

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 that defines how it carries out environmental conservation in April 1998. SUBARU has also established guidelines for specific actions—the Operating Criteria for Environmental Conservation in March 2010 in order to promote this policy. With the participation of all its 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 in order to ensure the sustainable development of the society.

Also, while strictly observing laws and regulations, local agreements and industrial codes, we will commit ourselves to contributing to society and local communities, voluntary ongoing improvement and the prevention of pollution.

- Green Products:** Design and R&D of environment-friendly SUBARU brand products
- 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 the 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

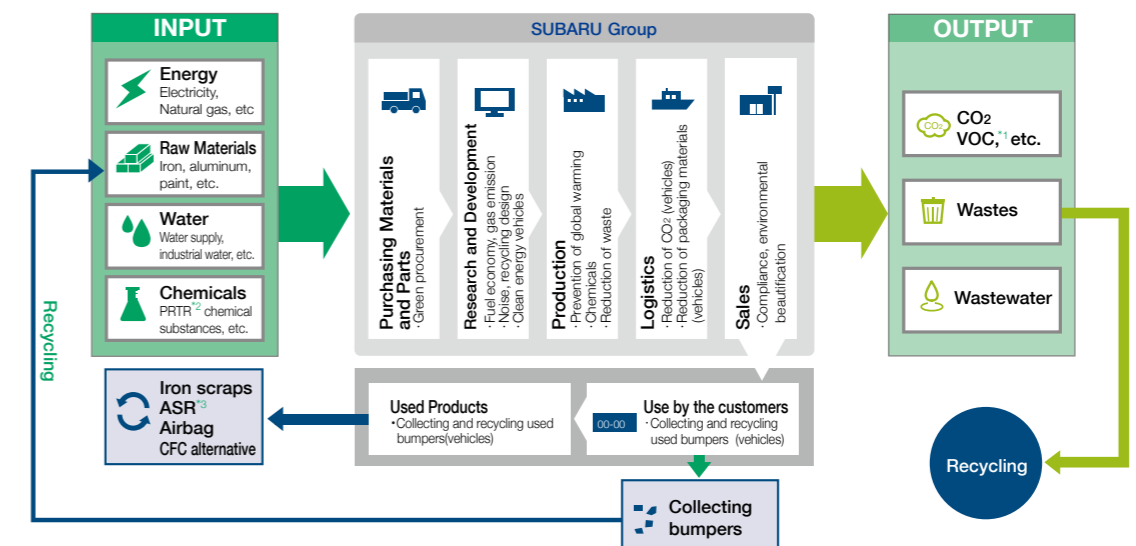
Corporate Activities and Environmental Impacts

Aiming for a 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, automobiles draw on limited global resources as materials and fuels. Consequently, they emit CO₂, which causes global warming, as well as other air pollutants. We believe that automobiles reflect an affluent society but fully understand that automobiles have disadvantages as well as

advantages. With these in mind, we must work hard for a better future. SUBARU accepts the task of aiming to ward the fusion of the global environmental response (drastically improving fuel economy and reducing gas emission) with the benefits of automobiles (pleasant driving, comfort and reliability) by considering the environmental impact and reducing the environmental burden through the lifecycle of development, production, use, disposal, and recycling of automobiles.

■ SUBARU Overall Environmental Burden Concerning Automotive Business



*1 VOC: Volatile Organic Compounds, chemicals that are volatile at normal temperature, including formaldehyde and toluene. They are recently viewed as a factor in sick building syndrome, making people sick with irritation in eyes, nose and throat in newly built houses or buildings.
 *2 PRTR (Pollutant Release and Transfer Register): A system for tracking, compiling and reporting on the discharge, use and transport of pollutant chemicals.
 *3 ASR: Automobile Shredder Residue: Residue after scrapped metals for recycling removed from shredded car bodies. It is also called Shredder Dust.

Approach to Low Carbon Society

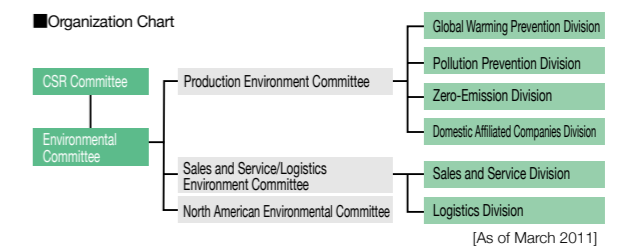
Since our business activities are closely linked to a low carbon society, proceeding with our operations with this link in mind is the way to contribute to the realization of such society.

- Automotive: R&D and launching of fuel efficient vehicles and eco-cars
- Industrial Products: Improvement of fuel economy of general-purpose engines
- Aerospace: Weight saving through composite materials technology
- Eco Technologies: Wind power generation
- As a business entity: Proactive involvement in saving energy and controlling CO₂ emissions

Organization

Our Environmental Committee is dedicated to achieving the objectives of the Environmental Voluntary Plan in line with the Operating Criteria for Environmental Conservation under the Environmental Policy. This committee, operating under the CSR Committee, has a Corporate Executive Vice President as a chairman and includes representatives from throughout the company. Meetings were held in July and November in 2010.

■ Organization Chart



[As of March 2011]

Establishing an Environmental Management System

Our environmental management systems are well established and external certifications have been acquired at all of our business divisions, suppliers, domestic and overseas production companies subject to consolidation and SUBARU dealerships domestic and abroad. Particularly in 2010, all 44 domestic dealers obtained EA21^{*1} certification. Of all the automobile

companies in Japan, SUBARU was the first to have all of its affiliated dealers EA21 certified at each of their outlets. This fruit was borne out of our efforts to actively encourage and support them EA21 acquisition.

^{*1} EA21: The abbreviation for "Eco-Action 21" that is the Environmental Management System formulated by the Ministry of the Environment based on ISO 14001.
^{*2} Three affiliated companies (SIA, SOA and SRD) have already obtained ISO 14001 integrated certification.

Establishing an Environmental Management System

Categories	Manufacturing Division/Office				Dealership	
	Fuji Heavy Industries Ltd.	Suppliers	Domestic Affiliated Companies	Overseas Affiliated Companies	Domestic Dealerships	Overseas Affiliated Dealerships
Divisions	Integrated EMS Gunma Manufacturing Division Tokyo Office Utsunomiya Manufacturing Division Handa Plant Handa West Plant Saitama Manufacturing Division Head Office Yusoki Kogyo K.K. F.A.S.Co., Ltd.	Green procurement suppliers Total: 603	Fuji Machinery Co., Ltd. Kiryu Industrial Co., Ltd. Ichitan Co., Ltd. Yusoki Kogyo K.K. Total: 4	SIA ^{*2} (Producing) SRD (Research & Development) Total: 2	All domestic SUBARU dealerships Total: 44	SOA ^{*2} , SCI Total: 2
Acquired EMS	ISO 14001	Either of the two (ISO 14001 or EA21)	ISO 14001	ISO 14001	EA21	ISO 14001

Approach to Biodiversity Conservation

We own 194-hectares of forests and thin them as they grow to ensure their healthy growth. Ota City, Gunma Prefecture, where our Gunma Manufacturing Division is located, is also home to 239-meter high Mount Kanayama. The SUBARU Regional Association, comprising related local firms in and around Ota City, developed the "SUBARU Azaleas Pathway" in 1998. Each May its members cut grass to tend the azaleas.



Approach to Biodiversity Overseas

SOA supports many environmental groups to help children in local communities deepen their understanding towards the environment. As one example, there is a program on aquatic biodiversity opened jointly with New Jersey Academy. This program is intended to promote the understanding of the environment surrounding water creatures and their coexistence in society, which is usually little taught about. Many children and their families took part in, studied the ecosystem and collected biological specimens.

^{*SRD} is engaged in activities to protect bat habitats. Please refer to page 64 for details.



Children startled by a horseshoe crab vital to the environment in New Jersey
 A teacher and a child mimicking a starfish at the Academy

Environmental Communication

SUBARU provides multiple contact channels to maintain communication with local residents in each business area, and distributes environmental information in a variety of ways.

Our Environmental Communication Tools



Environmental information on FHI's intranet
 Environmental information by car model on the internet
 Yearly CSR and environmental pamphlet for children

Environmental Accounting

We introduced an environmental accounting system in FY 2000. The environmental cost for FY2010 totaled 16.4 billion yen, an increase by 420 million yen from the preceding year. This increase mainly resulted from an increase of R&D expense by 400 million yen.

* Refer to the following pages for details of environmental accounting,
 -FHI only: pages 47 and 48
 -5 companies of the domestic affiliated companies subcommittee: page 48
 -4 companies of the North American Environmental Committee: page 49

Environmental Education and Motivation

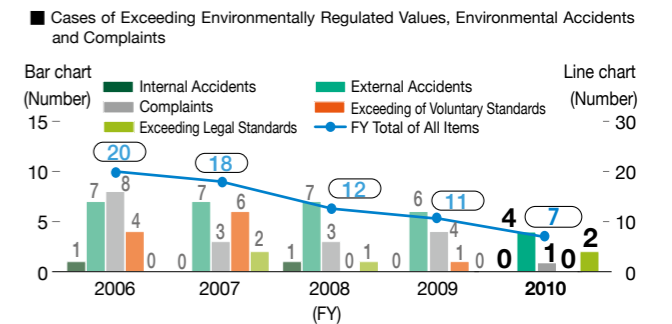
We prepared texts for company-wide stratified education in FY2004, and have been providing skill-level-oriented environmental education to new employees and candidates for promotion every year since then.

In addition, such events as emergency response drills, general across-the-board environmental preservation educations, operations improvement case study presentations and educational support to suppliers are systematically conducted every year based on respective environmental management systems at divisions and companies.

Compliance Status of Environment-related Laws and Regulations

Cases of Exceeding Environmentally Regulated Values, Environmental Accidents and Complaints

The total of environment-related complaints, incidents of exceeding regulated limits and accidents shows a declining trend over the past five years. Remedial actions for these problems have been taken as shown in the graph below.



Environmental Complaints received in FY2010

In FY2010, there was one environment-related complaint, as compared with 4 received in FY2009. We keep expending effort to reduce such complaints to zero.

Name of Manufacturing Division:	Number of Cases:	Details:	Main Corrective Measures:
Eco Technologies Company (Utsunomiya Manufacturing Division)	1 (noise)	In Nov. 2010: A complaint of noise from hammering steel panels and folklifts received from a resident on the west side of Utsunomiya Plant.	Noisy operations near the boundary prohibited and changed to work with plant shutters closed. Hammers changed from metal to rubber for noise reduction. Folklifts now operated at reduced speeds in designated low speed areas. Such measures explained to and accepted by the resident.

FY2010 Cases Exceeding Environmental Laws and Regulations

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, 2 cases as reported below exceeded voluntary standards in 2010. The limits were not exceeded in FY2009.

Name of Manufacturing Division:	Number of Cases:	Details:	Main Corrective Measures:
Industrial Company (Saitama Manufacturing Division)	1 (noise)	Mar. 2011: A failure of cooling water equipment increased nighttime noise levels to 46.2 to 48.5dB against the regulated limit of 45dB.	The failed parts were replaced. The equipment is being properly checked and maintained.
Tokyo Office	1 (water pollution)	May 2010: Discharged water quality exceeded the standard limits, showing 330mg/l of BOD against the standard 300mg/l and 100mg/l of normal hexane (animal and plant) against the standard 30mg/l.	Flow of dining room discharge water into a drain pipe due to a damaged discharge square identified as the cause and the square replaced. Discharged water quality inspections are being continued.

Environment-related Accidents in FY2010

We are trying to reduce the number of accidents by counting environmental accidents including those already taken care of inside and to prevent accidents that will give impact to the outside. 4 accidents inside the premises were reported with no accident leaking outside in FY2010, while 6 inside accidents with no accident leaking outside were reported in FY2009. We are working on to prevent any environmental accident from happening.

Name of Manufacturing Division:	Number of Cases:	Details:	Main Corrective Measures:
Gunma Manufacturing Division	2 (water pollution)	May 2010: Insulation oil flowed out of a transformer inside Oizumi Plant into a gutter.	The oil was recovered and said transformer renewed. Since then, the number of insulation oil checks was increased and systematic renewal works are being promoted.
		Jan. 2011: Clogging of a drain passage of lubrication equipment and a sensor failure caused acid waste fluid to overflow from the tank into a gutter.	All of the fluid was collected. The sensor of the lubrication equipment was repaired to eliminate the clogging. Another sensor was added to reinforce prevention of leakage.
Tokyo Office	2 (water pollution)	Oct. 2010: Oil leaked out from a test vehicle onto an in-plant road.	The inspection method before test runs changed in terms of both hardware and software.
		Dec. 2010: Gasoline flowed out from a corroded pipe inside the pit that sends fuel to test rooms.	The corroded pipe was replaced. The location of the gasoline leak was added as an item for daily inspection.

Close UP Voice of Stakeholder

I have been serving as the chief assessor of the ISO 14001 integrated certification of FHI. An integrated environmental policy and targets (clean products, plants, offices, logistics and dealers) are set across the board at the Environmental Committee and are being followed through company-wide. Also, environmental problems are reported without omission and summarized by the secretarial office, backed with eco-conscious employees. Furthermore, FHI respects the organizational character and originality of dealers and flexibly responds to them in their acquisition of the Eco-Action 21 by the Ministry of the Environment, underlying effective functioning of their management systems.



TÜV Rheinland Japan Ltd.
 Management System Certification Section
 Senior Auditor (ISO 14001, OHSAS 18001)
 Lead Auditor (ISO 9000)
Akira Mizuno

Fuji Heavy Industries Ltd. Voluntary Plan for Environmental Conservation (FY2007 through FY2011)

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 guidelines of not only Fuji Heavy Industries, but also the other group companies, we will positively address environmental issues for their continuous solution.

The following activities report on both our Actual Performance of FY2010 and our Plan for FY2011.

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 CO₂ 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 turbine 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/m²) 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 suppliers in and out of Japan to establish Environmental Management Systems and reduce substances with environmental impact.
- We will support the environmental activities of dealers.
- We will conduct social contribution activities and disclose environment-related information.

The 5th Voluntary Plan for the Environment (FY2012 through FY2016)

The ongoing 4th Voluntary Plan for the Environment comes to an end in March 2012. The 5th Voluntary Plan for the Environment (FY2012 through FY2016) is now being drawn up. The content of the plan will be detailed within this fiscal year and released in the next "2012 CSR Report."

■ FY2010 Actual Performance and FY2011 Plans

[1] Green Products

Items	Report of activities in FY2010			Ev. Evaluation ○: Achieved ×: Not Achieved	FY2011 Plans
	Targets and Actions	Plan	Actual Performance		
Improving fuel economy [Automobiles]	◇ Continue to improve fuel economy (FE) for every full model change and annual model change.	◇ FE to be improved continuously on any fully or annually changed models.	◆ The new horizontally opposed engine FB20 developed with fuel economy upped by about 10% and mounted on the most recently annual-change model of the FORESTER.	○	◇ Continue to improve fuel economy (FE) for every full model change and annual model change.
	◇ Increase models that achieve FY2010 FE Standards.	◇ The scope of vehicles which meet the FY2010 FE Standards by over 15% improved to be expanded.	◆ The percentage of vehicles performing 15% better or more compared to the 2010 Fuel Efficiency Standard upped to 71.5% against 59.8% for FY2009.	○	◇ The scope of vehicles which meet the FE FY2010 Standards by over 15% improved to be expanded.
	◇ Promote improvement of FE toward the FY2015 FE Standards.	◇ FE to be improved continuously to meet the FY2015 FE Standards.	◆ Fuel economy improvement under way to achieve the 2015 Fuel Efficiency 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 Standards for exhaust emissions in order to further reduce exhaust emissions and promote the use of low exhaust emission vehicles.	◇ 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.)	◆ The percentage of SU-LEV vehicles increased to 91% against 88.6% for FY2009.	○	◇ Further increase the number of cars certified with emissions reduced by 75% from the 2005 standards. (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.	◇ Development of a new hybrid system to be continued.	◆ A new hybrid system under development for launching in 2013.	○
Developing products using clean energy	◇ Electric vehicles: Develop vehicles for launch on the market in addition to business use. ¹	◇ The Plug-in STELLA continues to be available in the market.	◆ The Plug-in STELLA continued being released for sale.	○	◇ The production of the Plug-in STELLA discontinued, but joint verification tests with relevant municipalities to be continued.
	◇ Continue development of wind turbine systems and market expansion. ²	◇ Promote sales of the large wind turbine system, while further improving the performance.	◆ 2,000kW-class large Wind Power Generation System "SUBARU80/2.0" started full-fledged operations at two sites (one is a coast-open seas type and the other is a land installation type). Both contributed by restarting generation in impending power shortage situations, three days after the Great East Japan Earthquake.	○	◇ The first large-scale wind power generation system scheduled to start operations at a mountainous site.
	◇ Expand market for applied products which use LPG/CNG engines. ³	◇ The market for dual-fuel spec engines will be tapped for further growth.	◆ A generator-equipped LPG engine for RV (leisure vehicle) to Onan (US OEM) under development and in Feb. 2011, sample units shipped to the OEM.	○	◇ The development of the 3kW engine for the RV generator to be continued with production startup in Feb. 2012.
Improving recyclability [Automobiles]	◇ Improve design to increase recyclability in new models to achieve a recycling rate of 95% in 2015.	◇ Recycling rate to be further upped.	◆ The recycling rate reached 97.3%, keeping over 95% level.	○	◇ Maintain the recycling rate at over 95%.
		◇ Recycling-oriented new car design to be further enhanced.	◆ Highly recyclable olefin resin used for most of plastic materials on new models.	○	◇ Recycling-conscious design to be promoted as before.
Reducing substances with environmental impact [Automobiles]	◇ Enhance management of substances with environmental impact and further reduce the use of such substances.	◇ Replacement of lead compounds with non-lead substitutes will be promoted step by step.	◆ Based on the Voluntary Action Plan of Japan Automobile Manufacturers Association, the targets for discontinuation and reduction of 4 environmentally burdensome substances (lead, mercury, cadmium and hexavalent chrome) was already achieved. Lead-free soldering is promoted mainly for electric and electronics parts such as switches and relays.	○	◇ Replacement of lead compounds with non-lead substitutes will be promoted step by step.
Reducing exterior noise	◇ Continue to promote development of technology to reduce noise that is compatible with both fuel economy improvement and exhaust emissions reduction.	◇ Technical development for noise reduction will be promoted with the driving mode on city streets in mind.	◆ With Improved fuel economy and emission performance, noise performance also improved by optimized anti-noise measures.	○	◇ Continue to promote development of technology to reduce noise that is compatible with both fuel economy improvement and exhaust emissions reduction.
Curbing global warming regarding air conditioning refrigerants [Automobiles]	◇ Promote further reduction in the amount of refrigerant (HFC134a) per vehicle.	◇ The use of refrigerants will be further reduced.	◆ An economic refrigerant device mounted on new models to reduce the amount of refrigerant.	○	◇ Reduction of the used amount and leaks to be promoted as before.
	◇ Advance the development of air conditioner with low GWP refrigerant.	◇ The development of air conditioners using low warming potential refrigerants will further pushed for.	◆ Development of an air conditioner using a low global warming potential refrigerant in progress.	○	◇ Study on alternative refrigerants in place of HFC134a to be promoted.
Research on traffic environments [Automobiles]	◇ Work further on Intelligent Transport Systems (ITS) that realize a safe and comfortable motorized society.	◇ Involvement in Intelligent Transport System (ITS) and the Advance Safety Vehicle (ASV) project will be promoted.	◆ Involvement in the Advance Safety Vehicle (ASV) project by the Ministry of Land, Infrastructure and Transport promoted. ◆ The LEGACY mounted with the advanced safe driving assist system "EyeSight (Ver.2)" launched.	○	◇ The development of the advanced safe driving assist system "EyeSight (Ver.2)" to be promoted for wider application. ◇ 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. ²	◇ "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.	◆ 8 units of the refuse collection vehicle "Fuji-mighty Electra" launched in April 2010, delivered to appeal its contribution to environmental protection. The fuel economy data also obtained under practical use conditions, showing economy improved by 33% as compared with its preceding model. ◆ Promoting the modal shift to ocean transport as the preceding year led to a CO ₂ reduction by about 126 tons a year.	○	◇ The annual sales target for the "Fuji-mighty Electra" set at 12 units for CO ₂ reduction by 42 tons a year and noise reduction. ◇ Target CO ₂ reductions of about 166 tons a year by promoting the modal shift to ocean transport.
	◇ Advance robot-related businesses for conservation of power, labor and energy. ²	◇ Keeping on expanding the service robots business.	◆ An "Automobile Transport Ship Cleaning Robot System" that automatically cleans the floors of such ships was developed and delivered.	○	◇ Keeping on expanding the service robots business further.

¹ Automotive Business ² Eco Technologies Company ³ Industrial Products Company

The 4th Voluntary Plan for the Environment

[2] Clean Plants

Items	Report of Activities in FY2010			Ev. Evaluation ○: Achieved ×: Not Achieved	FY2011 Plans
	Targets and Actions	Plan	Actual Performance		
Curbing global warming	◇ Aim to reduce CO ₂ emissions by 15% from manufacturing plants compared to FY1990 level by FY2010.	◇ CO ₂ emissions to be reduced by 15% against FY1990. Add-on challenge. [We will proceed with carbon dioxide reduction by 22 percent against FY1990.]	◆ CO ₂ emissions totaled 198,870 tons, a reduction of 27.4% against FY1990.	○	◇ CO ₂ emissions to be reduced by 15% against FY1990. Add-on challenge. [We will proceed with carbon dioxide reduction by 22% against FY1990.]
Control and reduction of substances with environmental impact at manufacturing plants	◇ Continue reducing emissions of PRTR chemical substances to the environment.	◇ Further efforts for reduction will be made, while meeting the revision of the Pollutant Release and Transfer Registers (PRTR) Law.	◆ PRTR emissions totaled 679 tons, showing an increase due to the addition of naphthalene etc. under the Revised PRTR Law.	—	◇ Reduce PRTR emissions to 620 tons.
	◇ Reduce volatile organic compound (VOC) emissions (g/m ³) in vehicle production lines by 30% compared to the FY2000 level by the end of FY2010.	◇ The reduction level of 30% or higher in g/m ³ against FY2000 to be maintained.	◆ Actual VOC emissions were 50.8g/m ³ , reduced by 44.5% against the FY2000 level. Promoted reduction through decreased use of thinners and increased collection rate promoted.	○	◇ Reduction of VOC emissions in g/m ³ to be reduced by 30% or more against FY2000 to be maintained. [Add-on challenge target: 49.7 g/m ³ , a reduction by 45.7% against FY2000.]
	◇ Reduce environmental risks through Environmental Risk Assessment and totally eliminate the occurrence of incidents, claims and cases where voluntary standards are exceeded.	◇ Activities to eliminate any accidents, complaints and cases of exceeding voluntary standards will be promoted.	◆ In FY2010, 1 environmental complaint, 2 cases of exceeding legal limits and 4 in-plant spills reported. No report on spills outside the plant or case of exceeding voluntary standard limits.	×	◇ Preventative response to risks and communication with residents nearby to be stepped up and activities for "zero" in all items to be promoted.
Reducing waste 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.	◇ Additional measures will be taken to control emissions.	◆ Actual waste in FY2010 totaled 71,455 tons, reduced by 14% against FY1999. (Increased by 16.5% against FY2009 due to increased metal scraps accompanying the production boost.)	○	◇ Additional measures will be taken to control emissions.
	◇ Continue zero emissions (zero level of landfilled waste both directly and indirectly).	◇ Zero emissions to be continued.	◆ A zero level of direct and indirect landfill wastes maintained (including incinerated residue 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.	◇ Water use to be reduced by 49.2% compared to FY1999.	◆ Actual water usage was 2,977,000m ³ , reduced by 52.1% against FY1999.	○	◇ Water usage to be reduced by 45% against FY1999. [Add-on challenge target: Reduction by 49.2% against 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 complete establishment of the system.	◇ Require new suppliers to establish EMS and maintain its status so 100% of our suppliers maintain EMS.	◆ Company-wide, 100% (603 companies in total) set up EMS. Breakdown by division ● Automotive: 371 ● Aerospace: 79 ● Eco Technologies: 50 ● Industrial Products: 103	○	◇ New suppliers are 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.	◇ Promotion of switching to lead-free soldering under the ELV (End-of-Life of Vehicle) Directive. ◇ Keep taking actions to meet the SVHC in REACH requirements.	◆ Lead-free soldering put into practice for relays, motors inside engine compartment and part of keyless entry parts. ◆ Identification of parts using SVHC candidate substances promoted.	○	◇ Efforts to reduce environmental load substances to be continued.
	◇ Set CSR procurement guidelines, and disseminate these to the suppliers.	◇ Preparations will be made to set new CSR procurement guidelines in FY2011.	◆ Preparation for setting guidelines started.	○	◇ CSR procurement guidelines to be set up for distribution to suppliers.

[3] Green Logistics

Items	Report of Activities in FY2010			Ev. Evaluation ○: Achieved ×: Not Achieved	FY2011 Plans
	Targets and Actions	Plan	Actual Performance		
Reducing the environmental burden caused by logistics	◇ Be certain of meeting the Revised Energy Saving Law. ● Try to reduce energy used per sale by 5% compared to FY2006 by the end of FY2011.	◇ Maintain energy reduction and work to reduce by 25% against FY2006.	◆ Energy used per sale was reduced by 32% against FY2006 benchmark and by 8% against FY2009.	○	◇ The Revised Energy Saving Act to be surely addressed. [The energy used per sale is to be reduced by 5% against FY2006 by the end of FY2011] Add-on challenge target: 25% reduction against FY2006.
	◇ Offer support and cooperation to environmental activity groups.	◇ Further reduction will be pursued by such measures as applying returnable packaging materials to more items.	◆ The actual reuse rate of CKD foam materials reached 93.5%, an increase of 10.2% over the prior year.	○	◇ Efforts to hike the reuse rate of current foam materials to be continued. (Target: 95%)

[4] Green Dealers

Items	Report of Activities in FY2010			Ev. Evaluation ○: Achieved ×: Not Achieved	FY2011 Plans
	Targets and Actions	Plan	Actual Performance		
Promoting environmental conservation activities at dealers	◇ Support environmental conservation activities by dealers.	◇ Keep promoting Eco-Action21 ¹ certification and supporting dealers in obtaining this.	◆ In Mar. 2011, all domestic dealers became certified with "Eco-Action 21" at all their outlets. [This marks the first time in Japan that a whole group of dealers affiliated with an automobile manufacturer obtained "Eco-Action 21" certification.]	○	◇ Voluntary environmental conservation activities by dealers leveraging the "Eco-Action 21" to be backed up.
	◇ Continue to collect used bumpers.	◇ Continue collecting used bumpers.	◆ 39,802 used bumpers collected (an increase of 1,069 pcs against FY2009).	○	◇ Collecting used bumpers to be continued.
	◇ Continue to collect changed warning flares.	◇ Continue collecting changed warning flares.	◆ 134,400 pcs of replaced warning flares collected. (a decrease by 600 pcs against FY2009)	—	◇ Collecting changed warning flares to be continued.
	◇ Continue to comply with the ELVs Recycling Law.	◇ Continue compliance with the ELVs Recycling Law for higher recycling rate.	◆ Result of recycling in FY2010 based on the Automobile Recycling Law. ● The recycling rate of shredder dust reached 84.0%, achieving the legal standard of 70% applicable to 2015 and thereafter, following FY 2009 (82.1%). ● Fluorocarbons collected from 159,205 vehicles (46,887kg) and properly processed. ● Airbags from 89,251 vehicles (18,032kg) sent to recycling facilities with 16,959kg recycled for reuse or recycling rate of 94.1%, achieving the legal standard of 85%.	○	◇ Compliance with the ELVs Recycling Law to be continued for higher recycling rate.

[5] Improving Environmental Management

Items	Report of Activities in FY2010			Ev. Evaluation ○: Achieved ×: Not Achieved	FY2011 Plans
	Targets and Actions	Plan	Actual Performance		
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.	◇ Continuous execution of Plant Tour, some events at FHI plants, and SUBARU Delivery Class on Environment project. ◇ Cleaning activities around plants to be continued.	◆ Holding plant tours, opening of plants to the public and environmental communication classes put in practice. ◆ Activities to clean the premise and the surrounding areas conducted practiced at each plant as before. ◆ The Social Contribution Committee set up.	○	◇ Participation in environment-related events to be continued.
Information Disclosure of Environmental Information	◇ 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).	◇ 2010 CSR report will be issued by Aug. 2011. (Japanese) ◇ More efforts will be made to improve the contents including each site's activities on the web version. ◇ We will participate in Eco Products Exhibition 2010 and demonstrate the appeal of our environmental products.	◆ The "2010 CSR Report" published on August 5. ◆ The site report content in the full Report on the Web enriched. ◆ Green products exhibited in the "Eco-Products 2010."	○	◇ Environment-related information to be disclosed via CSR Reports and Eco-Products Exhibitions.
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.	◇ Training, education and presentation meetings to be further promoted.	◆ The environmental card renewed in response to the revision of the Environmental Policy and distributed to all employees.	○	◇ The environmental education and motivation activities to be continued.
Environmental Management System Establishment	◇ Continue to improve the EMS at all business sites with ISO 14001. ◇ Continue to improve cooperation with affiliates and establish consolidated EMS.	◇ Promote common systems for internal auditing and environmental education to further streamline EMS activities. ◇ Step up the consolidated environmental management and environmental conservation activities.	◆ In internal auditing, mutual audits of secretariat offices conducted to prevent omissions and leaks. ◆ EMS improvement activities by the Subcommittee (5 affiliated member companies) and the North American Environmental Committee (4 affiliated member companies) on-going.	○	◇ EMS under ISO 14001 systems to be continuously improved.
Approach to the Revised Energy Conservation Law <small>*This item was not listed when the Law was instituted in FY 2007, but taken up in the current Voluntary Plan from FY2010.</small>	◇ Work out mid- and long-term energy saving plans and control standards to promote efficient management of progress by an environmental data collection system.	◇ Ensure steady implementation of legal requirements such as reporting the performance for FY2009 and notification of promotion system. ◇ Reduce the amount of energy used per sales by 1% against FY2009.	◆ Legal procedures practiced. ◆ The energy used per sales was 13.05 kJ per 100 million yen for FY 2010, a reduction of 6.0% against the preceding year.	○	◇ Energy used per sales to be reduced by 1% annually.

¹ Eco-Action21: 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.

FHI (non-consolidated) Results in FY2010

FY2010 Calculation Result

- Environmental cost was 16.4 billion yen, an increase of 420 million yen (2.7%) compared with the previous fiscal year. The cost increased due to the increase in Product Research and Development cost etc (+ 400 million yen).
- In the environmental performance (volume effect), due to the grown amount of operations for boosted business performance, the amounts of energy use, CO₂ emissions and waste increased from the year before. The amount of increased waste led to the rise of one group of environmental costs: resource circulation costs.
- The environmental management indexes for "sales/CO₂ emission and sales/amount of waste" renewed the highest records over the year before. We will keep giving the utmost consideration to the impact on the environment. For PRTR chemical and substances VOC emissions, handled and released amounts are same as the previous year.

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 pages 9 to 13 in the Supplementary Volume for Data related to 2006 Environmental & Social Report for details on calculation method.

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

The amount of money invested (Amount invested ≥25 million yen) in facilities that have been introduced for both environmental and other purposes, plus related costs (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:

$$K = (\text{Total amount invested} - \text{Amount invested without energy saving targets}) / \text{Total amount invested}$$

Regarding small facilities whose investment amount is less than 25 million 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.

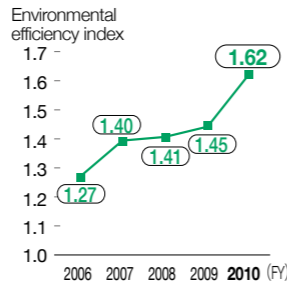
Small expenses such as fixes asset tax and insurance cost are also extracted from the total.

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.

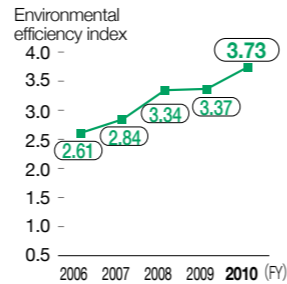
Environmental Management Index

Environmental efficiency of business activities, which is one of the environmental management indexes, was regarded as [sales ÷ environmental burden] in the below graphs. They are calculated with the environmental burden in the production process by regarding the FY1999 levels as the standard. Environmental efficiency in CO₂ emissions, PRTR Chemical Substances Emissions and waste generation have been improved well. (Land filled waste has maintained "Zero Level" since FY2004)

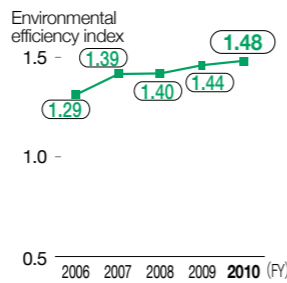
Sales/CO₂ Emissions



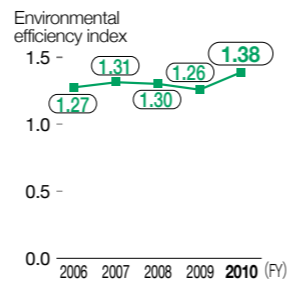
Sales/PRTR Chemical Substances Emissions



Sales/Waste Generation



Sales/Environmental Cost



Electric refuse collector vehicle, "Fuji-mighty Electra"

Result of the Aggregated Environmental Costs and Effects in FY2010 for Entire FHI (non-consolidated)
From April 2010 – To March 2011

Item	Group	Cost (million yen)		
		FY2008	FY2009	FY2010
		(1)Cost in the Business Area	337	316
(2)Upstream and Downstream Costs	①Pollution Prevention Cost	41	47	41
	②Global Environmental Conservation Cost	466	416	447
	③Resource Circulation Cost	163	143	140
(3)Administration Cost	108	95	84	
(4)Research & Development Cost	14,377	14,774	15,179	
(5)Social Activity Cost	77	62	107	
(6)Environmental Remediation Cost	142	102	80	
(7)Other Costs	0	7	0	
Grand Total		15,711	15,964	16,388

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

Facility Investment (million yen)		
FY2008	FY2009	FY2010
1,426	1,424	1,007

Item	Unit	Environmental Performance (Quantitative Effects)			Up/Down Year-on year
		FY2008 Actual	FY2009 Actual	FY2010 Actual	
Amount of Waste Generation	ton	68,019	64,936	71,455	6,519
Amount of Landfill	ton	0	0	0	0
Energy Consumed (Oil equivalent)	thousand kJ	126.9	121.9	126.0	4.1
Energy Output per Production	kJ/100million yen	13.2	13.0	11.8	-1.2
CO ₂ Emission	ten thousand-CO ₂	20.5	19.7	19.9	0.2
PRTR Chemical Substances ¹⁾					
Amount Handled	ton	4,053	3,337	3,137	-200
Amount of Emissions	ton	681	665	679	14
VOC Discharged (Automobiles only)	g/m ²	56.3	50.3	50.8	0.5

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

Ratio of Environmental Protection Activities to FHI Business Activities	FY2008	FY2009	FY2010
Ratio of R&D cost for environmental protection to total R&D cost	33%	40%	35%
Ratio of investment for environmental protection to total facility investment	4%	4%	3%

FY2010 Performance of 5 Domestic Affiliated Companies Subcommittee

Summary of FY2010 Performance

- The total of the environmental costs at the production stage of the 5 domestic affiliated companies was 105 million yen, down by 28 million yen (21% less over the preceding year).
- Although the actual performance value shows an overall reduction, the amount of wastes increased by 417 tons (recycled). The amount of landfill waste decreased by 1 ton, down 15.2% from FY2009. The 5 affiliated companies are each working to promote zero waste, a rate achieved when landfill amounts to less than 0.1%.
- The amount of energy consumed and CO₂ emissions have been targeted for overall reduction. CO₂ emissions totaled 25,200 tons, an increase of 4.8% over FY2009. We are working to further reduce energy consumption and CO₂ emissions to help prevent global warming.
- Despite an increase in the amount of PRTR chemical substances handled, the amount of PRTR emissions decreased to less than 1 ton.

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 pages 9 through 13 of the separately prepared data attachment (posted on the Web site) to the 2006 Environmental & Social Report for details.

Results of Environmental Cost and Effect for FY2010

Companies Tallied: 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 2010 through March 2011

Item	Group	Cost (million yen)		
		FY2008	FY2009	FY2010
		(1)Cost in the Business Area	7	7
(2)Upstream and Downstream Costs	①Pollution Prevention Cost	11	15	7
	②Global Environmental Conservation Cost	54	44	50
	③Resource Circulation Cost	0	0	0
(3)Administration Cost	11	12	10	
(4)Research & Development Cost	47	45	25	
(5)Social Activity Cost	5	2	2	
(6)Environmental Remediation Cost	1	0	0	
(7)Other Costs	0	7	0	
Grand Total		135	133	105

Item	Unit	Environmental Performance (Quantitative Effects)			Up/Down Year-on year
		FY2008 Actual	FY2009 Actual	FY2010 Actual	
Amount of Wastes Generation	ton	6,944	7,250	7,667	417
Amount of Landfill	ton	8	6	7	1
Energy Consumed (Oil equivalent)	thousand kJ	13,765	13,569	14,198	628.9
Energy Output per Production	kJ/100million yen	38.5	34.6	32.4	-2.2
CO ₂ Emissions	ten thousand-CO ₂	24.2	24.0	25.2	1.2
PRTR Chemical Substances ²⁾					
Amount Handled	ton	2	5	45	39
Amount of Emissions	ton	1	5	0	-5

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

Facility Investment (million yen)		
FY2008	FY2009	FY2010
14	8	5

FY2010 Performance of 4 Overseas Affiliated Companies (in North America) [Automobiles]

Summary of FY2010 Performance

- The total environmental cost was 785 million yen with 288 million yen for waste disposal, 149 million yen for pollution prevention by treating waste water and others and 228 million yen for R&D.
- The Environmental Performance (quantitative effect) showed an increase for the amount of waste generation, but the amount of direct landfill was reduced. In particular, there was again no landfill or 0 ton for direct landfill at SIA, the production site of automobiles.

- Energy consumption and CO₂ emissions decreased over the preceding year thanks to reduction efforts. More efforts will be expended to reduce them further for prevention of global warming.

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.

Results of Environmental Cost and Trial Effect for FY2010

Companies Talled: 4 companies of the Overseas Affiliated Companies as follow: SIA, SOA, SCI, SRD
Period for Result Summary: April 2010 through March 2011

Item	Group	Cost (million yen)		
		FY2008	FY2009	FY2010
(1)Cost in the business area	①Pollution prevention cost	167	192	149
	②Global environmental conservation cost	14	28	21
	③Resource circulation cost	259	314	288
(2)Upstream and downstream costs	Cost for collection, recycling, resale, and proper disposal of used products. Difference from typical goods and services procurement and purchasing amounts.	0	0	0
(3)Administration cost	Cost for monitoring environmental impact Cost for the implementation and maintenance of an environmental management system Cost for environmental training of employees	32	33	88
(4)Research & development cost	R&D cost to develop products that contribute to environmental conservation	229	230	228
(5)Social activity cost	Cost related to donation or financial support of environmental groups	0	0	0
(6)Environmental remediation cost	Cost related to environmental conservation measures for the aquatic, ground, and geologic environments	3	13	10
(7)Other costs		0	0	0
Grand Total		703	811	785

Environmental Performance (Quantitative Effects)				
Item	Unit	FY2008 Actual	FY2009 Actual	FY2010 Actual
Amount of waste generation	ton	22,040	25,018	29,424
Amount of landfill	ton	542	500	340
Energy consumed (Oil equivalent)	thousand kℓ	55	52	55
CO ₂ emissions	ten thousand tons-CO ₂	11	10	140



Environmental Performance

The main aspects of our environmental performance in FY2010 are as shown in the following graphs.

CO₂ emissions, waste generation, emission of PRTR chemical substances and the use of water have increased from the previous year.

This is due to increased production volumes of each plant compared to the previous year. However, the efficiency indices for CO₂ emissions, waste generation, water use, and emissions of PRTR chemical substances, remained roughly at the same levels as last year.

We have achieved zero emissions^{*1} since FY2004 in terms of landfill waste.

*1 SUBARU's definition of zero emissions: The total amount of landfill waste (waste materials directly landfilled + waste materials landfilled after intermediate treated) 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).

