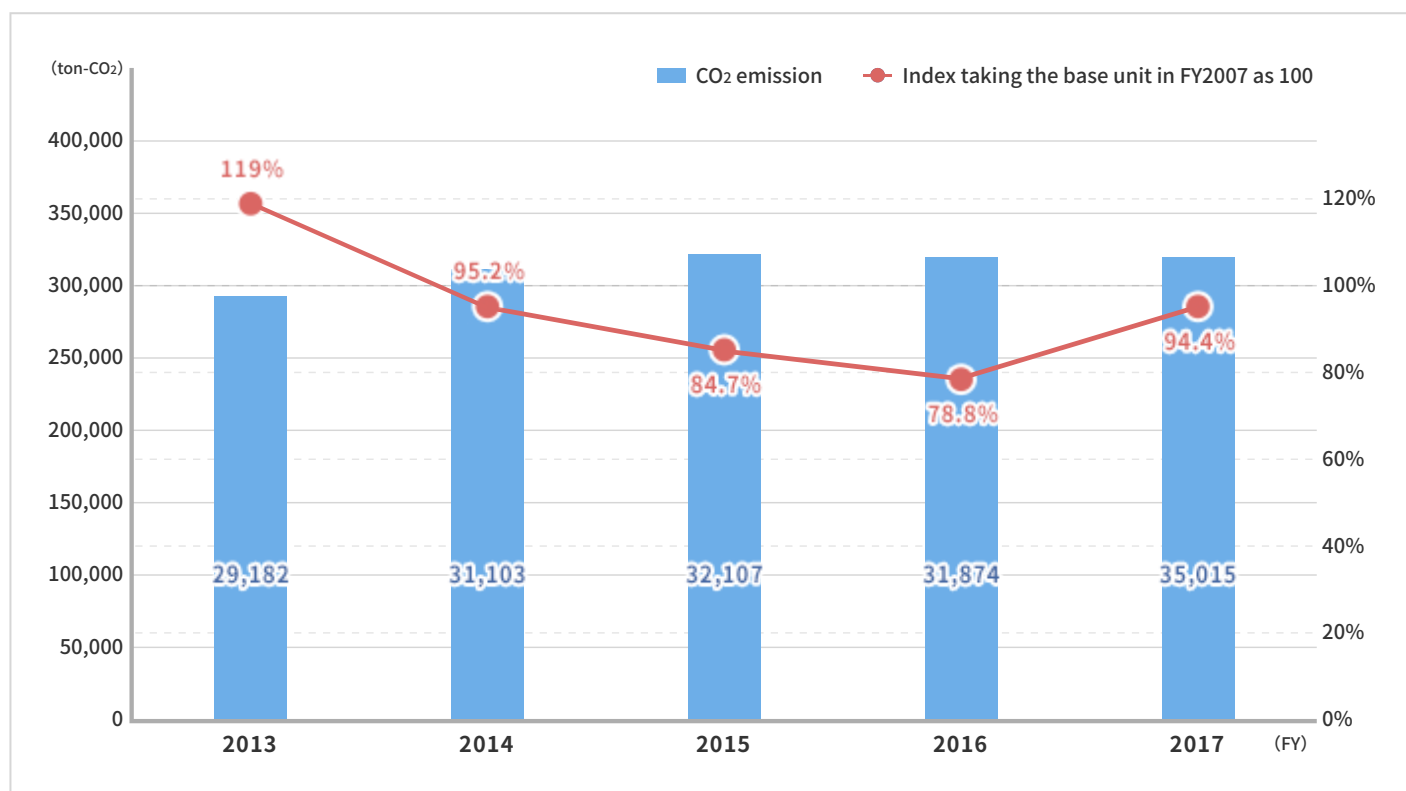
Unnecessary energy use was reduced by implementing an energy conservation patrol at all factories and work sites.

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 6% 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

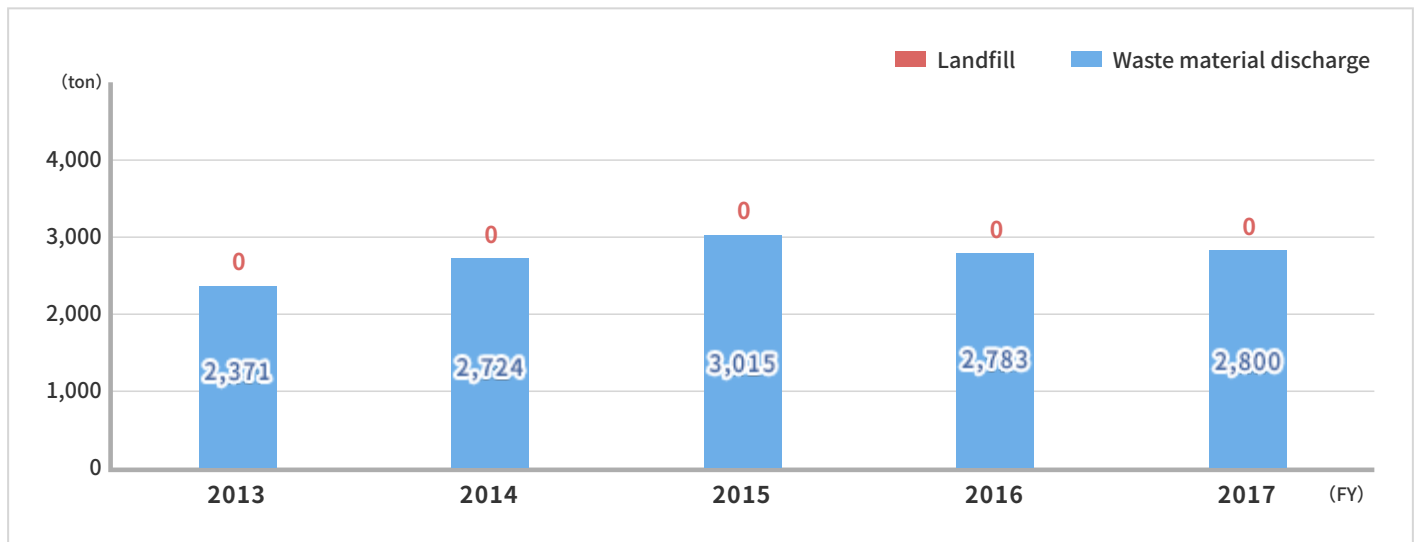
Base Unit: CO₂ emissions per production value (tons-CO₂/hundred million yen)

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

Initiatives for Zero Emissions

The amount of waste material discharge in FY2017 was 2,800 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 Material Discharge and Amount for Landfill



Note: Subaru definition of zero landfill

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.

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

Environment-related Measurements for FY2017

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 | 8.0 | 5.6 | 7.5 |
| Suspended solids (SS) | 600 | 480 | 475 | Less than 1.0 | 84.0 |
| Biochemical oxygen demand (BOD) | 600 | 480 | 474 | Less than 0.5 | 120.0 |
| 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 | 21.0 | Less than 1.0 | 8.1 |
| Fluorine compounds | 8 | 6.4 | 1.6 | Less than 0.2 | 0.2 |
| Cyanide | 1 | 0.8 | Less than 0.1 | Less than 0.1 | Less than 0.1 |
| Cadmium | 0.1 | 0.08 | 0.01 | Less than 0.003 | 0.004 |
| Total chromium | 0.1 | 0.08 | 0.01 | Less than 0.03 | 0.004 |
| Hexavalent chromium | 0.1 | 0.08 | 0.08 | 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 | 8.1 | 6.8 | 7.5 |
| Suspended solids (SS) | 50 | 40 | Less than 1.0 | Less than 1.0 | Less than 1.0 |
| Biochemical oxygen demand (BOD) | 30 | 24 | 7.8 | 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 | 8.5 | 6.8 | 7.5 |
| Suspended solids (SS) | 600 | 480 | 152 | 3.2 | 50.0 |
| Biochemical oxygen demand (BOD) | 600 | 480 | 309 | 3.5 | 89.0 |
| 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 | 8.6 | Less than 1.0 | 3.7 |
| 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 | 0.1 | 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 | 7.7 | 6.8 | 7.3 |
| Suspended solids (SS) | 50 | 40 | 1.6 | Less than 1.0 | 1.3 |
| Biochemical oxygen demand (BOD) | 30 | 24 | 24.3 | Less than 0.5 | 2.1 |
| 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 | 8 | 6.8 | 7.4 |
| Suspended solids (SS) | 600 | 480 | 111 | Less than 1.0 | 27.9 |
| Biochemical oxygen demand (BOD) | 600 | 480 | 127 | 1.4 | 32.1 |
| 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 | 9.9 | Less than 1.0 | 2.1 |
| Fluorine compounds | 8 | 6.4 | 3.3 | Less than 0.2 | 0.6 |
| 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 | 0.17 | Less than 0.01 | 0.06 |
| 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 | 7.7 | 6.8 | 7.2 |
| Suspended solids (SS) | 50 | 40 | 1.6 | Less than 1.0 | 1.3 |
| Biochemical oxygen demand (BOD) | 30 | 24 | 4.2 | 0.5 | 1.6 |
| 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

[Unit: mg/ℓ except for pH]

| Item | Regulated value | Voluntary standard | Maximum | Minimum | Average |
|--|-----------------|--------------------|-----------------|-----------------|-----------------|
| Concentration of hydrogen ion (pH) | 6~8 | 6.2~7.8 | 8.0 | 6.5 | 7.4 |
| Suspended solids (SS) | 25 | 20 | 10.0 | Less than 1.0 | 3.1 |
| Biochemical oxygen demand (BOD) | 25 | 20 | 9.3 | 0.7 | 2.5 |
| Chemical oxygen demand (COD) | 25 | 20 | 17.0 | 0.8 | 6.1 |
| 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

[Unit: mg/ℓ except for pH]

| Item | Regulated value | Voluntary standard | Maximum | Minimum | Average |
|--|-----------------|--------------------|-----------------|-----------------|-----------------|
| Concentration of hydrogen ion (pH) | 6~8 | 6.2~7.8 | 7.8 | 7.2 | 7.6 |
| Suspended solids (SS) | 15 | 12 | 8.0 | 2.0 | 4.5 |
| Biochemical oxygen demand (BOD) | 15 | 12 | 12.0 | 2.4 | 6.3 |
| Chemical oxygen demand (COD) | 15 | 12 | 11.0 | 3.4 | 8.3 |
| 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 NOx, and g/Nm³ for particulate matter]

| Equipment/facility | Substance | Regulated value | Voluntary standard | Maximum | Average |
|--------------------|--------------------|-----------------|--------------------|-----------------|-----------------|
| Cogeneration | NOx | 600 | 480 | 161 | 121 |
| Drying furnace | NOx | 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, 2nd South Plant

No equipment/facility to be regulated.

Handa Plant

Regulated by Air Pollution Control Act.

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

| Equipment/facility | Substance | Regulated value | Voluntary standard | Maximum | Average |
|--------------------|--------------------|-----------------|--------------------|-----------------|-----------------|
| 2 ton boiler | SOx | 1.5 | 1.2 | 0.007 | Less than 0.002 |
| | NOx | 180 | 144 | 35 | 22 |
| | 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 NOx, and g/Nm³ for particulate matter]

| Equipment/facility | Substance | Regulated value | Voluntary standard | Maximum | Average |
|--------------------|--------------------|-----------------|--------------------|-----------------|-----------------|
| 2 ton boiler | SOx | 1.5 | 1.2 | Less than 0.002 | Less than 0.002 |
| | NOx | 180 | 144 | 35 | 22 |
| | 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 | Measured value | Maximum |
|----------------------|-------------------------|--------------------|----------------|---------|
| Main Plant | 60 | 58 | 8 | 52 |
| South Plant | 50 | 48 | 3 | 45 |
| 2nd South Plant | 50 | 48 | 3 | 47 |
| Handa Plant | 65 | 63 | 3 | 63 |
| Handa West Plant | 65 | 63 | 6 | 63 |

Vibration: Vibration Regulation Act

[Unit: dB(A)]

| Measurement Location | Regulated value (Night) | Voluntary standard | Measured value | Maximum |
|----------------------|-------------------------|--------------------|----------------|--------------|
| Main Plant | 65 | 63 | 8 | 47 |
| South Plant | 60 | 58 | 2 | Less than 30 |
| 2nd South Plant | 60 | 58 | 3 | Less than 30 |
| Handa Plant | 70 | 68 | 3 | 40 |
| Handa West Plant | 70 | 68 | 5 | 362 |

PRTR Substances Handled and Emitted

PRTR Substances: Japan's Pollutant Release and Transfer Register (PRTR) Law.

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 | Amount removed through processing | Amount recycled |
|-------------------------------|----------------|-----------------------|---------------------------------|-----------------------|---------------|-----------------|-----------------------------------|-----------------|
| Bisphenol-A | 1,674 | 0 | 0 | 0 | 1,541 | 133 | 0 | 0 |
| Xylene | 10,444 | 6,211 | 0 | 0 | 2,022 | 2,211 | 0 | 0 |
| Hexavalent chromium compounds | 2,618 | 0 | 0 | 0 | 1,882 | 282 | 454 | 0 |
| Toluene | 25,197 | 19,027 | 0 | 0 | 6,122 | 48 | 0 | 0 |
| Manganese and compounds | 1,361 | 0 | 0 | 0 | 551 | 810 | 0 | 0 |
| 1,3-dioxolane | 9,242 | 7,120 | 0 | 0 | 2,122 | 0 | 0 | 0 |
| Total | 50,536 | 32,358 | 0 | 0 | 14,240 | 3,484 | 454 | 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.



Third-party Opinions



Mr. Toshihiko Goto

Chief Executive Officer, NPO Sustainability Forum Japan
Chairman, Sustainable Management Forum of Japan
Founder, Japan Sustainable Investment Forum
Director, Green Finance Organization
Director, Global Compact Network Japan

Chair and member of various committees of the Ministry of the Environment, including Eco Action 21 Guideline Revision Review Committee (Member), Environmental Information Disclosure Platform Development Working Group (Chair), Environmental Communication Award (Juror), and Tripartite Round Table on Environmental Business (TREB) of the Tripartite Environment Ministers Meeting among China, Japan and Korea (Head). ISO/TC207 Expert. Former GRI Board Member. Graduate of The University of Tokyo Faculty of Law.

Last year, in my Third-party Opinion, I talked about responding to the paradigm shift and the formulation of long-term goals in the form of “Goals and Aspirations”. Since June 2017, the paradigm shift has begun to manifest itself in specific events, such as the decision by the UK and France to ban the sale of petrol and diesel vehicles from 2040. I believe that we have reached the point where the automobile industry will be unable to ensure its future survival unless it revises its business model; that is to say, it must innovate (engage in creative destruction) to survive.

Following the Lehman Crisis in 2008, the G20 economies took the lead in establishing the Financial Stability Board (FSB), whose membership includes the finance ministries and central banks of those countries. In January 2016, the FSB set up the Task Force on Climate-related Financial Disclosures (TCFD), recognizing that the time had come when the risks and opportunities posed to industry by climate change and the consequent impact on the financial sector could no longer be ignored. The TCFD’s final report, Recommendations of the Task Force on Climate-related Financial Disclosures, was submitted to the G20 in July. One of the TCFD’s recommendations was that the financial sector should require companies to disclose scenario analysis information.

Scenario planning/analysis is just strategy formulation; at the very least, an interdepartmental team from the Head Office's corporate planning, finance and accounting, CSR and environment, IR, and purchasing departments should begin research and deliberations, with the assistance of external experts, if required. There are only three or four years left, so it is now or never.

Subaru's Environment Policies have been revised, based on the concept that "The earth, the sky and nature" are Subaru's fields of business. Until now, the prevailing approach to environmental measures across the globe has been that business activities come first, with companies seeking to internalize the external diseconomies (environmental destruction) of those activities as much as possible. As I perceive it, your company's new policy spells out the fact that the company is part of the environment, which is excellent.

Last year, I said that the EMS had reached its final version in its existing form. I also described the need to switch to ISO 14001:2015 and integrate it into the business management system. I wonder whether this will be considered in the voluntary action plan for the period through to FY2020. I hope that this aspect will be made more visible.

It is splendid to see that you are actually undertaking a variety of environmental initiatives, but I hope that you will consider RE100 (100% renewable energy) as a mitigation measure. Due to various constraints, efforts to promote widespread use of RE and reduce its cost are lagging behind in Japan, but in the U.S., it appears possible that solar power will be cheaper than grid power by the 2020s, so I would recommend that you consider advanced examples in the U.S. Adaptation measures will be considered in scenario analyses.

I think that you need to analyze why the overseas affiliates have higher CO₂ emissions than Subaru itself, even though their energy use is lower.

In Europe, listed large companies are obliged to formulate and publish a policy on the diversity of their board of directors, on the grounds that a lack of diversity demonstrates weakness in the area of innovation. It will likely take more than 20 years to consistently produce a certain number of female executives, for example, from within the company, even if you launch initiatives now. In the interim, I hope that you will at least make full use of women in committees focused on the environment, CSR, and risks, and also in decision-making.

Finally, I note that the report uses a larger typeface and has been edited to make it easier to read.

Response to the Third Party Opinion

Thank you for providing your opinion again this year on the Environment section of our CSR Report 2017.

You were kind enough to praise our Environmental Policies, which we revised last April, for spelling out the fact that the company is part of the environment. Partly in response to the revision of ISO14001, but also with the objective of making our corporate management more sensitive to the environment, we revised our Environmental Policies and are working to ensure that our environmental management is seamlessly integrated with our corporate management.

Climate change is the most important challenge faced worldwide today and it is closely linked to our company's business activities and products. Taking this very seriously, we will strive to implement the most proactive initiatives possible, while reflecting opinions from both inside and outside the company, in order to achieve more stable, resilient, and sustainable management.

Furthermore, in publishing this report, we will give consideration to ensuring that all our various stakeholders understand these activities initiatives of our company.

Going forward, we will continue our efforts to make an even greater contribution to the sustainability of society and promote specific activities to this end, including the matters you have pointed out for our consideration.

February 2018

Yoichi Kato
Subaru Corporation
Director of the Board
Corporate Senior Vice President
Environmental Committee Chair



Social Contribution Policy

Gratitude for the Local Communities

Subaru Group's social contribution has focused on our responsibility as a manufacturer of transportation machinery and on having the communities in which we operate be happy with our presence. We also incorporate in our social contribution policy our hope to have social contribution take root in our corporate culture and to sincerely carry out such activities.

Social Contribution Policy

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

System for Promoting Social Contribution Activities

Subaru Group established the Social Contribution Committee in 2012 as a body to actively promote and continue social contribution activities leveraging our technology and expertise.

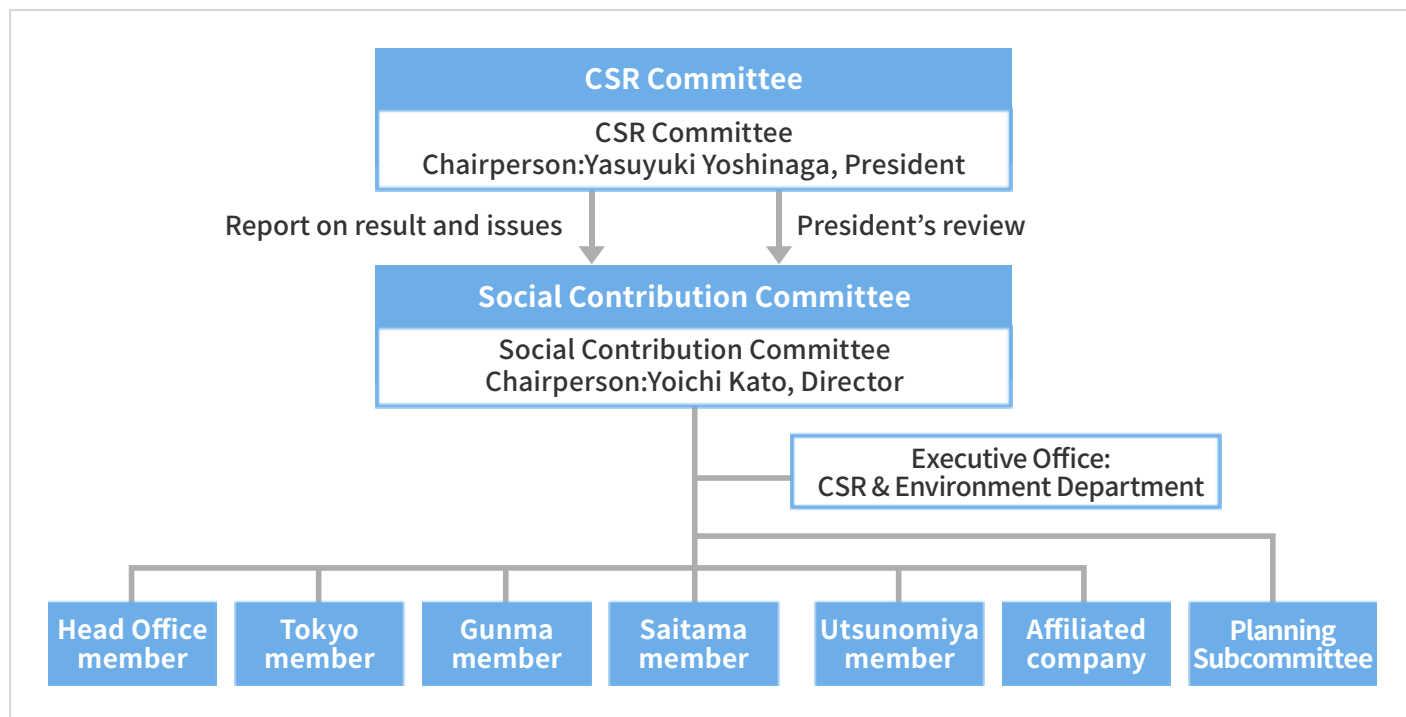
The Social Contribution Committee is, based on the organizational restructuring in FY2018, assigned the chairperson to the head of Corporate Administration Division and also changed its secretariat from General Administration Department to CSR & Environment Department (newly established), in order to further energize its activities.



Social Contribution Committee

The Committee meets every six months to compile activity results and issues and reports the findings to the CSR Committee. Our President, who also serves as the 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 Initiatives

Efforts in Japan

Development of Automobile Culture and Road Safety

Holding the Subaru Road Safety Workshop

We have held the Subaru Road Safety Workshop at our Factory Appreciation Festival for the lower grades of elementary school children. After watching a picture card video about road safety, children experience the danger of entering the driver's blind spot using a real car and learn the use of turn signals. In FY2017, the festival was held at the dealership for the first time. The event will continue to be held and expanded.



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 site, we 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.



Ensure Traffic Safety for Neighborhood Children (Industrial Products Division)

Every morning, volunteer employees and security guards ensure traffic safety for the neighborhood children and watch over the routes to school. The road in front of the main gate for the Industrial Products Division is along a route to the nearby elementary school, and the activity not only provides traffic safety but also is meaningful in the prevention of crimes against children. Every year, this activity is recognized at the annual “Thank You Assembly” for the Nakamaru Higashi Elementary School in Kitamoto City and we receive the gratitude from nearby residents.



Safe Motorcycle Driving Class (Tokyo Office)

The Tokyo Office once again held the safe motorcycle driving class in 2016 in cooperation with Mitaka Police Department. Forty participants, including those from outside the company, received instruction from police motorcyclists and instructors, and participated enthusiastically to improve their driving techniques.



SUBARU Visitor Center (Gunma Manufacturing Division)

Opened to the public on July 15, 2003, the Subaru Visitor Center welcomes people who visit the Yajima Plant for tours of the plant and other reasons. Inside the center, 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 FY2017, 88,909 people visited the facility.



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. (In Japanese only)

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



Activities to Raise Traffic Safety Awareness

We are operating the “Subaru Kids” website to promote awareness of traffic safety among children.

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 (In Japanese only)

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

Making Things, Fostering Human Resources

Environmental Class Visits (Utsunomiya Manufacturing Division)

Since FY2007, the Utsunomiya Manufacturing Division has offered environmental class visits to local elementary schools to deepen pupils' understanding of the environment and aviation fields. Our employees visit schools as teachers to raise children's awareness about the mechanisms and prevention of global warming issues through lectures, experiments and hands-on experience of aircraft materials. At first, the visits targeted only the elementary school children in Utsunomiya City but since FY2014 the visits expanded to cover elementary and junior high schools in Handa City in Aichi Prefecture where our Handa Plant is located. Since FY2016, classes to teach the mechanisms of air flight were added. Through the experiments and actual experience, the visits aim to raise children's interest in the aviation field and to help children consider the field when choosing their jobs in the future.

In FY2017, the visits (including both environment and aviation visits) were held at 21 schools (1,254 students) in the Utsunomiya area and at 12 schools (679 students) in the Handa area.

Since the start of this activity in FY2007, the visits have taken place at a cumulative total of 205 schools (13, 936 students) in Utsunomiya and Handa areas, becoming firmly established in these areas.



A class on the environment at an elementary school in Utsunomiya

Participation in the “Machi no Sensei” Trade Fair (Gunma Manufacturing Division)

On December 4 (Sunday), the “Machi no Sensei” (town teachers) Trade Fair organized by the Ota Machi no Sensei Trade Fair Promotion Association was held and we participated in the fair. At our booth, visitors were able to experience finishing work for the plate that shapes the Subaru marque while deburring with sandpaper to create their own key chains. The venue was visited not only by children but also by many of their parents enjoying the event.



Cooperation in the “Factory tours to connect children with the community” (Industrial Products Division)

This cooperation started in FY2015 after the mayor of Kitamoto City and the Board of Education asked us the possibility of preparing “a factory tour for third graders in Kitamoto City who are receiving lessons on jobs and life using Saitama Manufacturing Division as lesson materials.”

In FY2017, we welcomed 224 students from three schools in the city. We received many questions beforehand from the students, who had studied the process up to making engines in textbooks, and comments after the tour from them saying that they want to actually do the work.



Manufacturing Workshop

We are sponsoring manufacturing workshops for children to experience the pleasure of creating through the joy of assembling parts, and then through experiencing running the created model car through a cross-country course.

Models that can easily switch between 4-wheel and 2-wheel drive were created, and experiments after completion responded to the intellectual curiosity of the children by explaining to children in an easy-to-understand manner why 4-wheel drive made it easy to climb hills or steps that 2-wheel drive could not.



Community Contribution

Local Area Cleaning (Utsunomiya Manufacturing Division)

We periodically conduct clean-and-beautify your neighborhood activities by employees in the vicinity of each of our offices and plants. In FY2017, a cumulative total of approximately 4,800 employees, including 400 employees of Utsunomiya Manufacturing Division, took part in the activities. We plan to continue these local clean-and-beautify activities.



Clean Campaign of Utsunomiya Manufacturing Division

Friendship Festival (Utsunomiya Manufacturing Division)

In October 2016, 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 exchange with local residents. As part of this, we carried out public relations activities 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 in order to promote activities to expand the serenity of greenery.



Sponsoring Summer Evening Bon Dance Festival (Utsunomiya Manufacturing Division)

A grand Summer Evening Bon Dance Festival was held with an attendance of some 1,000 people, including people from local residents' associations, women's associations, children's clubs and affiliated companies. This year marked the 30th time for the Bon Dance, which has been held since 1984, and it is an event that makes a major contribution to the community.



Participation in the Kanayama Cleanup Volunteer Activity (Gunma Manufacturing Division)

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.



Participation in the Ota Festival and Oizumi Festival (Gunma Manufacturing Division)

A total of 1,500 employees participated in the mikoshi (portable shrine) parade. There was great excitement at each site. The spectators along the route could feel the excitement and Subaru presented a brave figure.



Subaru Appreciation Festival (Gunma Manufacturing Division)

The Subaru Appreciation Festival 2016 was held twice this year at the Yajima Plant and Oizumi Plant of Gunma Manufacturing Division. The event attracted around 30,000 visitors, including family members of our employees, 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 experience.



Collaboration for a workshop to gather and meet Subaru athletes (Gunma Manufacturing Division)

The “workshop to gather and meet Subaru athletes” was sponsored by the Gunma Children's Health Development Team at Gunma Kids' Country and our baseball team and track-and-field team participated as lecturers.

About 65 elementary and middle school students participated in the event and had an opportunity to learn the joy and foundation of sports from the top players in the country.



Participation in the Kitamoto City “Pikapika Kitamoto Omakase Program” (Industrial Products Division)

The Pikapika Kitamoto Omakase Program is a Kitamoto City’s institution that compares public facilities, such as the roads and parks within Kitamoto city, to children and the residents and corporation employees as “foster parents” of these facilities. As such, beautification projects such as cleaning and cutting grass are performed regularly as volunteer projects. The Industrial Products Division has participated in this institution since it began in 2003 and has performed beautification and cleaning of the roads and promenades once every month around the factory. In FY2017, a total of 692 employees participated.

In addition, the achievement of our activities was recognized by Kitamoto City and we were awarded the “Kitamoto City Good Conduct Award” by the Kitamoto City Mayor in November 2014.



Participation in “Machikado Green Day” in Chuo Ward, Tokyo (Industrial Products Division)

We took part in Machikado Green Day (Greening the Streets Day) beginning in FY2017. We participate in Machikado Green Day, a volunteer cleanup activity of Chuo ward, Tokyo, by having employees working at the Tokyo Office of the Industrial Products Division volunteer once a month during lunch time to clean sidewalks and parks around the office. In the first year of FY2017, a total of 141 employees participated.



Summer Festival (Tokyo Office)

Starting with a parade by the Samba Club from the neighboring International Christian University, the Summer Festival 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.



Naming Rights of Mitaka City Sports Center Acquired (Tokyo Office)

In 2017, Fuji Heavy Industries, Inc., with its Tokyo Office located in Mitaka City, welcomed the 100th anniversary of its founding and changed its name to Subaru Corporation in April of the same year. The “Subaru General Sports Center” opened, with the wish that the city residents to be more familiar with our company and with our wish for residents to be active/nurture and stay healthy by gathering at this facility and becoming united through sports, following the meaning of Subaru (subaru = consolidate in Japanese) to “gather” and to “unite.”



Supporting Activities to Maintain the Environment

Cooperating in environmental maintenance activities around the Fuji Subaru Line

Subaru employees participated in the cleanup of Mt. Fuji, sponsored by the Mt. Fuji Beautification Foundation, by beautifying the route from the 5th Station to the 6th Station. We have continued to contribute funding for the activities of the Foundation, which has been useful for environmental activities around Mt. Fuji.

In FY2017, we have donated a second patrol car and caps worn by staff during patrol to the Yamanashi Prefecture Road Corporation that operates the Fuji Subaru Line, and they are being useful in traffic safety and environmental protection activities of the Subaru Line.



› [Flower Distribution and Hosting Elementary School Flower Bed Contest](#)

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. This award was established in 2006, and at the 12th Award Ceremony in June 2017, we commended one employee.



One employee commended (second from the right) and Subaru officers

Overseas Initiatives

Subaru of America, Inc. Initiatives

Subaru Employees Celebrate Love Promise

Summary of program: The Subaru culture at the United States headquarters is guided by a set of behaviors and values that we call The Love Promise: Six Stars to Guide Us. It compliments a similar program involving all Subaru US-based retailers. One aspect of the program involves giving back, and during the last fiscal year ending March 2017, Subaru employees participated in more than 115 Subaru-organized volunteer activities, donating about 5,000 hours. As Love Promise is part of our culture, we expect the number of activities and hours to increase.



› [Joint Project for Zero Waste to Landfill in National Parks](#)

› [Monarch Butterfly Protection Activity](#)

Subaru of Indiana Automotive, Inc. Initiatives

United Way Pledge Drive

SIA holds a pledge drive each year for Associates to pledge donations from their paychecks to United Way, a nonprofit organization focused on providing basic needs for those in need. This year our drive collected \$752,131.



› [Sponsoring the Indiana State Museum's Eco Science Fair](#)

Subaru Canada, Inc. Initiatives

Participation in Local Government Garbage Pickup Event

In Mississauga, a call for a 20-minute cleanup is given to local corporations every Earth Day. Subaru Canada, Inc. (SCI) endorsed this initiative twelve years ago and in FY2017, there were 15 employees who participated. In addition, Mississauga allocates roads to local corporations to manage beautification and perform zero road-side waste activities. SCI also endorses these initiatives, and picks up garbage along 2.5 kilometers around the site three times a year.



Toronto Subaru Club HyperMeeting

On August 14, we welcomed the Toronto Subaru Club and enthusiasts from all over the Greater Toronto Area to our headquarters for the 13th Annual HyperMeeting. This year over 1,300 attendees came out to share their pride of Subaru ownership, showcase their vehicles and enjoy a day of family-friendly fun. With a complimentary BBQ and snow cones, musical entertainment and the ever-popular Kid's Zone, the event was once again a huge success. As in previous years the proceeds of the event will go to Ronald McDonald House Charities Toronto, and this year we are pleased to announce that the event raised a grand total of \$37,000, which includes Subaru Canada's dollar-for-dollar match of funds raised by the Toronto Subaru Club. As one of the largest events of its kind held at a corporate head office in Canada, HyperMeeting gives us a chance to give back to the community as well as a unique opportunity to connect with some of Subaru's most ardent enthusiasts.



Subaru of China, Ltd. Initiatives

› [The SUBARU Forest ecology Conservation Project in China: “31 Forest Star Tours”](#)

Subaru Research & Development, Inc. Initiatives

Donations through the Japan Business Society of Detroit and the Japanese Business Association of Southern California

Subaru Research & Development, Inc. (SRD) supports various social activities through donations to the Japan Business Society of Detroit (JBSD). In FY2017, a total of \$2,290 was donated to the Japanese Art Exhibit at the Detroit Institute of Arts and in association with activities of JBSD. In addition, \$500 was donated to support public schools in southern California through cooperation with the Charity Golf Event of the JBA Foundation, the non-profit organization associated with the Japanese Business Association of Southern California (JBA).



Information Disclosure Philosophy

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



Subaru Corporation Top Page

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

Information Publication for Employees

Every month, an in-house magazine is published for the purpose of sharing information on corporate policies and initiatives as well as boosting the motivation of employees and promoting communication. So far, we have published over 730 issues since the first printing in April of 1956. In February 2014, we began posting internal information on our intranet in an effort to provide information to employees on a broader and more timely basis.



In-house magazine "Shuho"

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

Awarded the IR Prime Business Award of Japan Investor Relations Association

We received the IR Prime Business Award in Japan Investor Relations Association's 21st IR Award (FY2017) for the second time after three years.

We will further promote activities so that our shareholders and investors can further deepen their understanding of our company by continuing to provide high quality corporate information widely and fairly.



IR Prime Business Award Logo

Plant Tours for Shareholders

Subaru 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 employees working there, and our corporate culture directly. We also allocate time to a Q&A in which Subaru officers participate in order to achieve direct communication between shareholders and our company.

In FY2017, we had plant tours at Gunma Manufacturing Division's Yajima Plant and Main Plant (14th time) and Tokyo Office's research and development facilities (first time) in May 2017. The 63 shareholders (a total of 105 including their guests) participated in the Gunma Manufacturing Division's tour, and we received many comments in regard to their recognition and understanding of "Subaru's commitment toward safety performance". The 37 shareholders (a total of 54 including their guests) participated in the Tokyo Office's tour. Comments received include "I am satisfied that I could again experience Subaru technology and its attitude toward manufacturing," and "I was happy to see the Subaru spirit displayed directly from the development team."

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 FY2017

IR Information Disclosure

We are committed to timely and appropriate disclosure of business information in order to deepen the understanding of our shareholders and investors. We also strive for fair disclosure of information by promptly publishing all kinds of information on our website, including holding general meetings of shareholders, issuing reports for shareholders, and running briefing sessions for the media and analysts for each quarterly settlement.



Webpage "Investor Relations"

Moreover, we offer an IR newsletter service to distribute the latest IR information, such as statement details, by email to those who register. Approximately 1,500 people are currently registered for the free IR newsletter service.



IR Report "SUBARU REPORT"

Follow this link for the latest IR information.

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

TOPICS1

Selected for Excellence in Corporate Disclosure by Securities Analysts Securities Analysts

We were ranked first in the Automobile/Parts/Tires industry area by The Securities Analysts Association of Japan in its FY2017 Awards for Excellence in Corporate Disclosure. It was the third year in a row that we received this award. We ranked highly, placing first out of 18 companies in our industry area in four of the five evaluation categories.



Logo of the Awards for Excellence in Corporate Disclosure



Our Basic Approach and Policy to Procurement

In keeping with our Corporate Philosophy, the Subaru 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

Subaru 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.

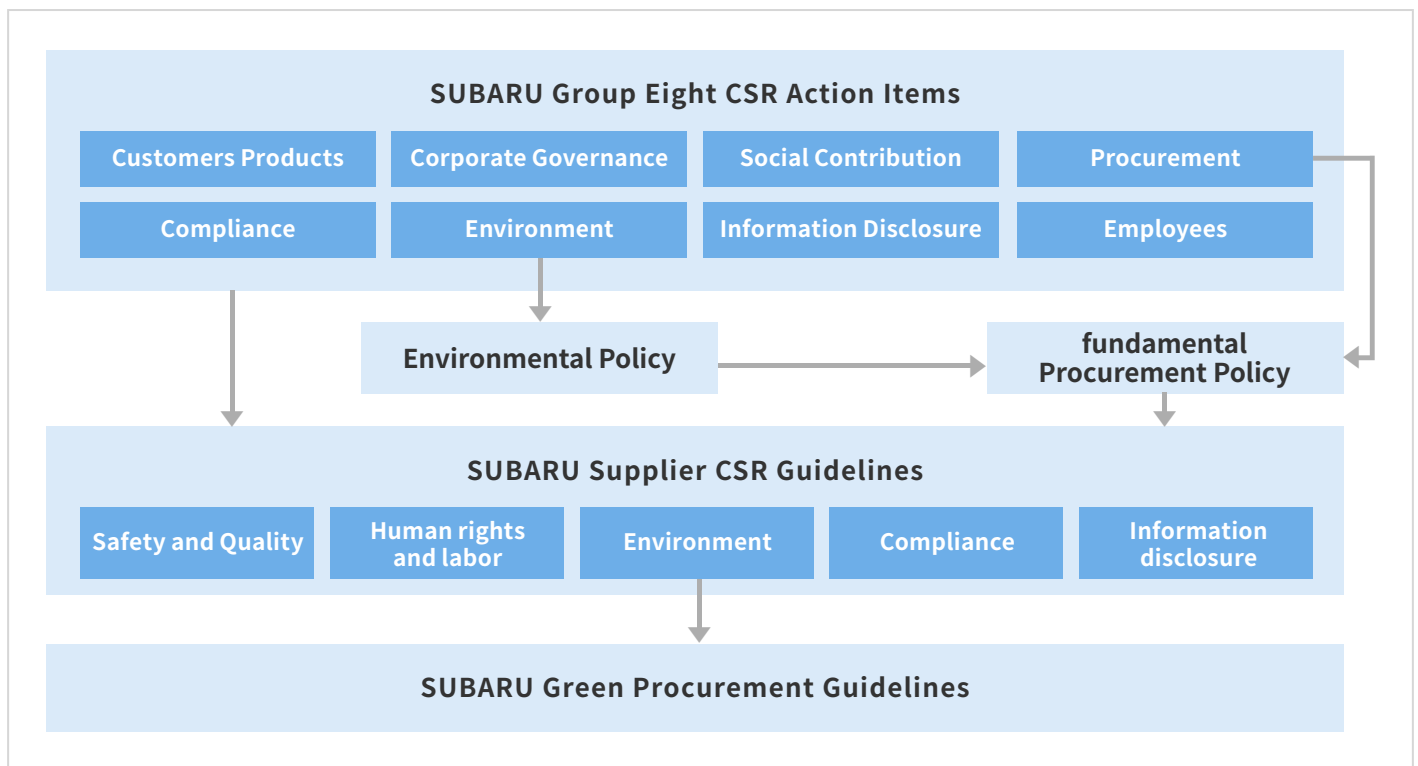
3. Fair and Open Way of Selecting Suppliers

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 Automotive Business, Aerospace Company, and Industrial Products Division have participated in the Purchasing Environmental Committee, striving to solve environmental issues in the area of procurement. In FY2012, the committee changed its name to the Purchasing Committee and expanded its mission to include the eight CSR action items of our company.

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 supply chain.



Promoting Fair Trade

We have observed the laws and regulations related to procurement, including the Antimonopoly Act and the Act against Delay in Payment of Subcontract Proceeds, Etc., to Subcontractors.

Even for employees, we provide legal and regulatory training for those in charge of procurement and transmit alerts on our intranet to ensure that business is conducted properly.

> [Consultation service for promoting fair-trade \(Japanese version only\)](#)  PDF/164kB

Employee Training on Fair Trade in FY2017

Automotive Business

- Reception training for transferees (15 employees)
- Training session on Fair Trade Guidelines (107 employees)
- Test to check understanding of Subcontract Act (141 employees)
- Checks on carrying of Subcontract Act compliance cards: confirmed that all target employees were carrying the cards

Aerospace Company

- Reception training for transferees (7 employees)
- Procurement process training (156 employees)
- Material Department EMS* training (103 employees)
- Briefings on progress status of purchasing reforms (168 employees)

*EMS: an acronym for Environmental Management System

Industrial Products Division

- Reception training for new recruits (2 employees)
- IMDS off-site training (1 employee)

CSR Guidelines for Suppliers

Based on the CSR Guidelines for Suppliers issued by Japan Automobile Manufacturers Association, Inc. (JAMA), we have created the SUBARU Supplier CSR Guidelines by incorporating our CSR policy for the business partners of SUBARU Automotive Business. We expect these guidelines will help our partners to conduct further CSR activities and expand such activities jointly with their own business partners.

In FY2014, these guidelines were made company-wide including all suppliers of the Automotive Business, the Industrial Products Division and the Aerospace Company, and in FY2016, 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., confirming the integration of procurement policy.

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

> [SUBARU Supplier CSR Guidelines](#) PDF/691KB

> [SUBARU Green Procurement Guidelines*](#) PDF/656KB

> [Green Procurement Guidelines Aerospace Company*](#) PDF/552KB

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



SUBARU Supplier CSR Guidelines

Five Topics in the SUBARU Supplier CSR Guidelines

We promote our procurement activities based on the following basic 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 ecosystem

(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 Subaru 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 share with partners our mid- to long-term management strategies and our sales, production and procurement policies, we have been hosting “Policy Briefings” every spring. We also periodically exchange information by participating in “Cooperation Meetings” comprised of our partners.

Once a year, we award those partners that have particularly contributed to technology and quality.



“General Cooperation Meeting” for SUBARU Automotive Business suppliers



Presentation of quality improvement initiatives at Aerospace Company suppliers’ “Cooperation Meeting”



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 FY2017, approximately 1,600 employees took and completed the 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, in addition to various programs in Japan, we have also established programs to facilitate foreign language acquisition and training 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 program There is a variety of programs to choose from depending on the level and goal of each employee. | Correspondence education etc. | Training at each business site Official certification support, etc. |
| Regular Employee | | | | | | |
| New employee 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.



Basic Skills Training at STS

We provide training that matches the skill levels of trainees, including new graduates to those in their mid-twenties. In FY2017, 641 employees took and completed the courses, bringing the cumulative total of successful trainees to 3,672.

I have learned a great deal of essential knowledge that can be used immediately at work and skills that are difficult to acquire through textbooks only from highly experienced lecturers. I would like to make best of knowledge, skills and precious experience I gained through Subaru Technical School in building cars that customers can drive with peace of mind.

Ayumu katou, No.3 Body Section, 2nd Production Department, 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 we are aiming for.

To this end, we position and utilize our 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 our employees have an interview with their supervisors three times a year (goal setting, interim confirmation, outcome confirmation).

Note that both men and women are treated properly and there is no gender gap in basic salary.



Employees: Work-Life Balance Initiatives

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

Subaru 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 systems equal to or greater than statutory requirements so that employees can balance their work with child/elderly care. Such systems include 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. We also conduct lectures on these systems as part of our grade-specific training as well as make available the Maternity Leave and Childcare Handbook on our intranet, with the 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.

As a result of achieving the targets in the action plan, we acquired certification by the Minister of Health, Labor and Welfare (the Kurumin Mark) three times. Also during the fifth phase of the action plan (April 2017 – March 2019), we promote efforts with the hope of winning the Platinum Kurumin Mark certification.



The Kurumin Mark

Terms of Each Action Plan

The First Phase of the Action Plan: April 2005 – March 2007

The Second Phase of the Action Plan: April 2007 – March 2010

The Third Phase of the Action Plan: April 2010 – March 2015

The Fourth Phase of the Action Plan: April 2015 – March 2017

The Fifth Phase of the Action Plan: April 2017 – March 2019

Now we are stepping up our support systems so that employees can balance childcare responsibilities with work while seeking career development at the same time.

Initiatives Aimed at Reducing Long Working Hours

In addition to the set hours days (no overtime days) that we had already established, we 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 are reducing the core time of flexi-time work from four to two hours to facilitate work styles that are more tailored to various fluctuations in work. This contributes to the fulfilment of employees' private life and reducing working hours, such as in cases where employees can go home early at times of low workload.

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

| Implementation | Overview | | FY 2011 | FY 2012 | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 |
|--------------------------------|--|--------|-------------------------|------------|------------|------------|------------|------------|------------|
| Childcare leave (persons) | System that enables employees to obtain leave for childcare | Male | 2 | 3 | 6 | 3 | 2 | 6 | 8 |
| | | Female | 90 | 68 | 124 | 68 | 91 | 101 | 88 |
| | | Total | 92 | 71 | 130 | 71 | 93 | 107 | 96 |
| | Rate of returning to work after childcare leave | Male | - | - | - | 100 | 100 | 100 | 100 |
| | | Female | - | - | - | | | 98 | |
| | Rate of returning to work after childcare leave | Male | - | - | - | 98.5 | 100 | 100 | 87.5 |
| Female | | - | - | - | 98.9 | | | 95 | 100 |
| Care leave (persons) | System that enables employees to obtain leave for family care with the necessary care conditions | | 5 | 6 | 3 | 5 | 5 | 9 | 4 |
| Paid vacation acquisition rate | Promotion of once per month | | 86.6% | 88.2% | 85.7% | 86.9% | 88.7% | 84.2% | 84.4% |
| No overtime day | Two days set in the week for increasing work efficiency and fulfillment of private life | | Implemented continually | | | | | | |



Promoting Diversity

For our company to continue offering customers value not found in competing products, each Subaru employee needs to be able to express his or her abilities as an individual with unique values. For this reason, Subaru 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 our company 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 to support female career development, in FY2017 we introduced “career up training for female team leaders” as a new initiative to systematically develop the next-generation female candidates for managers, in addition to the mentor system for female managers and candidates for manager.

In addition, we formulated an action plan aimed at promoting active roles for women under the Act on Promotion of Women's Participation and Advancement in the Workplace. In the action plan, under the system of promotion through merit based on demonstrated ability, we set a target for and are striving to increase the number of female managers by 2020 by five times that of the number in 2014 (4 managers → 20 managers).

In FY2018, we will continue to promote these initiatives in addition to working to further enhance quality.

Activities to Raise Awareness of Human Rights

Our 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 regarding the respect for human rights, we have introduced lectures on the importance of diversity and our initiatives in the training course for new recruits and managers since FY2016. In FY2017, we held training 11 times with approximately 531 employees attending.

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 our intranet. Also, 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.

As a contact in case of occurrence of harassment, we established the Compliance Hotline for Harassment, and Harassment Contacts at the headquarters and all offices and plants. By creating a contact that workers can easily get in touch, we try to resolve problems without delay.

Supporting Employees with Disabilities

At our company, we strive to create workplace environments in which people with disabilities can truly shine. To achieve this goal, we leverage the ideas and opinions of our employees with disabilities and their family members.

As of March 31, 2017, we have 253 employees with disabilities, mainly in manufacturing work, and the percentage of employees with disabilities was 2.16% as of April 1, 2017.

As a facet of our social responsibility, we comply with the legal requirement concerning employment of those with disabilities. 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, 2018.



Cleanup of Subaru Visitor Center at Yajima Plant done by SBC employees.



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 FY2017. As of April 2017, 56 employees and 14 instructors engaged in cleaning operations for Subaru dormitories and plants.

In FY2017, SBC has gone beyond simply employing people with disabilities to actively hosting people from the local areas for observation and tours. Also as a company actively and cooperatively promoting employment of people with disabilities, SBC aims further to reflect this fact in corporate management by registering as a “Supporter Company for Employment of People with Disabilities” sponsored by the Department of Employment Support for People with Disabilities of Gunma Prefecture and by sharing know-how and improving exchanges between corporations through expansion of the intra-corporate network related to employing persons with disabilities.



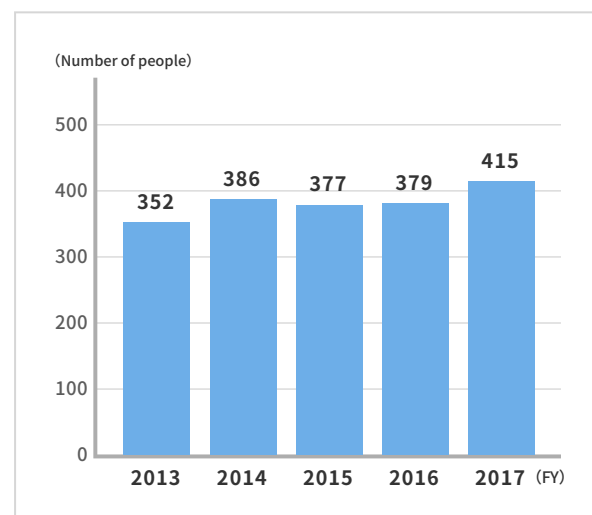
Certificate of Supporter Company for Employment of People with Disabilities issued by Gunma Prefecture

With many colleagues working at the company, we will from now on strengthen initiatives aimed at retention. 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 one can feel the joy of working by achieving results in the job experience. In addition, after employees join the company, we will repeat skill checks and interviews to help raise their motivation. We also create a forum for experiencing the happiness of spending time with friends met through work by using holidays to hold regular events, which in turn works to deepen communication among different plants and offices. In FY2018, 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 our company and at our associated group companies.

Number of Workers Over the Age of 60



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.

In FY2017, the number of employees over 60 years old or more is 415.

After the implementation of the “Revised Law Concerning Stabilization of Employment of Older Persons (April 2013)”, we have hired all those wishing to be re-hired.

Re-employment Rate in FY2017

| Retirees | Re-employment Applicants | Re-employment Rate for Applicants |
|----------|---|-----------------------------------|
| 114 | 98 (29 employed at an associated company) | 100% |

Global Human Resource Development Initiatives

We recruit 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 our company 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

Program for Appointment of Contract Employees to Regular Employment

We have a program for appointing contract employees to regular employment. In the five years spanning FY2013 through FY2017, 624 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 2016 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 (SUBARU non-consolidated)

| | | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 |
|---|---------------|--------|--------|---------|---------|---------|
| Number of employees ※Numbers do not include officers and advisors, but include those loaned from other companies. | Male | 12,451 | 12,784 | 13,511 | 13,858 | 14,229 |
| | Female | 861 | 871 | 901 | 929 | 988 |
| | Total | 13,312 | 13,655 | 14,412 | 14,787 | 15,217 |
| Male to female ratio (%) | Male | 94 | 94 | 94 | 94 | 94 |
| | Female | 6 | 6 | 6 | 6 | 6 |
| Average age | | 38.8 | 38.7 | 38.3 | 38.4 | 38.3 |
| Average length of continuous employment (years) | | 16.9 | 16.5 | 15.9 | 15.8 | 15.7 |
| Number of managers (persons) | Male | 1,044 | 1,029 | 1,028 | 1,032 | 1,028 |
| | Female | 5 | 4 | 4 | 7 | 11 |
| Number of new graduate recruits (persons) | Male | 418 | 418 | 426 | 483 | 479 |
| | Female | 40 | 30 | 41 | 36 | 69 |
| Number of mid-career recruits (persons) | Male | 487 | 303 | 594 | 267 | 397 |
| | Female | 5 | 8 | 10 | 23 | 23 |
| Total number of separated employees (persons/%) | | - | - | 159/1.1 | 189/1.3 | 258/1.7 |



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.

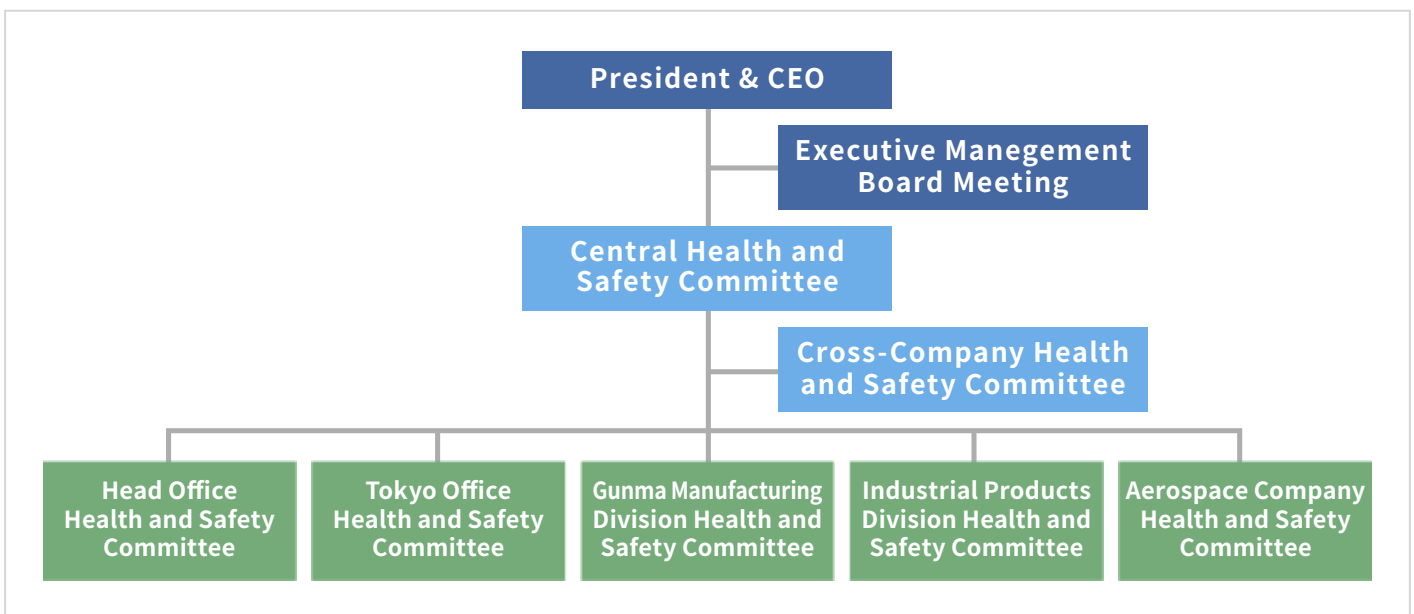
Health and Safety Management System

Subaru 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 business site 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 of our business sites 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.



FY2018 Safety and Health Kick-off Meeting at Utsunomiya Manufacturing Division

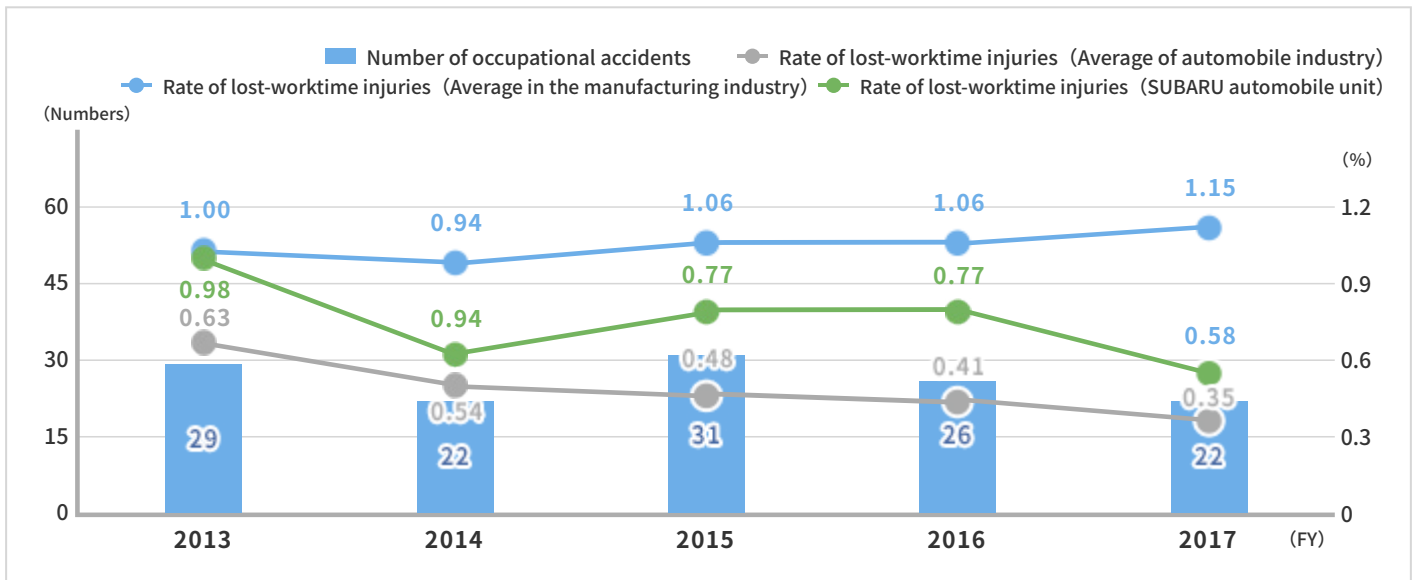
At the FY2018 Safety and Health Kick-off Meeting, we established activity targets and plans for each business site so that employees can maintain constant awareness of disaster and accident prevention during daily work and we are working toward achieving those goals.

There were 22 work related accidents in FY2017d. Of those, 4 resulted in loss of time at work, and there were no fatal accidents. The overall accident frequency rate for our company was 0.58, and the lost-worktime incident rate, which indicates the severity of accidents, was 0.10.

From FY2018, the phrasing and shape of the safety declaration badge worn by all employees since 2013 was renewed. The phrasing states “I will always check for safety before performing any action” and is meant to remind employees to pause before performing any action. As Subaru employees providing “enjoyment and peace of mind,” we aim to work safely and to avoid embarrassing behavior.



Occurrence of Industrial Accidents and Accident Frequency Rate



※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, we carry out risk assessment activities that identify potential risks within the workplace and attempt to prevent them. The results of assessments are reflected in annual health and safety activities in an effort to reduce risk systematically.

Road Safety Support Activities

In order to prevent all traffic accidents whether during work, commuting or private time, we conduct driving aptitude testing that incorporates psychological testing for all employees of the Automotive Business, in which commuting by car is popular, the Aerospace Company, and the Industrial Products Division. Moreover, at some sites we have launched an initiative using driving recorders to identify employees' driving habits. Through 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, and nutritional guidance), individual health consultations to those diagnosed with a cautionary concern in a medical checkup, counseling and other healthcare services.

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.



Michiko Suzuki
Public health nurse,
Gunma Manufacturing
Division

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.

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. Mental health workshops and the like for regular workers and managers are provided at each division. In FY2013, we created the Mental Health Dealing Manual for Managers in-house booklet, and since FY2014 have introduced the Return to Work Program Schemes (trial return to work, gradual return to work), a system 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.

Moreover, based on the results of Stress Check carried out in FY2017, we will further strive to improve our work environment.



Building Positive Labor-Management Relations

Our employees belong to the Fuji Heavy Industries Labor Union. Out of a total of 15,208 employees, 14,010 employees belong to the labor union (as of October 1, 2016). 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 all these unions, has 25,438 members (as of October 1, 2016).

Our company 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, labor conditions, issues concerning work styles and other topics. Changes to operations that will have a significant impact on employees are, after due deliberations, communicated in advance to employees by both labor and management.

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



Linkage Table between GRI G4 Guidelines and ISO 26000

In preparing a sustainability report consistent with international standards, we have referred to core subjects and issues presented in the GRI Sustainability Reporting Guidelines-G4 and the ISO 26000 Guidance on social responsibility. For the GRI G4 Guidelines, please [click on this URL](#) , and for ISO 26000 Guidance, see www.iso.org .

| Item | Indicator | ISO26000 | Reference on Subaru Website |
|-------------------------------------|---|---|---|
| General Standard Disclosures | | | |
| Strategy and Analysis | | | |
| G4-1 | A statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability | 4.7 Respect for international norms of behaviour 6.2 Organizational governance 7.4.2 Setting the direction of an organization for social responsibility | <ul style="list-style-type: none"> > Message from the President |
| G4-2 | A description of key impacts, risks, and opportunities | | <ul style="list-style-type: none"> > Message from the President > Message from the Environmental Committee Chair > The Subaru Group's CSR > Crisis-level Risks > Risk Information |
| Organizational Profile | | | |
| G4-3 | Name of the organization | | > Corporate Overview |
| G4-4 | Primary brands, products, and services | | > Corporate Overview |

| | |
|-------|--|
| G4-5 | Location of the organization's headquarters |
| G4-6 | The number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report |
| G4-7 | Nature of ownership and legal form |
| G4-8 | Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries) |
| G4-9 | Scale of the organization |
| G4-10 | <ul style="list-style-type: none"> • Total number of employees by employment contract and gender • Total number of permanent employees by employment type and gender • Total workforce by employees and supervised workers and by gender • Total workforce by region and gender • Whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors • Any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries) |

6.3.10 Fundamental principles and rights at work
6.4.1-6.4.2 Labour practices
6.4.3 Employment and employment relationships
6.4.4 Conditions of work and social protection
6.4.5 Social dialogue
6.8.5 Employment creation and skills development
7.8 Voluntary initiatives for social responsibility

| |
|---|
| <p>> Corporate Overview</p> |
| <p>> Business Sites and Affiliated Companies</p> |
| <p>> Corporate Overview</p> |
| <p>> Business Sites and Affiliated Companies</p> |
| <p>> Corporate Overview</p> |
| <p>> Employee Data (Subaru non-consolidated)</p> |

| | |
|--|---|
| G4-11 | Percentage of total employees covered by collective bargaining agreements |
| G4-12 | Organization's supply chain |
| G4-13 | Any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain |
| Commitments to External Initiatives | |
| G4-14 | Whether and how the precautionary approach or principle is addressed by the organization |
| G4-15 | Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses |
| G4-16 | List of memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: <ul style="list-style-type: none"> • Holds a position on the governance body • Participates in projects or committees • Provides substantive funding beyond routine membership dues • Views membership as strategic |



| |
|--|
| > Communication with Labor Union |
| > Overall Image of Subaru's Environmental Impact Concerning Automobiles [FY2017] |
| - |
| > Management of Chemical Substances (Operation of the IMDS) |
| > Message from the President > Initiatives toward Sustainable Development Goals |
| - |

| Identified Material Aspects and Boundaries | | | |
|--|---|--|--|
| G4-17 | <ul style="list-style-type: none"> All entities included in the organization's consolidated financial statements or equivalent documents Whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report | | > Financials |
| G4-18 | <ul style="list-style-type: none"> Process for defining the report content and the Aspect Boundaries How the organization has implemented the Reporting Principles for Defining Report Content | 5.2 Recognizing social responsibility 7.3.2 Determining relevance and significance of core subjects and issues to an organization 7.3.3 An organization's sphere of influence 7.3.4 Establishing priorities for addressing issues | > Editorial Policy |
| G4-19 | Material Aspects identified in the process for defining report content | | - |
| G4-20 | For each material Aspect, the Aspect Boundary within the organization | | - |
| G4-21 | For each material Aspect, the Aspect Boundary outside the organization | | - |
| G4-22 | Effect of any restatements of information provided in previous reports, and the reasons for such restatements | | - |
| G4-23 | Significant changes from previous reporting periods in the Scope and Aspect Boundaries | | - |
| Stakeholder Engagement | | | |
| G4-24 | List of stakeholder groups engaged by the organization | | > Relationship to Stakeholders |

| | | | |
|--------------------------|--|---|--------------------------------|
| G4-25 | Basis for identification and selection of stakeholders with whom to engage | 5.3 Stakeholder identification and engagement | > Relationship to Stakeholders |
| G4-26 | Organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group | | > Relationship to Stakeholders |
| G4-27 | Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting | | > Relationship to Stakeholders |
| Report Profile | | | |
| G4-28 | Reporting period (such as fiscal or calendar year) for information provided | | > Editorial Policy |
| G4-29 | Date of most recent previous report (if any) | | > Editorial Policy |
| G4-30 | Reporting cycle (such as annual, biennial) | | > Editorial Policy |
| G4-31 | Contact point for questions regarding the report or its contents | | > Editorial Policy |
| GRI Content Index | | | |
| G4-32 | <ul style="list-style-type: none"> • 'In accordance' option the organization has chosen • GRI Content Index for the chosen option • Reference to the External Assurance Report, if the report has been externally assured | <p>7.5.3 Types of communication on social responsibility</p> <p>7.6.2 Enhancing the credibility of reports and claims about social responsibility</p> | This Table |

| Assurance | | | |
|--------------------------------------|---|--|--|
| G4-33 | <ul style="list-style-type: none"> • Organization’s policy and current practice with regard to seeking external assurance for the report • If not included in the assurance report accompanying the sustainability report, the scope and basis of any external assurance provided • Relationship between the organization and the assurance providers • Whether the highest governance body or senior executives are involved in seeking assurance for the organization’s sustainability report | | - |
| Governance | | | |
| Governance Structure and Composition | | | |
| G4-34 | Governance structure of the organization, including committees of the highest governance body | | > System of Corporate Governance |
| G4-35 | Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees | | > System of Corporate Governance > The Subaru Group's CSR |
| G4-36 | Whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body | | > System of Corporate Governance |



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| G4-37 | Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics |
| G4-38 | Composition of the highest governance body and its committees |
| G4-39 | Whether the Chair of the highest governance body is also an executive officer |
| G4-40 | Nomination and selection processes for the highest governance body and its committees |
| G4-41 | Processes for the highest governance body to ensure conflicts of interest are avoided and managed |
| Highest Governance Body's Role in Setting Purpose, Values, and Strategy | |
| G4-42 | Highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts |
| Highest Governance Body's Competencies and Performance Evaluation | |
| G4-43 | Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics |

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| <ul style="list-style-type: none"> > The Subaru Group's CSR |
| <ul style="list-style-type: none"> > System of Corporate Governance |
| <ul style="list-style-type: none"> > System of Corporate Governance |
| <ul style="list-style-type: none"> > System of Corporate Governance |
| <ul style="list-style-type: none"> > Prevention of Conflicts of Interest among Board Members |
| |
| <ul style="list-style-type: none"> > Our Basic Approach to Corporate Governance > Corporate Governance Guidelines  > Corporate Governance Report (Japanese version only)  |
| |
| <ul style="list-style-type: none"> > The Subaru Group's CSR |

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| G4-44 | <ul style="list-style-type: none"> Processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics Actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics |
| Highest Governance Body's Role in Risk Management | |
| G4-45 | <ul style="list-style-type: none"> Highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities Whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities |
| G4-46 | <p>Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics</p> |
| G4-47 | <p>Frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities</p> |

6.2 Organizational governance
7.4.3 Building social responsibility into an organization's governance, systems and procedures
7.7.5 Improving performance

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| <p>> System of Corporate Governance</p> <p>> Corporate Governance Report (Japanese version only) </p> |
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| <p>> Corporate Governance Report (Japanese version only) </p> <p>> The Subaru Group's CSR</p> |
| <p>> The Subaru Group's CSR</p> |
| <p>-</p> |

| Highest Governance Body's Role in Sustainability Reporting | | |
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| G4-48 | Highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered | - |
| Highest Governance Body's Role in Evaluating Economic, Environmental and Social Performance | | |
| G4-49 | Process for communicating critical concerns to the highest governance body | > System of Corporate Governance |
| G4-50 | Nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them | > Corporate Governance Report (Japanese version only)  |
| Remuneration and Incentives | | |
| G4-51 | Remuneration policies for the highest governance body and senior executives | > Executive Compensation Meeting |
| G4-52 | Process for determining remuneration | > Executive Compensation Meeting |
| G4-53 | How stakeholders' views are sought and taken into account regarding remuneration | > Corporate Governance Guidelines  |
| G4-54 | Ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country | - |

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| G4-55 | Ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country | | - |
| Ethics and Integrity | | | |
| G4-56 | Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics | 4.4 Ethical behaviour 6.6.3 Anti-corruption | > The Subaru Group's CSR |
| G4-57 | Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines | | > Status of Development of Risk Management System |
| G4-58 | Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines | | > Status of Development of Risk Management System > Compliance Hotline |
| Specific Standard Disclosures | | | |
| Generic Disclosures on Management Approach | | | |
| G4-DMA | Why the Aspect is material | 6 Guidance on social responsibility core subjects 7.3.1 Due diligence 7.4.3 Building social responsibility into an organization's governance, systems and procedures 7.7.3 Reviewing an organization's progress and performance on social responsibility 7.7.5 Improving performance | - |

Category: Economic

Aspect: Economic Performance


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|--------|--|---|-------------------------------------|
| G4-EC1 | Direct economic value generated and distributed | 6.8.1-6.8.2 Community involvement and development 6.8.3 Community involvement 6.8.7 Wealth and income creation 6.8.9 Social investment | > Financial Results |
| G4-EC2 | Financial implications and other risks and opportunities for the organization's activities due to climate change | 6.5.5 Climate change mitigation and adaptation | > Risk Information |
| G4-EC3 | Coverage of the organization's defined benefit plan obligations | 6.8.7 Wealth and income creation | - |
| G4-EC4 | Financial assistance received from government | - | - |

Aspect: Market Presence

| | | | |
|--------|--|--|---|
| G4-EC5 | Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation | 6.3.7 Discrimination and vulnerable groups 6.3.10 Fundamental principles and rights at work 6.4.3 Employment and employment relationships 6.4.4 Conditions of work and social protection 6.8.1-6.8.2 Community involvement and development | - |
| G4-EC6 | Proportion of senior management hired from the local community at significant locations of operation | 6.4.3 Employment and employment relationships 6.8.1-6.8.2 Community involvement and development 6.8.5 Employment creation and skills development 6.8.7 Wealth and income creation | - |

| Aspect: Indirect Economic Impacts | | | |
|-----------------------------------|---|---|---|
| G4-EC7 | Development and impact of infrastructure investments and services supported | 6.3.9 Economic, social and cultural rights 6.8.1-6.8.2 Community involvement and development 6.8.7 Wealth and income creation 6.8.9 Social investments | - |
| G4-EC8 | Significant indirect economic impacts, including the extent of impacts | 6.3.9 Economic, social and cultural rights 6.6.6 Promoting social responsibility in the value chain 6.6.7 Respect for property rights 6.7.8 Access to essential services 6.8.1-6.8.2 Community involvement and development 6.8.5 Employment creation and skills development 6.8.7 Wealth and income creation 6.8.9 Social investment | › Message from the President › Our Approach to CSR |
| Aspect: Procurement Practices | | | |
| G4-EC9 | Proportion of spending on local suppliers at significant locations of operation | 6.4.3 Employment and employment relationships 6.6.6 Promoting social responsibility in the value chain 6.8.1-6.8.2 Community involvement and development 6.8.7 Wealth and income creation | - |

| Category: Environmental | | | |
|-------------------------|--|--|--|
| Aspect: Materials | | | |
| G4-EN1 | Materials used by weight or volume | 6.5.4 Sustainable resource use | > Overall Image of Subaru's Environmental Impact Concerning Automobiles [FY2017] |
| G4-EN2 | Percentage of materials used that are recycled input materials | 6.5.4 Sustainable resource use | > Overall Image of Subaru's Environmental Impact Concerning Automobiles [FY2017] |
| Aspect: Energy | | | |
| G4-EN3 | Direct energy consumption within the organization | 6.5.4 Sustainable resource use | > Overall Image of Subaru's Environmental Impact Concerning Automobiles [FY2017] |
| G4-EN4 | Energy consumption outside of the organization | 6.5.4 Sustainable resource use | - |
| G4-EN5 | Energy intensity | 6.5.4 Sustainable resource use | > Energy Consumption |
| G4-EN6 | Reduction of energy consumption | 6.5.4 Sustainable resource use 6.5.5 Climate change mitigation and adaptation | > Energy Consumption |
| G4-EN7 | Reductions in energy requirements of products and services | 6.5.4 Sustainable resource use 6.5.5 Climate change mitigation and adaptation | > Environmentally Friendly Automobiles |
| Aspect: Water | | | |
| G4-EN8 | Total water withdrawal by source | 6.5.4 Sustainable resource use | - |
| G4-EN9 | Water sources significantly affected by withdrawal of water | 6.5.4 Sustainable resource use | > Implementation of Water Risk Assessment |

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|-----------------------------|--|---|--|
| G4-EN10 | Percentage and total volume of water recycled and reused | 6.5.4 Sustainable resource use | - |
| Aspect: Biodiversity | | | |
| G4-EN11 | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | 6.5.6 Protection of the environment, biodiversity and restoration of natural habitats | > Biodiversity |
| G4-EN12 | Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas | 6.5.6 Protection of the environment, biodiversity and restoration of natural habitats | > Biodiversity |
| G4-EN13 | Habitats protected or restored | 6.5.6 Protection of the environment, biodiversity and restoration of natural habitats | - |
| G4-EN14 | Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations | 6.5.6 Protection of the environment, biodiversity and restoration of natural habitats | - |
| Aspect: Emissions | | | |
| G4-EN15 | Direct greenhouse gas (GHG) emissions (Scope 1) | 6.5.5 Climate change mitigation and adaptation | > CO₂ Emissions |
| G4-EN16 | Indirect greenhouse gas (GHG) emissions (Scope 2) | 6.5.5 Climate change mitigation and adaptation | > Initiatives in Distribution |
| G4-EN17 | Other indirect greenhouse gas (GHG) emissions (Scope 3) | 6.5.5 Climate change mitigation and adaptation | > Greenhouse Gas Emissions in the Supply Chain |
| G4-EN18 | Greenhouse gas (GHG) emissions intensity | 6.5.5 Climate change mitigation and adaptation | > The 5th Voluntary Plan for the Environment  |
| G4-EN19 | Reduction of greenhouse gas (GHG) emissions | 6.5.5 Climate change mitigation and adaptation | > CO₂ Emissions |

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|------------------------------------|--|--|---|
| G4-EN20 | Emissions of ozone-depleting substances (ODS) | 6.5.3 Prevention of pollution 6.5.5 Climate change mitigation and adaptation | > Overall Image of Subaru's Environmental Impact Concerning Automobiles [FY2017] |
| G4-EN21 | NOx, SOx, and other significant air emissions | 6.5.5 Climate change mitigation and adaptation | > NOx and SOx Emissions |
| Aspect: Effluents and Waste | | | |
| G4-EN22 | Total water discharge by quality and destination | 6.5.3 Prevention of pollution 6.5.4 Sustainable resource use | > Water Consumption > Environmental Performance by Manufacturing Division and Tokyo office |
| G4-EN23 | Total weight of waste by type and disposal method | 6.5.3 Prevention of pollution | > Initiatives for Waste Reduction at Plants |
| G4-EN24 | Total number and volume of significant spills | 6.5.3 Prevention of pollution | > Status of Compliance with Environmental Laws and Regulations |
| G4-EN25 | Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally | 6.5.3 Prevention of pollution | > PRTR Substances Handled and Emitted |
| G4-EN26 | Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff | 6.5.3 Prevention of pollution 6.5.4 Sustainable resource use 6.5.6 Protection of the environment, biodiversity and restoration of natural habitats | - |

| Aspect: Products and Services | | | |
|--------------------------------------|--|--|--|
| G4-EN27 | Extent of impact mitigation of environmental impacts of products and services | 6.5.3 Prevention of pollution 6.5.4 Sustainable resource use 6.5.5 Climate change mitigation and adaptation 6.7.5 Sustainable consumption | > Environmentally Friendly Automobiles |
| G4-EN28 | Percentage of products sold and their packaging materials that are reclaimed by category | 6.5.3 Prevention of pollution 6.5.4 Sustainable resource use 6.7.5 Sustainable consumption | > Initiatives for Waste Reduction at Plants |
| Aspect: Compliance | | | |
| G4-EN29 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations | 4.6 Respect for the rule of law | > Status of Compliance with Environmental Laws and Regulations |
| Aspect: Transport | | | |
| G4-EN30 | Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce | 6.5.4 Sustainable resource use 6.6.6 Promoting social responsibility in the value chain | > Reducing the Environmental Impact of Transport of Subaru Automobiles |
| Aspect: Overall | | | |
| G4-EN31 | Total environmental protection expenditures and investments by type | 6.5.1-6.5.2 The environment | > Environmental Accounting (Subaru Group FY2017 Results) |

| Aspect: Supplier Environmental Assessment | | | |
|--|--|--|---|
| G4-EN32 | Percentage of new suppliers that were screened using environmental criteria | 6.3.5 Avoidance of complicity 6.6.6 Promoting social responsibility in the value chain 7.3.1 Due diligence | > Green Procurement |
| G4-EN33 | Significant actual and potential negative environmental impacts in the supply chain and actions taken | 6.3.5 Avoidance of complicity 6.6.6 Promoting social responsibility in the value chain 7.3.1 Due diligence | > Environmentally-conscious Procurement > Reducing the Environmental Impact of Transport of Subaru Automobiles |
| Aspect: Environmental Grievance Mechanisms | | | |
| G4-EN34 | Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms | 6.3.6 Resolving grievances | > Status of Compliance with Environmental Laws and Regulations |
| Category: Social | | | |
| Sub-category: Labor Practices and Decent Work | | | |
| Aspect: Employment | | | |
| G4-LA1 | Total number and rate of new employee hires and employee turnover by age group, gender, and region | 6.4.3 Employment and employment relationships | > Employee Data (Subaru non-consolidated) |
| G4-LA2 | Benefits provided to full-time employees that are not provided to temporary or parttime employees, by significant locations of operation | 6.4.4 Conditions of work and social protection 6.8.7 Wealth and income creation | - |
| G4-LA3 | Return to work and retention rates after parental leave, by gender. | 6.4.4 Conditions of work and social protection | > Work-life Balance Recommended Performance (Subaru non-consolidated) |

| Aspect: Labor/Management Relations | | | |
|---|--|---|---|
| G4-LA4 | Minimum notice periods regarding operational changes, including whether these are specified in collective agreements | 6.4.3 Employment and employment relationships 6.4.5 Social dialogue | > Communication with Labor Union |
| Aspect: Occupational Health and Safety | | | |
| G4-LA5 | Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs | 6.4.6 Health and safety at work | - |
| G4-LA6 | Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender | 6.4.6 Health and safety at work 6.8.8 Health | > Aiming for Zero Industrial Accidents |
| G4-LA7 | Workers with high incidence or high risk of diseases related to their occupation | 6.4.6 Health and safety at work 6.8.8 Health | - |
| G4-LA8 | Health and safety topics covered in formal agreements with trade unions | 6.4.6 Health and safety at work | > Philosophy of Occupational Health and Safety |
| Aspect: Training and Education | | | |
| G4-LA9 | Average hours of training per year per employee by gender, and by employee category | 6.4.7 Human development and training in the workplace | - |
| G4-LA10 | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career ending | 6.4.7 Human development and training in the workplace 6.8.5 Employment creation and skills development | > Senior Partner Program: Reemployment for Employees Over 60-year-old > Initiatives to Transmit Skills |
| G4-LA11 | Percentage of employees receiving regular performance and career development reviews, by gender and by employee category | 6.4.7 Human development and training in the workplace | > Fair Evaluations and Support for Development of Skills |

| Aspect: Diversity and Equal Opportunity | | | |
|--|--|---|--|
| G4-LA12 | Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity | 6.2.3 Decision-making processes and structures 6.3.7 Discrimination and vulnerable groups 6.3.10 Fundamental principles and rights at work 6.4.3 Employment and employment relationships | - |
| Aspect: Equal Remuneration for Women and Men | | | |
| G4-LA13 | Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation | 6.3.7 Discrimination and vulnerable groups 6.3.10 Fundamental principles and rights at work 6.4.3 Employment and employment relationships 6.4.4 Conditions of work and social protection | - |
| Aspect: Supplier Assessment for Labor Practices | | | |
| G4-LA14 | Percentage of new suppliers that were screened using labor practices criteria | 6.3.5 Avoidance of complicity 6.4.3 Employment and employment relationships 6.6.6 Promoting social responsibility in the value chain 7.3.1 Due diligence | > CSR Guidelines for Suppliers |
| G4-LA15 | Significant actual and potential negative impacts for labor practices in the supply chain and actions taken | 6.3.5 Avoidance of complicity 6.4.3 Employment and employment relationships 6.6.6 Promoting social responsibility in the value chain 7.3.1 Due diligence | - |
| Aspect: Labor Practices Grievance Mechanisms | | | |
| G4-LA16 | Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms | 6.3.6 Resolving grievances | > Compliance Hotline |

| Sub-category: Human Rights | | | |
|--|---|---|---|
| Aspect: Investment | | | |
| G4-HR1 | Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening | 6.3.3 Due diligence 6.3.5 Avoidance of complicity 6.6.6 Promoting social responsibility in the value chain | - |
| G4-HR2 | Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained | 6.3.5 Avoidance of complicity | - |
| Aspect: Non-discrimination | | | |
| G4-HR3 | Total number of incidents of discrimination and corrective actions taken | 6.3.6 Resolving grievances 6.3.7 Discrimination and vulnerable groups 6.3.10 Fundamental principles and rights at work 6.4.3 Employment and employment relationships | - |
| Aspect: Freedom of Association and Collective Bargaining | | | |
| G4-HR4 | Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights | 6.3.3 Due diligence 6.3.4 Human rights risk situations 6.3.5 Avoidance of complicity 6.3.8 Civil and political rights 6.3.10 Fundamental principles and rights at work 6.4.5 Social dialogue 6.6.6 Promoting social responsibility in the value chain | - |

| Aspect: Child Labor | | | |
|------------------------------------|--|--|--|
| G4-HR5 | Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor | <p>6.3.3 Due diligence</p> <p>6.3.4 Human rights risk situations</p> <p>6.3.5 Avoidance of complicity</p> <p>6.3.7 Discrimination and vulnerable groups</p> <p>6.3.10 Fundamental principles and rights at work</p> <p>6.6.6 Promoting social responsibility in the value chain</p> <p>6.8.4 Education and culture</p> | <p>> CSR Guidelines for Suppliers</p> |
| Aspect: Forced or Compulsory Labor | | | |
| G4-HR6 | Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor | <p>6.3.3 Due diligence</p> <p>6.3.4 Human rights risk situations</p> <p>6.3.5 Avoidance of complicity</p> <p>6.3.10 Fundamental principles and rights at work</p> <p>6.6.6 Promoting social responsibility in the value chain</p> | <p>> CSR Guidelines for Suppliers</p> |
| Aspect: Security Practices | | | |
| G4-HR7 | Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations | <p>6.3.4 Human rights risk situations</p> <p>6.3.5 Avoidance of complicity</p> <p>6.6.6 Promoting social responsibility in the value chain</p> | - |

| Aspect: Indigenous Rights | | | |
|--|--|--|--|
| G4-HR8 | Total number of incidents of violations involving rights of indigenous peoples and actions taken | 6.3.4 Human rights risk situations 6.3.6 Resolving grievances 6.3.7 Discrimination and vulnerable groups 6.3.8 Civil and political rights 6.6.7 Respect for property rights 6.8.3 Community involvement | - |
| Aspect: Assessment | | | |
| G4-HR9 | Total number and percentage of operations that have been subject to human rights reviews or impact assessments | 6.3.3 Due diligence 6.3.4 Human rights risk situations 6.3.5 Avoidance of complicity | - |
| Aspect: Supplier Human Rights Assessment | | | |
| G4-HR10 | Percentage of new suppliers that were screened using human rights criteria | 6.3.3 Due diligence 6.3.4 Human rights risk situations 6.3.5 Avoidance of complicity 6.6.6 Promoting social responsibility in the value chain | > CSR Guidelines for Suppliers |
| G4-HR11 | Significant actual and potential negative human rights impacts in the supply chain and actions taken | 6.3.3 Due diligence 6.3.4 Human rights risk situations 6.3.5 Avoidance of complicity 6.6.6 Promoting social responsibility in the value chain | - |
| Aspect: Human Rights Grievance Mechanisms | | | |
| G4-HR12 | Number of grievances human rights impacts filed, addressed and resolved through formal grievance mechanisms | 6.3.6 Resolving grievances | > Compliance Hotline |

| Sub-category: Society | | | |
|---------------------------|---|---|---|
| Aspect: Local Communities | | | |
| G4-SO1 | Percentage of operations with implemented local community engagement, impact assessments, and development programs | 6.3.9 Economic, social and cultural rights 6.5.1-6.5.2 The environment 6.5.3 Prevention of pollution 6.8 Community involvement and development | - |
| G4-SO2 | Operations with significant potential or actual negative impacts on local communities | 6.3.9 Economic, social and cultural rights 6.5.3 Prevention of pollution 6.8 Community involvement and development | - |
| Aspect: Anti-corruption | | | |
| G4-SO3 | Total number and percentage and of operations assessed for risks related to corruption and the significant risks identified | 6.6.1-6.6.2 Fair operating practices 6.6.3 Anti-corruption | - |
| G4-SO4 | Communication and training on anti-corruption policies and procedures | 6.6.1-6.6.2 Fair operating practices 6.6.3 Anti-corruption 6.6.6 Promoting social responsibility in the value chain | > Anti-corruption Initiatives |
| G4-SO5 | Confirmed incidents of corruption and actions taken | 6.6.1-6.6.2 Fair operating practices 6.6.3 Anti-corruption | > Anti-corruption Initiatives |
| Aspect: Public Policy | | | |
| G4-SO6 | Total value of political contributions by country and recipient/beneficiary | 6.6.1-6.6.2 Fair operating practices 6.6.4 Responsible political involvement | - |

| Aspect: Anti-competitive Behavior | | | |
|--|---|---|--|
| G4-SO7 | Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes | 6.6.1-6.6.2 Fair operating practices 6.6.5 Fair competition 6.6.7 Respect for property rights | - |
| Aspect: Compliance | | | |
| G4-SO8 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations | 4.6 Respect for the rule of law | - |
| Aspect: Supplier Assessment for Impacts on Society | | | |
| G4-SO9 | Percentage of new suppliers that were screened using criteria for impacts on society | 6.3.5 Avoidance of complicity 6.6.1-6.6.2 Fair operating practices 6.6.6 Promoting social responsibility in the value chain 6.8.1-6.8.2 Community involvement and development 7.3.1 Due diligence | > CSR Guidelines for Suppliers |
| G4-SO10 | Significant actual and potential negative impacts on society in the supply chain and actions taken | 6.3.5 Avoidance of complicity 6.6.1-6.6.2 Fair operating practices 6.6.6 Promoting social responsibility in the value chain 6.8.1-6.8.2 Community involvement and development 7.3.1 Due diligence | - |
| Aspect: Grievance Mechanisms for Impacts on Society | | | |
| G4-SO11 | Number of grievances about impacts on society files, addressed, and resolved through formal grievance mechanisms | 6.3.6 Resolving grievances 6.6.1-6.6.2 Fair operating practices 6.8.1-6.8.2 Community involvement and development | > Compliance Hotline |

Sub-category: Product Responsibility

Aspect: Customer Health and Safety

| | | | |
|--------|---|--|--|
| G4-PR1 | Percentage of significant product and service categories for which health and safety impacts are assessed for improvement | 6.7.1-6.7.2 Consumer issues 6.7.4 Protecting consumers' health and safety 6.7.5 Sustainable consumption 6.8.8 Health | > Operation of Quality Management Cycle |
| G4-PR2 | Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes | 4.6 Respect for the rule of law 6.7.1-6.7.2 Consumer issues 6.7.4 Protecting consumers' health and safety 6.7.5 Sustainable consumption 6.8.8 Health | > Response to Recalls |

Aspect: Product and Service Labeling

| | | | |
|--------|---|--|---|
| G4-PR3 | Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements | 6.7.1-6.7.2 Consumer issues 6.7.3 Fair marketing, factual and unbiased information and fair contractual practices 6.7.4 Protecting consumers' health and safety 6.7.5 Sustainable consumption 6.7.9 Education and awareness | - |
| G4-PR4 | Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes | 4.6 Respect for the rule of law 6.7.1-6.7.2 Consumer issues 6.7.3 Fair marketing, factual and unbiased information and fair contractual practices 6.7.4 Protecting consumers' health and safety 6.7.5 Sustainable consumption 6.7.9 Education and awareness | - |

| | | | |
|---|---|---|---|
| G4-PR5 | Results of surveys measuring customer satisfaction | 6.7.1-6.7.2 Consumer issues 6.7.6 Consumer service, support, and complaint and dispute resolution | > Customer Satisfaction Survey |
| Aspect: Marketing Communications | | | |
| G4-PR6 | Sale of banned or disputed products | - | - |
| G4-PR7 | Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes | 4.6 Respect for the rule of law 6.7.1-6.7.2 Consumer issues 6.7.3 Fair marketing, factual and unbiased information and fair contractual practices | - |
| Aspect: Customer Privacy | | | |
| G4-PR8 | Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data | 6.7.1-6.7.2 Consumer issues 6.7.7 Consumer data protection and privacy | > Personal Information Protection Initiatives |
| Aspect: Compliance | | | |
| G4-PR9 | Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services | 4.6 Respect for the rule of law 6.7.1-6.7.2 Consumer issues 6.7.3 Fair marketing, factual and unbiased information and fair contractual practices | > Response to Recalls |