

# Environmental Report

SUBARU believes that responding to the problems of the global environment is one of the important tasks of management. Based on its corporate philosophy, SUBARU has established an "Environmental Policy", a policy for carrying out environmental conservation. SUBARU has also established guidelines for specific actions "The Operating Criteria for Environmental Conservation" in order to promote the Policy in April 1998. Involving all of the employees, SUBARU is moving its activities forward.

## Environmental Policy [Established in April 1998 Revised in March 2010]

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

Also, to say nothing of strictly observing laws and regulations, local agreements and industries' codes, we will get ourselves committed to contribution to the society and local communities, voluntary on-going improvements and prevention of pollution.

**Green Products** : Design and Research and Development of environment-friendly products of SUBARU brand

**Clean Plants** : Reduction of environmental burden in the production process

**Clean Offices** : Reduction of environmental burden mainly in the line of duty

**Green Logistics** : Reduction of environmental burden in distribution of products

**Clean Dealers** : Support to dealerships in their environmental preservation activities

**Upgrading of management** : Contribution to the society, information disclosure and stepped up environmental activities by the whole SUBARU group



New "Environmental Card" was distributed to all employees. One side is written New Environmental Policy, and the other side is written CSR Policy.



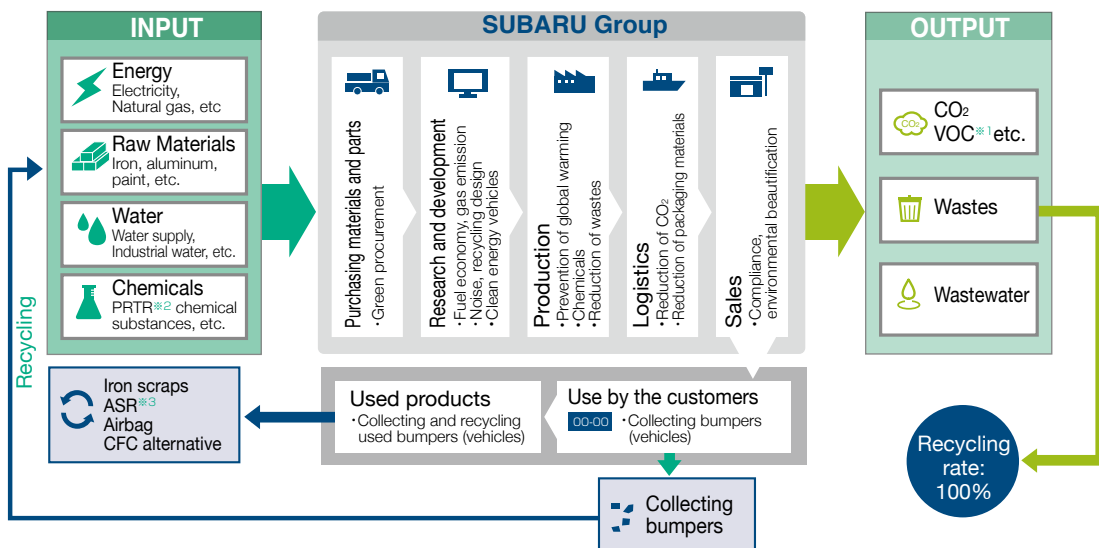
# Environmental Management

## Corporate Activities and Environmental Impacts

### Aiming for fusion of the benefits of automobiles and the Global Environmental response

SUBARU 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 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. SUBARU accepts the task to aim for fusion of the global environmental response (drastically improving fuel economy and reducing gas emission) and the benefits of automobiles (pleasant driving, comfort and reliance) by considering the environmental impacts and reducing the environmental burden through the lifecycle of development, production, use, disposal, and recycling of automobiles.

◆ SUBARU's Overall Environmental Burden Concerning Automotive Business

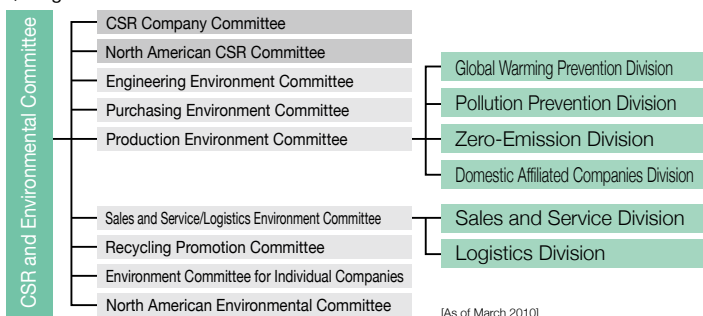


- ※1 VOC: Volatile Organic Compounds which are volatile at normal temperature, including formaldehyde and toluene. They are recently viewed as a factor in sick house syndrome making people sick with irritation in eyes, nose and throat in newly built houses or buildings.
- ※2 Pollutant Release and Transfer Register  
It is the system to grasp, sum up and show the data how much pollutant diversified chemicals was discharged or included and moved.
- ※3 ASR: Automobile Shredder Residue: Residue after scrapped metals for recycling removed from shredded car body. It is also called Shredder Dust.

### Organization

We have a committee to achieve the objectives of the Environmental Conservation Program to embody the Operating Criteria for Environmental Conservation under the Environmental Policy. This committee chaired by an officer in charge of environment-related matters is a body run by representatives from all the business units. They met in May 27 and December 10 in FY2009. In this committee we will proactively tackle issues to reasonably manage CSR and environmental conservation.

◆ Organization Chart



[As of March 2010]

### Establishing an Environmental Management System

We already acquired ISO14001 certification for all 5 business sites<sup>※4</sup>, including the head office, in FY2004. In FY2009, FHI labored to get integrated ISO 14001 certification for more streamlined promotion of EMS already authenticated at 5 business sites.

Additionally, Domestic SUBARU dealerships promote to obtain not only ISO14001 certification but also Eco-Action21<sup>※5</sup> certification.

- ※4 5 business sites: Head Office and in Gunma, Tokyo, Utsunomiya and Saitama
- ※5 Eco-Action 21 measures play a critical role among the Japanese government's range of plans to build a sustainable society.

# Environmental Management

## Environmental Communication

SUBARU 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 Gunma Manufacturing Division on page 35, we have a “Recycling Lab” to introduce our approaches to tackle environmental issues. Also, in Utsunomiya Manufacturing Division, we have an exhibition room introducing our activities to recycle wastes.

### ◆ Our Environmental Communication Tools



Environmental information on FHI internal website



Yearly CSR and Environmental pamphlet targeting children

Environmental information by car model on the FHI HP

## Environmental Performance Evaluation System

SUBARU introduced an “Environmental Performance Evaluation System” in FY 2002 to promote performance in environmental issues. This system is designed to evaluate how reasonable and effective our approaches to environmental preservation were in the year before by reviewing performance appraisal charts every year as compared with others in the same trade. The evaluation result for FY2009 was 70.5% in total, and we were able to get across the targeted 70% for the second consecutive year.

The following were pointed out as main items for further improvement:

- Unit based CO<sub>2</sub> emission reduction
- Approaches to environmental conservation as the SUBARU group including ones overseas (Setting mid- and long-term targets and planting EMS at more locations)
- Promotion for more local contribution activities

## Environmental Education and Enlightenment

In FY2004, we prepared company-wide unified textbooks for environmental education. We have continued educating different levels of employees, ranging from new recruits to those receiving promotions every year.

In addition, we are trying to carry out activities according to the plan, including emergency drilling based on the Environmental Management System (EMS) of each business unit and company, general education on environment conservation for all the employees, Operations Improvement Case Study Presentation and educational support to business partners.



A scene of Environmental Training for affiliated companies' new employees in Gunma Manufacturing Division.

## Environmental Accounting

Working on efficient management by understanding environmental costs and effects in FY2000 we introduced environmental accounting. Our environmental costs in FY2009 were 16 billion yen, an increase of 250 million yen compared to the previous fiscal year. This was due to an increase in R&D spending.

On the other hand, economic benefits from our environmental activities totaled 1.78billion yen.

While there was a saving from energy reduction, the reduction in revenues from selling valuable resources offset the saving, resulting in a reduction in total by 110 million yen from last year.

\* For more details of cost data, please refer page as following in this report

- FHI Non-Consolidated: page 47-48
- 5 Domestic Affiliated Companies: page 49
- 5 North American Environmental Committee: page 50

# Continuous Improvement for Environmental Issue

## Overview of the 4th Voluntary Plan for the Environment

### The Environmental Conservation Program covering the period from FY 2007 to EY2011

Since FY2006 SUBARU has started the Environmental Conservation Program, called the 4th Voluntary Plan for the Environment, covering the period from FY2007 to FY2011.

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.

Sharing the Plan as the guideline of not only Fuji Heavy Industries, but also the other group companies, we will positively cope with environmental issues continuously for their solution.

We are introducing the Performance of FY2009 and Plan for FY2010 with the items of activities.

\* Please refer page 43-44, we provide the 4th Voluntary Plan for the Environment (FY2009 actual performance and FY2010 plan) with all items.

### Overview of the 4th Voluntary Plan for the Environment

#### We are making every effort to prevent global warming

- We will continue working to improve fuel economy with every full vehicle model change and annual model change.
- We will reduce CO<sub>2</sub> emissions at manufacturing plants by 15% compared to FY1990 levels by FY2010.
- Regarding logistics, we will reduce energy consumption per sales by 5% compared to FY2006 levels by the end of FY2011.
- We will promote the development and marketing of products that use clean energy, such as electric vehicles and wind generation systems.

#### We will address various environmental issues by making continuous improvements throughout all stages

- We will make further progress in reducing emissions produced by our automobile lineup and promote popularization of low emissions vehicles.
- We aim to achieve a 95% recycling ratio in 2015 by taking recyclability into account in new model designs.
- We will reduce emissions of volatile organic compounds (VOCs) per painted surface area of bodies (g/m<sup>2</sup>) in vehicle production lines by 30% compared to FY2000 levels by the end of FY2010.
- We will reduce the amount of land filled waste by controlling sources of waste and continuing zero emissions at all manufacturing plants.
- We will promote green procurement, which requires domestic and international suppliers to establish Environmental Management Systems and reduce substances with environmental impact.
- We will support the environmental activities of dealerships.
- We will conduct social contribution activities and disclose environment-related information.

# The 4th Voluntary Plan for the Environment

## ◆ [The 4th Voluntary Plan for the Environment] Promoting the Environmental Conservation Program (FY2007-FY2011)

### [1] Green Products

Ev. : Evaluation, ○ : Achieved, × : Not Achieved

Items	Targets and Actions	FY2009 Actual Performance	Ev.	FY2010 Plans
Improving fuel economy [Automobiles]	Continue to improve fuel economy (FE) for every full model change and annual model change.	◆ The Linearelectronic CVT was mounted on the new Legacy to improve fuel economy. It was also mounted on the EXIGA for less fuel consumption.	○	FE to be improved continuously on any fully or annually changed models.
	Increase models that achieve FY2010 FE Standards.	◆ The number of cars which perform 15% better or more compared to the 2010 target fuel efficiency standards increased 19 point and became 60%. ◆ The FY2010 Standards achieved in all weight categories.*1	○	The scope of vehicles which meet the FY2010 Standards by over 15% improved to be expanded.
	Promote improvement of FE toward for FY2015 FE standard.	◆ Going on improving toward the FY2015 FE Standards.	○	FE to be improved continuously to meet the FY2015 FE Standards.
Cleaner exhaust emission [Automobiles]	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.	◆ Cars with emissions down 75% from the 2005 Standards (☆☆☆☆) upped to 70% of the total production. ◆ Cars with emissions down 50% from FY2006 Standards (☆☆☆) upped to 94%*1 beyond 90%.	○	The number of cars certified with emissions down by 75% from the 2005 standards will be further increased. (Vehicles to be produced by Fuji Heavy Industries Ltd.)
Developing products using clean energy	Hybrid vehicles: Develop a new hybrid system etc. in collaboration with new alliance partner. [SUBARU Automotive Business]	◆ A new hybrid system in collaboration with new alliance partner under development.	—	Development of a new hybrid system to be continued.
	Electric vehicles: Develop vehicles for launch on the market in addition to business use. [SUBARU Automotive Business]	◆ The Plug-in STELLA was released for lease sales in July, 2009 and 161 units were shipped to government offices, local municipalities and corporations for their business use.	○	The Plug-in STELLA continues to be available in the market.
	Continue development of wind turbine systems and market expansion. [Eco Technologies Company]	◆ 10 units of the 2,000 kW-class large-scale wind power generation system (SUBARU80/2.0) were built and put in use.	○	Sell the large wind turbine system to be promoted, while improving further the performance.
	Expand market for applied products which use LPG/CNG engines. [Industrial Projects Company]	◆ LPG/CNG V-Twin engine for OEM in USA was completed and put in service with CARB/EPA gas emission certification.	○	The market for dual-fuel spec engines will be tapped for further growth.
Improving recyclability [Automobiles]	Improve design to increase recyclability in new models to achieve a recycling rate of 95% in 2015.	◆ The materials recycling ratio was 82.1% for shredder dust, meeting the legal standard (70% for 2015 and thereafter) ahead of time. The actual recycling ratio in terms of vehicle was 97%, achieving the target of the voluntary plan earlier than scheduled. ◆ Recycling rate of air bags met the legal standards with 94.1%. ◆ Recycle-efficient olefin resin used for most of resin materials for new cars. Its wide use to continue after 2010.	○	Recycling rate to be further upped. Recycle-oriented new car design to be further enhanced.
Reducing substances with environmental impact [Automobiles]	Enhance management of substances with environmental impact and further reduce the use of such substances.	◆ The scope of application of lead-free solder to electrical and electronic parts such as switches and relays around the instrument panel and sensors of the air conditioner was expanded.	○	Replacement of lead compounds with the non-lead will be promoted step by step.
Reducing exterior noise [Automobiles]	Continue to promote development of technology to reduce noise that is compatible with both fuel economy improvement and exhaust emissions reduction.	◆ Taking an advantage of CVT, noise reduction as well as improvement in fuel economy and emission performance in urban districts were promoted simultaneously.	○	Technical development for noise reduction will be promoted with the driving mode on city streets in mind.
Curbing global warming regarding air conditioning refrigerants [Automobiles]	Promote further reduction in the amount of refrigerant (HFC134a) per vehicle.	◆ An energy-saving device was installed on the new models to reduce the use of refrigerant.	○	The use of refrigerants will be further reduced.
	Advance the development of air conditioner with low GWP refrigerant.	◆ The development of low warming potential refrigerant air conditioners is in progress.	○	The development of air conditioners using low warming potential refrigerants will further be pushed for.
Research on traffic environments [Automobiles]	Work further on Intelligent Transport Systems (ITS) that realize a safe and comfortable motorized society.	◆ We took part in the Advance Safety Vehicles Project by the Ministry of Land, Infrastructure and Transport and conducted verification tests on public road. ◆ The advanced safety drive assist system "New EyeSight" combined with collision avoiding pre-crash brake system was developed.	○	Involvement in Intelligent Transport System (ITS) and the Advance Safety Vehicle (ASV) project will be promoted.
Developing environment-related products and businesses	Advance environment-related businesses such as development of refuse collection vehicles and environmental equipment and devices. [Eco Technologies Company]	◆ The motorized refuse collection vehicle "Fuji-mighty Electra" was developed, which leads to saving energy and CO <sub>2</sub> reduction. ◆ In the area of logistic environment, involvement in modal shift business for saving energy and CO <sub>2</sub> reduction was credited with the Director-General of the Marine Bureau of Ministry of Land, Infrastructure, Transport and Tourism Award.	○	Fuji-mighty Electra with fuel consumption, carbon dioxide and noise reduced will be put in the market. The development of its derivative model will be pushed forward and measures for further reduction of carbon dioxide will be pursued. Promote modal shift project.
	Advance robot-related businesses for conservation of power, labor and energy. [Eco Technologies Company]	◆ A new office building cleaning robot system developed jointly with Sumitomo Corporation was introduced. ◆ A small cleaning robot for cleaning large number of toilets at service areas was developed jointly with Central Nippon Expressway Company Limited and introduced for practical use.	○	Keeping on spreading the service robots business further.

\* 1 This is one of the goals of the 3rd Voluntary Plan for the Environment (FY2002 through FY2006) and has been achieved in FY2007.

\* 2 ITS Promotion Association which is organized by some Ministries who promote safety drive with ITS and delegations of Industrial market.



[2] Clean Plants

Items	Targets and Actions	Actual Performance in FY2009	Ev.	FY2010 Plans
Curbing global warming	Aim to reduce CO <sub>2</sub> emissions by 15% from manufacturing plants compared to FY1990 level by FY2010.	◆ CO <sub>2</sub> emissions reduced by 25% against FY1990.	○	CO <sub>2</sub> emissions to be reduced by 15% against FY1990. Add-on challenge : We will proceed with carbon dioxide reduction by 22 percent against FY 1990.
Control and reduction of substances with environmental impact at manufacturing plants	Continue reducing emissions of PRTR chemical substances to the environment.	◆ Reduced emissions by 68.4% against FY1999.	○	Further efforts for reduction will be made, while meeting the revision of the Pollutant Release and Transfer Registers (PRTR) Law.
	Reduce volatile organic compound (VOC) emissions (g/m <sup>2</sup> ) in vehicle production lines by 30% compared to the FY2000 level by the end of FY2010.	◆ Emissions reduced by 42.2% in g/m <sup>2</sup> against FY2000.	○	The reduction level of 30% or higher in g/m <sup>2</sup> against FY2000 to be maintained.
	Reduce environmental risks through Environmental Risk Assessment and totally eliminate the occurrence of incidents, claims and cases where voluntary standards are exceeded	◆ In FY 2009, the following complaints and problems were reported: 4 environment-related complaints, 1 exceeding the voluntarily standards and 6 incidents of leaking within the premise. There was no case the exceeding a legal standard, and incident of leaking outside the premise.	×	Activities to eliminate any accidents, complaints and cases of exceeding voluntary standards will be promoted.
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.	◆ Wastes in FY2009 totaled 64,938 tons, a reduction by 27.8% against FY1999 and 4.5% against FY2008.	○	Additional measures will be taken to control the emissions.
	Continue zero emissions (zero level of landfilled waste both directly and indirectly).	◆ Zero emissions for both directly or indirectly landfilled kept (including incineration sludge after thermal recycling).	○	Zero emission to be continued.
Saving water resources	Aim to reduce amount of water used at manufacturing plants by 45% compared to the FY1999 level by FY2011.	◆ Reduce water used by 54.4% compared to FY1999. [Target of FY2009: Cut by 46.3% compared to FY1999]	○	Water used to be reduced by 49.2% compared to FY1999.
Green purchasing 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 and Industrial Products Company: Maintain the completed system. ● Eco Technologies Company and Aerospace Company: Aiming to completed establishment of the system.	◆ 100% of our suppliers (561) have established EMS. · Automotive Business: 360 · Aerospace Company: 58 · Eco Technologies Company: 45 · Industrial Products Company: 98	○	New suppliers is in need to establish EMS and maintain the status of 100% of our suppliers' EMS establishment.
	To reduce substances with environmental impact, adhere to the schedule of laws, regulations and agreements such as the EU directive.	◆ Changeover of the parts as regulated by EU directives was completed. Changeover of the parts as regulated by EU directives was completed.	○	Changeover to lead-free soldering will be advanced. Keep taking actions to meet the SVHC in REACH requirements.
	Set CSR procurement guideline, and spread to the suppliers.	◆ Preparation for setting CSR procurement guidelines was stepped up.	○	Preparations will be made to set a new CSR procurement guideline in FY2011.

[3] Green Logistics

Items	Targets and Actions	Actual Performance in FY2009	Ev.	FY2010 Plans
Reducing the environmental burden caused by logistics	Be certain of meeting the Revised Energy Saving Law. ● Try to reduce energy used per sales by 5% compared to FY2006 by the end of FY2011.	◆ The energy used per sales was reduced by 25.3% against FY2006 and by 7.8% against FY2008.	○	Energy used per sales to be kept reducing 25% against FY2006
	Offer support and cooperation to environmental activity groups.	◆ The total amount of packing and packaging materials was reduced by about 250 tons against FY2006 and by about 100 tons against FY2008.	○	Further reduction will be pursued by such measures as applying returnable packaging materials to more items.

[4] Green Dealers

Items	Targets and Actions	Actual Performance in FY2009	Ev.	FY2010 Plans
Promoting environmental conservation activities at dealers	Support environmental conservation activities by dealers.	◆ We supported dealers to acquire the Eco-Action 21 <sup>*3</sup> certification. 20 out of 45 SUBARU dealers acquired the certification by the end of FY2009.	○	Keep promoting a support to obtain EA21c-certification.
	Continue to collect used bumpers.	◆ 38,733 used bumpers were collected.	○	Collecting used bumpers to be continues.
	Continue to collect changed warning flares.	◆ 135,000 changed warning flares were collected.	○	Collecting changed warning flares to be continued.
	Continue to comply with the ELVs Recycling Law.	◆ FY2009 recycling achievements based on the ELVs Recycling Law ● Shredder dust recycling rate reached 82.1%, achieved 70% the legally required after FY 2015. ● OFCs were collected from 162,829 vehicles (49,011kg) and disposed properly ● Airbags from 75,844 vehicles (15,101kg) delivered to recycling facilities, and 14,210g recycled with a recycling rate of 94.1%, exceeding the legally required 85%	○	Compliance with the ELVs Recycling Law to be continued for higher recycling rate

\*3 Eco-Action 21: The system to authenticate that the undertakings of a certain organization meet the Guidelines set by the Ministry of the Environment and register its authentication

[5] Improving Environmental Management

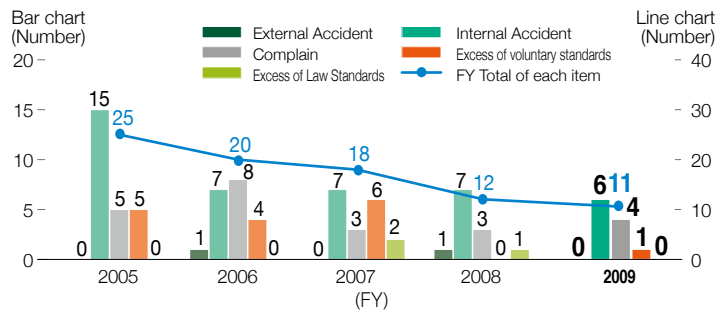
Items	Targets and Actions	Actual Performance in FY2009	Ev.	FY2010 Plans
Implementation of Social Contribution Activities	◇ Continue to join environmental events, communicate with local residents at plants, and welcome visitors to plant tours. ◇ Continue to join cleaning and tree-planting activities in local communities around plants. ◇ Offer support and cooperation to environmental activity groups.	◆ Visitors for plant tours exceeded 100,000. SUBARU Delivery class on Environment project provided to about 3,100 people at local elementary schools. ◆ A total of more than 210,000 people mobilized for continual local cleaning around plants. ◆ We made donations as before to forestry promotion committees in local communities and others.	○	Continuous execution of Plant Tour, some event at FHI plants, and SUBARU Delivery Class on Environment project Cleaning activities around plants to be continued.
Environmental Information Disclosure	◇ Continue to publish social and environmental (S & E) reports, and aim at releasing S & E information through publicity channels from time to time. ◇ Improve and upgrade the contents of S & E reports (e.g., compliance with guidelines, and reports including affiliates).	◆ S & E Report name was changed to CSR report and issued in Aug (Japanese) and Sept (English). ◆ Efforts made to improve the contents including the Supplementary for Data, showing them on website. ◆ Compliance rate with 2007 S&E guideline was raised. ◆ Participated in Eco Products Exhibition 2009 and appealed our products such as EV and Wind Power Generation System.	○	2010 CSR report will be issued by Aug, 2011 (Japanese). More efforts will be made to improve the contents including each sites activities on website version. We will be participated in Eco Products Exhibition 2010 and appeal our environmental products.
Implementation of Environmental Education and Awareness Activities	◇ Continue to incorporate social and environmental education into the company education system and put it into practice. ◇ Continue to implement educational campaigns through company education newsletters and various media. ◇ Continue to implement lectures and presentations of operation improvement case studies at worksites.	◆ The environmental education was conducted to employees by skill level and type of operation. ◆ Environmental education promoted through in-house magazines and intranet. ◆ KAIZEN Presentation Contest or Energy Saving Contest were held at each business unit.	○	Trainings, education and presentation meetings to be further promoted.
Environmental Management System Establishment	◇ Continue to improve the EMS at all business sites with ISO14001. ◇ Continue to improve cooperation with affiliates and establish consolidated EMS.	◆ Acquired ISO14001 Corporate Integrated Certification ◆ Additionally, Environmental Policy and the other regulations were reviewed. ◆ Domestic Affiliated Company Subcommittee and North America Environmental Committee each held twice to promote Environmental Management as a group.	○	Fuji Heavy Industries Ltd. labored to get integrated ISO 14001 certification for more streamlined promotion of Environmental Management System (EMS hereafter) already authenticated at five business sites

## Observance Status of Environmental Laws and Regulations

### Excess of Environmental Laws and Regulations, Environmental Accidents/Complains

The right graph shows the trend of excess of environmental laws and regulations, environmental accidents/complains past 5 years. Total amount (line chart) tends to decrease year by year. As the diagram below indicates, we took corrective actions.

◆ The trend of excess of environmental laws and regulations, environmental accidents/complains



#### ◆ FY2009 the Number of Environmental Complains and Detail

We received 4 complains related to the environment in FY2009 as following diagram. In FY2008 we received 4 complains as well. We will proceed with our effort aiming at zero complain.

Name of manufacturing division:	Number of cases:	Details:	Main corrective measures:
Gunma Manufacturing Division	2 (odor)	June, 2009 : We received a complaint from a resident on the north side of Gunma Main Plant about odor from the effluent treatment facilities.	The odor was caused by decomposed coolant stored in a reserve tank at the effluent treatment facilities. Use of the tank is prohibited and routine odor measurement is now in practice. We explained what actions were taken to those concerned including the local administration and the heads of the affected local communities, which was accepted by them.
		December, 2009 : We received a complaint from a resident on the west side of Gunma Main Plant about paint odor and flying mist.	Release and flying out from the paint process were the cause. Routine replacement of absorption filters and setting of mist prevention nets are the corrective actions taken. We explained what actions were taken to those concerned including the local administration which was accepted by them.
Aerospace Company (Utsunomiya Manufacturing Division)	2 (noise)	July, 2009 : We received a complaint from a resident on the south side of Utsunomiya Main Plant about noise of air leaking from the effluent treatment facilities.	The air leak occurred at the air valve packing of a replaced compressor. The valve was replaced by a proven O-ring type air valve. The procedure manual was revised to use the O-ring type valve for replacement. We explained what actions were taken to those concerned.
		October, 2009 : We received a complaint from a resident on the east side of Utsunomiya Main Plant about noise of operating helicopters on a holiday.	A new rule has been implemented for operations to be conducted at an apron away from the site limits when helicopters need to be operated on a holiday. We explained what actions were taken to those concerned.

#### ◆ FY2009 The Number of Cases Environmental Law and Regulation Excess and Details

FHI established voluntary standards, which are 20% stricter than environmental law and regulation, and is working to achieve zero cases where these standards are exceeded. However, 1 case has exceeded voluntary standards as following diagram. There was no excess of the limits set in environmental law and regulation in FY2009.

Name of manufacturing division:	Number of cases:	Details:	Main corrective measures:
Industrial Company (Saitama Manufacturing Division)	1 (water pollution)	April, 2009 : n-hexane animal and vegetable oils in swage water once exceeded the voluntary standards limit.[28/ml of n-hexane animal and vegetable oil observed. The voluntary standard limit level is 24/ml and legal limit level is 30/ml.]	Malfunction of the biological treatment membrane of the effluent treatment device was suspected as the cause. It is ruled now to replace the treatment membrane and absorbing agents routinely once every three months.

#### ◆ FY2009 The Number of Environmental Accidents and Details

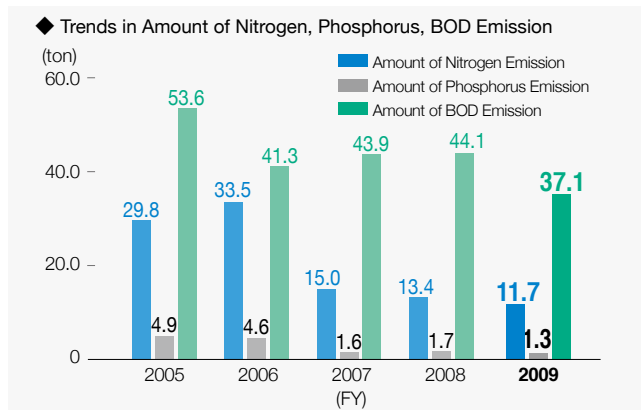
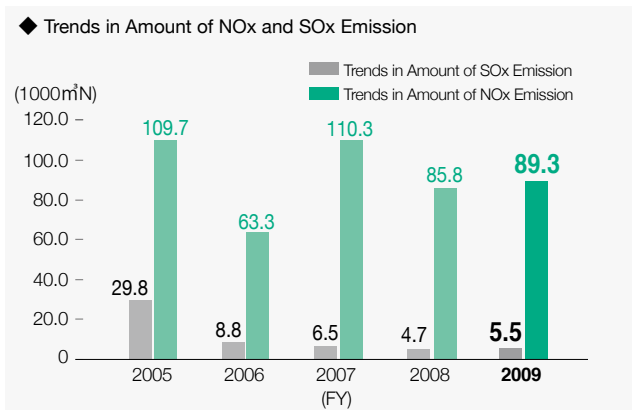
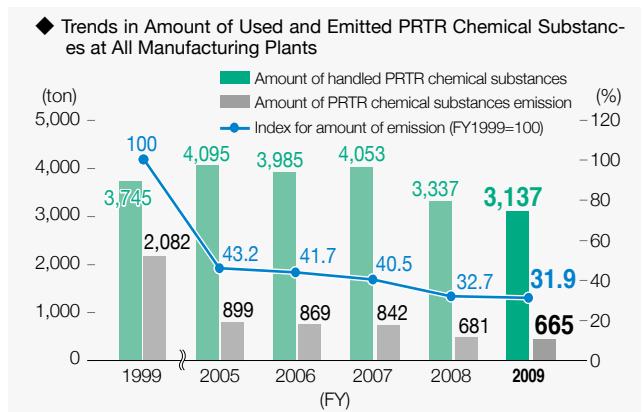
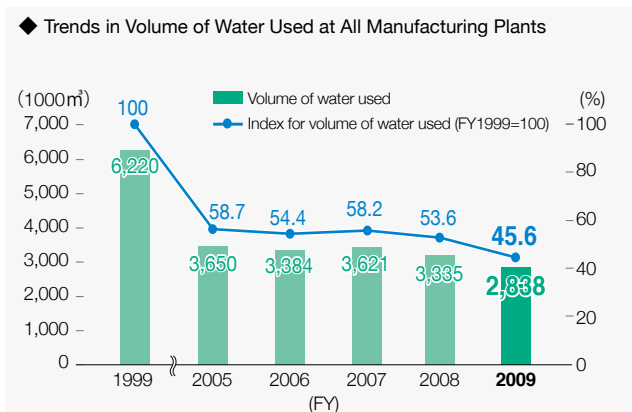
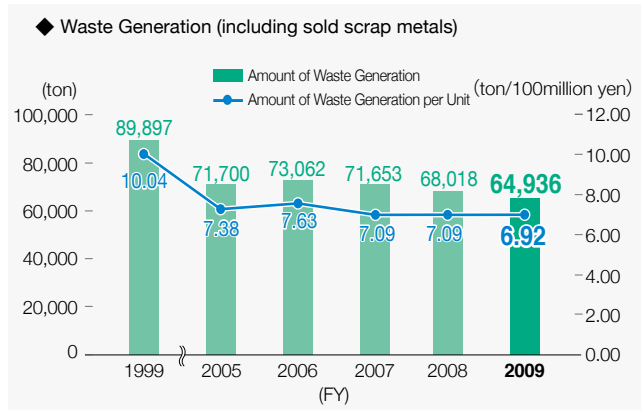
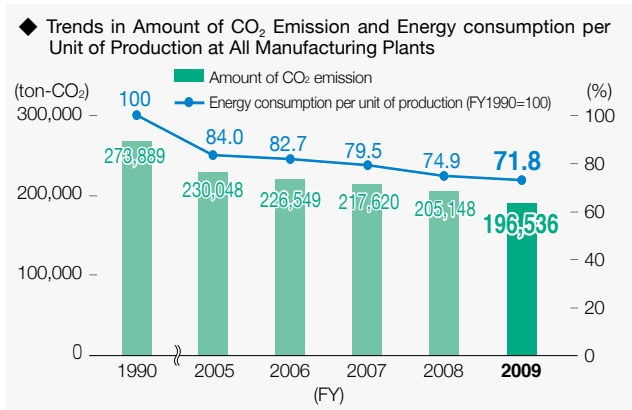
FHI is working to reduce the number of accidents and take proactive measures to prevent accidents which can have an environmental impact by keeping count of environmental accidents including those solved internally by the relevant office or division. 6 accidents occurred within our premises in FY2009 as following diagram. We have prevented from leaking externally by collecting the discharge immediately and are taking appropriate corrective measures. In FY2008 in total 8 accidents occurred including one external leaking accident. We will keep working on prevention of environmental accidents.

Name of manufacturing division:	Number of cases:	Details:	Main corrective measures:
Gunma Manufacturing Division	1 spill (Internal)	November, 2009 : At Gunma Main Plant, about 700 liters of heavy oil for fuel from a heater flowed into an on-site water channel.	The flowed out oil all retained in an oil-water separating tank was collected to prevent it from flowing out of the site. The remedial actions include inspection of the heater which caused the incident, replacement of deteriorated parts and revision of the manual. These have been applied to other similar work sites.
Aerospace Company (Utsunomiya Manufacturing Division)	2 spills (Internal)	December, 2009 : While transferring discharged alkali water in boiler construction at 2nd South Plant, the drainage hose slipped out to let 200 liters of discharged water flowed into an on-site rain water gutter.	The flowed out alkali water was collected 100% at the water gutter to prevent it from flowing out of the site. The related procedure manual has been revised to include confirmation of environmental risk before a construction work and any measures necessary for correction as well as the need to let points to be observed by construction workers.
Eco Technologies Company (Utsunomiya Manufacturing Division)		March, 2009 : 80 liters of acid solution flowed out into an on-site gutter from the acid cleaning process in Utsunomiya Main Plant.	The area affected by the flowed out solution was fenced with soil and absorbing operation while washing with water was continued until the solution pH number fell within a specified limit. The workers in charge of the cleaning process were retrained.
Tokyo Office	3 spills (Internal)	July, 2009 : In the process of scrapping a car, it was run with the power steering pump removed spilling less than 0.5 liter of oil on an on-site aisle.	The oil on the affected aisle was absorbed and wiped. Also, it was thoroughly prohibited to run with the power steering pump removed through training
		September, 2009 : While a to-be-scrapped car was on tow, less than 0.5 liter of oil leaked an on-site aisle.	The leaked oil was of power steering and no leakage was confirmed after parts were removed. But, oil flowed out as a result of pressure buildup when steered while being towed. The remedies as presented in the above apply and checking rearward view during towing was thoroughly instructed
		November, 2009 : About 0.5L Oil leaked from a censer of oil pressure of a running test vehicle.	Thorough inspection before test running and stopping the test if any abnormality has been noticed have been instructed throughout the section in charge.

# Environmental Performance

The main aspects of our environmental performance in FY2009 are as shown in the following graphs. CO<sub>2</sub> emissions, waste generation, emission of PRTR chemical substances and the use of water have been reduced. We have achieved zero emissions<sup>※1</sup> since FY2004 in terms of landfill waste.

※1 SUBARU's definition of zero emissions: The total amount of landfilled waste (waste materials directly landfilled + waste materials landfilled after treated intermediately) is less than 0.5% of the total amount of waste materials excluding scrap metal (industrial waste + industrial waste subject to special control + general waste from business operations).





# Environmental Accounting

## FHI (non-consolidated) Results in FY 2009

### FY2009 Calculation Result

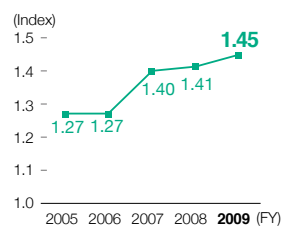
- Environmental cost was 16 billion yen, an increase of 250 million yen (1.5%) compared with the previous fiscal year. The cost increased due to the increase in Product Research and Development cost etc (+ 390 million yen) although Environmental load-reducing cost was decreased (-130 million yen).
- Economic effect was 1.78 billion yen, a decrease of 60 million yen compared with the previous fiscal year. The decrease due to the decrease in Waste Disposal Cost and the Sales of Valued Materials (-110million yen).
- Environmental performance (quantitative effects) has improved successfully in reduction of CO<sub>2</sub> emissions, wastes generations and VOC emissions. For PRTR chemical substances, handled and released amounts are same as previous year. (Land filled waste has maintained "Zero Level" since FY2004)

### Environmental management index

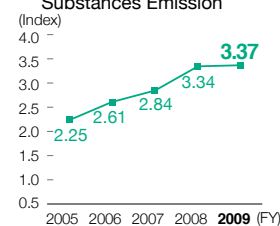
Environmental efficiency of business activities, which is one of the environmental management indexes, was regarded as [sales ÷ environmental burden]. They are calculated with the environmental burden in the production

process by regarding the FY 1999 levels as the standard. Environmental efficiency in CO<sub>2</sub> emissions, PRTR Chemical Substances Emissions move and waste generation have been improved well.

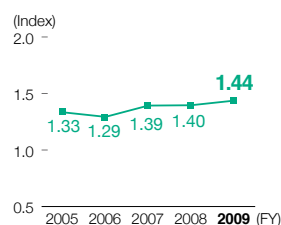
#### ◆ Sales/CO<sub>2</sub> Emission



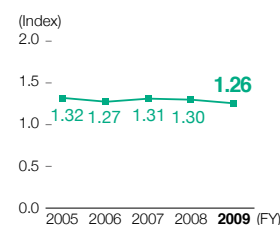
#### ◆ Sales/PRTR Chemical Substances Emission



#### ◆ Sales/Waste Generation



#### ◆ Sales/Environmental Cost



### ◆ Result of the Aggregated Environmental Costs and Effects in FY2009 for Entire FHI (non-consolidated) April 2009 – March 2010

Cost categories in [ ] right below in each box per the Guidelines by the Ministry of the Environment*1		Environmental Costs			Main Activities ☆ : New measures in FY2009 (Increase factor)	Facility Investment (million yen)		
		Cost (million yen)				FY2007	FY2008	FY2009
		FY2007	FY2008	FY2009		FY2007	FY2008	FY2009
Environmental Burden Reduction (EBR) Costs (Manufacturing Stage)	Wastes disposal/recycle Wastes reduction [①-3]	408	466	416	Recycling cost ☆ Purchase of MOTORUC	173	13	1
	Energy conservation/ Recution of CO <sub>2</sub> emission [①-2]	41	41	47	☆ Renewal of plant and facilities ☆ Illumination inverterised	729	184	343
	Reduction of CFC alternative discharge [①-2]	0.7	0.0	0.0	—	0.0	0.0	0.0
	Polution control by treating waste wainter and gases [①-1]	271	322	300	Cost for processing odor ☆ Work to counter paint odor	276	130	54
	Reduction of VOC discharge [①-1]	15	16	16	Renewal of paint shop	726	49	0
	<b>Total of EBR Costs</b>	<b>735</b>	<b>845</b>	<b>779</b>		<b>1,905</b>	<b>376</b>	<b>398</b>
Invetment Costs	Education,ISO14001-related [③]	114	108	95	Education on environment ISO14001Maintenance (Application fees, Labor cost of full-me EMS staffs)	—	—	—
	Prodcut R&D [④]	14,998	14,377	14,774	Improvement of fuel economy, cleaner emissions and recycle ability Repair of environment-relaed R&D facilities	893	1,011	1,026
	<b>Total of Investment Costs</b>	<b>15,112</b>	<b>14,485</b>	<b>14,870</b>		<b>893</b>	<b>1,011</b>	<b>1,026</b>
Other Costs	Measures for end-of-life products [②]	183	163	143	Coping with recycling automobiles	116	0	0
	Social contribution/ other environmental measures [③⑤⑥⑦]	283	219	165	Preparation of CSR Report, Cleaning around the plants Environment-related projects by JAMA Tree planting, Environmental remedies,etc.	0	39	0
	<b>Total of Other Costs</b>	<b>465</b>	<b>382</b>	<b>308</b>		<b>116</b>	<b>39</b>	<b>0</b>
<b>Grand Total</b>		<b>16,313</b>	<b>15,711</b>	<b>15,957</b>		<b>2,914</b>	<b>1,426</b>	<b>1,424</b>

\*1 Cost Categories per the Guidelines by the Ministry of the Environment

① Cost in the business area ①-1 Pollution prevention cost ①-2 Global environmental conservation cost ①-3 Resource circulation cost ② Upstream and downstream costs ③ Management activity cost ④ Research &Development cost ⑤ Social activity cost ⑥ Environmental damage remedial cost ⑦ Other costs

◆ Index and calculation method of environmental cost and economic effect

With reference to the guidelines of the Ministry of the Environment, FHI formulated its own guidelines (calculation method has been partly changed from FY2005 data collection) according to its environmental conservation activity organization, based on which the environmental cost and economic effects are calculated. (The same method is applied to FHI's group companies.)

Please refer to page 9 to 13 in Supplementary Volume for Data related to 2006 Environmental & Social Report for the detail of calculation method.

◆ Method used for calculating the environmental cost and the amount of money invested in facilities

The amount of money invested (Amount invested ≥25million yen) in facilities that have been introduced for both environmental and other purposes, plus related cost (maintenance management cost etc.), and finally labor cost are calculated on differential or pro-rata basis. For example, investment amount and environmental cost for energy saving at one manufacturing facility is calculated as follows;

Amount invested in facilities, environmental cost = K x (amount invested in the manufacturing facilities, maintenance cost, etc.)  
This K is an environmental impact factor that is calculated by the following scheme;  
K = (Total amount invested – Amount invested without energy-saving targets)/Total amount invested

Regarding small facilities whose investment amount is less than 25million yen, and anything purchased primarily for environmental purposes, any costs related to these environmental facilities, such as investment amount and maintenance cost, are all included in the calculation. Please note that depreciation cost of facilities invested is not included in the environmental cost from the view point of placing value on cash flow.

Small expenses such as fixes asset tax and insurance cost are also extracted from the total.

Environmental cost and economic effect by environmental facilities are

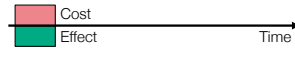
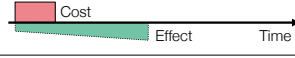
only recorded for 3 years starting from the 2nd year after the facilities are put into operation.

◆ Method used for calculating the economic effect

This calculation is based on information in the Ministry of the Environment's guidelines that states the attendant reductions in cost that can be gained from reducing environmental impact, interlinked with FHI's own independent ideas.

In detail, the reduction in waste treatment costs achieved by better control of waste output and changes in the waste treatment methods, and the reduction in energy cost, are all calculated according to their respective cost categories. With regard to environmental improvement measures that require no facilities, the difference in cost from the previous fiscal year (or the cost difference from cases where no such measures were taken) is recorded as an economic effect. Because currently its is difficult to obtain enough supportive evidence, other factors such as contributing to value-added products, and reducing risks (exempting the manufacturer from any liability, etc.), are excluded from this part of the economic effect calculation.

◆ Definition and Categorization of Environmental Cost

① Costs for reducing environmental burden	Costs for reducing environmental burden during the production process	
② Investment cost	Costs for obtaining environmental conservation effects that continue for several terms	
③ Other Costs	Cost not belonging to the above categories	
※ Investments in environment-related facilities	Not included in environmental cost and indicated separately. [Depreciation costs of facility investment are excluded from the environmental cost from the viewpoint of placing value on the cash flow]	

Economic Effects		Effect (million yen)		
		FY2007	FY2008	FY2009
Environmental Burden Reduction (EBR) Costs (Manufacturing Stage)	Cost reduction through wastes control and changing treatment methods, Profit from the sales of valuables obtained from recycling	1,628	1,517	1,408
	Reduced energy cost Effect of cogeneration system Effect of inversed illumination	226	313	357
	Collection and reuse of CFC alternative	4	4	4
	Reduction of treatment costs	3	4	1
	Improved painting efficiency by changing paint guns	100	4	8
	Total of REB Effects	1,961	1,842	1,777
	Investment Costs	–	–	–
	(Total of Investment Effects) Not applicable at present	0	0	0
Other Costs	Reduction of virgin materials by using recycled materials	29	0	0
	–	0	0	–
	Total of Other Effects	29	0	0
<b>Grand Total</b>		<b>1,990</b>	<b>1,842</b>	<b>1,777</b>

Environmental Performance (quantitative Effects)					
Item	Unit	FY2007 Actual	FY2008 Actual	FY2009 Actual	Up/Down Year-on-year
Amount of Wastes Generation	ton	71,653	68,019	64,936	-3,083
Amount of Landfill	ton	0	0	0	0
Energy Consumed (Oil equivalent)	1,000kl	134.6	126.9	121.9	-5.0
Energy per Production Output	kWh/100million yen	13.3	13.2	13.0	-0.3
CO <sub>2</sub> Emission	ton-CO <sub>2</sub>	21.8	20.5	19.7	-0.9
–	–	–	–	–	–
PRTR Chemical Substances <sup>※2</sup>					
Amount Handled	ton	4,053	3,337	3,137	-200
Amount of Emissions	ton	842	681	665	-17
VOC Discharged (Automobiles only)	g/m <sup>2</sup>	63.2	56.3	52.8	-3.5

※2 Total chemicals, of which annual amounts handled are 1 ton or mor (0.5 ton for designated Type I) are tallied.

◆ Ratios of Environmental Protection Activities to FHI Business Activities

	FY2007	FY2008	FY2009
Ratio of R&D cost for environmental protection to the total R&D cost	29%	33%	40%
Ratio of investment for environmental protection to the total facility investment	8%	4%	5%

Notes: Due to the figures rounded off to the whole number, their adding does not match up with their corresponding total in some columns.

## Environmental Accounting

### FY2009 Performances of 5 Domestic Affiliated Companies Subcommittee

#### Summary of FY2009 performance

The total of the environmental costs at the production stage of the 5 domestic affiliated companies was 126 million yen, down by 9 million yen (6.8 % less over the preceding year), while the economic effect totaled 140 million yen, down by 80 million yen (36.4 % less year-on-year). Although the actual performance value shows an overall reduction, the amount of wastes increased by 305 tons (recycled).

Amount of the landfill wastes decreased by 1 ton down (17.3%) as compared with that for FY2008, the 5 affiliated companies each is promoting to work toward

zero wastes.

The amount of energy consumed and CO<sub>2</sub> emission have been tackled with for their overall reduction. The CO<sub>2</sub> emission was 24,000 tons, down by 0.72 % as compared with FY2008. Saving energy and reduction of CO<sub>2</sub> emission will be further pursued for prevention of global warming.

As to PRTR chemical substances, the reduction of their amounts used and discharged are in progress, and there was no PRTR chemical substances at any of the companies in FY2009.

#### ◆ Results of Environmental Cost and Effect for FY2009

Notes: Due to the figures rounded off to the whole number, their adding does not match up with their corresponding total in some columns.

◇ Companies Talled: 5 companies of the Domestic Affiliated Company Subcommittee: Yusoki Kogyo K.K., Fuji Machinery Co., Ltd., Ichitan Co., Ltd., Kiryu Industrial Co., Ltd., and Subaru Logistics Co., Ltd.

◇ Period for Result Summary: April, 2009 through March, 2010

#### ◆ Tallying Method and Base

The results of the affiliates were tallied based on the Environmental Accounting Guidelines which were introduced in FY2005 for application to our group companies, Please refer to the applicable page of Fuji Heavy Industries Ltd. for the outline of the Guidelines, or page 9 through 13 of the separately prepared data attachment (posted on the Web site) to the 2006 Environmental & Social Report for details.

Environmental Costs		Cost (million yen)			Facility Investment (million yen)			Economic Effects			
		FY2007	FY2008	FY2009	FY2007	FY2008	FY2009	Contents	Effect (million yen)		
Cost categories in [ ] right below in each box per the Guidelines by the Ministry of the Environment <sup>※1</sup>									FY2007	FY2008	FY2009
Environmental Burden Reduction (EBR) Costs (Manufacturing Stage)	Wastes disposal/recycle Wastes reduction [①-3]	55	54	44	1.7	0	0	Cost reduction by reducing wastes, changing disposal methods and income by selling recycled valuables	193	182	118
	Energy conservation/ Recution of CO <sub>2</sub> emission [①-2]	12	11	15	21	7	8	Reduction of enegy cost	33	38	21
	Pollution control by treating waste water and gases [①-1]	6	7	7	74	7	0	—	0	0	0
	<b>Total of EBR Cost</b>	<b>72</b>	<b>72</b>	<b>66</b>	<b>97</b>	<b>14</b>	<b>8</b>	<b>Total of EBR Effects</b>	<b>226</b>	<b>220</b>	<b>140</b>
Investment Costs	Education/ISO14001-related/ Environmental studies, etc. [③]	12	11	12	—	—	—	—	—	—	—
	Product R&D [④]	48	47	45	0.4	0.2	0				
	<b>Total of Investment Cost</b>	<b>60</b>	<b>58</b>	<b>57</b>	<b>0</b>	<b>0</b>	<b>0</b>				
Other Costs	Social contribution/ Environmental measures /Others [②⑤⑥⑦]	12	5	3	—	—	—	—	1	0	0
	<b>Total of Other Consts</b>	<b>12</b>	<b>5</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>Total of Other Effects</b>	<b>1</b>	<b>0</b>	<b>0</b>
<b>Grand Toactal</b>		<b>144</b>	<b>135</b>	<b>126</b>	<b>97</b>	<b>14</b>	<b>8</b>		<b>226</b>	<b>220</b>	<b>140</b>

Environmental Performance (Quantitative Effects)					
Item	Unit	FY2007	FY2008	FY2009	Up/Down Year-on-year
		Actual	Actual	Actual	
Amount of Wastes Generation	ton	7,775	6,944	7,250	305
Amount of Landfill	ton	14	8	6	-1
Energy Consumed(Oil equivalent)	1,000kl	14.1	13.8	13.6	-2.0
Energy per Production Output	kl/100million yen	39.43	38.55	1.39	-37.16
CO <sub>2</sub> Emission	ton-CO <sub>2</sub>	24,757	24,198	24,024	-174
PRTR Chemical Substances <sup>※2</sup>					
Amount Treated	ton	2	0	0	0
Amount of Emissions Moved	ton	1	0	0	0

※1 Cost Categories per the Guidelines by the Ministry of the Environment

- ① Cost in the business area
- ①-1 Pollution prevention cost
- ①-2 Global environmental conservation cost
- ①-3 Resource circulation cost
- ② Upstream and downstream costs
- ③ Management activity cost
- ④ Research & Development cost
- ⑤ Social activity cost
- ⑥ Environmental damage remedial cost
- ⑦ Other costs

※2 Substances of which annual amount handled by each company weighs 1 ton or more ( 0.5 ton for the designated Type 1) are tallied.

No substance was subject to PRTR in FY2009

## FY2009 Performance of 5 Overseas Affiliated Companies (in North America) [For reference]

We compiled the environmental accounts of the 5 affiliated companies in North America for FY2009 (From April, 2009 through March, 2010).

### Trial summary of FY2009 performance.

- The total environmental cost was 811 million yen with 314 million yen for wastes disposal, 192 million yen for pollution prevention by treating waste water and others and 230 million yen for R&D.
- The total economic effect was 588 million yen, mainly due to the effect by reducing wastes disposal cost.

- The Environmental Performance (quantitative effect) showed an increase for the amount of wastes generation, but the amount of direct landfills was reduced. Particularly, there was no landfill or 0 ton for direct landfills again at SIA, the production site of automobiles.
- The energy consumption and CO<sub>2</sub> emission decreased over the preceding year thanks to reduction efforts. More efforts will be expended to reduce them further for prevention of global warming.

### ◆ Results of Environmental Cost and Trial Effect for FY2009

Notes: Due to the figures rounded off to the whole number, their adding does not match up with their corresponding total in some columns.

◇ Companies Talled: 5 companies of the Overseas Affiliated Companies as follow;SIA, RMI, SOA, SCI, SRD

◇ Period for Result Summary: April, 2009 through March, 2010

### ◆ Tallying method and base

The figures are tallied according to the Environmental Accounting Guidelines for the Fuji Heavy Industries Ltd. group companies which were introduced by the Fuji Heavy Industries Ltd. and the Domestic Affiliated Companies Subcommittee in FY2005.

Please refer to the applicable page of the Fuji Heavy Industries Ltd. (non-consolidation) for the outline of the Guidelines.

Environmental Costs		Cost (million yen)		Facility Investment (million yen)		Economic Effects		
Cost categories in [ ] right below in each box per the Guidelines by the Ministry of the Environment*1		FY2008	FY2009	FY2008	FY2009	Contents	Effect (million yen)	
							FY2008	FY2009
Environmental Burden Reduction (EBR) Cost (manufacturing Stage)	Wastes disposal/recycle Wastes reduction [①-3]	259	314	0	4	Cost reduction by reducing wastes, changing disposal methods and income by selling valuables etc.	1,292	536
	Energy conservation/ Recution of CO <sub>2</sub> emission [①-2]	13	28	6	1	Reduction of enegy cost	17	51
	Polution control by treating waste wanter and gases [①-1]	167	192	0	2	—	0	1
	<b>Total of EBR Cost</b>	<b>439</b>	<b>535</b>	<b>6</b>	<b>7</b>	<b>Total of EBR Effects</b>	<b>1,309</b>	<b>588</b>
Investment Cost	Education/ISO14001-related/ Environmental studies, etc. [③]	32	33	0	0	—	—	—
	Product R&D [④]	229	230	0	0	—	—	—
	<b>Total of Investment Cost</b>	<b>261</b>	<b>262</b>	<b>0</b>	<b>0</b>	<b>(Total of Invetment Effects) Not applicale at present</b>	<b>0</b>	<b>0</b>
Other Costs	Social contribution/ Environmental measures /Others [②⑤⑥⑦]	3	13	0	0	—	0	0
	<b>Total of Other Consts</b>	<b>3</b>	<b>13</b>	<b>0</b>	<b>0</b>	<b>Total of Other Effects</b>	<b>0</b>	<b>0</b>
<b>Grand Total</b>		<b>703</b>	<b>811</b>	<b>6</b>	<b>7</b>		<b>1,309</b>	<b>588</b>

Environmental Performance (Quantitative Effects)			
Item	Unit	FY2008 Actual	FY2009 Actual
Amount of Wastes Generation	ton	22,040	25,018
Amount of Landfill	ton	544	501
Energy Consumed(Oil equivalent)	1,000kl	55.4	52.1
CO <sub>2</sub> Emission	ton-CO <sub>2</sub>	110,721	101,926

Notes: Due to the figures rounded off to the whole number, their adding does not match up with their corresponding total in some columns.

※ 1 Cost Categories per the Guidelines by the Ministry of the Environment

- ① Cost in the business area
- ①-1 Pollution prevention cost
- ①-2 Global environmental conservation cost
- ①-3 Resource circulation cost
- ② Upstream and downstream costs
- ③ Management activity cost
- ④ Research &Development cost
- ⑤ Social activity cost
- ⑥ Environmental damage remedial cost
- ⑦ Other costs