

# Environmental Management

FHI started the Environmental Action Project in 1990 and has since taken advanced measures to protect the environment in various stages of its corporate activities. Currently, we are working harder toward achievement of the goals specified in the FHI Environmental Conservation Program (Fiscal 2002 — 2006) (Voluntary Plan for the Environment\*1) by reducing the environmental burden.

## Environmental Policy

FHI believes that responding to the problems of the global environment is one of the important tasks of management. Based on its corporate philosophy, FHI has established an Environmental Policy, a policy for carrying out environmental conservation. FHI has also established guidelines for specific actions — the Operating Criteria for Environmental Conservation in order to promote the Policy. Involving all of the employees, FHI is moving its activities forward.

### Environmental Policy (Established in April 1998)

FHI recognizes the integral relationship between the environment and its business activities and strives to provide products that are friendly to the earth, society, and people. FHI is protecting the environment to ensure our future.

## Operating Criteria for Environmental Conservation

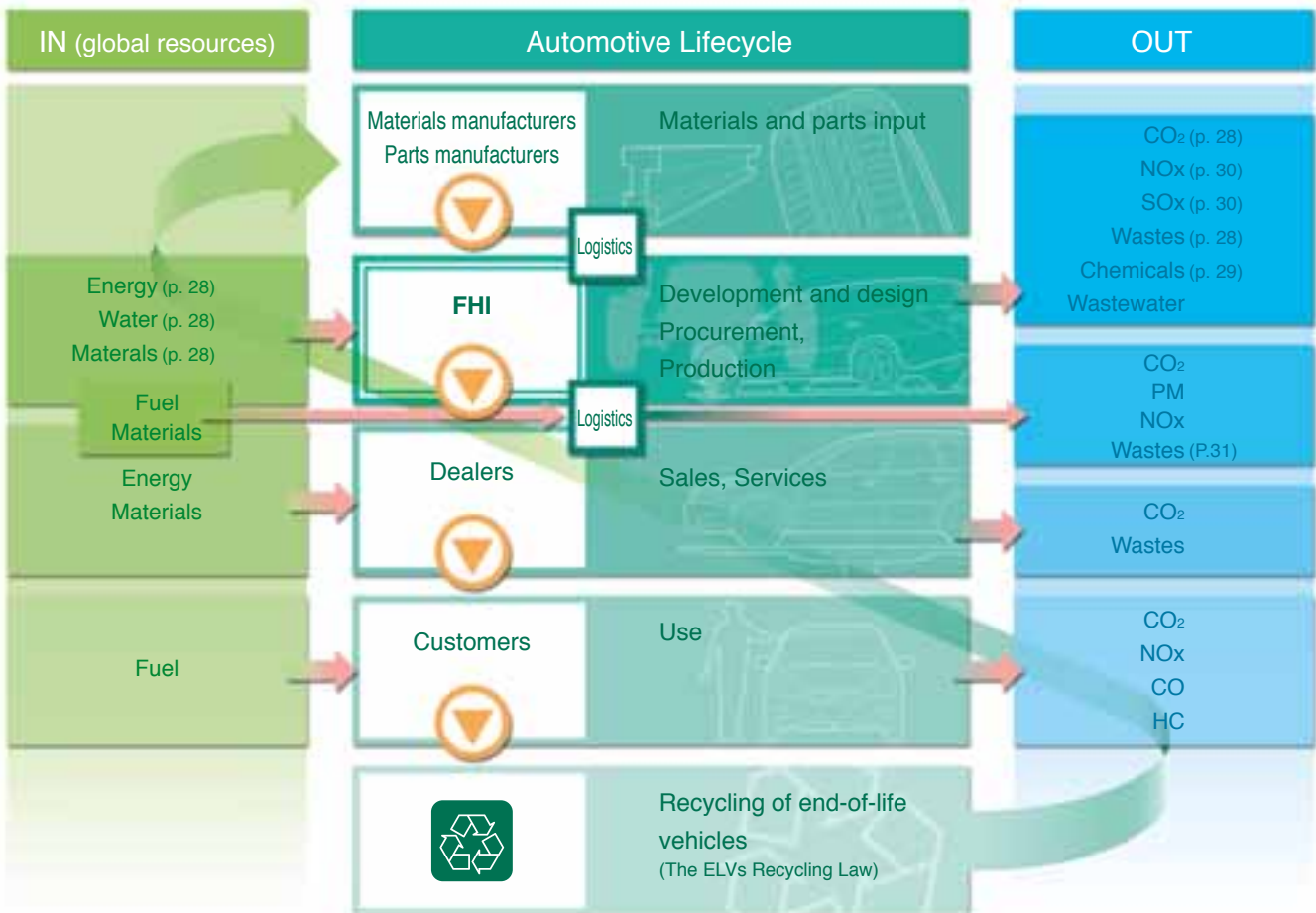
### Operating Criteria for Environmental Conservation

- 1) FHI is committed to environmental conservation and gives consideration to environmental impacts at every step of product development, design, manufacture, sales, service, and disposal.
- 2) FHI observes relevant laws, regulations and agreements with communities and industries, while also promoting voluntary activities in accordance with its own environmental objectives and targets as determined by the Company.
- 3) FHI recognizes the importance of continual improvement and efforts to prevent pollution and encourages every employee to act with self-awareness and responsibility.
- 4) FHI endeavors to raise environmental consciousness by providing educational opportunities for its employees according to their job status and job description.
- 5) FHI regularly performs audits and inspections to improve its environmental conservation activities.
- 6) FHI is committed to interacting within the community and engaging in joint activities to further environmental conservation.

## Corporate Activities and Environmental Impacts

FHI is a transportation manufacturer focusing on automobiles. Automobiles, which are a convenient and comfortable form of transportation, are now indispensable for living in a modern society. On the other hand, however, automobiles require limited global resources as materials and fuels. Consequently, they emit CO<sub>2</sub>, which causes global warming, as well as other air pollutants. We believe that automobiles make life more pleasant and reflect an affluent society but fully understand that automobiles have such disadvantages, as well as advantages. With these in mind, we must work hard for a better future. FHI accepts the task of conserving both the global environment and the benefits of automobiles by considering the environmental impacts and reducing the environmental burden through the lifecycle of development, production, use, disposal, and recycling of automobiles.

## Overall Environmental Burden Concerning FHI's Automotive Business



\* 1 : For the details of Environmental Voluntary Plan, please refer to Supplementary Volume for Data Related to the 2006 Environmental & Social Report on our website (<http://www.fhi.co.jp>).

\* 2 : For the FHI Corporate Environment Committee, please refer to the Supplementary Volume for Data Related to the 2006 Environmental & Social Report on our website.

## New Voluntary Plan for the Environment

The New Voluntary Plan for the Environment, "FHI Environmental Conservation Program (fiscal 2002 to 2006)", finalized and announced by FHI in June 2002, is designed to enable FHI to contribute to society by making all our processes clean and by offering our customers greener products through a system of environmentally clean plants, logistics networks, and dealers. The plan is based on the fundamental principle that for a company to have a strong and appealing presence and achieve sustainable growth it is necessary to live in harmony with society and reduce environmental impact.

Along with our efforts to achieve the targets set for fiscal 2006, we created the Fourth Voluntary Plan for the Environment, "FHI Environmental Conservation Program (fiscal 2007 to 2011)" (see p.20).

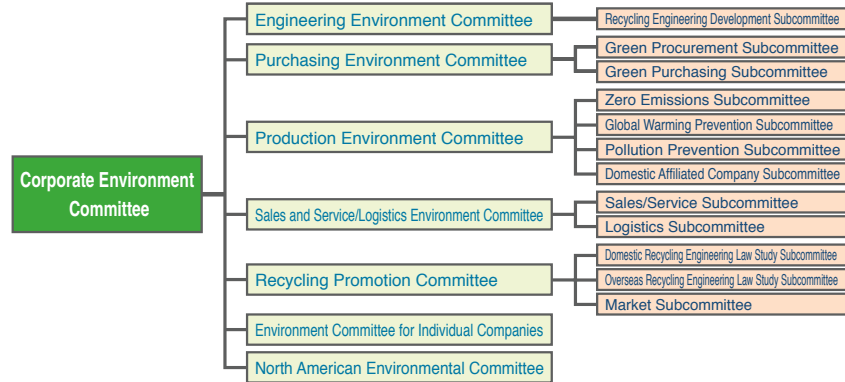
## Organization

We established the Corporate Environment Committee\*2 to realize the Environmental Policy, the Operating Criteria for Environmental Conservation and the New Voluntary Plan for the Environment. The Committee is chaired by the officer in charge of the environment and administered by representatives from all business sites. At the Committee meeting held in May 2006, the progress of the New Voluntary Plan for the Environment was confirmed and there was discussion of the Fourth Voluntary Plan for the Environment (see p.20), the new activity plan.

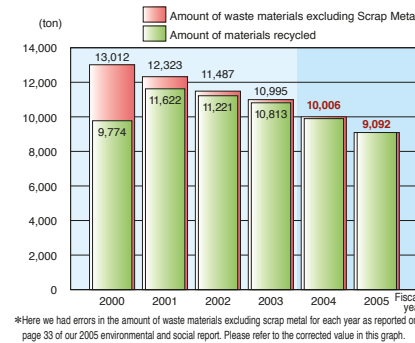
## Overview of FHI's Environmental Performance in Fiscal 2005

Our main environmental performance statistics for fiscal 2005 are shown in the graphs. We reduced emissions of CO<sub>2</sub> and chemical substances. Moreover, we maintained zero emissions\*3 of waste materials. Activities conducted at locations other than manufacturing plants include such efforts as the recycling of all sales promotional material in the Head Office area (Tokyo and Saitama Prefecture).

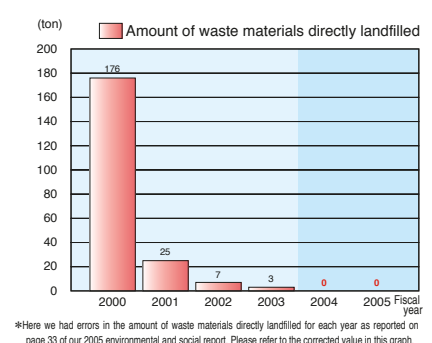
### Organization of the Corporate Environment Committee



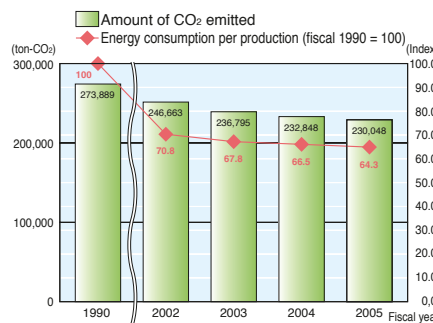
### Trends in Amount of Waste Materials Generated at All Manufacturing Plants



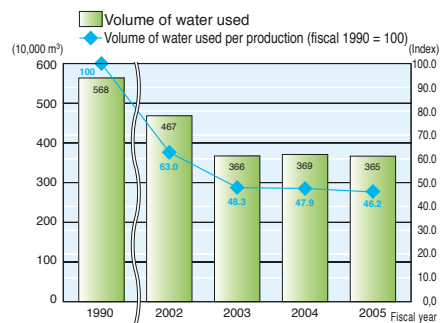
### Trends in Amount of Landfilled Waste at All Manufacturing Plants



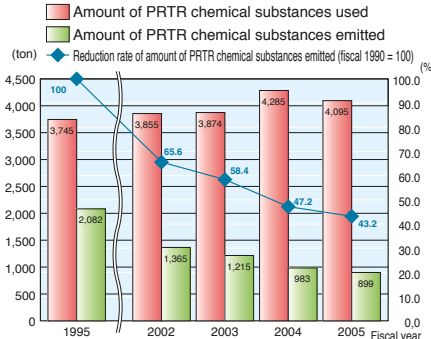
### Trends in Amount of CO<sub>2</sub> Emitted\*4 at All Manufacturing Plants



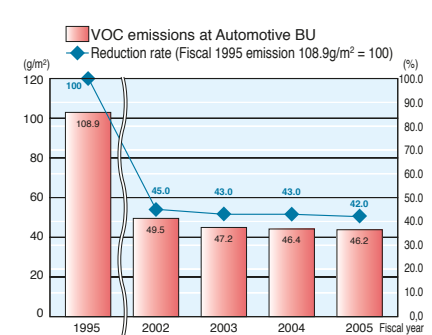
### Trends in Volume of Water Used at All Manufacturing Plants



### Trends in Amount of Chemical Substances subject to the PRTR Law at All Manufacturing Plants



### Trends in VOC Emissions at Automotive BU



\*3 : FHI's definition of zero emissions is that the total amount of landfill waste (waste materials directly landfilled + waste materials treated intermediately by external companies) is less than or equal to 1% of the total amount of waste materials excluding scrap metal (industrial waste + industrial waste subject to special control + general waste from business operations). We have already achieved and are maintaining zero emissions at all manufacturing plants.

\*4 : CO<sub>2</sub> conversion factor used for discharge: Electricity [0.3813 ton - CO<sub>2</sub>/Mwh], heavy oil [2.6977 ton - CO<sub>2</sub>/KL], kerosene [2.5284 ton - CO<sub>2</sub>/KL], diesel oil [2.6444ton - CO<sub>2</sub>/KL], manufactured gas [2.3539 ton - CO<sub>2</sub>/Thousands Nm<sup>3</sup>] Source: Japan Automobile Manufacturers Association, Inc. Some data in the report uses our original conversion factor.

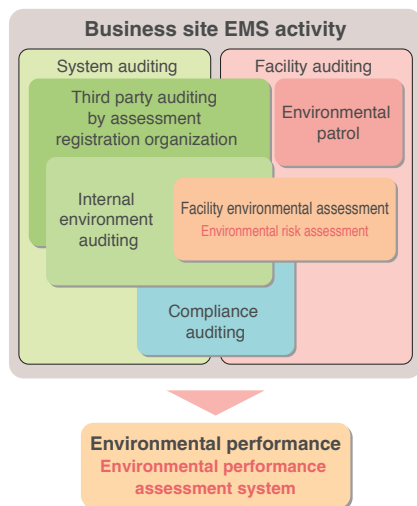
## Environmental Management System

FHI acquired ISO14001 certification in all of its main businesses\*1. In Japan, a non-manufacturing affiliate company, Subaru Kosan K.K., acquired ISO14001 certification in March '06. Also our overseas affiliated company, SRD (Subaru Research & development, inc.) acquired certification in December 2005. Domestic Subaru dealers, Osaka Subaru, Co. Ltd. and Niigata Subaru, Co. Ltd. also acquired certification. As a result, five domestic dealers have now acquired the certification in the Subaru team.

## Environmental Audits

FHI implements checks from different aspects to see whether we are progressing as planned and how our activities are going on to achieve the goals set in our Environmental Voluntary Plan.

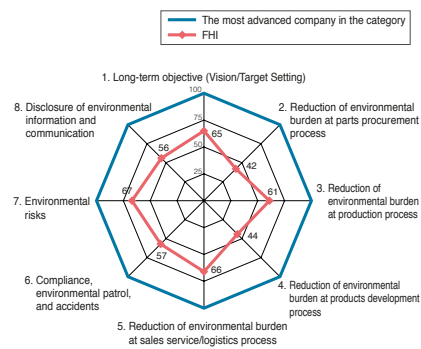
### ■ Environmental Auditing System



## Environmental Performance Assessment System

We introduced the Environmental Performance Assessment System in fiscal 2002. After each business site and specialized committee implements self-assessment, the officer in charge of the environment visits each business site to conduct an interview (or an audit) about the progress of activities. The interview coordinates our activities through the confirmation of achievements and identification of the measures that need to be taken. In fiscal 2005, we reviewed some assessment methods to make the system more logical and effective. The assessment results are shown in the following chart. Challenges we need to meet include the consideration of the environmental impact of the parts procurement processes and production processes, the disclosure of environmental information and the improvement of communication with stakeholders.

### ■ Fiscal 2005 Environmental Performance Assessment



The officer in charge of the environment conducted audit at site (at the right edge)

## Environmental Risk Assessment

We have been implementing Environmental Risk Assessment since fiscal 2001 under our original assessment criteria for facilities where grease, fuels and chemical materials are used and stored for the research and development and production processes. The assessment quantifies the risk level numerically and we are improving facilities with high figures in terms of equipment and management in order to reduce potential risks.

In fiscal 2005, we carried out risk assessment mainly at divisions responsible for construction in order to prevent spillage at the sites and to eliminate totally any complaints or violations of voluntary standards by preparing documents explaining the standards, providing education and improving the guidance given to external companies.

## Environmental Accounting

We introduced Environmental Accounting in fiscal 2000 and have been reviewing the result calculation methods since fiscal 2005. (Please refer to the Supplementary Volume for Data Related to the 2006 Environmental and Social Report on our Web site for an overview of the calculation methods and accounting criteria that underwent review.) Our (nonconsolidated) environmental cost in fiscal 2005 was ¥15.6 billion which was ¥2.4 billion (13.5%) less than the previous year. This was due to cost reductions as a result of enhanced efficiency in research and development. On the other hand, economic effects totaled ¥1.8 billion which is almost the same as the previous year. This was mainly because materials of value were sold, the usage of paint and solvent was reduced and energy costs were decreased. With fewer costs compared to the previous year, the environmental burden was further reduced by maintaining landfilled waste at zero level and reducing energy consumption in all manufacturing plants.

\* 1 : Details of FHI's ISO14001 certification and assessments by the Assessment and Registration Organizations in fiscal 2005 are shown in the Supplementary Volume for Data Related to the 2006 Environmental & Social Report on our Web site.

## Environmental Education and Enlightenment

In fiscal 2004, FHI prepared company-wide unified textbooks for environmental education. FHI has continued educating different levels of employees, ranging from new recruits to those receiving promotions by acquiring certification. In addition, we are trying to carry out instructive activities according to the plan, including emergency drilling based on the Environmental Management System (EMS), environmental campaign months, Operations Improvement Case Study Presentation and educational support to business partners.



Environmental case study presentations  
(Utsunomiya Manufacturing Division)



Environmental case study presentations  
(Saitama Manufacturing Division)

## Environmental Communication

FHI has arranged contact channels to maintain communication with local residents in each business area, and distributed environmental information in a variety of ways. In the Subaru Visitor Center in the Yajima Plant of the Gunma Manufacturing Division, we have a recycling lab to introduce our approaches to tackle environmental issues. In fiscal 2005, 92,385 visitors visited the Center. (elementary schoolchildren: 77,962 from 914 schools, general visitors: 14,693) FHI also participates in Environmental Management Forum sponsored by Nikkei Business Publications.

## Cases Where Requirements Stipulated in Environment-Related Laws Were Exceeded, Environmental Incidents and Claims

The number of cases which exceeded the requirements stipulated in environment-related laws (including cases which exceeded voluntary standards and administrative guidelines), environmental incidents and environment-related claims in fiscal 2005 are shown in the following table along with their details and our responses. We are advancing preventative measures by conducting investigation of causes, taking countermeasures, enhancing the education of divisions in charge and related parties and improving the environmental inspection process.

### Fiscal 2005 Number and Details\*1 of Cases Which Exceeded the Requirements stipulated in Environment-Related Laws

Manufacturing plant	Number of cases	Details	Major corrective measures
Gunma Manufacturing Division	Cases which exceeded the voluntary standards: 3 (water pollution)	Total of three cases related to water pollution including phosphorus in plant discharge water exceeding the voluntary standards	We reviewed the standard for operating management of the effluent treatment facility and took countermeasures by establishing a sterilization facility
Utsunomiya Manufacturing Division	Cases which exceeded the stipulated requirements: 1 (water pollution)	One of the sink outlets at the Handa Plant in Aichi Prefecture had BOD and COD*2 in amounts exceeding the values stipulated in laws	We took countermeasures to prevent the cause of the problem, which was the discharge of water from a construction site
Saitama Manufacturing Division	Cases which exceeded voluntary standards: 1 (water pollution) Cases which exceeded the stipulated requirements: 1 (Noise)	BOD levels in a sewer exceeded voluntary standards Noise levels at five noise measurement/monitoring locations exceeded the stipulated requirements	We checked the facility and improved the management We have taken countermeasures by reporting the matter to the relevant governing body

In addition to the above cases, a failure to report in accordance with the Pollution Control Agreement with the local community occurred at the Gunma Manufacturing Division, but we have dealt with this case by reviewing reporting procedures.

### Fiscal 2005 Number of Environmental Incidents and Details

Manufacturing plant	Number of cases	Details of main incidents (no direct external impact was observed.)	Main countermeasures
Gunma Manufacturing Division	10	A forklift hit a fire hydrant resulting in the effluence of a foam extinguishing agent Due to breakage of fuel hose of a delivery vehicle, fuel was discharged over an in-plant road.	Conducted training for workers, built fences to protect fire hydrants Asked delivery companies to conduct thorough education of workers including pre-driving checking procedures
Utsunomiya Manufacturing Division	4	Grease was discharged from an air-conditioner. Fuel was discharged from an air frame undergoing testing	Reviewed operating procedures and enhanced the environmental inspection tours
Tokyo Office	1	Grease was discharged from vehicle parts undergoing testing	Conducted thorough education of employees and reviewed the manual for test procedures

### Fiscal 2005 Number of Environment-Related Claims and Details

Manufacturing plant	Number of cases	Details of claims	Main countermeasures
Gunma Manufacturing Division	1	We received a claim from neighboring residents regarding noise from facility demolition work	We have tried to reduce noise by conducting Environmental Risk Assessment before work and using low noise heavy machinery and shielding
Utsunomiya Manufacturing Division	3	We received a claim from neighboring residents regarding noise from a water hammer for steam pipeworks We received a claim from neighboring residents regarding noise from a trial flight. Other: 1	We modified the steam pipeworks as an emergency remedy. We plan to move the steam pipeworks in fiscal 2006
Tokyo Office	1	We received a claim from neighboring residents regarding noise from loading trucks in the early morning	We changed the loading time and informed the employees involved of the need for quiet

### Mediums to Transmit Environmental Information



Environmental & Social Reports\*3



Environmental information for each car model\*3



Environmental & Social Report prepared by each Manufacturing Division  
(from the left: Gunma, Utsunomiya, Tokyo)

\* 1 : For the Number of Cases Which Exceeded the Requirements Stipulated in Environment-Related Laws in fiscal 2003, 2004 and 2005, please see the Supplementary Volume for Data Related to the 2006 Environmental & Social Report on our Web site.  
\* 2 : BOD (Biological Oxygen Demand), which is the amount of oxygen (biochemical oxygen demand) consumed when organic matter in water is broken down by microorganisms, is one of the typical indices to measure organic pollutants in river. COD (Chemical Oxygen Demand), which is the amount of oxidizing reagent, consumed when organic matter in water is broken down by oxidizing reagents and converted to oxygen (chemical oxygen demand), is one of the typical indices to measure organic pollutants in seawater and fresh water.  
\* 3 : For the past FHI Environmental and Social Reports and the environmental information for each car model, please refer to our Web site: <http://www.fhi.co.jp/>

## Overall Achievements under the Fiscal 2005 and Fiscal 2006 Plans

### Environmental Management

Goals	Fiscal 2005		Fiscal 2006 goals
	Goals	Achievements	
Promote the establishment of environmental management systems (EMS)	IT Systems Dept. of the Omiya Office acquired ISO14001 certification (extending the scope of certification in the head office area)		Continuous improvement at business sites which have established environmental management systems (EMS)
Further improve information in the 2005 Environmental and Social Report (environmental achievements in fiscal 2004)	Enhanced the Social Report by, for example, creating and announcing CSR (corporate social responsibility) and placing it in the 2005 Environmental and Social Report (detailing environmental achievements in fiscal 2004)		We will continue to make improvements to enhance the readability and visual appeal of the 2006 Environmental and Social Report (detailing environmental achievements in fiscal 2005)

### Development Stage and Products

Category	Fiscal 2005		Fiscal 2006 goals
	Goals	Achievements	
Fuel economy	<ul style="list-style-type: none"> <li>Continue fuel economy improvement for every full model change and annual model change</li> <li>Satisfy fiscal 2010 fuel economy standards earlier by fiscal 2006</li> </ul>	Met fiscal 2010 fuel economy standards in three ranks out of five for passenger vehicles and in six ranks out of six for mini-sized trucks	Continue improving fuel economy for every full model change and annual model change Satisfy fiscal 2010 fuel economy standards for all vehicle weight categories by fiscal 2006
Exhaust emissions	Aim to have the exhaust emissions of 80% of passenger cars sold be either 50% or 75% reduced beyond 2005 standards by the end of 2006. Out of this 80% figure, half should be vehicles with emissions reduced 75% beyond 2005 standards	Introduced low emission vehicles, the "R1 & R2 NA" with exhaust emissions reduced 75% beyond 2005 standards and "Sambar NA", with exhaust emissions reduced 50% beyond 2005 standards	To have the exhaust emissions of 80% of passenger cars sold be either 50% or 75% reduced beyond 2005 standards by the end of 2006. Out of this 80% figure, half should be vehicles with emissions reduced 75% beyond 2005 standards
Noise	Further reduce all noise levels of the automobile	Developed low-noise power units, intake and exhaust systems and tires during Subaru's annual vehicle improvement period	Reduce the levels of all types of automobile-related noise for further reduction of environmental noise
Clean energy vehicles *CNGVs=Compressed Natural Gas Vehicles	<ul style="list-style-type: none"> <li>Hybrid vehicles: Continue development work aiming at limited introduction of hybrid vehicles to the market in fiscal 2007</li> <li>Natural gas vehicles (CNGVs): Continue market expansion of the new "Legacy B4 CNG"</li> </ul>	<ul style="list-style-type: none"> <li>Hybrid vehicles The plan suspended due to the review of product portfolio and planning</li> <li>Natural gas vehicles: Continued imarket expansion of the new Legacy-based CNGV</li> </ul>	Natural gas vehicles (CNGVs): Continue market expansion

### Production Stage

Category	Fiscal 2005		Fiscal 2006 goals	
	Goals	Achievements		
Waste reduction	Control amount of waste generated Maintain zero level of landfilled waste	Reduced by 9.1% the total amount of waste generated compared to the previous year Maintained the level of landfilled waste at zero	Reduce amount of waste generated. Maintain the level of landfilled waste at zero	
Energy conservation	<ul style="list-style-type: none"> <li>Work to accomplish the energy consumption per production goal (28% reduction compared with the fiscal 1990 level by fiscal 2006)</li> <li>Work to accomplish the CO<sub>2</sub> discharge reduction goal (6% reduction compared with the fiscal 1990 level by fiscal 2006)</li> </ul>	Improved energy consumption per production by 35.7% from the previous year Reduced CO <sub>2</sub> discharges by 16% compared with the fiscal 1990 level	<ul style="list-style-type: none"> <li>Work to accomplish the energy consumption per production goal (28% reduction compared with the fiscal 1990 level by fiscal 2006)</li> <li>Work to accomplish the CO<sub>2</sub> discharge reduction goal (6% reduction compared with the fiscal 1990 level by fiscal 2006)</li> </ul>	
Reduction of substances with environmental impact	Work to accomplish the paint VOC reduction goal (45g/m <sup>2</sup> or less by fiscal 2006)	Reduced generation of paint VOC (per unit area) to 46.2g/m <sup>2</sup> , a 57.6% reduction compared with the fiscal 1995 level	Work to accomplish the paint VOC reduction goal (45g/m <sup>2</sup> or less by fiscal 2006)	
Green procurement	Automotive Business Unit	Establish EMS at 97% or more of the suppliers	98.7% of the suppliers (304 out of 308) established EMS	Encourage suppliers to establish EMS
	Industrial Products Company	Maintain EMS established at all suppliers Proceed with reduction of substances with environmental impact	Maintained the EMS established at all suppliers (102/102 companies). Conducted investigation into substances with environmental impact used for generator parts, conducted data collection and created a reduction plan	Maintain EMS established at all suppliers
	Aerospace Company	Encourage suppliers to establish EMS	61.9% of suppliers (44/71 companies) established EMS. Enhanced the identification, reduction and prohibition of substances with environmental impact in accordance with the procurement guidelines	Encourage suppliers to establish EMS
	Eco Technologies Company	Encourage suppliers to establish EMS	81.6% of the suppliers (40/ 49) established EMS. Completed survey of substances with environmental impact.	Encourage suppliers to establish EMS
	Green Procurement	Try to achieve 100% eco product purchasing of consumable office supplies in the Head Office area	Achieved 100% eco product purchasing of consumable office supplies (approx. 1500 items)	Continue

### Recycling

Category	Fiscal 2005		Fiscal 2006 goals
	Goals	Achievements	
Improvement of recycling efficiency	<ul style="list-style-type: none"> <li>Continuously incorporate technologies developed for easier dismantling and higher recycling efficiency into vehicles under development</li> <li>Continuously promote study of practical applications of ELVs*1 recycling</li> </ul>	<ul style="list-style-type: none"> <li>Applied newly developed technologies to some components in new mini cars.</li> <li>Devised a chassis structure and an infrastructure-based harness dismantling method which leaves less wiring harness after dismantling</li> </ul>	<ul style="list-style-type: none"> <li>Continue to incorporate technologies to facilitate dismantling and increase recycling efficiency into vehicles under development</li> <li>Continue to proceed with studies of the practical applications of ELVs (End-of-Life Vehicles) recycling</li> </ul>
Recycling volume	Increase the number of used bumpers collected from the market	Increased the number of bumpers collected	Increase the number of used bumpers collected from the market
Reduction of substances with environmental impact	<ul style="list-style-type: none"> <li>Promote development of alternative technology for parts containing lead that will be subject to the EU directive from 2006 and continue to study further reduction of lead usage</li> <li>Promote measures for the voluntary action program under the "Goals for Reduction of Substances with Environmental impact in New Model Vehicles" by the Japan Automobile Manufacturers Association(JAMA)</li> <li>Further promote development and adoption of alternative technology for hexavalent chromium</li> </ul>	<ul style="list-style-type: none"> <li>Hexavalent chromium Created an integrated list of subject parts and advanced the replacement of parts with substitutes</li> </ul>	<ul style="list-style-type: none"> <li>Promote development of alternative technology for parts containing lead that will be subject to the EU directive from 2006 and continue to study further reduction of lead usage</li> <li>Promote measures for the voluntary action program under the "Goals for Reduction of Substances with Environmental impact in New Model Vehicles" by the Japan Automobile Manufacturers Association(JAMA)</li> <li>Further promote development and adoption of alternative technology for hexavalent chromium</li> </ul>
Sales and services	Continuously promote responses to the ELVs Recycling Law	Investigated ELV handling procedures at Subaru dealerships	Continuously promote responses to the ELVs Recycling Law

### Logistics

Goals	Fiscal 2005		Fiscal 2006 goals
	Goals	Achievements	
Promote logistics efficiency, and control generation of waste <ul style="list-style-type: none"> <li>Further streamline transportation of completed vehicles</li> <li>Control generation of packing material waste</li> </ul>	<ul style="list-style-type: none"> <li>(Transportation of completed vehicles) Increased the number of vehicles transported jointly with other companies</li> <li>(Reduction of packing material waste) Improved the packing specifications for large packing boxes for domestic customers. Also improved packing materials for knock down parts for overseas</li> </ul>	Promote logistics efficiency, and control generation of waste	

\* 1 : ELVs : End of Life Vehicles

## The Fourth Voluntary Plan for the Environment

FHI advanced voluntary activities for the environment with plans in 1993, 1996 and 2002. We created the Fourth Voluntary Plan for the Environment for fiscal 2007 to 2011.

In this plan, in addition to setting higher environmental conservation goals, we set targets to make contributions to society through our products by offering our customers greener products through a system of environmentally clean plants, logistics networks and dealers and by carrying out appropriate environmental activities including compliance with laws, regulations and agreements and cooperation with the automotive industry.

It is our policy that these targets are shared by group companies as well as FHI in order that Subaru Group can actively work towards the continuous improvement of environmental issues.

### FHI Environmental Conservation Program (Fiscal 2007 through Fiscal 2011)

Items		Goals and actions
Clean Plants	Curbing global warming	◇ Aim to reduce CO <sub>2</sub> emissions by 15% from manufacturing plants compared to the fiscal 1990 level by fiscal 2010
	Control and reduction of substances with environmental impact at manufacturing plants	◇ Continue reducing emissions of chemical substances listed in the Pollutant Release and Transfer Register (PRTR) ◇ Reduce Volatile Organic Compound (VOC) emissions (g/m <sup>2</sup> ) in vehicle production lines by 30% compared to the fiscal 2000 level by the end of fiscal 2010 ◇ Reduce environmental risks through Environmental Risk Assessment and totally eliminate the occurrence of incidents, claims and cases where voluntary standards are exceeded
	Reducing wastes generated at manufacturing plants	◇ Reduce the amount of waste materials by controlling sources of waste including increasing yield ratio, reducing removal stock, increasing coating efficiency and improving packaging ◇ Continue zero emissions (zero levels of landfilled waste both directly and indirectly)
	Saving water resources	◇ Aim to reduce amount of water used at manufacturing plants by 45% compared to the fiscal 1990 level by fiscal 2011
	Green Procurement Activities	◇ Request domestic and overseas suppliers to reduce substances with environmental impact and to establish an environmental management system (EMS). The following are the targets for establishing EMS ● Automotive Business Unit, Eco Technologies Company and Aerospace Company: Aiming to complete establishment of the system ● Industrial Products Company: Maintain the completed system To reduce substances with environmental impact, adhere to the schedule of laws, regulations and agreements such as the EU directive
Greener Products	Improving fuel economy* <sup>1</sup>	◇ Continue to improve fuel economy for every full model change and annual model change ◇ Increase models that achieve fiscal 2010 fuel economy standards for all weight ranks
	Cleaner exhaust emissions* <sup>1</sup>	◇ Improve on technology which has already achieved a 75% reduction on the 2005 standard for exhaust emissions in order to further reduce exhaust emissions and promote the use of low exhaust emission vehicles
	Developing products using clean energy	◇ Hybrid vehicles: Develop a new hybrid system in collaboration with new alliance partner* <sup>1</sup> ◇ Natural gas vehicles: Continue market expansion of CNGVs* <sup>1</sup> ◇ Electric vehicles: Develop vehicles for launch on the market in addition to business use* <sup>1</sup> ◇ Continue development of wind turbine systems and market expansion* <sup>2</sup> ◇ Expand market for applied products which use LPG/CNG engines* <sup>3</sup>
	Increase recyclability* <sup>1</sup>	◇ Improve design to increase recyclability in new models to achieve a recycling rate of 95% in 2015
	Reduction of substances with environmental impact	◇ Enhance management of substances with environmental impact and further reduce the use of such substances. ◇ Reduce in-room VOC in accordance with the Voluntary Activity Plan of the JAMA* <sup>1</sup>
	Reducing exterior noise* <sup>1</sup>	◇ Promote development of technology to reduce noise that is compatible with both fuel economy improvement and exhaust emissions reduction
	Curbing global warming regarding air conditioning refrigerants* <sup>1</sup>	◇ Promote further reduction in the amount of refrigerant (HFC134a) per vehicle ◇ Advance the development of air conditioner with low GWP refrigerant
	Research on traffic environments* <sup>1</sup>	◇ Work further on Intelligent Transport Systems (ITS) that realize a safe and comfortable motorized society
Clean logistics	Development of environment-related products and environment-related businesses* <sup>2</sup>	◇ Advance environment-related businesses such as development of refuse collection vehicles and environmental equipment and devices. ◇ Advance robot-related businesses for conservation of power, labor and energy
	Reducing the environmental burden caused by logistics	◇ Be certain of meeting the Revised Energy Saving Law ● Try to reduce energy used per production unit by 5% compared to fiscal 2006 by the end of fiscal 2011 ◇ Try to reduce substances with environmental impact by promoting reuse of packaging materials and returnable boxes
Clean dealers	Promoting environmental conservation activities at dealers	◇ Support environmental conservation activities by dealers ◇ Promote recycling and proper disposal during the distribution and disposal stages ● Collect and destroy specific chlorofluorocarbons (CFC12), collect CFC12's substitute (HFC134a) ● Collect and dispose of airbags, and collect warning flares ◇ Continue to collect used bumpers ◇ Continue to comply with the ELVs Recycling Law
Improved Environmental Management	Implementing Social Contribution Activities	◇ Continue to participate in environmental events, communicate with local residents at FHI plants, and deal with visitors to factory tour ◇ Continue to participate in cleaning and tree-planting activities in the area around each plants ◇ Offer support and cooperation to environmental activity groups
	Disclosing environment-related information	◇ Continue to publish environmental reports, and aim at releasing timely environmental information through publicity channels from time to time ◇ Improve and upgrade the contents of environmental reports (e.g., compliance with guidelines, and reports including group businesses)
	Implementing environmental education and education campaigns	◇ Incorporate environmental education into the company education system and put it into practice ◇ Implement educational campaigns through company newsletters and various media ◇ Continue to implement lectures and EMS operations improvement case study presentations at worksites
	Establishment of an environmental management system	◇ Continue to improve the environmental management system at all business sites certified with ISO14001 ◇ Strengthen the liaison with affiliated companies, and continue establishing consolidated environmental management systems

\* 1 : Automotive Business Unit \* 2: Eco Technologies \* 3: Multi-purpose engines