

Saitama Manufacturing Division

(Industrial Products Company)

■ Outline for Each Plant (As of the end of March, 2009)

Location	4-410, Asahi, Kitamoto City, Saitama Prefecture, etc
Site Area (m ²)	143,438
Building Area (m ²)	92,061
Number of Employees	551
Main Products Manufactured	General-purpose engines (Robin engines), Engine Generators, etc



Relationship with Local Community

Communication with Local Society

■ Active Participating in the Local Events

On November 1, 2009, 290 employees and their family members took part in the annual Kitamoto Evening Festival and enjoyed pulling Nebuta, or gigantic lanterns together with local residents. The Kitamoto Evening Festival is a festival organized by Kitamoto City, Saitama Prefecture, which features Nebuta lanterns and floats with a band of people playing musical instrument march through the Kitamoto Station street. On this day, 24 floats helped create festive moods in the region. Saitama Manufacturing Division also joins the annual parade. The festival is drawing more people year after year.

At the Industrial Festival which follows the Evening Festival the next day, products and rechargeable grass mowers, equipped with Robin engines, are exhibited. The exhibition is creatively arranged to allow citizens to touch displayed products so that they could feel the Division's products close to them.



Nov: Employee and their family enjoyed pulling Nebuta at the Kitamoto Evening Festival

■ Environment-oriented Educational Plant Tours

Saitama Manufacturing Division started in April, 2008 a program which offers "environment-oriented educational plant tours" to primary and junior high school students in addition to the traditional plant tours mainly designed to show production processes. This program is designed to introduce the division's involvement in such environment-related issues as energy, drainage and wastes treatment. We have worked our way to the present through preparation of easy-to-understand materials for students and trial plant tours. We have already received them a couple dozen times who gave favorable responses. We will make all kinds of efforts make the plant tours more appealing.



A scene at environment-oriented educational plant tours

■ Participation in the ECO Life DAY 2008

In June, 2008, Eco Life 2008 was held in exact timing with the Environmental campaign month by Saitama Prefecture. And our employee participated in it. Every one of us actively tried to decrease the amount of CO₂ emission at home.

Education and Enlightening Activities

■ Warm child-care support

We have been pushing forward the child-care support activities in the local communities by actively taking part in the next-generation child-care promotion forums and support seminars which are held by Saitama Prefecture and Kitamoto City. We were presented with an encouragement award in the "Saitama Corporate Award for Warm Child-care" program in November, 2008, which led to requests to participate in a gender-equality and child-care seminars as a panel member and send a lecturer for a training on female invigoration. These events were all sponsored by the prefectural and municipal administrations. At these meetings, we reported the achievements of the child-care support activities at the Saitama Manufacturing Division.

The division also invites lectures twice a year from Saitama Prefectural government to open "Papa Support Program" for fathers to study how to approach to child rearing.



A certificate and trophy in the "Saitama Corporate Award for Warm Child-care"

■ A Fire-fighting Drill

In November, 2008, 35 members of the firefighting team of Saitama Manufacturing Division who are assigned to handle fire extinguishers and hydrants staged a drill to handle fire extinguishers under the guidance of a branch of the Kitamoto fire station. In the drill, they actually set fire and performed fire put-out operations using power- and water- extinguishers as the first response to fire. They also conduct drills to discharge water from each one of hydrants a month which is intended to check the functioning of these hydrant system located by buildings at the same time. Such operational checkups of hydrants and water-discharge drills will be carried out periodically as before.



Approaches to the Environmental Preservation

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.

Major Environmental Conservation Achievements of FY2008

■ Curbing Global Warming

The CO₂ emission for FY2008 was lower than that for FY1990 by 41%. As compared to FY2007, it decreased by 1,884 tons-CO₂. In FY2009, switches to high-efficiency illumination and transformers as well anti-air leak prevention will be taken as main measures for energy saving.

■ Reducing Waste Materials

The grinding sludge briquetting machine to solidify for resale introduced in FY2007 came to function steadily, resulting in reduction of disposed machined scraps by 54 tons as compared with FY2007. However, since there was a significant increase of wastes liquid due to the disposal of old equipment, the total wastes disposal ended with a reduction by 18 tons against FY2007, thus somewhat offsetting the effect of solid wastes reduction. In FY2009, we will work to reduce the amount of wastes liquid by prolonging the life of cleaning fluid for control of overall generation of wastes.

■ Preventing Environmental Pollution

We were able to keep the number of environmental accidents and claims to zero. There were also zero cases exceeded a level set by the voluntary standards (3cases occurred in FY2007). 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. As for noise, there was some cases exceeding a legal standard in FY2007. The remedial measures solved the problem meeting all applicable legal requirements in FY2008. Daily operations will be managed thoroughly with the goal set to no accident, no complaint and no case in excess of voluntary set standards in FY2009.

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 26 to October 16, 2008, and identified zero nonconformity, while 24 items for improvement were recommended. We have completed all necessary corrective measures.

■ Results of the ISO 14001 External Assessments

The ISO 14001 surveillance review was conducted from February 19 to 20 in 2009 and although the results recommended 1 minor nonconformity and 20 items for improvement, our ISO 14001 certification was renewed by taking corrective measures immediately for minor nonconformities.



A scene at ISO14001 assessment

Environmental Data

■ CO₂ emission

Item	FY2008 actual result
CO ₂ emission (tons-CO ₂)	6,835
Index (FY1990 = 100)	59.0

Total consumption of electricity and fossil fuels (heavy oil, diesel oil, kerosene, gasoline, urban gas and LPG) are converted. The CO₂ conversion factor is taken from JAMA (in some cases other conversion factors are used)

■ Waste materials and scrapped metals

(tons)

Item	FY2008 actual result
Scrapped metal	894
Industrial wastes & specially-controlled industrial wastes	291
Waste materials directly landfilled	0
Waste materials landfilled after external treatment	0



■ Outline for Tokyo Office (As of the end of March,2009)

Location	3-9-6, Osawa, Mitaka City, Tokyo
Site Area (m ²)	156,747
Building Area (m ²)	69,210
Number of Employees	1,004
Main Business	R&D and experiment of automotive engines and transmissions, R&D of SUBARU products

Relationship with Local community

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 in FY2008 are introduced here.



Aug : Held a summer evening festival with about 2,000 participants inviting employee's family and local residents



Once a month: every 20 boarders living in SUBARU dormitory clean the surroundings by turns



Dec : Safe driving class inviting Traffic Section Manager of Mitaka Police Station as lecturer. (550 participants)



Sep : Safe driving class for two-wheeled vehicles inviting motorcycle policeman of Mitaka Police as guides



Oct : Office Tour inviting 5 local elementary schools children (475 participants in total)



Oct to Nov : Delivery class at 3 local elementary schools to support their social studies classes

* In addition, we invited 200 primary school children in the vicinities for "Baseball Class", and opened our facilities (gymnasium and a big common bathhouse of the dormitory) to the public, thus actively unfolding activities to foster the identity with the local communities.

Approaches for the Environmental Preservation

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.

Major Environmental Conservation Achievements of FY2008

■ Curbing Global Warming

Reflecting on the increase of CO₂ by 700 tons in FY2007, we implemented various measures such as renewing the heat source facilities from heavy oil boilers to natural gas boilers systematically, showing a steady effect on cutting NO_x and SO_x emissions. In the result of such down to earth efforts, the amount of CO₂ emission was reduced by 1,042 tons as compared with previous fiscal year. It was a reduction by 25% against FY1990. We will implement achievable energy-saving measures based on the precondition that our testing equipment operates at a high rate.

■ Reducing Waste Materials

As for the amount of waste materials, metal scraps are reduced by 8 tons against the previous fiscal year, however, the total amount was increased by 41 tons. This increase came from the fact that goods for long-term storage was discarded more than we anticipated when old buildings were demolished for new buildings. The reduction of disposed wastes will continuously be pursued this year and beyond.

■ Preventing Environmental Pollution

In FY2008, there were 3 environmental accidents caused by spillage of grease on our sites. We took immediate corrective actions for all of them, and have brought them under proper control. As for noise, there was 1 complain from a neighborhood, and we speedily took proper action for it. We will implement activities like the Environmental Risk Assessment to completely eliminate breach of standards, environmental accidents and claims.

*For details of these environmental accidents, please refer to P.46 of this report.

Results of Environmental Audits

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

We conducted internal audits at all twenty three sections of the Tokyo Office from October 14 to November 6, 2008, which identified 3 nonconformities and 51 cases that would require further observations. The required corrective actions were carried out and have since proved effective. The internal audits verified that EMS at all the business units is managed fairly well without any defects such as “no system or malfunctioning” and “violation of legal standards or regulations” at those audited departments and sections. During this fiscal year, we fostered 20 new internal auditors and conducted internal audits from new perspectives.

■ Results of the ISO 14001 External Assessment

From December 15 through 17, 2008, the ISO 14001 surveillance review was conducted. Corrections and remedies of the non-complying items identified at the last surveillance were accepted and no non-compliant case was pointed out. As a result, 27 items recommended for improvement were identified, and our ISO 14001 certification was renewed. Particularly, they gave us high marks for the steady improvements under “the Fourth Voluntary Plan (voluntary environment preservation program)” and the well focused pointing by a team of internal auditors reinforced with 20 additional auditors. We will keep on pushing forward to level-up the improvements.

Environmental Data

■ CO₂ emission

Item	FY2008 actual result
CO ₂ emission (tons-CO ₂)	14,129
Index (FY1990 = 100)	75.1

Total consumption of electricity and fossil fuels (heavy oil, diesel oil, kerosene, gasoline, urban gas and LPG) are converted. The CO₂ conversion factor is taken from JAMA (in some cases other conversion factors are used)

■ Waste materials and scrapped metals

(tons)

Item	FY2008 actual result
Scrapped metal	145
Amount of materials recycled within FHI	326
Waste materials directly landfilled	0
Waste materials landfilled after external treatment	0



■ Outline for Head Office (As of the end of March, 2009)

	Shinjuku Business Site	Omiya Business Site
Location	7-2, Nishi Shinjuku 1-chome, Shinjuku-ku, Tokyo	1-1-2, Miyahara-cho, Kita-ku, Saitama City, Saitama Prefecture
Site Area (m ²)	1,600	54,896
Building Area (m ²)	7,254	4,255
Number of Employees	586	39
Main Business	Planning, marketing and sales of SUBARU products, and corporate operations	

In House Communication

Head Office is a compound organization which consists of the collective sections, like planning, marketing and sales of SUBARU products, and

corporate operations. Therefore we take care of in-house communication. We will introduce some of activities in FY2008.



Apr : ISO14001 at the Shinjuku Business Site FY2008 Kick-Off Ceremony



Jun : Management Review Meeting
EMS Operation staff listening to the explanation by an organizer of Environmental preservation.



Sep : Education class was held for new internal auditors



Oct : The ceremony of new internal auditors



Dec : A explanation meeting of External Assessment was set



Feb : the 5th Operations Improvement Case Study Presentation 2009
Held every year to disseminate outstanding examples throughout the company.

Approaches to the Environmental Preservation

Environmental Policy of Shinjuku and Omiya 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 environmental policy was revised to incorporate CSR oriented toward a "company fulfilling its social responsibilities" on June 5, 2007.

— Environmental Policy of Shinjuku and Omiya sites — [Established in June, 2003]-[Revised on June 5, 2007]

Always being aware of close relationship between the environment and our business activities, we will strive to create products and environment which are friendly to the earth, society, and people toward rich and bright future.

- (1) In business activities at the Shinjuku site in each phase of product planning, development, design, manufacturing, sales, services and vehicle disposal, we will strive to proceed duly considering CSR and environmental impacts.
- (2) In order to promote CSR and environment conservation activities, we will observe related laws and regulations, local agreements and industrial norms and engage in autonomous activities by setting objectives and targets.
- (3) Being aware of the importance of continuous improvements and pollution prevention in business activities, each of us will act consciously and responsibly.
- (4) We will conduct skill- and job-specific trainings to elevate awareness of each employee for promotion of CSR and environmental conservation activities.
- (5) We will conduct systematic audits and diagnosis to step up environmental conservation activities.
- (6) As a corporate citizen, we will interact with local communities and the society mainly through business activities and proactively cooperate in corporate CSR and environmental conservation activities to deal with various issues facing the society today.

*1 Head Office is a collective term referring to a scope of operations which are subject to external assessment by the ISO 14001 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.



Environmental Policy of Shinjyuku and Omiya sites

Major Environmental Conservation Achievements of FY2008

■ Curbing Global Warming

CO₂ emitted in FY2008 came to about 465 tons, achieving a reduction of 9 % compared with the FY2007. This is largely due to the pervasion of diligent energy-saving activities by every and each employee and the reviews of business trips and car demonstrations as part of cutting expenses.

■ Reducing Waste Material

In FY2008, as a result of stricter control of wastes generation by working out schedules for improvements in our lines of duty and reduction processes, the amount of discharge of PPC paper decreased to 27.4 tons, a saving of about 6 percent against FY2007. 100% recycling has been kept as well. The amount of general combustibles and waste was 18.2 tons, marking a reduction of 3% compared with its 17.7tons in FY2007. However, the amount of kitchen wastes and used tea leaves reduced from 7.4tons to 5.9tons. Behind the reduction is the change of disposal method of sorted kitchen wastes and used tea leaves, which led to recycling 65 percent of such kitchen wastes now. We will continue to push to achieve a reduction of at least 1% every year through making the recycling rate higher from now on.

■ Breaches of Environment-Related Laws and Regulations, Administrative Advice from Governmental Authorities, Claims and others

There were no cases.

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 33 sections, and conducted an internal audit at every section from October 14 to November 5, 2008. This audit was conducted with points to be checked prepared by auditors in advance from their own perspective as we aimed to let them develop their own initiatives for more effective auditing. As a result, the number of items pointed out in FY2008 increased to 56 from 44 in FY2007, which indicates affirmative attitudes

of auditors and execution of meaningful auditing. Then, we received 1 non-conformity. The corrective actions were carried out for non-conformity. Their effects are confirmed and spread within the site to improve our entire EMS level.



The scene at the ISO 14001 External Assessment
Left : Omiya site Right : Shinjyuku site

■ Results of the ISO 14001 External Assessment

Our application for ISO 14001 renewal was assessed from December 17 to 19, 2008. Although 9 cases requiring further assessment were identified, there were no nonconformities and our ISO 14001 certification was renewed. We were highly acclaimed for the well-established infrastructure for environmental education including the ample use of PCs and approaches to streamlining by reviewing our jobs, consciously giving consideration to the environment in our lines of duty throughout the whole organization.

■ FY2009 EMS Activity Plan

"SUBARU Academy" which is in Hachioji City, Tokyo for training will be added the sphere of EMS activities within Head Office from FY2009.