

Gunma Manufacturing Division



Main Plant

Yajima Plant

Ota North Plant

Oizumi Plant

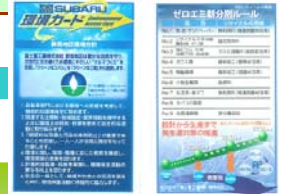
Isesaki Plant

Outline for Each Plant

(As of the end of March, 2007)

Name	Location	Site Area (m ²)	Building Area (m ²)	Number of Employees	Main Products Manufactured
Main Plant	1-1, Subaru-cho, Ota City, Gunma Prefecture	585,521	319,360	2,937	Stella, R1, R2, Pleo, and Sambar models
Yajima Plant	1-1, Shoya-machi, Ota City, Gunma Prefecture	549,845	256,864	2,549	Legacy, Impreza, and Forester models
Ota North Plant	27-1, Kanayama-cho, Ota City, Gunma Prefecture	43,750	26,841	83	Automotive parts
Oizumi Plant	1-1-1, Izumi, Oizumi-machi, Ora-gun, Gunma Prefecture	376,038	179,984	1,485	Automotive engines, transmission
Isesaki Plant*	100, Suehiro-cho, Isesaki City, Gunma Prefecture	149,236	58,957	72	Automotive repair parts

* Includes Subaru Customize Kobo Corporation and Fuji Horen Co., Ltd



1. The Gunma Region's* Environmental Policies

The Gunma Region further created its own environmental policies in line with FHI corporate philosophy and company-wide environmental policy, from which it has been actively conducting various environmental conservation activities.

-- The Gunma Region's Environmental Policies -- (Revised in June 2002)

The FHI Gunma Region is determined to provide greener Subaru from clean plants in its desire to create environmentally friendly automobiles to ensure preservation of our rich natural environment for generations to come.

- (1) We are committed to environmental conservation that takes into consideration all the repercussions our Automotive sector renders upon the environment.
- (2) Observing all the relevant laws and regulations, community agreements and industry standards, we will carry out our activities based on our independently determined environmental objectives and targets.
- (3) Through the understanding of the importance of continual improvement and early pollution prevention, every one of us can realize the responsibility we carry as we go about our work.
- (4) We will endeavor to raise environmental consciousness by providing educational opportunities for our employees according to their job status and job description.
- (5) We will regularly perform audits and inspections to improve our environmental conservation activities.
- (6) As a responsible member of society, we are committed to working with the community and engaging in joint activities to further environmental conservation.

*The Gunma region is a collective term subject to external assessment through the ISO14001 Environmental Management System. It consists of a group of car manufacturing sites centered around the Gunma Manufacturing Division, also including the Subaru Engineering Division, an organization under direct control of Head Office which is located in the Gunma Manufacturing Division, the Subaru Test & Development Center located in Sano City, Tochigi Prefecture, and the Subaru Parts Distribution Center located in Asahi-cho, Ota City.

2. Major Environmental Conservation Achievements of Fiscal 2006

Curbing Global Warming

We implemented several measures in fiscal 2006, such as adjusting the temperature in the painting process and improving the energy efficiency of the dehumidifying devices and the parts cleaners, successfully reducing CO₂ emissions by 15.7% compared with fiscal 1990 (3.2% compared with the previous fiscal year). In efforts to save water resources, we checked and improved water pipes, which reduced water consumption by 50.1% compared with fiscal 1999 (5.1% compared with the previous fiscal year). On top of which, we set up two natural gas cogeneration systems at the Oizumi Plant in February 2007 which are expected to further reduce CO₂ emissions by 14,000 tons from fiscal 2007 onwards.

Reducing Waste Material

We have been working hard to reduce the amount of waste material we generate. In fiscal 2006, by reducing the amount of discharged sludge, and because of other such measures we were able to reduce waste material (excluding scrap metal) by 117 tons compared to fiscal 2005.

Preventing Environmental Pollution

Although we received zero claims in fiscal 2006, there were five accidents where chemical substances were inappropriately discharged, and one case where noise levels exceeded the voluntary standards. In order to eliminate such problems completely, we will continue to promote environmental risk assessments and guidance for external companies. We were able to meet the target set in the Third Voluntary Plan for the Environment concerning VOC discharged in the painting process etc. We will continue to make every effort to fulfill the new targets presented in the Fourth Voluntary Plan for the Environment.



Natural gas cogeneration systems at the Oizumi Plant

3. Results of Environmental Audits

Results of the Internal Audits as part of the Environmental Management System

We classified all departments in the Gunma region into seventy sections, and conducted internal audits at all the sections during the period from July 12 to October 23 2006. At the same time, we conducted a legal compliance audit with all seven sections in charge of handling environment-related laws and regulations.

As a result, eighty five cases were identified for further corrective actions. We have been pressing ahead with both corrective and preventive actions in order to raise the standard of environmental activities across the entire Gunma region. We will also continue to further improve the abilities of our internal auditors and the mechanisms involved with our internal audits.



External Assessment

Results of the ISO14001 External Assessment

Our ISO14001 renewal application was assessed during the period from January 22 to 24 2007, identifying one minor nonconformity and five cases deemed in need of further inspection. We took corrective actions immediately and our ISO14001 certification was successfully renewed.

4. Major Local Community Activities of Fiscal 2006 «Social Contributions»

Communication

In order to contribute to creating a prosperous society in coexistence with local communities, the Gunma Manufacturing Division has been working with local residents, offering friendship and community exchange events, accepting plant tours and participating in cleanup activities and local events. The major activities of fiscal 2006 are introduced here.



May: Cleanup of Kanayama organized by the Subaru Community Exchange Association



Jul: 1,000 employees participated in carrying the Subaru Mikoshi at the Ota Summer Festival



Oct: 35,000 people enjoyed the Subaru Appreciation Festival at the Yajima Plant



Quarterly: Flower gifting, organized by the Subaru Community Exchange Association



Quarterly: Friendship Concert organized by the Subaru Community Exchange Association (a total of 2,000 invitations)



Subaru Environmental Exchange Circle held at 28 local elementary schools (a total of 2,282 people participated)

- 内容
1. 会社紹介
 2. 今地帯に起こっていること (ビジネス分)
 3. 実験してみよう
 4. スバルの環境への取り組み
 5. 環境クイズ (賞品)

Education

The Gunma Manufacturing Division provides educational opportunities for its employees according to their job status and job description. The Division also provides education as part of its support for its affiliated and partner companies.



Jun: Health & safety and environmental education for affiliated and partner companies (26 people from 26 companies attended)



Jul: Lectures on traffic safety organized by the Subaru Community Exchange Association

Others

We dispatched instructors to local high schools, such as Ota Higashi High School and Tatebayashi Commercial High School, and gave lectures on automotive technologies and the mental attitude required of members of society.

Every June is designated Environmental Campaign Month and we switch the paper cups used in beverage vending machines around our sites, to those with a printed FHI Environment Logo as part of our activities to promote awareness of environmental conservation. (See photo on the right)

We organize a social gathering with the heads of neighboring communities every December, to explain the kinds of environmental activities taking place within the Gunma Manufacturing Division and listen to requests from the neighboring communities.



A paper cup with the FHI Environment Logo
* This activity is conducted at the Utsunomiya Manufacturing Division and the Tokyo Office as well.

Utsunomiya Manufacturing Division*1 [Aerospace Company, Eco Technologies Company]



Main Plant



South Plant



South No.2 Plant



Handa Plant

Outline for Each Plant

(As of the end of March, 2007)

Name	Location		Site Area (m ²)	Building Area (m ²)	Number of Employees	Main Products Manufactured
Main Plant	1-1-11, Yonan, Utsunomiya City, Tochigi Prefecture	Aerospace Company	337,802	176,877	2,040	Aircraft, unmanned aircraft, space-related equipment
South Plant	1388-1, Esojima, Utsunomiya City, Tochigi Prefecture					Aircraft
South No.2 Plant	2-810-4, Miyanouchi, Utsunomiya City, Tochigi Prefecture					Aircraft
Main Plant	1-1-11, Yonan, Utsunomiya City, Tochigi Prefecture	Eco Technologies Company	171,816	50,614	187	Refuse collection vehicles, wind turbine system, robots*2, etc
Handa Plant	1-27, Shiohi-cho, Handa City, Aichi Prefecture		49,041	20,092	176	Aircraft

*1: At present, FHI has no organization officially named Utsunomiya Manufacturing Division. For this Report, Utsunomiya Manufacturing Division is used as a collective term for the Aerospace Company (Utsunomiya City, Tochigi Prefecture, and Handa City, Aichi Prefecture) and the Eco Technologies Company (Utsunomiya City, Tochigi Prefecture).

*2: Note that robots / cleaning robots are manufactured and sold by FHI's Robot Department.

1. The Utsunomiya Manufacturing Division's Environmental Policies

The Utsunomiya Manufacturing Division further created its own environmental policies in line with FHI corporate philosophy and company-wide environmental policies, from which it has been actively conducting various environmental conservation activities.

--- The Utsunomiya Manufacturing Division's*1 Environmental Policies --- (Revised in June 2005)

Through positive environmental conservation that aims to bring about harmony between industry and environment, and for a prosperous and healthy society, we (the Aerospace Company and the Eco Technologies Company) have decided on the following plans of action.

- (1) We will endeavor to reduce the environmental impact in all areas from development, design, production, logistics, to service and waste disposal, as our contribution to creating a less polluted, resource recycling society.
- (2) Remaining true to our corporate activities, observing all the relevant laws and regulations, community agreements and industry standards, we will further determine our own voluntary standards, based on which we will organize our environmental activities.
- (3) Through conducting voluntary activities with our own environmental conservation objectives and targets, with regular reviews we will continue to improve for the better.
- (4) We recognize the importance of curbing global warming and preventing environmental pollution, and will endeavor to reduce the amount of pollutants and waste that we produce and that subsequently accelerate global warming and environmental pollution, all the while promoting the reduction and recycling of waste material.
- (5) As a responsible member of society, we are committed to working with the community and engaging in joint activities to further environmental conservation.
- (6) Through the promotion of environmental education for every person working in or working with our organizations, every one of us can understand for ourselves our responsibility to the environment as we go about our work.
- (7) We will openly and proactively make known all information about our environmental activities, promoting communication and mutual understanding with the local communities and society in general.

2. Major Environmental Conservation Achievements of Fiscal 2006

Curbing Global Warming

Aerospace Company: Although CO₂ emissions increased over the previous fiscal year by 3,000 tons due to factors that included energy consumption increases at the Handa West Plant, compared to fiscal 1990, we recorded a 7.6% reduction. The Company will push ahead with CO₂ emission reductions to meet the targets set in the Fourth Voluntary Plan for the Environment.

Eco Technologies Company: The Company succeeded in reducing CO₂ emissions by 900 tons compared with the previous fiscal year by implementing several measures that included improving the energy efficiency of the lighting equipment installed inside the plants. Compared with fiscal 1990, this was a reduction of 67.7%. The Company will promote further reductions focusing on the energy conservation of the facilities which consume the most energy.

Reducing Waste Material

Aerospace Company: Unfortunately, the amount of waste material increased by 445 tons from the previous fiscal year due to increases in waste wood from packing-crates, waste liquid discharged in the painting process, and general waste material. With efforts focused on achieving these reductions we will also work on reducing the costs involved with treating waste material.

Eco Technologies Company: The amount of waste material reduced by 16 tons from the previous fiscal year because of several activities including the reuse of cardboard and recycling of thinner. To improve further, the Company will work on reducing the quantity of scrap metal produced.

Preventing Environmental Pollution

The Utsunomiya Manufacturing Division received eight claims* in fiscal 2006, despite the measures implemented to prevent such environmental accidents including the creation of an environmental patrol. In response to the claims, the Division issued a set of Management Guidelines for the Prevention of Environmental Accidents, and has been making efforts in this vein.

* For details of the claims, please refer to page 9 of the Supplementary Volume for Data related to the 2007 Social and Environmental Report.

3. Results of Environmental Audits

Results of the Internal Audits as part of the Environmental Management System

We conducted an internal audit at all eighty seven sections of the Utsunomiya Manufacturing Division (for both the Aerospace Company and the Eco Technologies Company) in May, October and November 2006. As a result, forty four cases were identified for corrective actions. The sections concerned took countermeasures immediately, raising EMS to the required standards.

Results of the ISO14001 External Assessment

Our ISO14001 renewal application was assessed from June 21 to 23, 2006. Although sixteen cases were identified to be in need of improvement, all of these were minor cases and nonconformity was zero and our ISO14001 certification was successfully renewed. Furthermore, so that our affiliated company Yusoki Kogyo K.K. can make use of this, we will need to apply for an ISO14001 expansion in 2007.



External Assessment

4. Major Local Community Activities of Fiscal 2006

Communication

We at the Utsunomiya Manufacturing Division recognize the importance of coexisting with local communities as responsible members of society, and equally the importance of maintaining a prosperous society. In keeping with these ends, we have been contributing to local communities through various activities, by offering friendship and community exchange events for local communities and actively cooperating in cleanup activities and fund-raising campaigns. A few of these efforts and activities from fiscal 2006 are introduced here.

- Jun and Oct: Cooperated in local cleanup activities (a total of 330 employees participated).
- Oct: Held the FHI Friendship Festival at the Main Plant inviting approximately 10,000 people.
- Oct: Exhibited a booth at the Utsunomiya Eco Project 2006 to publicize the environmental conservation activities conducted within the Utsunomiya Manufacturing Division.
- Nov: Organized an interaction meeting with thirteen board members from neighborhood community associations (plant tour, social gathering).
- As of fiscal 2006, we started offering the Eco Class Delivery Service to local elementary schools. In this fiscal year, we put on classes on the subject of global warming for grade fives at five elementary schools (358 students in total) in Utsunomiya City. For next year, we will expand this activity to include more schools.
- In October, the yearly Green Fundraising Activities saw ¥310,355 generously contributed by our employees to the Committee for the Promotion of a Green Prefecture.
- As part of the special activities for June, designated the Environmental Campaign Month, all employees at every workplace were required to check their own environmental activities, raising awareness of energy and resource conservation, elimination of emissions and prevention of pollution.



Oct: The Utsunomiya Manufacturing Division had an exhibition booth at the Utsunomiya Eco Project to publicize its environmental activities

Education

The Utsunomiya Manufacturing Division systematically implements several kinds of education, correlated to job title, etc, environmental education, internal auditors' education and follow-up education. In addition, as part of the support extended to its local affiliated and partner companies, it has been actively conducting an environmental patrol (at six companies in fiscal 2006) and other such activities.

The Environmental Improvement Case Study Presentations are held periodically every year, presenting all the activities and achievements involved in some of the best examples of environmental improvement from individual workplaces. In addition, emergency drills are held frequently at every workplace in order to ensure proper management for preventing accidents, and minimize environmental damage that may occur in the event of an environmental accident.



The environmental patrol at our partner companies



Emergency drills are held every year to prepare for emergencies such as environmental accidents and fires.

Others

One of our employees helped in the arrest of a man charged with the attempted murder of elementary school students in Utsunomiya City

~~~A Certificate of gratitude was presented by the Tochigi Prefectural Police~~~



October 2006: A man rammed his car into a group of elementary school students in Esojima, Utsunomiya City, and also injured Mr. Miyazawa with a chopper, one of our employees who had been trying to restrain the man at the scene. Mr. Miyazawa and Mr. Sakawa a temporary worker working at FHI, received certificates of gratitude and commemorative gifts from the Chief of the Tochigi Prefectural Police for their courageous act and cooperation in arresting the suspect. Then later in December, they were presented with the FHI's President's Commendation in honor of their bravery.

The Utsunomiya Manufacturing Division's Site Report (Issued in August 2006)



Saitama Manufacturing Division\*



Industrial Products Company\* Saitama Manufacturing Division

Major products manufactured by the Industrial Products Company



Robin engines

Power generators



Rechargeable lawn mowers

Outline for Plant

(As of the end of March 2007)

| Name                         | Location                                             | Site Area (m <sup>2</sup> ) | Building Area (m <sup>2</sup> ) | Number of Employees | Main Products Manufactured                                       |
|------------------------------|------------------------------------------------------|-----------------------------|---------------------------------|---------------------|------------------------------------------------------------------|
| Industrial Products Company* | 4-410, Asahi, Kitamoto City, Saitama Prefecture, etc | 143,438                     | 91,942                          | 549                 | General-purpose engines (Robin engines), engine generators, etc. |

\* At present, FHI has no organization officially named Saitama Manufacturing Division. In this Report, for the sake of convenience, this refers to the manufacturing plants belonging to the Industrial Products Company.

1. The Industrial Products Company's Environmental Policies

The Industrial Products Company created its own environmental policies in line with FHI corporate philosophy and company-wide environmental policies, from which it has been actively conducting various environmental conservation activities.

--- The Industrial Products Company's Environmental Policies --- (Revised in May 2005)

To build a prosperous future, the Industrial Products Company will actively promote conservation of global environment that could be affected by engines and their associated products through every stage from product development to material disposal.

- (1) We endeavor to reduce the environmental burden in all areas from development and product design to logistics and material disposal.
- (2) Observing all the relevant laws and regulations, community agreements and industry standards, we will further determine our own voluntary standards, based on which we will organize our environmental conservation activities.
- (3) Through understanding the importance of continual improvement and early pollution prevention, every one of us can realize the responsibility we hold as we go about our work.
- (4) We will endeavor to raise environmental consciousness by providing educational opportunities for our employees according to their job status and job description.
- (5) We will regularly perform audits and inspections to improve our environmental conservation activities.
- (6) As a responsible member of society, we are committed to interacting within the community and engaging in joint activities to further environmental conservation.

2. Major Environmental Conservation Achievements of Fiscal 2006

Curbing Global Warming

CO<sub>2</sub> emissions in fiscal 2006 decreased by 167 tons over the previous fiscal year owing to reduced consumption of petroleum-based energy. This is a reduction of 26% compared with fiscal 1990. By inspecting the air piping in our plants for leaks, and drawing on other similar modifications, we will further reduce CO<sub>2</sub> emissions.

Reducing Waste Material

In fiscal 2006, we were able to reduce the amount of waste material by 15 tons compared to the previous fiscal year because of the reduction of oil waste, etc. In fiscal 2007, with the introduction of a compressor for treating ground metal and by applying longer lasting metal machining oil, we can bring about further reductions in waste material.

Preventing Environmental Pollution

Although we were able to keep the number of environmental accidents and claims to zero, there were three cases\* where measurements of some substances exceeded the values stipulated by environmental-related laws and regulations, or set by the voluntary standards. We took immediate corrective actions for all of them, and have brought them under proper control. We will implement activities like the Environmental Risk Assessment to completely eliminate breach of standards, environmental accidents, and claims.

\*For details of these breaches of standards, please refer to page 10 of the Supplementary Volume for Data related to the 2007 Social and Environmental Report.

3. Results of Environmental Audits

Results of the Internal Audits as part of the Environmental Management System

We conducted internal audits at eighteen sections from September 13 to October 4, 2006, and identified one nonconformity, while seventeen items for improvement were recommended. We have completed all necessary corrective measures.

Results of the ISO14001 External Assessment

We had our ISO14001 renewal assessed from February 5 to 6 in 2007 and although the results recommended ten items for improvement, there were no nonconformities and our ISO14001 certification was renewed.



External Assessment

4. Major Local Community Activities of Fiscal 2006

Communication



Cleanup in the neighborhoods around the plants

We participated in the Kitamoto Cleanup Program organized by Kitamoto City, and are conducting cleanup activities in the neighborhoods around our plants. In fiscal 2006, overall 819 employees took part in seven cleanup activities.



Active Participation in Local Events

Approximately 300 employees and their family members participated in the Nebuta Hiki (or gigantic lantern parade) for the Kitamoto Evening Festival (on November 4, organized by Kitamoto City). The festival was as fun as ever.

Education

**Activities during the Environmental Campaign Month** --- Participation in the Eco Life Day 2006 Saitama --- We asked our employees to check how they are contributing to an eco life at home by getting them to fill in the Eco Life Day Check Sheet. 80% or more participants answered yes to five statements out of the twenty listed, including "I do not leave the water running from the tap" and "I turn off the light when leaving a room". Then in February 2007, we organized a winter version of the same event.

**Emergency Drills**

We conduct emergency drills in accordance with proper procedures, to ensure that our employees can prevent environmental damage and do the right thing in the event of an accident or emergency at their workplaces. In fiscal 2006, we conducted emergency drills at the 1st to 3rd Experiment Sections of the Engineering Department etc.

**Education for Employees**

We organized environmental education for fifty seven employees who included fourteen new recruits, focusing on education suitable to position and title. We also provide lectures on traffic safety.

**Participation in the Energy Saving Case Symposium Kanto Conference (September 26, 2006)**

The Ecology Circle, one of the Industrial Products Company's small-group activity circles reported on the multistage use of spring water under a manhole and use of exhaust heat from compressor rooms for heating. A total of three teams, including representation from the Gunma region, reported their activities at this Conference.



Lectures on traffic safety

5. The Industrial Products Company's New Products

In February 2007, the Industrial Products Company released the Subaru rechargeable lawn mower e-Cutter PRO, which has been designed to balance between people's needs and those of the environment's. The features of the e-Cutter PRO are briefly introduced here.



e-Cutter PRO: Rechargeable Lawn Mower



Auxiliary recharger and battery



**e-Cutter PRO**

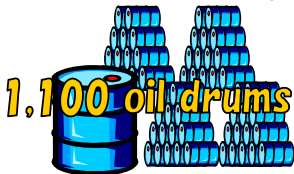
**Three Es** ENVIRONMENTALLY FRIENDLY :Zero exhaust gas emissions and reduced noise make the product kind to people and the earth.  
 ELECTRIC :The product is equipped with lithium-ion batteries which allow for high-speed charging.  
 EASY (for users) :The reversible-rotation function makes the product easy to operate

**PRO** Our conventional electric lawn mowers were designed mainly for home gardening and domestic use. But this product delivers a performance that can satisfy professional use.

The technologies that developed from the Subaru Inverter Generator are applied to the high-performance brush-less motor and the control system mounted to the e-Cutter PRO. In addition, by adopting large-capacity lithium-ion batteries from technologies developed on our electric vehicle (the Subaru R1e), this new product can be more lightweight and compact than if it were using conventional secondary batteries, thereby achieving equally high standard environmentally-friendly features and practical features.

**Feature 1: Zero exhaust gas emissions**

We achieved zero exhaust gas emissions while still making sure the performance lived up to professional standards parallel with engine-type lawn mowers of the same class. This is a truly environmentally-friendly product. Comparison with conventional engine-type lawn mowers (equipped with two-stroke engines),



※ CO<sub>2</sub> emissions per product is reduced by the equivalent to 1,100 oil drums per year.

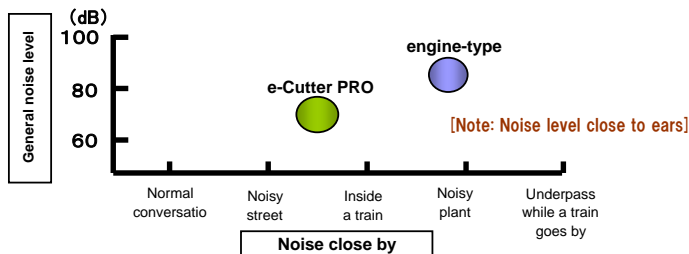
[Note: The above emissions are based on the product being used for four hours a day for one hundred days per year.]

※ Emissions of HC + NOx per product is reduced by the equivalent of five 18-liter containers per year.



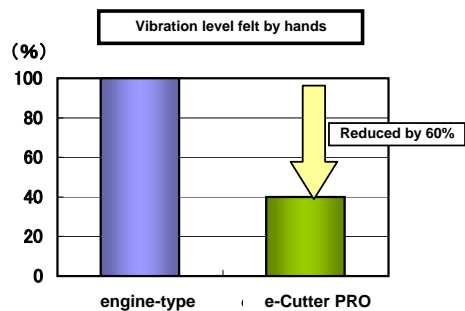
**Feature 2: Reduced noise**

The noise level has been lowered significantly because the new product is electrically operated. It can be used in any working environment at any time of the day.



**Feature 3: Reduced vibration**

Smoother motor rotation significantly reduces vibration felt by the user.



**Tokyo Office**



←Site Report of the Tokyo Office issued in April 2006

Outline for Tokyo Office

(As of the end of March, 2007)

| Name         | Location                         | Site Area (m <sup>2</sup> ) | Building Area (m <sup>2</sup> ) | Number of Employees | Main Products Manufactured                                                         |
|--------------|----------------------------------|-----------------------------|---------------------------------|---------------------|------------------------------------------------------------------------------------|
| Tokyo Office | 3-9-6, Osawa, Mitaka City, Tokyo | 157,568                     | 94,354                          | 943                 | R&D and experiment of automotive engines and transmissions, R&D of Subaru products |

**1. The Tokyo Office's Environmental Policies**

The Tokyo Office further created its own environmental policies in line with FHI corporate philosophy and company-wide environmental policy, from which it has been actively conducting various environmental conservation activities.

--- The Tokyo Office's Environmental Policies --- (Issued in September 2003)

The FHI Tokyo Office is determined in its desire to create environmentally friendly automobiles and develop greener power units to ensure preservation of our rich natural environment for generations to come.

We have decided on the following operating criteria to consummate our environmental policies.

- (1) We are committed to environmental conservation that takes into consideration all the repercussions the Automotive Business Unit renders upon the environment.
- (2) Observing all the relevant laws and regulations, community agreements and industry standards, we will further determine our own voluntary standards, based on which we will organize our environmental activities.
- (3) Through understanding the importance of continual improvement and early pollution prevention, every one of us can realize the responsibility we carry as we go about our work..
- (4) We will endeavor to raise environmental consciousness by providing educational opportunities for our employees according to their job status and job description.
- (5) We will regularly perform audits and inspections to improve our environmental conservation activities.
- (6) As a responsible member of society, we are committed to working with the community and engaging in joint activities to further environmental conservation.



**2. Major Environmental Conservation Achievements of Fiscal 2006**

**Curbing Global Warming**

In fiscal 2006, despite our efforts to save energy, such as installing smaller boilers and lighting apparatus that consumes less energy, CO<sub>2</sub> emissions increased by 147 tons compared with the previous fiscal year due to factors that include the high rate at which the Development Division's testing equipment operates. However, CO<sub>2</sub> emissions were 23.1% lower than that of fiscal 1990. We will implement achievable energy-saving measures based on the precondition that our testing equipment operates at a high rate.

**Reducing Waste Material**

Like CO<sub>2</sub> emissions, the amount of waste also increased by 19 tons compared with the previous fiscal year due to the Development Division's high rate of operation. This however is lower than fiscal 2006's targeted value by 63 tons, owing to reductions in general waste material and office paper.

**Preventing Environmental Pollution**

In fiscal 2006, there were two environmental accidents\* caused by spillage of grease on our sites. In response, we took several countermeasures that included revising our work procedures and the check sheets used for related jobs.

\*For details of these environmental accidents, please refer to page 10 of the Supplementary Volume for Data related to the 2007 Social and Environmental Report.

**3. Results of Environmental Audits**

**Results of the Internal Audits as part of the Environmental Management System**

We conducted internal audits at all eighteen sections of the Tokyo Office from October 16 to November 8, 2006, which identified four nonconformities and forty six cases that would require further observations. The required corrective actions were carried out and have since proved effective.

**Results of the ISO14001 External Assessment**

We had our ISO14001 renewal application assessed from January 17 to 19, 2007. Although three nonconformities and twenty seven items recommended for improvement were identified, there were no major nonconformities and our ISO14001 certification was renewed.

**4. Major Local Community Activities of Fiscal 2006**

As a responsible member of society living side by side with local communities, the Tokyo Office is determined in its contribution to a prosperous society. It has been actively interacting with local communities through a variety of activities, including office tours to assist local schools with their social studies classes, also friendship events and traffic safety classes. Some of the major activities are introduced here.



Aug: Summer Evening Festival with local residents



Nov: Office tour for elementary fifth graders' social studies class



Mar 2007: Exemplary Fire Prevention Product Certificate for the Testing block issued by the Mitaka Fire Department Compliance education



Compliance education



Emergency drills



Safe Motor Cycle Driving Classes run by the Mitaka Police Motorbike team

Head Office\*



Shinjuku Business Site



Omiya Business Site

Outline for Head Office

(as of the end of March 2007)

| Name                   | Location                                                       | Site Area (m <sup>2</sup> ) | Building Area (m <sup>2</sup> ) | Number of Employees | Main Products Manufactured                                                 |
|------------------------|----------------------------------------------------------------|-----------------------------|---------------------------------|---------------------|----------------------------------------------------------------------------|
| Shinjuku Business Site | 7-2, Nishi Shinjuku 1-chome, Shinjuku-ku, Tokyo                | 1,600                       | 7,241                           | 520                 | Planning, marketing and sales of Subaru products, and corporate operations |
| Omiya Business Site    | 1-1-2, Miyahara-cho, Kita-ku, Saitama City, Saitama Prefecture | 84,853                      | 4,255                           | 39                  |                                                                            |

\*Head Office is a collective term referring to a scope of operations which are subject to external assessment by the ISO14001 Environmental Management System. It consists of the Shinjuku Business Site responsible for the planning, marketing and sales of Subaru products, and corporate operations, and the Omiya Business Site responsible for the marketing and sales of Subaru parts, and constructing Subaru's IT system.

1. Head Office's Environmental Policies (Shinjuku and Omiya Business Sites)

Head Office (Shinjuku and Omiya Business Sites) further created its own environmental policies in line with FHI corporate philosophy and company-wide environmental policy, from which it has been actively conducting various environmental conservation activities.

--- The Shinjuku and Omiya Business Sites' Environmental Policy --- (Issued in July 2003)

Always aware of the vital connection that holds between the environment and business activities, we will endeavor to create products and conditions that are friendly to the earth, society and people, striving towards a prosperous future.

- ((1) We endeavor to participate actively in conservation, considering the environmental repercussions from every stage of our office operations at the Shinjuku Business Site, from planning, development, design, manufacturing, sales, servicing, to the scrapping of automobiles.
- ((2) Observing all the relevant laws and regulations, community agreements and industry standards, we will further determine our own voluntary standards, based on which we will organize our environmental activities.
- ((3) Through understanding the importance of continual improvement and early pollution prevention, every one of us can realize the responsibility we carry as we go about our work..
- ((4) We endeavor to raise environmental consciousness by providing educational opportunities for our employees according to their job status and job description.
- ((5) We will regularly perform audits and inspections to improve our environmental conservation activities.
- ((6) As a responsible member of society, we are committed to working with the community and engaging in joint activities to further environmental conservation.



2. Major Environmental Conservation Achievements of Fiscal 2006

Curbing Global Warming

CO<sub>2</sub> emitted in fiscal 2006 came to just 524.2 tons because of our continuous and unstinting energy-saving efforts that included implementation of the cool-biz and similar activities, achieving a reduction of 4.7% compared with the previous fiscal year.

Reducing Waste Material

In fiscal 2006, waste from sales promotion material (such as product brochures) was just 56.3 tons, achieving a reduction of 45% compared with the previous fiscal year, on top of which, all of this waste is recycled. The amount of general combustibles and waste was 19.5 tons, marking a reduction of 4.4% compared with the previous fiscal year. We will continue to push to achieve a reduction of at least 1% every year.

3. Breaches of Environment-Related Laws and Regulations, Administrative Advice from Governmental Authorities, Claims

There were no cases.

4. Results of Environmental Audits

Results of the Internal Audits as part of the Environmental Management System

We classified all the departments in the Head Office area into thirty two sections, and conducted an internal audit at every section from October 14 to 19, 2006.

Forty five cases requiring corrective actions were identified. Subsequently the recommended corrective actions were taken and we issued a report to disseminate the results of the audit and bring about improvements equally across the Head Office area.

Results of the ISO14001 External Assessment

Our application for ISO14001 renewal was assessed from December 6 to 8, 2006. Although sixteen cases requiring further assessment were identified, there were no nonconformities and our ISO14001 certification was renewed.

5. Major Local Community Activities of Fiscal 2006

Some of the activities conducted in the Head Office area are introduced here



Jun: Fiscal 2006 Kick-Off Ceremony for ISO14001 at the Omiya Business Site



Jul: The Operations Improvement Case Study Presentation held every year to disseminate outstanding examples throughout the company



Aug: Education for internal ISO14001 auditors



Dec: ISO14001 renewal assessment. Our certification was renewed as no nonconformities were identified.



## Domestic Affiliated Companies

FHI set up a Domestic Affiliated Company Subcommittee for six manufacturing and distribution companies, from FHI's domestic affiliates, that have been found to run many operations that seriously affect the environment. The meeting is held regularly at least twice a year to share and disseminate examples of environmental action between each other and promote further efficient and rational environmental action.

### Outline for Each Company

(As of the end of March, 2007)

| Company Name                | Location                                               | Number of Employees | Main Products Manufactured                                                                                             |
|-----------------------------|--------------------------------------------------------|---------------------|------------------------------------------------------------------------------------------------------------------------|
| Fuji Robin Industries, Ltd. | 35, Ooka, Numazu City, Shizuoka Prefecture             | 268                 | Manufacturing, service, and sales of agricultural/forestry equipment, engines, fire pumps, accessories and spare parts |
| Yusoki Kogyo K.K.           | 102, Kamihama-cho, Handa City, Aichi Prefecture        | 80                  | Manufacturing and sales of aerospace-related machinery components and crane trucks                                     |
| Fuji Machinery Co., Ltd.    | 2-24-3, Iwagami-machi, Maebashi City, Gunma Prefecture | 406                 | Manufacturing and sales of automotive parts, industrial machinery and agricultural transmissions                       |
| Ichitan Co., Ltd.           | 74, Shindo-cho, Ota City, Gunma Prefecture             | 201                 | Manufacturing and sales of forged parts for automobiles and industrial machinery                                       |
| Kiryu Industrial Co., Ltd.  | 2-704, Aioli-cho, Kiryu City, Gunma Prefecture         | 129                 | Manufacturing of specially equipped Subaru automobiles and logistics control of Subaru automotive parts                |
| Subaru Logistics Co., Ltd.  | 558-1, Asahi-cho, Ota City, Gunma Prefecture           | 153                 | Packing, shipping, transportation, warehousing, maintenance and insurance brokerage of automobiles and parts           |

## 1. Major Achievements by the Subcommittee

The Subcommittee meeting was held on August 4 and November 6 in fiscal 2006, and it was confirmed that the targets for waste material reduction, for curbing global warming, and to save energy were being achieved.

### Principle matters reported and discussed at the 12th Subcommittee meeting in August

- Matters reported by FHI: Outline of the FHI Corporate Environment Committee; the Fourth Voluntary Plan for the Environment; pollution prevention and actions to be taken when a pollution-related accident has occurred.

- Each company's environmental conservation achievements from fiscal 2005 and each company's plans for fiscal 2006

### Principle matters reported and discussed at the 13th Subcommittee meeting in November

- Each company's achievements in the first half of fiscal 2006 and the outlook of achievements expected for the end of the fiscal year

- Reports on excellent energy-saving examples, etc.

\*The 14th Subcommittee was held on May 11, 2007, and it was confirmed that the fiscal 2006 targets for waste material reduction, curbing global warming, and energy-saving were achieved.

For data, please refer to page 20 of the Supplementary Volume for Data related to the 2007 Social and Environmental Report.

## 2. Major Environmental Conservation Achievements

### Setting up the Environmental Management System

The six companies participating in the Domestic Affiliated Company Subcommittee have already acquired the ISO14001 Environmental Management System certification, and have been making efforts to prevent pollution and reduce environmental burden through several measures including education, training, urging legal compliance at certain facilities, and internal audits. Yusoki Kogyo K.K. returned its ISO14001 certification in August 2006, and has been preparing itself to be integrated into the ISO14001 certification held by FHI's Utsunomiya Manufacturing Division.

### Curbing Global Warming

CO<sub>2</sub> emissions from the six companies totaled 26,949 tons in fiscal 2006, marking a reduction of 4.3% from the previous year.

### Reducing Waste Materials

The six companies achieved a zero level of landfilled waste by changing their disposal methods and enforcing separation of waste. (The amount of landfilled waste in 2006 achieved 30 tons, 29 tons of reduction compared with the previous year.)

\*Data on each company's activities is provided on pages 20 and 21 of the Supplementary Volume for Data related to the 2007 Social and Environmental Report.

## 3. Breaches of Environment-Related Laws and Regulations (Breaches of Voluntary Standards), Administrative Advice from Governmental Authorities

### Breaches of Environment-Related Laws and Regulations, or Voluntary Standards

**Ichitan Co., Ltd.:** Noise measurements in January 2007. (1) A measurement at night on the western boundary of its plant site was 51db, exceeding the 50db stipulated by the Noise Regulation Law. (2) A measurement on the boundary of its site by the side of Sports Plaza's parking lot was 52 db, exceeding the 50db stipulated by the same Law. As a countermeasure for case (1), a compressor that had been the main source of the noise, was replaced with a compressor which generates less noise. For case (2), a rule was introduced that the doors of the Sports Plaza facilities should not be left open at night, and since then noise levels have been monitored consistently. There have been no further claims.

**Subaru Logistics Co., Ltd.:** Water quality measurements in February 2007. A measurement of BOD (biochemical oxygen demand) was 8.6 mg/liter, exceeding the 8.0 mg/liter stipulated in our voluntary standards. The company has been investigating possible causes and monitoring the BOD level continuously. A measurement in the following March was 4.0 mg/liter, which was within the stipulated range.

There were no breaches of environment-related laws and regulations or voluntary standards in the measurements other than that of shown above, and the remaining four companies.

### Administrative Advice and Recommendations from Governmental Authorities

None of the six companies received any administrative advice in fiscal 2006.

### Concerning the Storage of Equipment Containing PCB

Equipment containing PCB has been stored appropriately at Fuji Robin Industries, Ltd., Yusoki Kogyo K.K., Ichitan Co., Ltd. and Kiryu Industrial Co., Ltd., using a control log.

## 4. Claims and Incidents Related to the Environment

The six companies received no claims related to the environment during fiscal 2006.

There was one incident at Yusoki Kogyo K.K., which is described below. The other five companies had no incidents.

On December 14, 2006, a contractor who was collecting scrap metal at one of Yusoki Kogyo K.K.'s sites accidentally spilled oil from the container he was using onto property ground, and when rain fell, the spilt oil flowed into the terminal waste water treatment tank. 40 liters of water containing the oil was removed from the tank. Countermeasures taken included, (1) sealing the outdoor scrap metal containers with coverings, (2) making scrap metal containers for indoor use, and (3) Yusoki Kogyo K.K. employees to watch over scrap metal collection.

## 5. Results of Environmental Audits

### Results of the ISO14001 External Assessment

Each company received assessment independently, and has been taking immediate actions for the following minor nonconformities and items requiring further assessment, identified during the assessment.

| Company Name                                                                                          | Assessment Date | Nonconformity | Item requiring further assessment |
|-------------------------------------------------------------------------------------------------------|-----------------|---------------|-----------------------------------|
| Fuji Robin Industries, Ltd.                                                                           | Nov 14-16, 2006 | 4             | 59                                |
| For Yusoki Kogyo K.K., please refer to "2. Major Environmental Conservation Achievements" on page 30. |                 |               |                                   |
| Fuji Machinery Co., Ltd.                                                                              | Aug 22-24, 2006 | 4             | 0                                 |
| Ichitan Co., Ltd.                                                                                     | Jan 23-26, 2007 | 2             | 7                                 |
| Kiryu Industrial Co., Ltd.                                                                            | Oct 18-19, 2006 | 0             | 7                                 |
| Subaru Logistics Co., Ltd.                                                                            | Nov 7-10, 2006  | 0             | 2                                 |

During this last assessment, the Fukuoka PDI Center was added to Subaru Logistics Co., Ltd.'s scope of authentication. (Range Expansion Assessment)  
For the 2007 assessment, by adding the Toki PDI Center to the scope of authentication, we plan to complete the acquisition of authentication for all of Subaru Logistics Co., Ltd.'s business sites.

(For the ISO14001 Environmental Management System registration dates for each company, and details of the external body used by each company, please refer to page 21 of the Supplementary Volume for Data related to the 2007 Social and Environmental Report.)

## 6. Major Local Community Activities of Fiscal 2006

### Communication

Each company conducts regular beautification and cleanup activities around its properties. Some of their activities are introduced here.



Kiryu Industrial Co., Ltd.



Subaru Logistics Co., Ltd.

Cleanup Activities around Operation Sites



In June 2006, 90 employees of Kyushu Ichitan Co., Ltd. (895, Kushino In-nai-machi, Usa City, Oita Prefecture), an affiliated company of Ichitan Co., Ltd., mowed grass along the roadsides around the company.

Subaru Logistics Co., Ltd. and Ichitan Co., Ltd. also play an active role in the Subaru Community Exchange Association\*.

\* 1 Subaru Community Exchange Association: An association organized by FHI and its fifty-four suppliers and partner companies, which organizes a variety of local activities in order to interact with the residents of Ota City and neighboring communities, develop local communities and create good towns to live in.  
The Association's activities are introduced on its Website (<http://www.chiiki-kouryuukai.com/index.html>).

## 7. Implementation of Environmental Activities, Education and Emergency Drills

Every company is implementing environmental education and drills for a variety of emergencies.

| Company Name                | Date        | Description                                            | Number of Participants | Date        | Description                                      | Number of Participants |
|-----------------------------|-------------|--------------------------------------------------------|------------------------|-------------|--------------------------------------------------|------------------------|
| Fuji Robin Industries, Ltd. | September 5 | Education on ISO14001                                  | 6                      | November 7  | Emergency drills at tanks and plating facilities | 26                     |
| Yusoki Kogyo K.K.           | January 10  | Education on handling deleterious and toxic substances | 11                     | —           | —                                                | —                      |
| Fuji Machinery Co., Ltd.    | April 3     | Basic education on the environment                     | 6                      | November 29 | Emergency drills to deal with gas leaks          | 25                     |
| Ichitan Co., Ltd.           | October 19  | Education on internal environmental auditing           | 38                     | December 15 | Emergency drills for preventing disasters        | 131                    |
| Kiryu Industrial Co., Ltd.  | June 26     | Education of ISO14001 internal auditors                | 2                      | December 13 | Emergency drills for preventing disasters        | 110                    |
| Subaru Logistics Co., Ltd.  | October 1   | Environmental and management policies                  | 127                    | November 23 | Emergency drills for preventing disasters        | 118                    |

There is in fact a lot more being implemented and only some of the education and drills are presented in the table above.



Kiryu Industrial Co., Ltd.

Emergency drills for preventing disasters



Subaru Logistics Co., Ltd.

### Subaru Logistics Co., Ltd's improvements to the environment

A water passage in a parking lot was repaired in fiscal 2005, because the wooden side walls were rotten and interrupting smooth water flow.

