



SUBARU

2011 CSR Report

Corporate Social Responsibility Report

[Full-Fledged Report on the Web]

Balancing human activity with protecting
the environment is what we seek.



Editorial Policy

This Report, which introduces the outcome of efforts by Fuji Heavy Industries Ltd. with its domestic and overseas affiliates in CSR (Corporate Social Responsibilities), has been released to promote communication with stakeholders such as customers, shareholders, business associates, local communities and employees for stepping up our involvement to a new height.

The Report is available in two versions, a digest in pamphlet form and a full-fledged report on our Web site. The former has the gist of activities at our plants and facilities of our affiliated firms, while the latter offers details of these activities for on-line access. Unique undertakings to which we would like to invite our stakeholders' attention are taken up as feature articles. Please refer to page 2 for more about the pamphlet form and the web version.

In the FY2011 version, we asked Professor Mami Oku of Tokyo Metropolitan University for comment as a third party. Her views are provided in page 93.

Address of our website introducing our CSR and Environmental Activities <http://www.fhi.co.jp/english/envi/report/index.html>

Scope of the Report

Companies Covered in the Report

Fuji Heavy Industries Ltd. (Main manufacturing facilities)

- SUBARU Automotive Business
Gunma Manufacturing Division (Ota City, Gunma Prefecture), Tokyo Office (Mitaka City, Tokyo)
- Industrial Products Company
Saitama Manufacturing Division (Kitamoto City, Saitama Prefecture)
- Aerospace Company
Utsunomiya Manufacturing Division (Utsunomiya City, Tochigi Prefecture)
- Eco Technologies Company
Utsunomiya Manufacturing Division (Utsunomiya City, Tochigi Prefecture)

Domestic Affiliated Companies (Members of Domestic Affiliated Company Subcommittee)

- Yusoki Kogyo K.K. (Handa City, Aichi Prefecture)
- Fuji Machinery Co.,Ltd. (Maebashi City, Gunma Prefecture)
- Ichitan Co.,Ltd. (Ota City, Gunma Prefecture)
- Kiryu Industrial Co., Ltd. (Kiryu City, Gunma Prefecture)
- Subaru Logistics Co., Ltd. (Ota City, Gunma Prefecture)

Overseas Affiliated companies (Members of North American Environmental Committee)

- SIA: Subaru of Indiana Automotive, Inc (Lafayette, Indiana)
- SOA: Subaru of America, Inc (Cherry Hill, New Jersey)
- SCI: Subaru Canada, Inc (Mississauga, Ontario)
- SRD: Subaru Research & Development, Inc (Ann Arbor, Michigan)

We introduce some activities of other affiliate companies, such as domestic SUBARU dealerships, in addition to those of the above companies in this report.

Period Covered

The report includes the performance for the period of FY2010 (from April 2010 through March 2011) and some undertakings before and up to the release of the report.

Guidelines Referenced

"Environmental Report Guidelines (2007)" by the Ministry of the Environment

Inquiries about This Report

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Publication Time

Last Publication: August 2010 (English Ver.: September 2010)
This Edition: September 2011 (English Ver.: November 2011)
Next Publication (planned): August 2012 (English Ver.: September 2012)

Our Response to the Independent Evaluation of the 2010 CSR Report

We have been dealing with last year's Independent Evaluation as follows:

Overview of CSR Activities

■In working out the CSR policy, from the fundamental (defense) and strategic (offense) aspects, issues need be specifically sorted out, while understanding the two-sidedness of CSR, that is to say, risk and opportunity.

»The CSR & Environmental Committee was reviewed and reorganized as CSR Committee with the top of the management as its chairman. Under the new CSR Committee are set specialized committees and subcommittees assigned to take care of 8 CSR-related items for precise response to social needs.

Activities by Topic

■Transition from green procurement to CSR procurement should be promoted along with the progress of other companies in the industry in a cooperative manner.

»To push forward CSR activities with people concerned in the supply chain, it is planned to issue CSR procurement guidelines which encompass wide-ranging issues of safety and quality, human rights and labor, environment, compliance and information disclosure.

■With acquisition of the Eco Action 21 as a milestone, not only environment-related activities, but also CSR-related activities need be deployed by paying due consideration to compliance, customers and local communities.

»The Eco Action 21 programs by dealerships also care for compliance, customers and local communities. Each specific issue will be taken up, while rolling the PDCA circle in the Eco Action 21 activities.

■As for traffic safety promotion, the impact on and benefits for the stakeholders need be clarified.

»As a vehicle manufacturer, "the pursuit of safety" is the most vital issue. We are in pursuit of "SUBARU all-round safety". We are also engaged in health and safety-related activities as a business entity where zero traffic accident is being pursued.

Media and Contents of Report

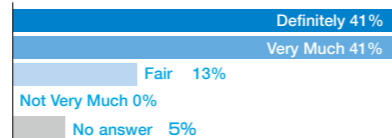
■Regarding the information disclosure on the Web, disclosure of CSR-related information in coordination with Corporate Communications needs be studied.

»CSR-related information can be accessed now from the top page of our Internet Web site.

Results of the Questionnaire for our 2010 CSR Report

Our sincere thanks to the many individuals that completed last year's questionnaire (published in August 2010.) We have reflected the readers' valued opinions as much as possible in this 2011 CSR Report. The results follow.

1. Were the contents of this report sufficient and appropriate for a CSR Report?



2. What parts impressed you most? (Mark all that apply)

- First Place: Feature Article
- Second Place: Top Message
- Third Place: Everything We Do Is For Our Customers

3. Comments for improvement of and/or addition to the contents of Report.

- More readings on activities overseas are expected.
- They need to be more simple, easy to understand and interesting to read.
- I want to know about the future vision and outlook of a car society.
- I want to know about the development status and visions of diesel engines, hybrids and EV.
- I want to know car manufacturing which makes both safety and environment go together.
- Although I am satisfied with Customer Service of SUBARU including dealers, I rather expect not just another, but SUBARU-like reports in future.

Pamphlet Version (Japanese only)

Provides the gist of the CSR activities of the Fuji Heavy Industries Group. (38 pages)



Full-Fledged Report on the Web (PDF)

Provides a comprehensive all inclusive report of the CSR activities of the Fuji Heavy Industries Group. (94 pages)



- 3 Top Message
- 5 Chairman of the Environmental Committee Message
- 6 Overview of Fuji Heavy Industries Ltd. Group
- 7 Business Overview

P9 Feature Article 1
Approach to Traffic Safety Traffic Safety Concept Unique to SUBARU
—For Zero Traffic Accidents—

P11 Feature Article 2
Approach in Dealerships All SUBARU domestic dealerships obtained the Eco-Action 21 certification at all their outlets

P13 Feature Article 3
New Clean Plant, The 5th Plant of Oizumi Plant
A new plant which is "environment-friendly" and "resilient to change" was born

P15 Feature Article 4
Fostering Children to Support the Next Generation What SUBARU can do for the future?

Social Report

- 17 CSR Management
- 19 Corporate Governance/ Risk Management
- 20 Compliance
- 21 Everything We Do Is for Our Customers
- 23 Together with Employees
- 25 Support for the Recovery from the Great East Japan Earthquake
- 26 Social Involvement—Approaches in Japan—
- 27 Social Relationships—Overseas Approaches—
- 28 Together with Suppliers/ Together with Shareholders

More detailed information on the Web

Environmental Report

- 29 Environmental Management
- 32 The 4th Voluntary Plan for the Environment
- 33 Green Products
- 35 Automobile Recycling
- 36 Green Sales and Services
- 37 Third Party's Opinion
- 38 Thoughts on the Third Party's Opinion

More detailed information on the Web

★ : Information appears only on the Full-Fledged Report on the Web
▲ : Reports more detailed information on the Web

Social Report

- 17 CSR Management ▲
- 21 Corporate Governance ▲
- 22 Risk Management ▲
- 23 Compliance ▲
- 25 Everything We Do Is for Our Customers ▲
- 29 Together with Employees ▲
- 32 Support for the Recovery from the Great East Japan Earthquake
- 33 Social Involvement—Approaches in Japan—▲
- 35 Social Relationships—Overseas Approaches—▲
- 37 Together with Suppliers
- 38 Together with Shareholders ▲

Environmental Report

- 39 Environmental Management ▲
- 43 The 4th Voluntary Plan for the Environment ▲
- 47 Environmental Accounting ★
- 50 Environmental Performance ★
- 51 Green Products ▲
- 55 Automobile Recycling ▲
- 58 Clean Plants ★
- 61 Green Logistics ★
- 62 Green Sales and Services ▲
- 63 Environmental Activities of Overseas Affiliated Companies ★

Site Report

- 65 Gunma Manufacturing Division ★
- 71 Utsunomiya Manufacturing Division ★
- 77 Saitama Manufacturing Division ★
- 81 Tokyo Office ★
- 85 Head Office ★
- 87 Domestic Affiliated Companies ★

- 91 Chronology of FHI Social and Environmental Activities ★
- 93 Third-Party Opinion
- 94 Thoughts on the Third-Party Opinion

To those people who have suffered from the Great East Japan Earthquake in March this year, we would like to extend our deepest condolences and wish for the earliest possible recovery. We will mobilize the whole group in assisting the reconstruction efforts.

We at SUBARU believe that contributing to sustainable development of the society is a mission of the Fuji Heavy Industries Group through our business activities. Recognizing anew the social responsibilities accompanying such activities, we are supporting our employees in their involvement in various programs.

In the four-year mid-term management plan which started in FY2007, we have taken various actions based on the "Customer Comes First" policy toward realizing our business vision, "A Compelling Company with Strong Market Presence." In the closing year of FY2010, although we went through hard times in production and sales due to the Great East Japan Earthquake, we still managed to achieve our goals.

In the new mid-term management plan from FY 2011 through FY2015, with the management vision intact, while proceeding with addressing a number of issues with the "Customer Comes First" policy as a linchpin as before, we have set more specific goals to become "a company which offers products and services contributing to solutions of social issues" and "a company which values the relationship with a variety of stakeholders" and will direct our efforts toward these goals.

Before the new mid-term management plan, we had a new brand strategy started in November last year. A brand statement "Confidence in Motion" was newly set to show our concept and the direction of the SUBARU brand in future. "Confidence" reflects "SUBARU's attitude toward engineering excellence" that we have committed to and demonstrates the trust relationship we have established with customers through such practice. "In motion," meanwhile, represents our innovative actions and determination to respond proactively to the expectations of customers anticipating moves of the times. To offer "enjoyment and peace of

mind," all of the members of SUBARU will keep working together to offer products from customers' perspectives.

In the area of products, we released the LEGACY equipped with the advanced driving assist system, "EyeSight (Ver.2)," in May last year. The "EyeSight (Ver.2)" is one specific example of technology we developed toward a collision-free vehicle. We have been engaged in solving the social issue of reducing traffic accidents through efforts to avoid front collisions and alleviate collision injuries as well as driving stress. The horizontally-opposed engine, one of our core technologies, was wholly revamped and mounted on the FORESTER for sales. The engine balances both environmental and driving performance at a high level with fuel efficiency improved by about 10%. We will develop vehicles to provide customers with peace of mind and confidence by pushing forward, improving environmental and safety performance. At the same time, in other fields of business, we have been devoting ourselves to the development of new products and technologies taking advantage of our unique expertise.

In the area of environment, in March this year, all Japanese domestic dealerships and their outlets acquired the "Eco-Action 21" certification, which was formulated by the Ministry of the Environment. We have taken our part in stepping up management efforts to address environmental issues at these dealerships by positively encouraging and assisting them in get themselves certified. We are dealing with all kinds of environmental issues at each stage of our business activities, from product development to sales.

In years to come, we will stay committed to fulfilling our responsibilities as a globally active "corporate citizen" to be trusted by people in every corner of the world.

President and COO
Yasuyuki Yoshinaga



At the outset, I would like to express my deepest condolence to and pray for the deceased of the Great East Japan Earthquake. At the same time, we would offer our heartfelt sympathy to the afflicted and sincerely pray for the earliest possible recovery. In October last year, the 10th Conference of the Parties to the Convention on Biological Diversity (COP10) was held in Nagoya. In November and December, the 16th Conference of the Parties to the UN Framework Convention on Climate Change (COP16) was held in Cancun, Mexico. COP10 adopted a new strategic plan (with the Nagoya objectives) and we are paying attention to its future development. We as a comprehensive manufacturer of transportation devices, recognizing the close link of our business activities to the global environment, we intend to be a company which fulfills its social responsibilities for global environmental issues through the supply chain of product development, parts procurement, production, logistics and sales.

In order to put this intention into practice, the head office, manufacturing divisions, business units and a part of the group companies established and run a jointly developed unified environmental management system and obtained integrated ISO 14001 certification. Under the new management system, environmental systems that previously were independently managed by business unit were integrated company-wide into one more efficient and streamlined management system.

Meanwhile, to strengthen environmental management at the level of domestic dealers, we positively encouraged and supported them to secure the certification of the environmental management system "Eco-Action 21" *1 which was formulated by the Ministry of the Environment. As a result, starting from January 2009, they had been proceeding with acquisition of the certification in turn and in March 2011, the Eco-Action 21 certification acquisition was completed at all domestic dealers and their outlets for stepped up environmental activities in the area of sales.

In North America, the four affiliated companies, SIA, SOA, SCI and SRD, acquired ISO 14001 certification and have been promoting various activities.

The SUBARU dealerships, to say nothing of our manufacturing plants, also join in our activities to grapple with environmental issues in the supply chain.

Our specific involvement in environmental issues was announced in 2006 in the "4th Voluntary Plan for

the Environment from FY2007 through FY2011." We will complete the plan this fiscal year, which marks the last year of the 5-year program. In the meantime, we will work on formulating the next voluntary plan for FY2012 through FY2016 taking into account diversified environment-related moves for release to the public.

Let us count on your continued support to SUBARU for years ahead.

Corporate Executive Vice President
Chairman of the Environmental Committee

Tomohiko Ikeda



Corporate Overview

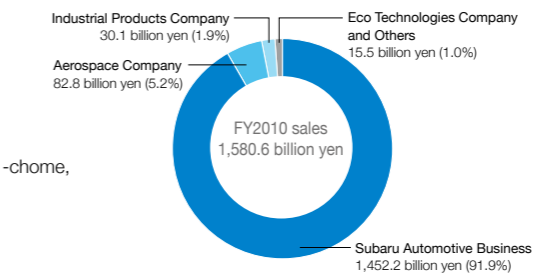
(As of March 31, 2011)

Name Fuji Heavy Industries Ltd.
Established July 15, 1953
Paid-in Capital 153.7 billion yen
Employees 27,296 (Consolidated)
 12,429 (Non-consolidated)
Head Office Subaru Building, 7-2 Nishi-Shinjuku, 1-chome, Shinjuku-ku, Tokyo, Japan
 160-8316
Phone 03-3347-2111 [Domestic]
 +81-3-3347-2111 [International]

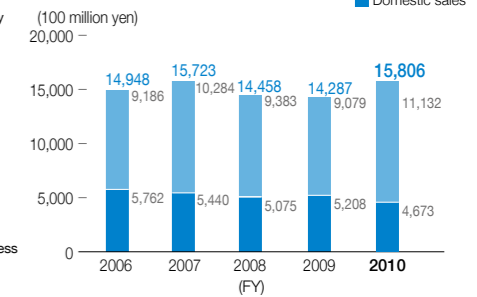
Sales 1,580.6 billion yen (Consolidated)
 1,075.9 billion yen (Non-consolidated)
Operating Income 84.1 billion yen (Consolidated)
 48.2 billion yen (Non-consolidated)
Ordinary Income 82.2 billion yen (Consolidated)
 48.7 billion yen (Non-consolidated)
Net income 50.3 billion yen (Consolidated)
 33.9 billion yen (Non-consolidated)
Number of Consolidated Subsidiary
 51 (Domestic), 20 (Overseas)
Number of Equity Method Subsidiary
 6 (Domestic), 3 (Overseas)

*The figures for Sales through Net Income are for FY2010.

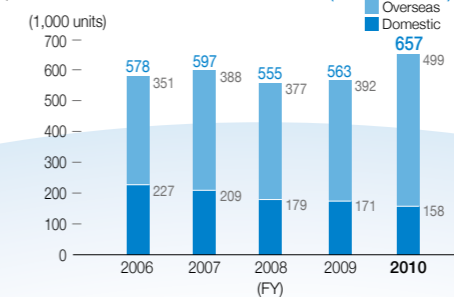
FY2010 Sales Ratio by Business Unit (Consolidated)



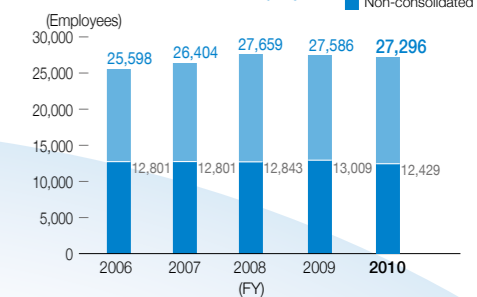
Trends in Sales (Consolidated)



Trends in the Number of Car Sales (Consolidated)

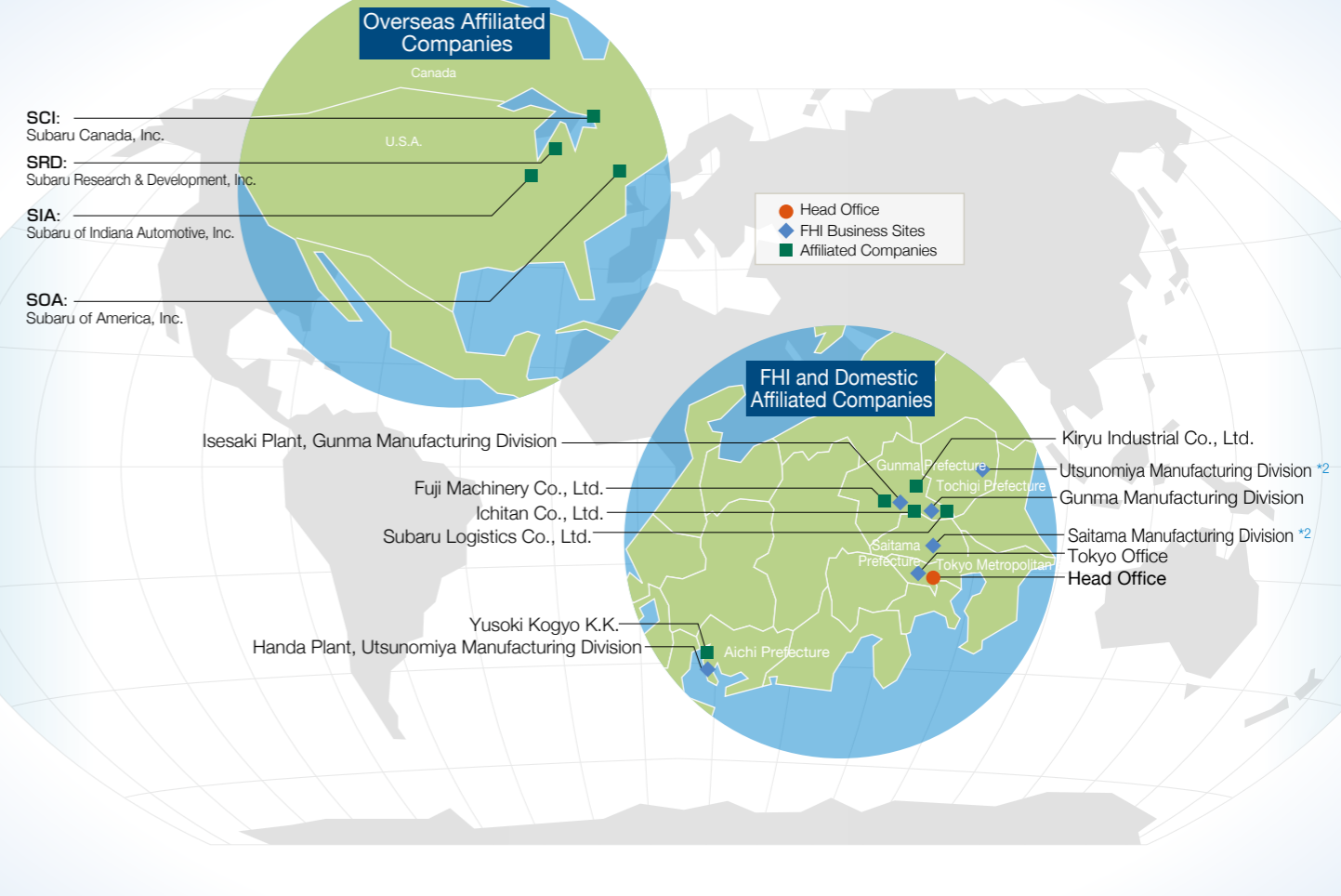


Trends in the Number of Employees



*Due to rounding off, the figure in the graph may not match up with the sum of the ratios.

Business Sites



*2 In this report we introduce the producing districts of Aerospace Company as "Utsumoniya Manufacturing Division" and Eco Technologies Company as "Saitama Manufacturing Division" according to circumstances.

Developing and Manufacturing Products that Meet the Needs of the Age Using Innovative, Cutting-edge Technologies

Fuji Heavy Industries Ltd. is a transportation equipment manufacturer with automobiles as core products under the SUBARU brand with 4 business units: "SUBARU Automotive Business," "Aerospace Company," "Industrial Products Company" and "Eco Technologies Company."

Fuji Heavy Industries commits itself to contributing to creating comfortable and enjoyable future with its unique leading technologies and individuality.

SUBARU Automotive Business

Offering Our Products under the Motto of "Everything We Do Is for Our Customers"

Location | Gunma Manufacturing Division (Ota City and Isesaki City, Gunma Prefecture, and Oizumi town, Oura districts) Tokyo office (Mitaka City)

Brand Statement



Fuji Heavy Industries Ltd. has set anew "Confidence in Motion" as SUBARU's unified global brand statement in November 2, 2010. "Confidence in Motion" encapsulates the aim of the Subaru brand. "Confidence" reflects our approach towards reliable automobile manufacturing and the relationship of trust that we have built with customers by providing enjoyment and peace of mind. "In Motion" expresses Subaru's resolve to enhance customer trust by proactively staying abreast of changing trends. Through "Confidence in Motion," Subaru aims to meet customer expectations for the freedom and fulfillment enabled by Subaru's uniquely satisfying driving experience.

TREZIA

This is the model developed as a touring compact under the concept of "New Compact Smart Wagon" with powerful look, utility having a taste of station wagon and outstanding environmental performance and released in November 2010 for sales. The TREZIA is an OEM model supplied by Toyota Motor Corporation under the alliance arrangement.

LEGACY Touring Wagon

This model was developed as the 5th-generation LEGACY under the concept of "Car Which Offers Richness Suited to the New Times" with grand touring performance, pleasantness and environmental performance which SUBARU has honed over the past 20 years. In May 2010, the model was equipped with the EyeSight (Ver.2) which was developed toward a collision-free vehicle, offering the new value of "safety and fun."



Domestic Affiliated Companies

Fuji Machinery Co., Ltd. (Maebashi City, Gunma Prefecture)
Business: Manufacture and sales of automotive parts, industrial machinery, and agricultural transmissions

Ichitan Co., Ltd. (Ota City, Gunma prefecture)
Business: Manufacture and sales of forged parts for automobiles and industrial machinery

Kiryu Industrial Co., Ltd. (Kiryu City, Gunma Prefecture)
Business: Manufacture of specially equipped Subaru automobiles and logistics control of Subaru automobile parts, remanufacture of Subaru engines, transmissions and others

Subaru Logistics Co., Ltd. (Ota City, Gunma Prefecture)
Business: Packing, shipping, land transporting service, warehousing service, maintenance and insurance agent service of automobile parts and supplies

Overseas Affiliated Companies

SIA: Subaru of Indiana Automotive, Inc. (Lafayette, Indiana)
Business: Manufacture of Subaru automobiles and contract manufacture of Toyota automobiles in the U.S.A.

SOA: Subaru of America, Inc. (Cherry Hill, New Jersey)
Business: Sales and maintenance of Subaru automobiles and parts in the U.S.A.

SCI: Subaru Canada, Inc. (Mississauga, Ontario)
Business: Sales and maintenance of Subaru automobiles and parts in Canada

SRD: Subaru Research & Development, Inc. (Ann Arbor, Michigan)
Business: Research and development of Subaru automobiles on North American market

Since SUBARU began its history as an automaker with the introduction of the SUBARU 360 in 1958, it has sent out many unique vehicles which contributed to the development of the Japanese automotive industry. For example, the SUBARU 360 featured unique and innovative technologies in an exquisite package, amply incorporating the ideas of aircraft fabrication, and in its all-out weight reduction.

The SUBARU 1000 launched in 1966 was equipped with a horizontally opposed engine which represents SUBARU's individuality, employing the pioneering Front-wheel/Front-drive (FF) layout in mass production vehicles.

In 1972, the world's first-ever 4-wheel drive passenger car was released to the public and, since then, SUBARU has firmly established this drive layout as "Symmetrical AWD¹ System." In the 1990s and thereafter, SUBARU has trail-blazed untapped fields: in Japan, high-performance station wagons with a high-power turbo engine and 4-wheel drive mechanism combined and in the U.S.A., "Crossover"² models with the comfort of passengers and the maneuverability of SUVs fused together in one package.

SUBARU is on the move in the development of vehicles which promises pleasant and fun driving compatible with the global environment as "Driver's Cars."



BOXER Sports Car Architecture
(Engineering Concept Model Exhibited at the Geneva Motor Show in March 2011)
The BOXER Sports Car Architecture is an engineering concept to support a new driving experience with a Front-engine, Rear-wheel drive (FR) model currently being developed jointly with Toyota Motor Corporation. SUBARU proposed this concept as a newly developed FR layout technology which is centered on the core technology, horizontally-opposed (BOXER) engine, to extract the performance of the FR sports car to the limit.

¹ AWD stands for "All Wheel Drive," in other words, four-wheel drive.

² Crossover: The SUBARU Outback, a station wagon that has the functionality of an SUV integrated into it, was released in August 1995.

The Boeing 787 is the world's first revolutionary commercial airplane using Carbon Fiber Reinforced Plastic, which is lighter and stronger than aluminum, for the critical parts.

Fuji Heavy Industries Ltd. is in charge of the Center Wing, the joint parts of the Main Wings and the Body. The Boeing 787, unveiled to the public in Japan in July 2011, is expected to soon fly all over the world.



Aerospace Company

Carry on the Tradition of Both the Manufacturing Techniques and the Spirit of Aircraft Manufacturing

Location | Utsunomiya Manufacturing Division (Utsunomiya City, Tochigi Prefecture) Handa Plant (Handa City, Aichi Prefecture)

© The Boeing Company

Its predecessor is the Nakajima Aircraft, a leading aircraft manufacturer founded in 1917. Aerospace Company, inheriting its technologies and spirit of aircraft manufacturing, has established unparalleled leading technologies in many categories, such as expertise to develop aircraft structure including composite materials for main wings, IT skill in unmanned aircraft and sophisticated system integration combined with flight control technology. Helicopters, fixed-wing aircraft and unmanned aircraft are developed and produced with ample application of such technologies.

Moreover, we are participating in the development and production of large airliners and small jet planes, thus aggressively taking on challenges in new fields with our sight locked on the global-level development.

Domestic Affiliated Companies

Yusoki Kogyo K.K. (Handa City, Aichi Prefecture)
Business: Manufacture and sales of aerospace-related machinery components

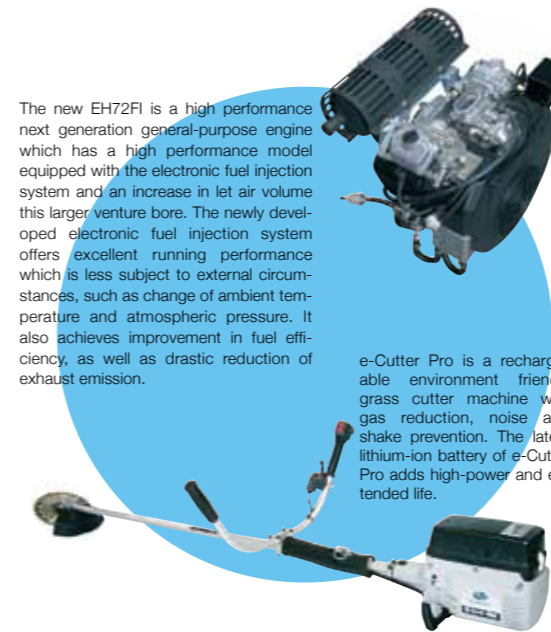
Industrial Products Company

Mass Production of General-Purpose Engines Can Be Used under Any Conditions on Earth

Location | Saitama Manufacturing Division (Kitamoto City, Saitama Prefecture)

The Industrial Products Company develops, manufactures, and markets Robin general-purpose engines as well as products incorporating these engines. The extensive Robin lineup of general-purpose engines includes more than 2,000 models used with favor throughout the world in products that play crucial roles in society, such as construction equipment and agricultural equipment, as well as in mobile generators, leisure products that enrich lifestyles, and a diverse range of other applications.

Robin engines make efforts to further improve performance in order to ensure stable performance in the worst environments imaginable—from extreme arctic cold to blistering desert heat as well as rough marine applications—and under severe operating conditions.



The new EH72FI is a high performance next generation general-purpose engine which has a high performance model equipped with the electronic fuel injection system and an increase in let air volume this larger vent bore. The newly developed electronic fuel injection system offers excellent running performance which is less subject to external circumstances, such as change of ambient temperature and atmospheric pressure. It also achieves improvement in fuel efficiency, as well as drastic reduction of exhaust emission.

e-Cutter Pro is a rechargeable environment friendly grass cutter machine with gas reduction, noise and shake prevention. The latest lithium-ion battery of e-Cutter Pro adds high-power and extended life.

The spirit of the aircraft technology that Fuji Heavy Industries Ltd. has nurtured over many years of experience and its sincere dedication to the global environment has led to the creation of a wind power generating system out of new ideas.

Electric refuse collection vehicle, Fuji might ELECTRA which launched in April 2010 is able to significantly reduce emissions of CO₂, consumption of fuel, and noise. Because this refuse collection vehicle has a dedicated motor powered by a shield battery, it is possible to stop the engine during the waste collection and discharge operations.

Eco Technologies Company

Contributing to Creating Comfortable Living Environments and a Resource Recycling Society

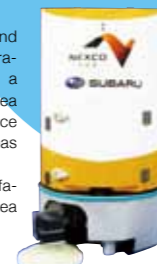
Location | Utsunomiya Manufacturing Division (Utsunomiya City, Tochigi Prefecture)

The Eco Technologies Company is helping create pleasant living environments and promote a recycling-oriented society by supplying a broad array of vehicles and equipment used to collect, transport and recycle waste products. It is also engaged in supplying wind-power systems, which provide clean energy, and various other products that contribute to global environmental preservation.

An unmanned building cleaning system technology, the first to be commercialized in the world, is applied to the pilot use of outdoor cleaning robots and trash-bin-transporter robots.

Fuji Heavy Industries Ltd. and NEXCO Naka Nihon Corporation have jointly developed a "Service Area / Parking Area Cleaning Robot" for service areas and/or parking rest areas at expressways.

Introduction is planned for facilities such as service area bathrooms and restaurants.



Traffic Safety Concept Unique to SUBARU

—For Zero Traffic Accidents—

In today's increasingly car-dependent society, traffic safety is an ever present issue with increasing social interest. Here, we provide a glimpse of SUBARU's involvement in reducing traffic accidents, a responsibility undertaken as a vehicle manufacturer.



Traffic Accidents in Japan and SUBARU's Safety Concept

The number of deaths in traffic accidents in Japan has been declining for years, but the number of accidents still remains at a high level. In FY2010, traffic accidents totaled more than 720,000. Taking a look at these incidents by type of accident, rear-end collision and frontal collisions are most numerous, accounting for about 60 percent of the total (Figure 1). Analyzing accidents by hazard perception speed (the speed when the driver of a vehicle recognized the hazard), many accidents happened at 50 speeds of km/h or lower. (Source: Statistics on Traffic Accidents Situation in FY2010" by Traffic Bureau of the National Police Agency.)

SUBARU has been involved in vehicle manufacturing out of our desire to provide people everywhere with assured and pleasant driving. In the process, the "pursuit of safety" is one of the most important concepts and the "SUBARU all-around safety" which underlies the idea protecting drivers from any danger from any direction is what SUBARU set out to pursue. This encompasses "active safety" which prevents an accident from happening by anticipating a possible accident, "pre-crash safety" which comes to function before colliding to alleviate accident injuries and "passive safety" which minimizes damages in case of an accident.

Traffic Accident Prevention Technology "EyeSight (Ver.2)"

The "EyeSight (Ver.2)" is a driving assist system for drivers under a variety of situations by monitoring objects ahead with the world-first stereo camera that functions the same way as human eyes.

Advance Driving Assist Function of EyeSight (Ver.2)



The World's first *1

Collision avoidance and damage reduction function
Pre-crash braking

The moment the system has judged that there is a impending danger to impact against another vehicle or a pedestrian, it warns the driver and automatically applies the brakes if no collision-avoiding action has been taken, to avoid impact or reduce damage.

Only One in the World *2

Collision avoidance and damage reduction function
Control to Prevent Unintended Startup of Automatic Vehicle

When an obstacle is detected in front or when the accelerator has been pressed while standing still or moving at a reduced speed, the system suppresses engine output to moderate the vehicle's forward movement, while calling the driver's attention with warning sounds and meter indication.

The Highest Deceleration in Japan *2

Driving Strain Reduction Function
Full Speed Range Adaptive Cruise Control

The system enables a car to follow the vehicle in front throughout the whole vehicle speed range from 0 to 100 km/h. When the vehicle in front stops, the system brings the car to a stop without any manual braking. The car also can be restarted at the flick of a switch. It significantly reduces stress in pedal operation.

*1 Pre-crash braking system in full speed range. (by internal examination)

*2 At the end of May 2010 (by internal examination)

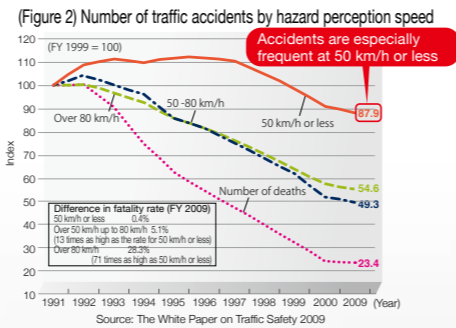
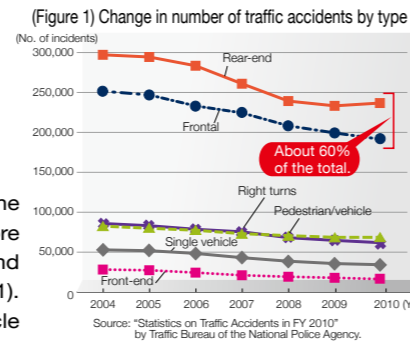


Image from the Stereo Camera

Interview of "EyeSight" Development Engineer Interview

We Chased After a Collision-free Vehicle

Technology Born out of Aspiration for Accident Prevention

"Pursuit of safety" is a mission of SUBARU where we are all devoted to vehicle manufacturing with a strong commitment to providing customers with "enjoyment and peace of mind." So far, we have established technologies related to "preventative safety" such as ABS (Anti-lock Braking System) and VDC (Vehicle Dynamic Control) and "impact safety" as exemplified by air bags which minimize damage in case of an accident. However, accident prevention and making cars collision-free are the most important steps to drastically reduce the number of traffic accidents. With this belief, we proceeded with developing the "EyeSight" by analyzing various accident reports and listening to our customers and dealers.

Pursuit of Technology to Prevent Traffic Accidents

Analysis of traffic accidents often leads to focusing on accidents associated with cognitive behavior, such as accidents at speeds of 50 km/h or lower (Figure 2) and accidents caused by inadvertent application of the accelerator instead of the brake. The "EyeSight" system offers "pre-crash safety" with the world-first stereo camera which compensates for cognitive and judgment mistakes to avoid collisions and alleviate damage. SUBARU successfully realized this function ahead of others because of its accumulated research work. Functioning like the human eye, the stereo camera can identify whether a perceived road obstacle is a vehicle or man and figure out the precise distance to the point of collision. SUBARU became the first car maker to establish the technology of on-board stereo cameras after investing 10 years prior to product commercialization. We went through repeated setbacks even after the first release, but our uncompromising efforts in this technological development finally bore fruit. The "EyeSight (Ver.2)" was thus put on the market. In fact, we



almost threw in the towel once, but managed to brace ourselves with strong determination as a car manufacturer that we had to get this technology finished for prevention of accidents. I now recall such challenging days. The dedication, I believe, of many engineers to this technological development and their strong sense of commitment lie behind the birth of the "EyeSight."

"EyeSight" to More Drivers

Such tickling remarks as "If you are looking for a car for your family, I would recommend an "EyeSight" equipped car" are heard more often than before. Since it is important to get the function of the "EyeSight" correctly understood to get the most out of it, I would like to get the points across to more drivers through campaigns for traffic safety promotion and test drive events. Meanwhile, I would like to further ramp up "EyeSight" and other technologies to cope with accidents other than rear-end collisions: thus, developing a "car closer to being really collision-free." I also would like to get myself involved in realizing a car society where people feel richer, safer and more relaxed.



Manager, Electronic Product Design Department

Mamoru Sekiguchi

Deputy General Manager, 3rd Vehicle Research & Experiment Department

Eiji Shibata

Traffic Safety Promotion Activities

SUBARU is engaged in offering education to local communities and employees on traffic safety for its promotion toward a safe car society.

For details, please refer to the section on Social Report and the Site Report.

Community-oriented Approach



Traffic Safety Activities at Utsunomiya Manufacturing Division
▶ P33



Speeches at Study Meeting of Young Driver Safety Club
▶ P33



Lectures on Traffic Safety at SOA
▶ P35

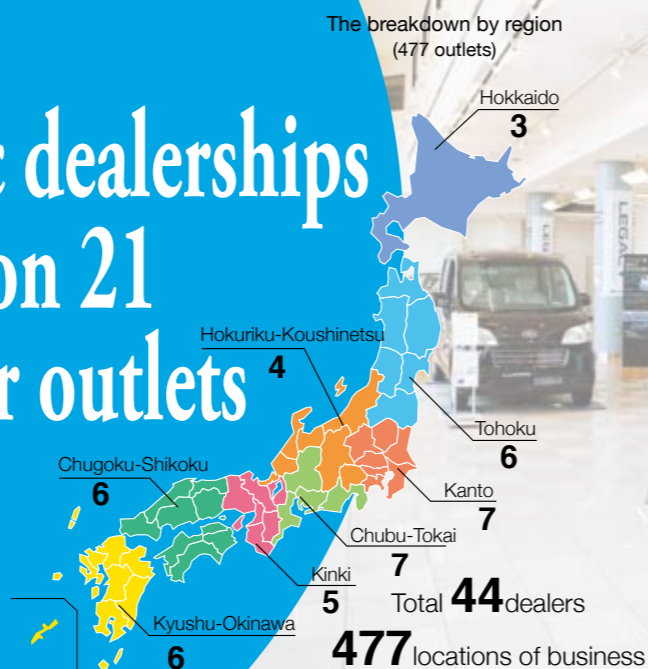
For Zero Traffic Accidents by Employees



Traffic Safety Guidance Offered to Employees
▶ P31

All SUBARU domestic dealerships obtained the Eco-Action 21 certification at all their outlets

The SUBARU domestic dealerships of Fuji Heavy Industries Ltd. obtained the Eco-Action 21 certification at all dealerships and their outlets in March 2011. This is the first-ever event in the industry that a whole maker-affiliated group got all their members certified. In this report, we will introduce their approach to acquiring the Eco-Action 21 certification to bolster their environmental management system.



Background behind the Dealers' Acquisition of the Eco-Action 21 Certification

SUBARU dealers had been doing their part in day-to-day operations through their own voluntary management systems to protect the environment in local communities where their customers live.

We declared "clean dealers" in the 3rd Voluntary Plan for the Environment to systematize the management, under which we planned and started supporting dealers to introduce the Environmental Management System (EMS: ISO etc.). First, we studied ways to operate in a unified manner instead of individual approaches in the management of environmentally burdensome oils and grease as well as the waste from and energy used for business activities. Since corporate size, the level of experience and knowledge differ from dealer to dealer, we had to establish unified standards for optimization from a legal point of view and work out various procedures to deal with legal requirements.

Their individually managed methods were reviewed for replacement with a more centralized management system to operate more efficiently. With such groundwork in the backdrop, we went through reviewing the existing plan and came up with the 4th Voluntary Plan for the Environment (FY2007). Under the plan, we decided to bring in the Eco-Action 21 (EA21 hereafter) which is the environmental management system formulated by the Ministry of the Environment. Also by adding legal compliance, meeting regulations and daily management by dealers to the environmental conservation through the system and reorganizing knowledge and operational methods nationwide necessary for unification of management standards, we intended to endorse regional preservation comprehensively for stable management of business.

Flow until Acquisition of the Certification

This approach aimed not only to systematize our operations, but also to help make right business decisions by ①identifying problems through third-party review, ②responding more timely to outside developments and revised regulations and ③centrally grasping our internal status. In addition, the certification acquisition was positioned to serve a role in the education of employees.

In March 2011, the acquisition of the certification by all dealers and their outlets was completed across the board. Among car-maker affiliated dealer groups, the SUBARU dealer body was the first to get this job done.

With the completion of certification, the Environmental Management System (EMS) is in place at all phases of manufacturing (ISO 14001) and sales (the Eco-Action 21). We will keep fulfilling our corporate social responsibilities including our commitment to the environment.

Realizing "Clean Dealerships" as the Whole SUBARU Team

We encouraged and supported SUBARU dealers to step up their environmental management for acquisition of the Eco-Action 21 by observing Fire Defense Law in handling oils and grease, the Water Pollution Prevention Act and the Waste Management and Public Cleansing Law. They also made it their practice to clean the vicinity of their facilities to serve local communities. These efforts paid off with the certification acquisition by all the dealerships at all their outlets by March 2011.

This approach to environmental preservation by leveraging the certification system is important for the SUBARU team to fulfill our social responsibilities, which will lead to the augmentation of the trust in the SUBARU brand that offers enjoyment and peace of mind.

The whole SUBARU team will continue to tackle with global environment issues to give a specific shape to "Clean Dealership" which is uplifted in our environmental policy.



SUBARU Japan Sales & Marketing Division Chief General Manager
Masami Iida

Flow until Completion of Introducing the Eco-Action 21

May 2008	Review of the system for environmental conservation.
June 2008	PRTR (Review of Law concerning Pollutant Release and Transfer Register / PRTR: Grasping the status nation-wide).
July 2008	Study of management method by EMS→Preparation of forms for managerial operations.
July 2008	Introduction of the EA21 decided→Study of supporting dealers and drafting the basics of EMS.
August 2008	Selection of a model dealer for acquisition: TOKYO SUBARU INC. started work for certification.
From September 2008	SAITAMA SUBARU KK, HIGASHI SHIKOKU SUBARU Inc. and SHIKOKU SUBARU MOTOR Co., Ltd. followed suit.
January 2009	TOKYO SUBARU acquired the certification. (The first acquisition)
	In 2009, 7 dealers acquired 7 certifications at 110 outlets. * Widely integrated certification (umbrella-type certification) system introduced.
	In 2010, 37 dealers acquired 11 certifications at 367 outlets. * In December, the Chugoku-Shikoku regional integrated certification system introduced.
March 2011	All 44 dealers acquired 23 certifications. at 477 outlets.

Close Up

Acquisition of the Eco-Action 21 by SUBARU Group in Kinki Area

In December 2010, the SUBARU group in the Kinki Area (OSAKA SUBARU, HYOGO SUBARU, KYOTO SUBARU and SHIGA SUBARU) secured the Eco-Action 21 accreditation "to contribute to formation of a recycling society." It took 6 months from the decision at a group management meeting until the certification acquisition. We interviewed those people involved in the Eco-Action 21 accreditation process to hear how they came to bring about the Environmental Management System (EMS hereafter).

Self-motivated Voluntary Environmental Activities

The SUBARU group in the Kinki Area took dealing with environmental issues while promoting sales of SUBARU vehicles and providing services as its first responsibility, and decided at the end of May 2010 to work toward Eco-Action 21 certification. It was necessary for the 4 member companies to work together to achieve EMS within a short period of time. While all the presidents and the heads of sales of the group got themselves oriented in the same direction through management meetings, a secretariat office was set up at OSAKA SUBARU to promote the Eco-Action 21 accreditation.

Amid the rush of demand for new cars before the termination of the "eco-car subsidy system" last summer, it was rather tough to follow through with environment-related jobs. But, thanks to the enthusiastic guidance of the promotional office and the cooperation of all member dealers, we managed to get the certification in December. We received positive reactions from customers who noticed the "Eco-Action 21" accreditation printed on our business cards, saying "Oh, you are also working on environmental issues." This is now a source of pride for our employees.

To protecting the environment requires each that each staff member understand why they do this or that and act in a self-motivated manner. Taking every opportunity to let customers know our involvement will lead to growing trust in our company as well as SUBARU vehicles. We will consolidate our system by rotating the PDCA circle and fulfill our mission as a corporate citizen through the concerted efforts of all the group members.



OSAKA SUBARU Co., Ltd. President
Makoto Hata

Getting Environment-consciousness Thoroughly Rooted by Inspecting All Points of Business

The issue we faced in promoting the Eco-Action 21 was to get EMS adopted at worksites in a short time. OSAKA SUBARU had already secured the ISO 14001 certification, but the other three had to start from scratch when it came to the environment. Under such circumstances, we went to 75 points of business and made the heads and service managers of these shops who are responsible for EMS implementation aware of the importance of accreditation and explained how the system works. At the same time, we investigated the status of handling industrial wastes and hazardous materials to identify points for improvement. I guess the facilities might have felt they were being forced at first, but through repeated discussions their attitudes turned positive and improvements appeared of their own initiative.

A "portable EA21 card" was prepared to make each person play his or her part in a responsible manner. Filling one's own environment-related targets in the card has more or less helped them take self-motivated actions.

In the future, we will promote the EMS while working to achieve targets related to our line of business such as selling 4-star cars and clean running engines.

The data on environmental target completion status of all business locations will be tabulated for review by people, hoping that this data will encourage them to compete in a positive sense for further improvement.

Toru Yamamoto
Eco-Action 21 Auditor, General Manager of Administrative Department in charge of environmental management, OSAKA SUBARU Co., Ltd.

Katsuhiko Inoue
Corporate Executive Vice President Chief General Manager, Business Development Promotion Division, OSAKA SUBARU Co., Ltd.

Comments by EA Consultants

An implementation system has been firmly established for the certification acquisition and the EMS has smoothly been infiltrated into the organization. We would give them due credit, especially for making round visits to the 75 points of business and putting into practice the portable card system. The reaction for improvements was fast indeed. We are looking forward to their continued involvement to positively impact their companies and local communities through unending creative efforts while rolling the PDCA circle.

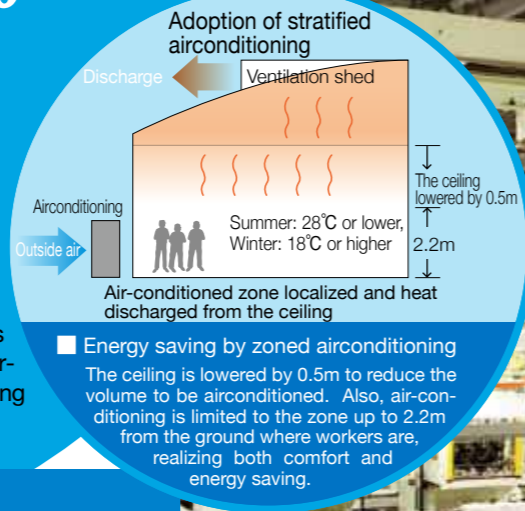


Eco-Action 21 Auditor, eeohOM Representative
Shuji Hattori

Eco-Action 21 Office, Director of Osaka Technique-Promoting Engineers Association
Noriyuki Sekikawa

A new plant which is “environment-friendly” and “resilient to change” was born

A new horizontally opposed engine balances both environmental performance and driving performance at a high level. As its production site, the fifth plant was born on the premises of Oizumi Plant of Gunma Manufacturing Division in July 2010. The plant is designed and built to enable high-mix flow production, a top class environment-conscious plant of this kind in Japan. We met members of 3rd Manufacturing Engineering who had been involved in the project from the very beginning to hear their approaches and aspirations.



Energy saving by zoned airconditioning
The ceiling is lowered by 0.5m to reduce the volume to be airconditioned. Also, air-conditioning is limited to the zone up to 2.2m from the ground where workers are, realizing both comfort and energy saving.

SUBARU's Clean Plant

We are working for a “Clean Plant” that proactively takes energy-saving approaches while cutting manufacturing costs by eliminating waste and losses. Oizumi Plant of Gunma Manufacturing Division had four existing plants on the site and produces all SUBARU engines, with many types flowing in one line in an eco-friendly way.

With such setup, a change of the engine type to be produced will result in loss from stopping the line. Any new plant, therefore, is required to have both “flexibility” and “productivity” for quick engine changeover. The reasoning led us to aim for a plant that is “environment-friendly” and “resilient to change.”

Pursuit of a Plant Friendly to Earth's Environment and Employees

What counts for a plant friendly to the environment is its capability to make products with minimum use of energy and minimum discharge of waste. At the 5th plant of Oizumi Plant, the production process was fully reviewed for fastest production with a minimum of equipment. As a result, the old production facilities were replaced with high-performance, more compact ones. In the machining line, the lubrication system was converted to be a nearly dry machining type with minimum use of machining oil to reduce the amount of waste fluid. In the assembly line, AGV (Automated Guided Vehicle) was introduced instead of a belt conveyor system to make the line flexibly responsive to rapid product changes.

The production lines were set up amid a relative shortage of staff experienced in plant startup. We adopted proposals and suggestions from young employees with the following positive results.

- Electric power consumption of the facilities reduced by 30% as a result of a reduced area ratio of 20%.
- Amount of discharged waste machining oil reduced by 30% as a result of introducing new technologies in the machining lines.
- Energy saving improved by 20% in the assembly line as a result of greater production efficiency.

Although such approaches to the global environment should be taken as a matter of course as a maker of things, we also regard maintaining a plant floor environment in which each of our people can work with comfort and peace of mind as one way to realize a clean plant.

This time, the zoned airconditioning was introduced in all the facilities, the first example ever for FHI. Without sacrificing of comfort, the ceilings were made 0.5m lower than those of the existing plants to reduce the volume of space to be air-conditioned, and the portion to be air-conditioned is limited to 2.2m from the ground where workers are. These are some examples of our efforts to minimize the use of energy. We also worked to reduce air pressure, noise and odor, and eliminate the entry of dust. All of these examples contribute not only to reduced incidents of equipment failure and improved workability, but also to the preservation of the global environment as a result of reduced use of energy due to higher production efficiency. We will keep pushing forward to make plants that use less energy for fabrication and achieve a better working environment.



3rd Manufacturing Engineering Department
Engine Machining Engineering Section
Manager

Masaaki Ohta



3rd Manufacturing
Engineering Department
Engine Machining
Engineering Section

Osamu Horibe

Machining Lines

Our mission is to achieve a reduction of electric power consumption by reviewing all of the processes.

In the lines of machining steel parts, all of the processes were reviewed from the beginning for better productivity. Streamlining unnecessary processes by trial and error and the conversion of the production equipment to compact higher performance equipment increased capacity fivefold over conventional facilities. We also cut production time by one-fifth, which translates to higher productivity and less electric power consumption.

Machined iron and aluminum chips are also collected for reuse. Reuse of powder generated in grinding is normally difficult, but we managed to lump it and separate the oil for reuse for the sake of recycling of resources.

Assembly Line

Our mission is to achieve energy saving by improving production efficiency.

In the past, in assembling an engine, we picked up necessary parts individually from the bins on both sides and in the rear. Being time-wasting, the part bins were discontinued and instead parts are now being prepared as a set for use in the line. In addition, AGV (Automated Guided Vehicle) was introduced to respond more flexibly to the change of line layout. Such changeover for time-saving hiked production efficiency by 20%, reducing the use of electric power consumption as well. Higher productivity naturally requires less manpower, which generates a return in the form of reduced energy for air-conditioning.



3rd Manufacturing
Engineering Department
Engine Engineering Section
(at time of interview)

Kazumi Yamauchi

The 5th plant of Oizumi Plant of Gunma Manufacturing Division

- Number of employees: 325 (as of November 2010)
- Floor area: 33,600 m²
- Main product: Automotive engines
- Line formation: 6 machining lines and 1 assembly line
- Production capacity: 14,000 units per month (scheduled to be increased eventually to 44,000 units with 12 lines for machining and 36,000 units with 2 lines for assembly per month)

Environmental Performance of New Horizontally Opposed Engines Produced at the New Plant

A new generation boxer engine was first mounted on the FORESTER that was put on the market in October 2010. This new generation boxer engine, wholly revamped for the first time in 21 years, has an extended backbone bore stroke compared with the existing engine, offering more compact combustion chambers as a result of full review of its structure in out-and-out pursuit of better basic performance.

These efforts led to realizing high environmental performance including energy savings of about 10% while achieving high driving performance including smooth acceleration over the entire zone due to increased torque in the practical use zone.

There are two types of 4-cylinder engines available with displacement of 2,500 cc and 2,000 cc, and in future they will be applied gradually to other models as their main source of power.



What SUBARU can do for the future?

Recently, with the declining birth rate and graying society, structural changes in industry and the economy, and changing employment conditions in the background, fostering children to support the next generation and their career education has become increasingly important. SUBARU has been involved in various social contribution programs to nurture them at each division and business location.



Scene of the lecture

Contribution to Developing Human Resources of the Next Generation

Nurturing the Next Generation through Motor Sports

SUBARU contributes to bringing up the next generation through motor sports programs. In such programs, engineers and competing drivers make inspiring speeches on their experiences, helping children understand the importance of getting closer to their own views of the world, future plans, dreams and hopes.

These programs started in 2006 and include speeches on "longing for cars," as well as "dreams and emotional inspirations infused by motor sports." These are delivered at primary, junior and senior high schools with demonstration drives to give children and students hands-on experience through their visual and tactile senses.

Automobiles are industrial goods seen around the world, which creates a culture in the area of motor sports. We would like to help this generation develop worldwide perspective and images of the future by conveying this cultural message. Through conversations on SUBARU sponsored classes at school and home, they have deepened their understanding of our activities, coming to see motor sports not as distinct, but rather much similar to other sports like baseball and tennis. They also realized that SUBARU takes part not only in economic activities, but also in the creation of culture.

We are planning to take up such subjects as environmental burden and energy conservation in the future. We will continue such classes to help this generation experience more excitement and fascination. They will drive the future of motor culture.

Voices from Children

- I learned to keep trying hard for my dreams without letting go of them. I can show my stuff out there in the world.
- I also want more people to experience this program.
- I also will find something I really want to do. I want to be a man who can say proudly, "I am betting my life on it."
- I want to study more to make society better, keeping in mind the environment, without letting technology alone go unchecked.

Close Up

Message from Top Management Top



This top management lecture was given by Mr. Mori (Chairman and CEO at present, formerly President and CEO) in SUBARU head office. Aiming to help students choose their own career after graduation, we received 47 freshman students from Ota Higashi High school in Gunma Prefecture for this lecture. Mr. Mori talked about the enjoyment of making products and how to prepare in school and the students listened attentively.

Also, 6 students on a school trip from Kochi Nishi High School in Kochi Prefecture also attended the lecture. They shared various impressions. One stated, "I want to take courses to work at a manufacturing company after graduation."

Approach to Grasping The Greatness of Making Things

Bus Tour for Hands-on Company Experience (Utsunomiya Manufacturing Division)

At the Utsunomiya plant, we hold "Scientific Experience" bus tours during summer holidays every year to let children realize the fun of science and industrial technologies and deepen their interest. In 2010, we offered a class on materials and manufacturing process of aircraft and the mechanism of flying to primary school children in Utsunomiya City and Otawara City. They were given chances to experience many things including directly touching composite materials.

Children will bear the future of Japan. Providing them with opportunities to touch real things also raises our own motivation. We will continue to unfold activities for contribution to the betterment of society, hoping to win more trust from our stakeholders.



"Scientific Experience Bus Tour" in Utsunomiya City



"Making-things Experience Bus Tour" in Otawara City

Date	Place	Participants
Aug. 3, 2006	Tochigi Pref.	40 Primary and junior high students and parents
Aug. 1, 2007	Utsunomiya City	100 Primary and junior high students and parents
Aug. 8, 2007	Otawara City	15 Junior high students
Aug. 22, 2007	Otawara City	21 Junior high students
Aug. 19, 2009	Otawara City	40 Primary students and parents
Aug. 19, 2010	Utsunomiya City	100 Primary students and parents
Aug. 23, 2010	Otawara City	50 Primary students and parents

Worksite Experience Activities (Saitama Manufacturing Division)



Responding to requests from the Board of Education of Kitamoto City, the Industrial Products Company welcomes second year student at high schools in the city for a hands-on worksite experience every year. These hand-on activities are intended to make them feel the importance of learning in society and understand the "importance of work in society" and "how things work in the real world."

In June, July and October 2010, we staged three-day events, accepting 7 junior high school students of Kitamoto City each time for hands-on experience assembling engine parts and working at reception. Participating students gave us their comments, saying that they realized both the difficult and interesting sides of works, and learned how to deal with other people. A teacher who led a group commented, saying that they had precious opportunities to learn something about society which cannot be taught at school. Another said, "the experience should help me in thinking over their future career guidance."

We will keep playing our part to contribute to educating local communities by willingly accepting students for hands-on worksite experience activities.



Assembling engines at worksite

Voices from Participants

- I have learned a lot through the experience which cannot be learnt at school.
- I have realized how hard work is and also how interesting it is.
- I felt excited when I wore a work uniform.
- Through the reception work at the guard office, I learned how to respond to calls from outside. It made me very nervous, though.

To Connect the Rich Earth to the Future

"Eco Class Delivery Service" (Utsunomiya Manufacturing Division)

The "Eco class delivery service" in which our employees give lectures has been provided at primary schools in Utsunomiya City since FY2006 to let the children who forge the future understand the current status of global warming and serve as a catalyst to prevent global warming. Through their participation in environment-related experiments, children are expected to more closely feel the environment and confirm the outcomes of the experiments in a pleasant atmosphere, followed by their promises of what they think they can do against global warming at the end of the class. Another example is a corner where they can experience composite materials which are used in aircraft as environment-friendly products because of their lightness for better fuel efficiency. The corner is arranged to draw their attention to making things and incite their scientific interests. Up to FY2010, the number of classes totaled 100 or 4,000 students and in FY2011, we have so far received requests for more than 30 classes or over 1,000 students, demonstrating this eco class delivery service has taken root in the community.



Scene of the Eco Class

Social Report

Corporate Philosophy

The manufacturing principles of SUBARU are built on the tradition of aircraft manufacture established by Nakajima Aircraft, the predecessor of Subaru. The DNA of our company consists of pursuit of the best performance, the fundamental concepts for designing aircraft, a concentrated, lean package to materialize it, and thorough implementation of safe operations under all environments. While maintaining an emphasis on these principles, we will strive to develop new values and actively work on environmental problems and compliance issues while treasuring our tradition, so that SUBARU will be able to provide customers and other stakeholders with more satisfaction and reliance, and subsequently coexist in harmony with society.

- (1) We will strive to create advanced technology on an ongoing basis and provide consumers with distinctive products with the highest level of quality and customer satisfaction.
- (2) We will aim to continuously promote harmony between people, society, and the environment while contributing to the prosperity of society.
- (3) We will look to the future with a global perspective and aim to foster a vibrant, progressive company.



Corporate Code of Conduct

SUBARU set down a corporate code of conduct to comply with laws and regulations and to fulfill its social responsibilities, based on our corporate philosophy. We will continue to strive to become a company loved by all and contribute to making society more affluent by respecting individuals and the corporate code of conduct and acting on the same sense of values.

- (1) We will develop and provide creative products and services while paying sufficient attention to the environment and safety.
- (2) We will respect the rights and characteristics of individuals.
- (3) We will promote harmony with society and contribute to the prosperity of society.
- (4) We will meet social norms and act honestly and fairly.
- (5) We will maintain global perspective and aim to be in harmony with international society.

CSR Management

What SUBARU Wants to Be

Aiming to be “A Compelling Company with Strong Market Presence”

In the medium term management plans up to FY2010, aiming to be “A Compelling Company with Strong Market Presence,” we proceeded with reshuffling all operational targets from the perspective of “Customers Come First,” modifying our past somewhat overly technology-oriented propensity.

Under the new mid-term management plan for FY2011 through FY2015, with the “Customers Come First” as the unchanged cornerstone, we will keep setting new targets to win the confidence of more stakeholders towards “A Compelling Company with Strong Market Presence.” In merchandising, we mounted a driving assist system “EyeSight (Ver.2)” developed with “a collision-free vehicle” as a goal, on the LEGACY that already realized comfortable interior, superb driving performance and fuel economy all in one package, and released the model for sale. We are fully aware of our responsibility for traffic safety as a manufacturer of transportation equipment and involved not only in fabricating safe vehicles, but also in reducing traffic accidents towards peace of mind and enjoyment. We also responded to environmental issues by improving fuel economy of mainstream gasoline engines, specifically by fully remodeling the horizontally-opposed engines for the first time in 21 years. In addition, the alliance with Toyota group enhanced the mini-car product lineup, and the

launching of “the TREZIA” helped us to reinforce the system to reflect customers’ needs in products and to offer better sales and service.

In the area of the environment, all SUBARU dealerships acquired the “Eco-Action 21” certification formulated by the Ministry of the Environment at all their outlets. Their approach to the environment and their efforts focused on restructuring sales networks and trimming costs have contributed to improving customer satisfaction and enhancing the SUBARU brand, which eventually leads to giving specific shape to the vision “A Compelling Company with Strong Market Presence.”

Furthermore, we will focus on the development of human resources through education and training, while revitalizing discussions in-house and within the whole SUBARU group based on “the three criteria,”^{*1} thus building up corporate vitality for ever-lasting growth.

It is our dream and wish that we could set an example of a company where employees work with pride in its every business field through promoting such activities step by step and evolving them into the future, while establishing the SUBARU brand supported by customers.

^{*1} Three Criteria:

“Good for customers?”

“Helps for Group’s Growth?”

“Helps for Employees’ Growth?”

CSR policies

The mission of the Fuji Heavy Industries Group

The CSR Policy was revised with the approval of Committees related to CSR to clearly indicate the fundamental aspect of CSR focused on observance of the Corporate Code of Conduct and other vital rules and the strategic aspect of CSR focused on contribution to solving social issues as a corporate citizen through business activities, which requires the involvement of the whole corporate organization for a company which makes goods favored by customers.

Our CSR activities are the mission of the Fuji Heavy Industries Group to contribute to the sustainable development of society through global business activities with focus on the relationships with our diversified stakeholders.

CSR Policy (Revised in June 2009)

1. We will respect the laws and regulations, the human rights, the international standard of behavior and the rights and morale of stakeholders under the “Corporate Code of Conduct” of Fuji Heavy Industries.
2. We will get ourselves involved as a corporate citizen in addressing social issues facing the society today.

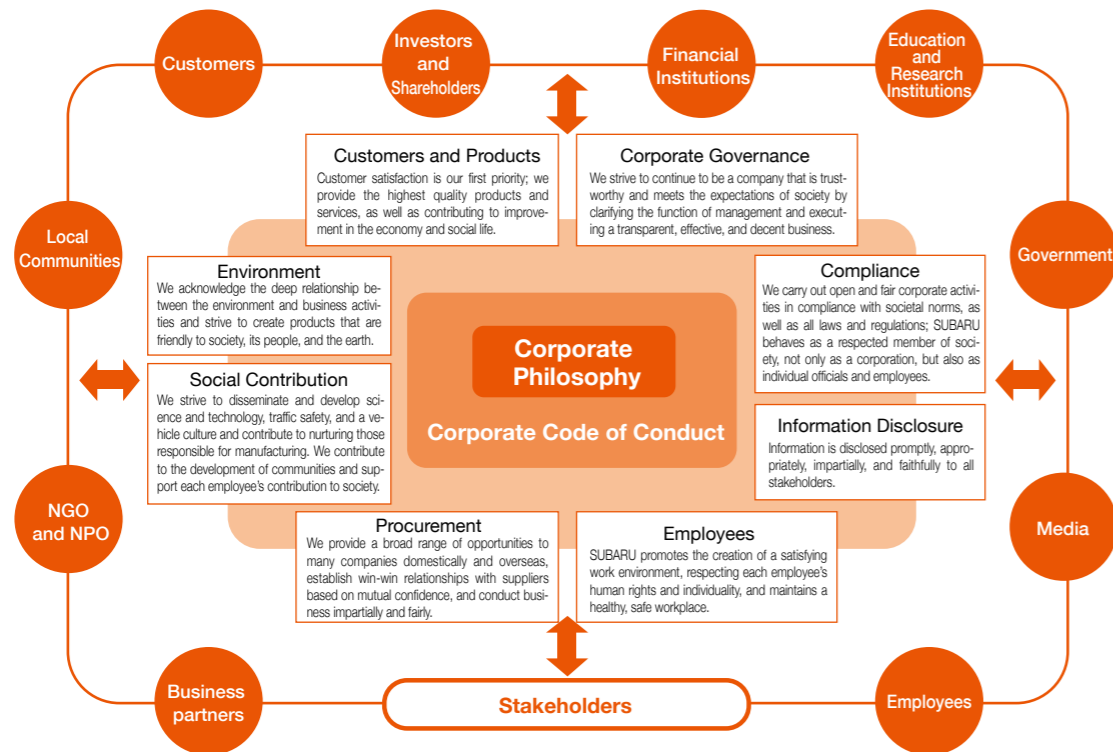
CSR Management

In pursuit of a company trusted by many diversified stakeholders

“A company that provides products and services that contribute to solving social issues” and the “A company that values the relationship with diversified stakeholders” are the themes set forth in the latest 5-year medium term management plan that ends with FY2015. These themes are indispensable to

the realization of our long-term vision “A Compelling Company with Strong Market Presence.” As before, we are determined to enhance corporate value by working hard to turn Fuji Heavy Industries into a company trusted by many diversified stakeholders, while contributing to sustainable social development.

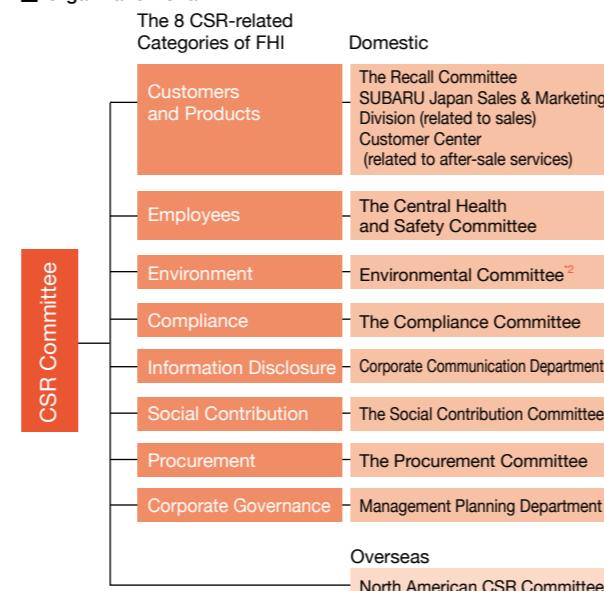
Relationship to Stakeholders



CSR System and Environmental Committee and Operation

We have set up a CSR committee and an Environmental Committee and had promoted CSR activities. In FY2010, the CSR Committee was newly established headed by top management to identify such activities in 8 CSR-related categories^{*1} more clearly and promote them more systematically. The CSR Committee consists of specialized committees and existing organizational units, each of which is closely linked to any one of the 8 CSR-related categories, and all organizational units are engaged in these activities acting on their own initiatives under company-wide control. The CSR Committee also has the North American CSR Committee as its component for global promotion of CSR activities.

Organization Chart



*1 The 8 CSR-related categories of FHI : Customers and Products, Employees, Environment, Compliance, Information disclosure, Social Contribution, Procurement, Corporate Governance

*2 As for the Organization Chart of Environmental Committee, please see page 40 on this report.

Review of FY2010 and Approach to FY2011

Based on CSR activities that have been unfolded since FY2006, we will become further involved in activities for the solution of important CSR issues.

Review of FY2010

Amid the surging importance of CSR in all aspects of business operations, we reviewed the promotion system so that each employee could go ahead with CSR-oriented actions through their jobs systematically in FY2010. We also defined in detail activities under the 8 CSR-related categories for embodiment. We studied ISO and Japan Business Federation guidelines as references and comments from stakeholders when formulating the content of such activities.

Explanations of these activities were spread to affiliated companies in North America through the North American CSR Committee, which led to the widespread adoption of CSR in North America.



Scene of the North American CSR Committee (held on November 12, 2010 at SIA Head Office, Indiana, USA)

Approach to FY2011

In FY2011, while promoting activities centered on the 8 CSR categories that address CSR issues, which have been taken up as one of the themes of the most recent mid-term management plan, we will push forward approaches to solve various social challenges. Specifically, based on the type of activity, we will sort out issues to be resolved in each of the 8 CSR categories. CSR-related communication will be revitalized company-wide so that each employee can recognize and pursue CSR activities through his or her assigned duties.

The 8 CSR Categories of FHI

Item	Customer/Product	Employee	Environment	Compliance
Idea	Provide socially useful and safe products and services to earn customers' satisfaction and confidence.	While respecting the diversity, individuality and personality of employees, realize comfort and affluence by securing a safe and pleasant working environment.	Since the approach to environmental problems is an issue common to the mankind, get ourselves proactively involved as an indispensable need for corporate existence and activities.	Observing laws and keeping morality, be fair, transparent and free in competition and conduct right deals. Also, honor confidentiality by strictly protecting and managing various information including the data on individuals and customers.
Item	Information Disclosure	Social Contribution	Procurement	Corporate Governance
Idea	Communicate widely with stockholders and others and disclose positively and fairly corporate information.	Get positively involved in social action programs as a "good corporate citizen."	Conduct appropriate procurements and work on suppliers for CSR promotion.	The top management works to make CSR rooted deep company-wide and at the group companies, and take initiatives to solve issues in case of emergency.

* The ideas of the CSR activities are drawn on the "Charter of Corporate Behavior" by the Japan Business Federation

To Secure Satisfaction and Trust of Stakeholders

In order to provide both customers and stakeholders with even more satisfaction and reliance, SUBARU is striving to strengthen corporate governance, which is the most important task for our business based on our corporate philosophy.

System of Corporate Governance

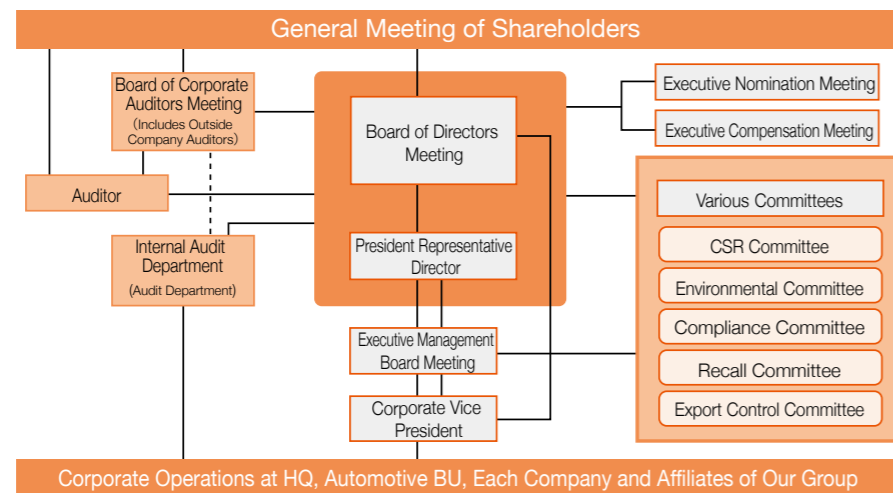
Striving to strengthen our system of corporate governance

Since June 1999, we have employed an executive officer system that helps clarify responsibilities to carry out operations in each division.

In addition, since June 2003, the terms of directors and executive officers have been reduced from two years to one. Also, since June 2004, according to the decision of the Board of Directors, we have given responsibility for the selection of corporate officer candidates to the Executive Nomination Meeting and given responsibility for evaluating performance, determining the remuneration of corporate officers and others to the Executive Compensation Meeting.

Also, the execution of important business operations is decided and supervised by the board of directors and audited by the board of corporate auditors. The board of directors consists of 7 members with one of them invited from the outside as an independent member to enhance governance.

The board of corporate auditors consists of 4 members with two of them invited from the outside for higher objectivity to monitor business management. In addition, we will take various measures to further strengthen internal control, and will also disclose information fairly and in a timely manner in order to increase management transparency.



Establishment of Internal Control System

Completed streamlining the whole SUBARU Group system.

Internal control is an indispensable mechanism to achieve corporate objectives, and top management is responsible for establishing it and maintaining its effectiveness and efficiency. Specifically, company-wide departments, centering on the Strategy Development Division (which plays a central role in the common functions of each business), maintain close links with other departments and companies to enhance risk management. Internal Audit Department systematically audits group companies and their operations. In addition, to regulate the internal control system, there are systems and organizations

to promote compliance, which is positioned as the most vital element in risk management. Also, the internal control system of the whole group has been overhauled and reinforced to comply with the "Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting" which was released to the public on February 15, 2007 by the Business Accounting Council of the Financial Service Agency, in the following areas:

1. Effectiveness and efficiency of business operations
2. Reliability of financial reporting
3. Compliance with applicable laws and regulations related to business activities
4. Safeguarding of assets

Risk Management to be Stepped Up for Business Continuation

We will devote our utmost efforts to continue business even under extraordinary circumstances by fully grasping risk and responding optimally. With the compliance system positioned as the cornerstone of risk management, the Divisions and the Companies are collaborating to step up risk management. Business operations of the group member companies are now audited systematically for proper execution.

Risk Management

Risk is classified and properly managed.

SUBARU understands that risk is an uncertain element with potential for negative impact on our business operations. There are many types of risk. Among them, what concerns management seriously, are emergency situations which cannot be dealt with through the regular decision-making channels. These situations are categorized as "crisis risk" and classified by type into risks associated with natural disaster, accident, internal and external human factors, social factors (domestic and overseas) and compliance.

In the event of an emergency, we follow instructions on communication channels and the most appropriate actions for dealing with a particular situation as provided in a manual designed to respond to various types of emergencies.



SUBARU emergency response procedure manual and crisis management (disaster prevention) guidelines

Draw up BCP^{*1}

Mapped out BCP by business unit

BCP is formulated to continue or restore business as rapidly and completely as possible. In each emergency situation, we will exert the utmost effort to minimize negative impacts on services to customers, the market share and any loss of corporate value. In this respect, if our business resources including personnel, properties and monetary assets are affected under an emergent situation, we go all out to minimize business interruption prioritizing available resources to restore operations expeditiously to pre-mishap levels.

Setting the basic policy to meet emergency situations as follows, we mapped out BCP by business unit and are promoting uninterrupted business operations.

- (1) Life and physical safety precede all other things.
- (2) Minimize the loss of the interests of stakeholders and corporate value.
- (3) Always act with honesty, fairness and transparency even in an emergency.

However, the impact of the Great East Japan Earthquake that occurred on March 11, 2011, far exceeded the level we had envisaged. With this experience as a good lesson, the initial response system including evacuation of employees and setting up a task force, how to secure replacement parts when suppliers were affected by the disaster and how alternate production should be put in place if a production plant was badly hit, has been reviewed and restructured with great urgency by the departments concerned in an effort to take BCP one step further.

^{*1} BCP Business Continuity Plan
* Please see page 32 as for our approaches toward restoring production.

Foundation of Management and One of Most Important Issues

In SUBARU, corporate compliance is regarded as one of the most important tasks for management. We strongly recognize that our company-wide efforts toward regulatory compliance make for a solid management foundation, and therefore, we carry out open and fair corporate activities in compliance with social norms, as well as all laws and regulatory requirements and internal regulations for corporate activities.

Compliance

Corporate Code of Conduct and Conduct Guidelines

SUBARU has established a Corporate Code of Conduct and Conduct Guidelines as the standards to ensure compliance with laws and regulations. These are described in detail in the Compliance Manual, which all officials and employees carry in order to ensure legal and regulatory compliance in their daily actions.



Compliance Manual

Compliance System and Administration

Compliance Regulations

SUBARU established the Compliance Regulations in 2001 after approval of the board of directors. These regulations contain basic compliance policies, which provide for the system, organization, and operational methods related to corporate compliance.

SUBARU's Compliance System/Organization and Administration

A Compliance Committee has been established as a company-wide committee organization to promote corporate compliance. The committee conducts deliberations and discussions, renders determinations, and exchanges information on key compliance issues. Every year, each department devises a compliance implementation plan (compliance program) to enhance corporate compliance and takes the initiative to advance continuous and systematic implementation activities.

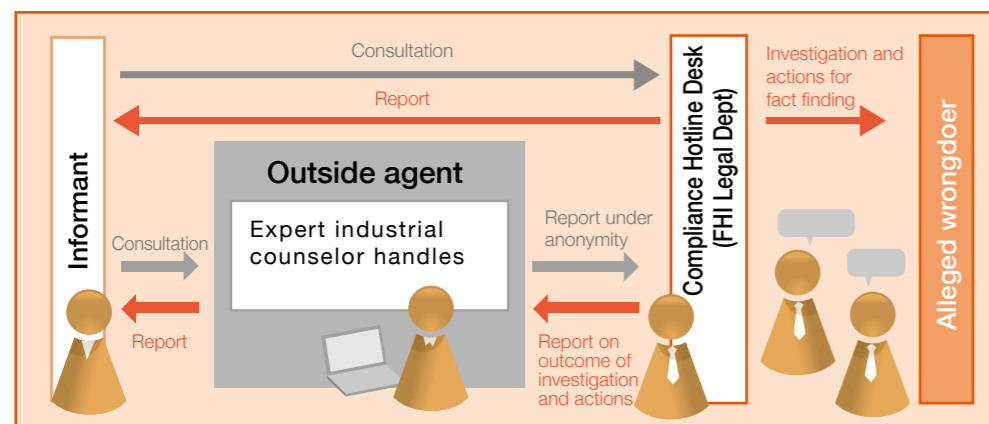
Compliance Hotline System

We have a "Compliance Hotline" as an alternative communication channel which can be used by people who work in the SUBARU group and others to report any dubious compliance-related acts or practices they have found inside the group directly to the Hotline Desk.

The Hotline Desk is located inside and assigned employees receive directly reports or information by mail, phone or e-mail and then investigate allegations and take appropriate actions according to rules. The names and sections of informants are kept confidential without their consent to protect them with utmost care from any disadvantage or inconvenience.

Starting from April 2008, an outside compliance hotline reception desk has been in operation to extend the time for receiving hotline service and to enhance confidential treatment of names and sections of informants in an effort to make the hotline system easier to use.

■ Compliance Hotline (Flow from consultation to solution)



Compliance Hotline Card

FY2010 Compliance Activity Achievements Overview

Approach to Compliance Activities

In order to ensure compliance with laws and regulations, not only SUBARU but also all our group companies must join forces and work in harmony. In FY2010, over 1,600 people including employees of group companies took part in compliance and practical legal training which were hosted by Legal Department and Personnel Department and education sections.

In addition, each department and group company has their unique education programs built in their compliance action programs and complement the above seminars by holding study meetings on legal matters required in their jobs and compliance motivation trainings. Staff are sent as lecturers to these meetings and training from our Legal Department to make such events more fruitful.

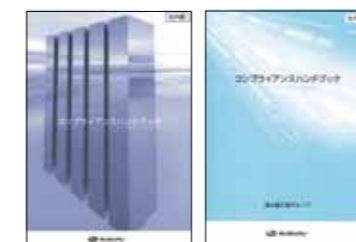
We also prepare and provide various support tools including ones specially intended for affiliated companies and domestic SUBARU dealers to promote compliance in day-to-day operations. Urgent information is released on a timely basis in the "Compliance Information" to alert the whole group.



100 Case Studies of Compliance Issues



Training for Case Study of Compliance



Compliance Handbook for Affiliated Companies

Our efforts for Personal Information Protection

In response to enforcement of the Personal Information Protection Act, we have reviewed our internal system and regulations and announced privacy policy. Especially for domestic SUBARU dealers, because they directly handle a large amount of our customers' personal information, we managed to thoroughly overhaul our internal system for each dealer and prepared and made use of the Personal Information Protection Handbook for SUBARU Dealer Staff, which is common for all the dealers to help each staff member properly understand personal information protection.



Personal Information Protection Handbook for SUBARU Dealer Staff



Compliance Start with "Awareness" of Risk and "Will" to Correct

Becoming aware of a risk in carrying out our daily duties, asking ourselves "Is this OK?," being willing to correct any problems and take action: These are all about putting compliance into practice. The Legal Department seminars are designed to raise participants awareness and willingness. To be specific, to nurture such awareness, familiar cases and the background of incidents are taken up so that they can understand why situations



must be corrected. Taking the opportunity of such seminars, fairly a large number of participants come back some days later for concrete consultations. Once the problem has become clear, then, we can mitigate risk in our operations to an extent. Let us continue this way with a spirit of tenacity: "over-and-over and down-to-earth."

Legal Department
Hiroyuki Tokoro

Stepping Up Efforts for “Customers Come First”

SUBARU has integrated “driving,” “environment” and “safety” at a high level, and proactively proceeds with developing products that will move customers.

Meanwhile, SUBARU holds up the policy “Always giving top priority to customer satisfaction, offer top-class quality products and services through enhanced work quality” and set up SUBARU Customer Center to communicate with customers for consultations, CS promotions, improved services and commitment to quality assurance.

Communication with Customers

Activities of Customer Relations Department

SUBARU has established “the SUBARU Customer Center” (operated by the Customer Relations Department) as a point of contact for customer inquiries, requests for assistance, demands and suggestions. In order to offer peace of mind and enjoyment, we have been trying to be attentive to requests for consultations and customers inquiries based on our action policy of promptness, sincerity and attentive listening.

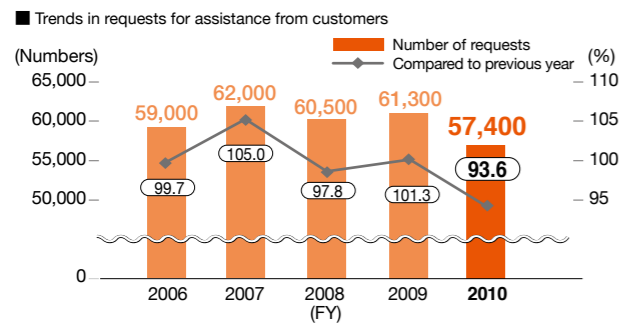
We feed the invaluable comments, requests and suggestions from customers back to the relevant departments/divisions to be reflected in reflect for improving quality, developing products and improving sales, and

SUBARU Customer Center

SUBARU Call: 0120-052215 (Domestic),
+81-3-3347-2626 (International)

(Note that your call will be recorded to confirm the content)
Please contact SUBARU Customer Center if you have any inquiries as below,

- (1) Opinions / Comments / Guidance (catalog, dealership, changing address, etc)
 - (2) Inquiries / Request for assistance
- Office Hours (Japan Time)
9:00am – 5:00pm (weekdays)
9:00am – 12:00am / 1:00pm – 5:00pm
(Saturdays, Sundays and Public holidays)



after-sale services. We are responding sincerely to meet each customer's expectations of SUBARU.

Responsibility of Customer Service (CS) Promotion

We are offering support and promotional services mainly to domestic SUBARU dealerships to raise the level of customer satisfaction through fundamental improvement of CS which underlies the brand image. Using customer opinions obtained from “SUBARU questionnaires” and from SUBARU dealers, to reflect on our products, the quality, the sales and all the after-services, etc. We also want to ensure that our customers are looked after at our dealers with the highest standards, and are carrying out inspections and supervision at each location.

Result of SUBARU Customer Service Satisfaction Investigation

The FY2010 SUBARU Customer Satisfaction Survey by the domestic SUBARU team showed some improvement in the nation-wide average score for the team. Among the survey, SUBARU was ranked first out of 6 competitors in the industry, and placed 6th in the after-sale follow-up category in the post-purchase initial follow-up category.

As for the status of a goal to be “No.1 CS in the Area” in both categories, 8 areas out of 44 areas achieved the targets in the post-purchase initial follow-up category (up by 7 over the prior year) and 3 areas achieved the targets in the after-sale follow-up category (up by 2 over the prior year).

We will have each staff member fully relearn the basics of good service since in the after-sale follow-up category the quantity and quality of staff behavior was not ranked high compared to the post-purchase initial follow-up category.

and 3,456 people for Service-related Training. In addition, they provide a mechanism and learning materials to shore up on-the-job training on the front lines, further helping staff members of dealerships upgrade their skills through such means as running a certification system and hosting contests where compete to display their skills in sales and service.

The SUBARU Academy opened in January 2005. This training facility includes 133 rooms for accommodation. The many training programs carried out here span the entire gamut, from helping new recruits to management officers. Employees across the whole job spectrum, from service mechanics to domestic/overseas dealer sales staff have opportunities to develop their skills systematically.



Overseas Efforts

CS Improvement efforts

SUBARU Customer Center draws up policies from perspectives of technical guidance and backup systems to provide customers with trust-winning services through importers and dealers who are responsible for respective markets in various parts of the world.

■ Technical Guidance

How to elevate technical skills of mechanics who work at dealers is an important issue to win the confidence of customers from the viewpoint of service. With this in mind, an expert program called TTT (Train the Trainer) was set up at SUBARU Academy and a program to educate trainers of principal importers and give recognition of their skill levels as a manufacturer. By training local dealers through these recognized trainers, we could expect to conduct precise and high-level technical instruction in an efficient manner. (Plans call for the appointment of more than 60 such accredited trainers world-wide by the end of FY2011.)

We also encourage them to hold technical contests in various countries and regions to motivate people to acquire skills for advanced maintenance and diagnostics

services. As the pinnacle of such encouraging meetings, global technical contests are staged.

■ Reinforcement of System

In addition to bolstering the technical side, another role of Customer Center is to guide SUBARU dealers worldwide so that they can build up “SUBARU-like services” by increasing active contacts with customers and raising their contact qualities. To support them in this area, a guide to SUBARU services was compiled in two manuals and released for their use. We will work together to globally advance customer-oriented attitude with these manuals.



Subaru Basics for Confidence



Subaru Service Marketing in Motion

Domestic Efforts

Education and Trainings for All Dealership Personnel

The highly skilled training staff members of Fuji Heavy Industries provide education and training (off-job training) to all the dealership personnel at every level and job category.

In FY2010, a total of 5,284 people attended training. This included 1,828 people for Sales-related Training



Training for domestic dealerships



2011 European regional technical competition meeting Reception party



Participants and a competitor in action

To Provide the Products with the Highest Level of Quality

Quality Policy [Established November, 1994]

FHI considers customer satisfaction as the first priority, and will work constantly to improve products and services to provide world-class quality.

Response to recalls

The total number of recalls in FY2010: 5
(4 recalls for SUBARU, 1 recall for Industrial Products Company)

FHI HP has an open page for recalls. We are taking measures to prevent accidents and protect drivers and passengers. Please refer FHI HP for the details of our response to recalls. (in Japanese only)

<http://www.fhi.co.jp/recall/>

Product Quality Management System

1. Establish Quality Management System (QMS) based on the Quality Policy and ISO 9001 Standard and put it into practice for orderly and effective operations.
2. Clarify the quality targets acceptable to customers at the planning stage.
3. Realize the quality targets through quality assurance activities at each stage from development to sales and service.
4. Attend to complaints and requests from the market quickly and appropriately to live up to the trust of customers.

Making Safe Vehicles

Fundamental Philosophy of "Making Safe Vehicles"

SUBARU's goal in making cars is to ensure that customers enjoy exhilarating rides in comfort and with peace of mind. One of the important themes to realize this, we believe, is the "pursuit of safety."

The safety that SUBARU sets out to achieve is "SUBARU all-round safety," with strong aspirations to protect passengers against danger from every direction. To give a concrete shape to our the aspirations, we are involved in developing vehicle safety technologies in three areas: the first is "active safety," or preventing accidents due to any conceivable situations, the second is "pre-crash safety," or reducing accident damage

by supporting the cognitive capacity of drivers and automatically applying the brakes, if necessary, to avoid impacts, and the third is "passive safety," or minimizing damage in case of an accident.

Approaches to Active Safety

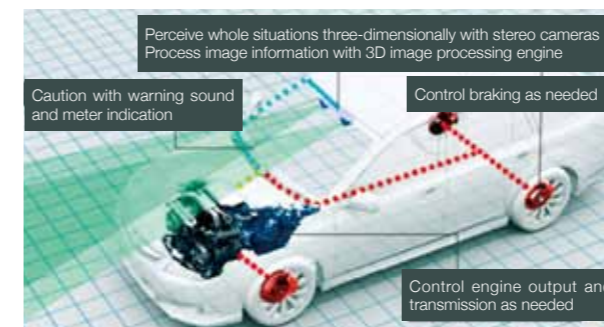
SUBARU has come a long way in the course of refining the fundamentals "Run, Turn and Stop" the capabilities needed to avoid danger in case of functions of a vehicle as it considers emergency and to enable stable driving as usual in a variety of environments. The SUBARU's unique "Symmetrical AWD" realizes high driving stability due to the low center of gravity inherent to a horizontally-opposed engine and an excellent weight balance thanks to a symmetrical in-line layout of the power train. Moreover SUBARU has constantly refined driving performance under diversified situations. Coupled with this base performance, other elements, such as stable braking performance and adoption of VDC (Vehicle Dynamic Control), provide an assured and pleasant driving experience.



Symmetrical AWD (image)

Approach to Pre-Collision Safety

SUBARU addressed the issue of "Pre-Collision Safety" ahead of others and has been engaged in developing "a collision-free vehicle." A good example of its success is the development of the advanced driving assist system, "EyeSight (Ver.2)" with a stereo camera, which is mounted on LEGACY sold after May 2010. This is a driving assist system with such functions as "Pre-Collision Braking Control" to avoid a collision or moderate collision damage and the "All-speed range adaptive cruise trucking control" that enables a vehicle to safely follow another within whole speed range from a set speed down to zero.



EyeSight (Ver.2) system image

Approaches to Passive Safety

SUBARU cars demonstrate excellent safety performance against crashes from any direction due to their "new ring-shaped reinforcement frame structure." They also are designed to secure the compatibility of perfor-

mance for the mutual mitigation of damage in accidents involving oncoming vehicles or pedestrians.

In the JNCAP,¹ the IMPREZA won the Grand Prix Award² in FY2007 and the LEGACY in FY2009, while the FORESTER and the EXIGA were awarded "Excellent Car" in FY2008. Overseas, following 2010, all the lineup models, namely, the LEGACY, OUTBACK, FORESTER, TRIBECCA and IMPREZA, sold in the U.S. were also lauded by IIHS³ as "Top Safety Picks"⁴ in 2011. SUBARU is also highly reputed for safety overseas, as seen from safety information released in major countries.

¹ The Japan New Car Assessment Program: The Ministry of Land, Infrastructure, Transport and Tourism and National Agency for Automotive Safety & Victims' Aid (NASVA) jointly conduct assessment tests for vehicle safety and disclose their results to the public.

The winning vehicle of the Grand Prix award is the one with the highest assessment score out of those vehicles which have received the highest rating of 6 stars for both driver and passenger seats in the overall assessment of impact safety performance together with the highest rating level of 5 in the assessment of pedestrian head protection performance

² An automobile with the best evaluation among all automobiles subject to the assessment, the highest rating of 6 stars for comprehensive collision safety performance for both the driver and front passenger, the highest level 5 rating for pedestrian head protection performance, a level 4 or higher rating for rear seat passenger protection in frontal collision, and a 3 or higher rating on the 4-level scale for neck injury in rear-end collision, is honored with the JNCAP Grand Prix Award.

³ The Insurance Institute for Highway Safety

⁴ Top Safety Pick

Information disclosure on vehicle safety by the Insurance Institute for Highway Safety. If evaluated as "Good" for front, side and rear-end (whiplash) collisions as well as roof strength and equipped with stability control system on all grades that can be purchased by people in general, the vehicle will be credited as "Top Safety Pick".



Source: NASVA (National Agency for Automotive Safety and Victim's Aid)

Approaches to TRANSCARE Vehicle

The STELLA also Joined the TRANSCARE⁵ Series

SUBARU has been playing its role in the development and dissemination of welfare vehicles that allow the disadvantaged and the aged to ride at ease, aspiring toward "sharing the happiness of living through cars for everybody." SUBARU started producing and selling welfare vehicles for the disabled in 1980 and now is well-known for the "TRANSCARE series."

We aim to develop labor-saving devices that can be handled by care givers and care recipients.

There are wide selections of TRANSCARE automobiles, from mini cars to standardized cars. The TRANSCARE Wing Seat (lift type)⁶ has also been created for the "NEW



The TRANSCARE Wing Seat (lift type)

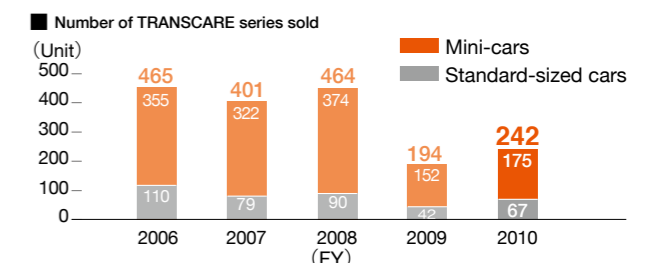
STELLA" that was launched in 2011.

We will keep working to make an effort to enrich this series for all customers' comfortable and reliable driving experience.

⁵ TRANSCARE

A combination of "Transportation" and "Care." TRANSCARE was registered as trademark in 1997 as generic name for SUBARU's welfare vehicles.

⁶ With the simple flick of a switch, the passenger seat rotates and lifts up and down electrically for pleasant get-in and get-out.



Close UP Approaches to Transfer Expertise for Quality Improvement

We are taking on various challenges with the mindset of SUBARU customers, always reflecting on "how high quality can be built into products". In the manufacturing departments, we are working hard to upgrade the quality by practicing the idea of "self-process assurance" that permits no defect to be passed on to the following process. The 3rd Manufacturing Department (mainly engines and transmissions) raised the level of work instruction manual to make them easy to understand for anyone for uniformly high quality operations. Many other approaches are also being pursued through energetic discussions for "zero" defect in a program "No Compromise on Quality Campaign". Meanwhile, we opened SUBARU Technical School (STS) in 2005 to transfer safe and high-quality expertise and work knowhow to young technicians who forge the future by training them in classes tailored to their skill levels, for supply of high-quality products.



A scene from a machining training at STS

Creating Better Working Environment

SUBARU is making efforts to innovate corporate culture aiming at “a Creative Group with Open Generosity and Aggressiveness.” Aspiring to become an energetic organization with rich originality, we are establishing a system not only for wages but also with due consideration for career plans and training, and moreover, a system challenges employees to improve even more than before.

Human Resource Development

Enhancing Support for “Self-Development with a spirit for challenge”

SUBARU is enhancing support to develop ideal talent, those employees who embody the “Spirit of Challenge and Self-Development.” We are fostering those who can identify issues by themselves and find solutions to get sought-after results.

In FY2010, we introduced training for newly promoted employees at all skill levels and a new curriculum focused on the “logical solution of problems.” Also, professional programs to acquire and improve business skills were implemented and approaches to foster global-minded human resources were stepped up. In FY2011, developing such global-oriented human resources will be accelerated, while managerial training will be expanded to reinforce organizational strength.

■ Educational Organization Chart

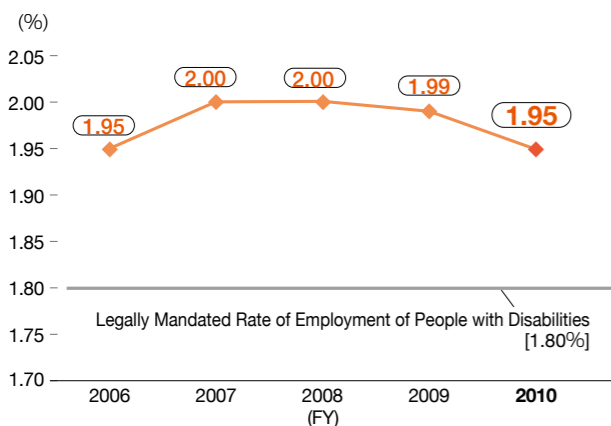
Mission Grade/ Ability-based Grade	Company-wide programs						Individual programs at each site
Manager Class	Education by Rank		Buildup Management Level	Education by ability-based grade	Language Study and Internationalization	Self-development Support	
Grade E	Grade E Training		Career plan Training for Manager Class	Professional Program	Language Study* Training for Internationalization Programs	Correspondence Education	Training at each business site Each program and Official certification support
Grade G	Follow up Grade G Training New Grade G Training						
Grade M	Follow up Grade M Training New Grade M Training		Human Resource Development Training	Education by ability-based grade			
Regular Employee	T-S Director 1 T-S Director 2 T-S Chief T-S1 T-S2 T-S3 T-S4	New T-S Director 1 Training New T-S Director 2 Training New T Chief Training New T1 Training New T2 Training New T3 Training	Performance Review Training	examples • Logical Thinking • Leadership • Time Management • Presentation • Financial Analysis, etc	examples • Intellectual property • Financial accounting • Legal work • Quality specialty, etc		

Making Work Sites Pleasant for Everyone

Promoting the Employment of People with Disabilities

The percentage of SUBARU employees with disabilities was 1.95% as of March 2011, exceeding the legally mandated rate of 1.80%. At present, 160 staffs with disabilities work at SUBARU. To reduce their work load, we are making efforts to universalize plant and environmental improvement. Some opinions from families of staff with disabilities were used as reference to improve the environment of some departments. We are making an active effort to employ people with disabilities in order to create an affluent society that allows everyone to lead a satisfactory life. In the future, we will continue our efforts to hire and employ people with disabilities.

■ Employment Rate for People with Disabilities

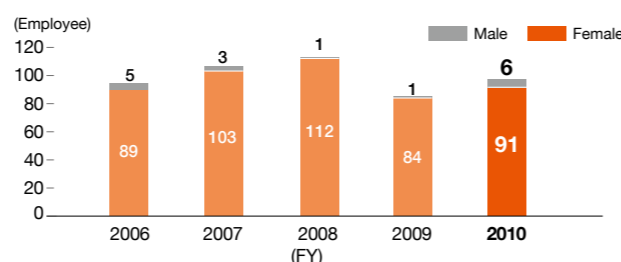


Switches for operation desks and automatic doors accommodate wheelchair employees.

Supporting Work/Life Balance

We believe in the importance of providing a pleasant working environment so that employees can balance both their work and family and demonstrate their individual capabilities to the fullest. As for child-care support, we introduced a child-care leave system that allows employees to take extended leave until the first April after their children celebrate their 2nd birthday. In addition, a short work-time system can be used until their children commence 4th grade, creating pleasant

■ Number of Employees Taking Child-care Leave



* The number of employees who took child-care leave during a fiscal year counts employees taking leave during any portion of that year.

working conditions for child-rearing employees. In the meantime, to make these systems thoroughly understood, we published the “Maternal Leave and Child-care Leave Handbook” and conducted training segmented by skill level in an effort to foster work place understanding and make such systems easy to use for both men and women.

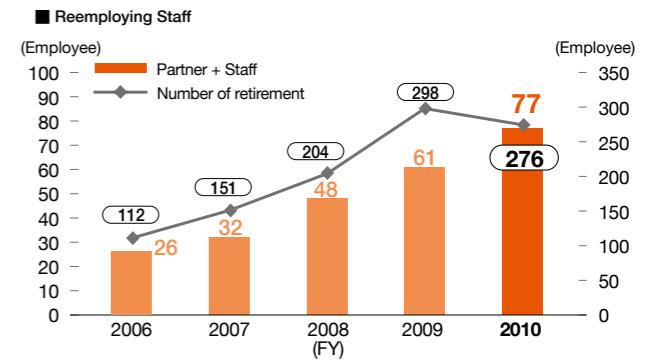
In accordance with the Next Generation Education and Support Promotion Act, we formulated our corporate voluntary action plan in two phases and completed the plan, achieving the targets for the first phase (April 2005 through March 2007) and the second phase (April 2007 through March 2010), which led to the acquisition of the Certification by the Minister of Health, Labor and Welfare Minister (the Kurumin Mark).



Senior Partner Program of Reemployment for 60-year-olds who've Retirement Age

SUBARU introduced the “Senior Partner Program” in 2003 to re-hire employees after the 60-year-old retirement age. This reemploys the aged and better strengthens on human resources. We revised part of this program to accord with the 65 year-old-retirement age, which became mandated by the Revised Law Concerning Stabilization of Employment of Older Persons.” In FY2006, we reviewed this program again for more active use of resources through re-employment. We will promote re-hiring senior people after their retirement

at 60 to use their experience and abilities for fostering newgeneration by handing down their expertise in this program.



Volunteer Leave System^{*1}

A “volunteer leave system” was set up to help our employees participate actively in volunteer activities for recovery from the Great East Japan Earthquake while attending to their work in a balanced manner without worries. The system also allows injuries suffered during volunteer activity to be covered by our workers’ compensation system. Under the system, a maximum of 10 days per leave is allowed and such leaves can be taken twice a year. As of the end of May 2011, 14 employees joined voluntary activities at devastated areas.

*1 The activities covered by this system are the ones performed by the end of March 2012 for restoration of the Great East Japan Earthquake disaster. Combined with weekend holidays, up to 16 days leave at a time will be available twice a year for volunteer activities.

Communication with Labor Union

Enhance Mutual Trust

Fuji Heavy Industries Ltd. and its labor union have a “Labor and Management Council” for smooth corporate management and mutual communication. Both

have established a solid relationship based on mutual understanding and trust through close communication. The council helps labor and management maintain a good relationship.

Health Promotion

Maintaining and Promoting Health of Mind and Body

We are aggressively promoting employee health management. Our approach is not only to prevent health problems, but also to systematically maintain and promote mental and physical health.

Specifically, we are working to prevent diseases and administer healthcare by assigning staff at each division for health checkups and specialized health guidance (e.g. remedies to avoid metabolic syndrome, exercise guidance, mental healthcare, nutritional guidance), health consultations to those diagnosed with a cautionary concern in a medical checkup, counseling and other healthcare services.



Lecture on preventing heatstroke

Close UP From a Position to Support Healthcare

Lifestyle diseases caused by improper diet, lack of exercise and smoking as well as mental health problems caused by anxiety from



Health Support Room
Masumi Matsui

stress at work have become important issues even for a company. In my role, I try to catch early signs of potential problems such as metabolic syndrome and mental health issues, to ensure patients a quick recovery and keep their health satisfactory. To stay vibrant, a company depends on healthy employees. I will keep playing my role to support fellow employees in their healthcare as a member of the health support office.

Industrial Safety and Health

Basic Concept of Health and Safety

Basic Philosophy of Health and Safety
 "Health and safety take priority in any business"

Basic Policy of Health and Safety

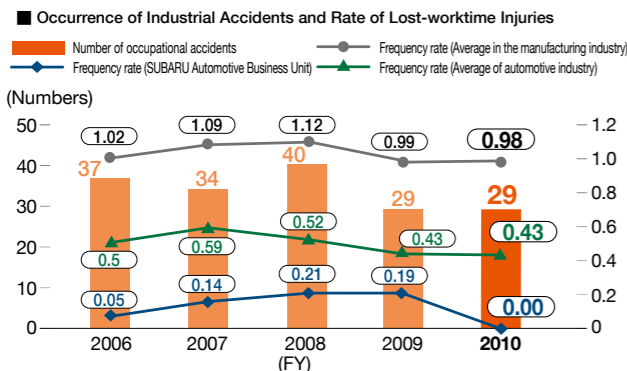
Aiming for zero incidents of occupational accidents, traffic accidents, diseases, and fire disasters; all employees recognize the importance of health and safety; improve the equipment, environment, and working methods; and improve management and awareness in order to create safe and comfortable workplaces.

Aiming for No Industrial Accidents

SUBARU has been conducting activities to help individuals raise their safety awareness, improve workplace management, and eliminate risks. To raise awareness, KYT¹ and the Hiyari Hatto² Activity were implemented. To improve management of the workplace, a self-management activity called TSZ³ was introduced at an early stage in each workplace. SUBARU also makes efforts to further improve occupational health and safety levels and prevent on-the-job injuries. Towards these ends, we introduced a new risk assessment system to the



A lecture on risk assessment



*1 KYT: Training for predicting dangers; K: Kiken (Danger); Y: Yochi (Prediction); T: Training
 *2 Hiyari Hatto: Activity to collect cases of near-miss incidents.
 *3 TSZ: Total Section Zero (related departments and sections make combined efforts to attain zero incidents).
 *4 A system to promote the organized, stable management of health and safety, aiming at creating a workplace with zero disasters and zero danger through a clear set of processes: "planning, implementation, evaluation and improvement."

Manufacturing Division where the Occupational Health and Safety Management System⁴ had already been implemented, and are constantly working on improving the Management System by internal auditing.

Making Comfortable Workplace

To meet the guidelines of comfortable workplaces, we are proceeding with systematic improvement activities in such areas as working environment, work method and environmental facilities. Also, rest stations, toilets, smoking areas, dining rooms and other areas. are being improved for better workplaces, including universalization of facilities.

■ Example of KAIZEN at the workplace

Since taking out a basket weighing about 20kg by bending over used to easily cause backaches, an assist device was set up to ease the work burden.



Held a Safe Driving Training

We are taking various approaches to prevent employee traffic accidents at work, while commuting and off-duty. In Gunma Manufacturing Division and Tokyo Office, employees hold bike traffic safety classes under the guidance of local police motorcycle squads where attendants learn the fundamentals of safe driving and actual driving skills.

Also, in Gunma Manufacturing Division, safe driving experience classes are offered as part of workplace-initiated traffic safety activities. In class, attendants not only receive driving training, but also learn about dangerous driving behaviors and how to turn right with appropriate timing from the pedestrian's point of view.



Bike traffic safety classes in May 2010

We Extend our Deepest Condolences to Victims of the Great East Japan Earthquake

We would like to express our deepest condolences to those who suffered from the Great East Japan Earthquake and wish for the earliest possible recovery. The whole SUBARU group will offer support for the recovery.

Support for the Recovery from the Great East Japan Earthquake

Our Approaches to Supporting Affected Areas

We made a public donation of over 100 million yen to the areas inflicted by the earthquake which occurred on March 11, 2011 as the SUBARU group including our affiliated companies overseas. We also freely provided 200 units of such SUBARU products as generators, light projectors, clean water pumps and muddy water pumps worth about 50 million yen.

Many employees voiced interest in offering on-site help. Responding to their expectations, we introduced a volunteer leave system. Making use of this system, some employees are now engaged in volunteer activities in affected areas.

In the meantime, we offered the free use of 10 Samber trucks, perviously used as company vehicles on the premise of our Gunma Manufacturing Division, to Ishinomaki City, Miyagi Prefecture, together with such

goods as safety shoes, work clothes, sheets and ropes. The vehicles and goods were delivered on April 16 by employees of Gunma Manufacturing Division. This support was part of the response of Ota City, where FHI has plants, to the request for cooperation from the Ota-Kiryu Junior Chamber, which is still involved in support activities in Ishinomaki City. Ota City freely loaned 20 Impreza patrol cars equipped with blue revolving lights. They were delivered to the affected area together with our vehicles and goods. Our Eco Technologies Company in Utsunomiya City sent 6 refuse collection vehicles to support restoration work.

Our group companies also provided a variety of their products, while public donations and contributions in kind were sent from SUBARU dealers out of their own goodwill and charity campaigns. Donations were also made by our overseas group companies.



Generators and other goods on the way to the afflicted area

Sambers freely loaned

Relief goods on the way to the afflicted area

6 refuse collection vehicles sent to the area

Inquiries Relevant to the Earthquake

We set up a contact for information and inquiries on the earthquake. Please refer to our website for details.

<http://www.fhi.co.jp/news/info/index.html>

Contact for Inquiries on Credits

We have staff available for inquiries and consultations on our credit and lease services from customers who suffered damage in the earthquake. Please contact the following:

Customer Relations, SUBARU Finance Co., Ltd.

Toll free phone number : 0120-386-506

From 9:00 to 12:00, From 13:00 to 17:00

Contacts for Other Inquiries

If you have any problems with your SUBARU vehicle or questions, please contact the following SUBARU Customer Center.

SUBARU Customer Center

SUBARU toll free number : 0120-052215

From 9:00 to 17:00 (Weekdays)

From 9:00 to 12:00

and from 13:00 to 17:00 (Saturday and Sunday)

With Gratitude to the Local Community

SUBARU has established a Social Contribution Policy as one of the CSR activities with 3 pillars (environmental, Traffic Safety, Social Contribution) and is actively promoting social contribution activities.

Social Contribution Policy

- We will contribute to the development of science and technology and automobile culture and to the diffusion of road safety.
- We will contribute to the fostering of human resources who understand the pleasure, importance and preciousness of creative manufacturing.
- We will contribute to the development of the communities we operate in.
- We will support each other in contributing to society as good citizens.

Contribute to the development of automobile culture and to the diffusion of road safety.

Activities to Spread Traffic Safety

We take it as our responsibility to address traffic safety as a vehicle manufacturer and are engaged in various activities as our concrete approach to the traffic safety in local communities.

In February 2010, Utsunomiya Manufacturing Division cohosted the “Young Driver Safety Club” training with the Tochigi Prefectural Police Headquarters and the Safe Driving Administrators Council to 400 young drivers who live in Tochigi Prefecture, promoting traffic safety and accident prevention in local communities, for example, by giving lectures about the functions and safety features of our “EyeSight” system. Also in April and September, we offered traffic safety guidance services in the school zones around the Division facilities.



Crossing guard services at school routes



Training of young drivers safety club

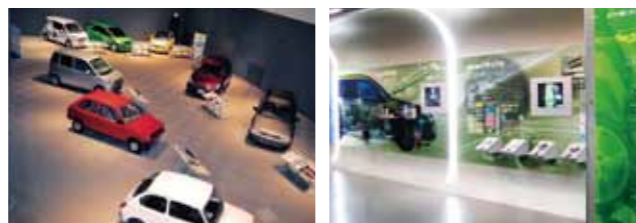
SUBARU Visitor Center

The SUBARU Visitor Center opened on July 15, 2003. This facility introduces SUBARU's past models, models that set world records, SUBARU efforts to develop unique technologies and approaches to the environment. Actual exhibits for visitors are available, as well as tours of the Yajima Plant. In FY2010, 102,995 people came to see the facilities.



※For a Plant Tour application (10 to 200 people) and detailed information on the Visitor Center, please refer to the link below.

<http://www.subaru.jp/about/showroom/vc/index.html>



SUBARU Visitor Center

Making Things, Fostering Human Resources

Environmental Class by Gunma Manufacturing Division

SUBARU Environmental Communication Club “Environmental Class” by Gunma Manufacturing Division has been staged since 2004 to help school children deepen their understanding on the global environment as part of the general learning at primary schools. In this class, our employees visit nearby primary schools and give lessons using visual materials, making experiments of global warming or resorting to other means to attract their interest. A total of 58 lessons were provided in FY2010.



Environmental Class

Accepting students for a company tour on school excursion

At the head office, about 10 groups of junior and senior school students who visit Tokyo on school excursions are accepted annually for a company tour. This program is intended to help them in their social studies by introducing how a company works, how employees spend a day in office and various jobs performed until a car gets delivered to a customer. Such approaches are given high marks by educational institutions that take part in the program. We will keep the door open to welcome young people.



Thank you letter from students

Social Contribution in the Local Area

SUBARU Community Exchange Association

SUBARU Community Exchange Association is an organization which consists of our Gunma Manufacturing Division and its business associates with the purpose of promoting communication with Ota City and local residents to make the community a better place to live through local development.

■FY2010 Principal Activities

- Scholarship offered to orphans from automobile accidents [April]
- Supported Ota Shibazakura Matsuri [April]
- Cleanup Kanayama Activity [May]
- At “Flower-full Activity” flower saplings were distributed [May, September, December, March]
- Held Friendship Charity Concert [June, November, February]
- Welfare Donation [July]
- Safety Driving Class [September]
- Cosponsorship of Sports Recreation in Ota City [October]

For details, please access the website of the SUBARU Community Exchange Association.

Three members of the Subcommittee of Affiliated Companies, Ichitan Co., Ltd., Kiryu Industrial Co., Ltd. and SUBARU Logistics Co., Ltd., serve as members of the association.

<http://www.chiiki-kouryuukai.com/>



■ Charity Concert
At the “Friendship Concert” sponsored by the SUBARU Community Exchange Association, customers bring in towels, soaps and other daily necessities for donations to the Welfare Council in the region.

Clean Up the Local Area

In July 2010, about 400 employees of Utsunomiya Manufacturing Division picked up trash and cut grass primarily around the nearby station and facilities in a clean campaign hosted by the labor union. The campaign this year marks the 20th anniversary. We will continue with such programs to clean local communities.



Clean Campaign

Support of Volunteer Activities

Volunteer Award

The social contribution policy of FHI sets forth clearly the participation of each employee in social action programs as a citizen. The policy is intended to make employees conscious of the need for their proactive social contributions so that a culture to do something for society remains firmly rooted company-wide. As a specific example, an award system to honor employees who are active in volunteer activities using their own time was established in 2006. The 6th award ceremony was held on June 2, 2011 and a total of 17 employees have been honored with the volunteer award so far.

In addition, we are supporting volunteer activities by

our employees taking various opportunities by such means as setting up an exclusive site to post volunteer-related information on the intranet.



Volunteer Award in 2011
From left: Mr. Tsukui, Mr. Watanuki, Mr. Takahashi, Mr. Kawashima

Social Relationships -Overseas Approaches-

[Major Overseas Affiliated Companies]

SRD:
Subaru Research & Development, Inc.
SIA:
Subaru of Indiana Automotive, Inc.
SCI:
Subaru Canada, Inc.
SOA:
Subaru of America, Inc.

The SUBARU group is globally deploying social action programs suited to respective localities.

Approaches of Subaru of America, Inc.

Social Towards Solving Local Hunger

To help fight local hunger, our employees set up an urban-type farm in 2009 jointly with local agricultural groups. Much of the food grown in the "SUBARU Share the Love Garden" is donated to local food banks. SOA is widely staging volunteer activities, such as food collections by employees, in cooperation with more than 36 groups. In May 2010, its contribution was lauded with a letter of appreciation by the "Food Bank of South Jersey."



SUBARU share the Love Garden

Traffic Safety Approaches for Safe Driving

In the US, there is comparatively a large number of traffic fatality accidents by drivers aged from 15 to 20 years old. Reducing of accidents caused by young people is a big

issue. SOA now offers traffic safety instruction and workshops to families of employees, as well as young drivers at large. These workshops are held at various places out of a desire to eradicate such accidents so that everybody can live in a safe car society.



Safe driving lesson for young people, "Alive at 25"

Education Biodiversity Education

A variety of educational programs are provided by SOA to help children in local communities deepen their understanding of living creatures and ecological systems that they are normally taught little about. In FY2010, educational opportunities were offered to learn about biodiversity focusing on local water creatures.

▶Please refer to page 41 for details.

Approaches of Subaru Canada, Inc.

Social Participated in the "Mississauga Dragon Boat Festival"

Two teams comprising SCI employees participated in the "Mississauga Dragon Boat Festival" that is held to raise public awareness of breast cancer and raise money for charities. In recent years, dragon boat races have gained growing popularity, especially in North America. Each boat is raced by a crew of about 20 members. In the 7th race this year, Subaru Canada Team No.1 won the heated race, pulling ahead in the grueling final stage. In this festival, a total of 15,000 Canadian dollars was donated by all the participating teams to local breast cancer groups in Canada.



"Subaru Canada Team No.1" won the heated race

Social Volunteer Activity at Ronald McDonald House

SCI employees are engaged in a volunteer "Supper Preparation" program at Ronald McDonald House. This charity provides children struggling against illness with a home away from home so they can be with their families

while receiving treatment. Participating members bring food and ingredients, keep the refrigerator stocked and accessible to all, and fix supper for children when their parents can't.



A child stays at Ronald McDonald House with an employee of SCI

Local Community Clean Up Activity

In North America, "Earth Day" is intended to enhance consciousness of the environment and motivate environmental activities. To support this widely rooted ever Subaru Canada implemented an inter-dealer competitive cleaning campaign on Earth Day. SCI also took part in a local cleaning program called "LitterNot." in Mississauga where its head office is located, contributing to the environmental conservation and afforestation in many local communities.



Employee joined the "LitterNot" Program

Traffic Safety

Development of transportation vehicles and approaches to traffic safety

Education

Approach to let people understand the environment, fun and importance of making things

Local Community

Local development and locally rooted approach

Social

Approach to individual's contribution to the society

Approaches of Subaru of Indiana Automotive, Inc.

Social Charity Tour "48hrs of Tri State"

SIA holds various charity events to support local communities. In January 2010, the "48hrs of Tri State" charity tour was conducted. This event is a 48-hour caravan tour from New Jersey where the head office of SOA is located to Indiana where the head office of SIA is located. Marking the 10th tour, 58 SUBARU vehicles gathered at the head office of SIA. The participants ate lunch at the dining room of the training center and toured the plant. The profits from this event and donations by participants were all donated to the American Cancer Society for to research on cancer treatments and other purposes.



Participants gathered to SIA Head Office

Social Charity Event "Small Steps ... Big Dreams"

In July 2010, SIA staged a charity walk & 5K run "Small Steps... Big Dreams" in which about 500 people took part. The proceeds including participation fees and about 40,000 dollars provided by SIA were delivered to a child care facility in Lafayette. The next event is scheduled to be held in August 2011 and the proceeds will be

allocated to installing playground equipment in parks where disabled children can play. In addition, SIA employees are involved in many other social action programs including charity events and fund-raisers to support disabled people.



Charity event, "Small Steps...Big Dreams"

Local Community Introducing Japanese Culture

SIA served as the main sponsor of an event "Bridge to Japan" that is intended to introduce the strong tie between Indiana and Japan, and Japanese culture. A total of 90,000 people visited the event in 17 days, in which SIA introduced traditional culture such as folding origami paper and the general approaches of families to environmental issues. SIA is making a contribution to local exchanges as a partner of the "Japan-America Association" which strengthens ties between the state of Indiana and Japan.



Introducing Japanese culture with "Bridge to Japan"

Approaches of Subaru Research & Development, Inc.

Education Internship Program for Students

SRD has an internship program to help American students deepen their understanding of Japanese-owned companies. This program offers them opportunities to experience various types of work including research on the attitudes of young people towards automobiles in addition to gaining office experience in general. In FY2010, SRD's Design Department accepted interns and offered them a chance to sketch designs of a sports car and the next-generation Outback. This internship program is highly evaluated by American students.



Internship Program in Design Department

Education Biodiversity Education

SRD conducts a variety of activities to help children deepen their understanding of biodiversity. In FY2010, it held an event to build "houses" for bats on its premise.

▶Please refer to page 64 for details of this activity.

Social Food Drive

To mitigate hunger in Ann Arbor communities, SRI stages a "Food Drive" jointly with the Ann Arbor Food Gathers (one of many mutual aid drives to donate food to low-income people) in the local area. In FY2010, SRD donated 65 meals in addition to 41.8kg of food, to help relieve hunger in the community.



Employees of SRD participated in the "Food Drive"

Establish Mutually Beneficial Relationships

SUBARU intends to procure parts, materials and equipment that are of high quality, environment-friendly and competitively priced, which will contribute to the realization of our corporate philosophy. To have such procurement possible, we think it is important to establish solid relationships with suppliers, trusting and learning from each other on an equal footing for prosperous co-existence.

Relationship with Suppliers

Fundamental Procurement Policy

SUBARU has been promoting procurement activities under the following basic policy.

1) Compliance & Green Procurement

We will engage in procurement activities in a way to harmonize man, society and the environment and conduct transactions paying due care to observe legal and societal rules and to protect the environment.

2) Establish Best Partnership

We will establish "WIN-WIN" relationships with suppliers through transactions based on mutual trust under the doctrine of good faith.

3) Fair and Open Way of Selecting Suppliers

In selecting suppliers, the door will be wide-open to all firms, domestic and overseas, for fair and equitable business to procure goods and services most excellent from six perspectives: quality, cost, delivery, technical development, management and environment.

Promoting Fair-Trade

We have been working to faithfully observe laws and regulations related to the procurement business such as the Anti-Monopoly Act and the Act against Delay in Payment of Subcontract Proceeds, Etc., to Subcontractors. We also are promoting programs for fair business transactions along the "Fair Trade Guidelines of the Automotive Industry" announced by the Ministry of Economy, Trade and Industry in June 2007. As a part of the promotion, consultation service is provided to suppliers in our supply chains.

Please refer to the FHI website for "Fair Trade Consultation Service for Suppliers" and "Green Procurement Guidelines." (Japanese Only)

<http://www.fhi.co.jp/csr/mecenat/supplier.html>

Approaches to CSR Procurement

To promote CSR activities with suppliers, we plan to issue CSR procurement guidelines with such items as safety, quality, human rights, labor, environment, compliance and information disclosure incorporated.



Through explanatory meetings on quality and procurement policies, communication with suppliers is being promoted. They also are advised that a contact is available for consultation on any compliance issues.

Proactive Information Disclosure

Business performance and plans will be disclosed proactively to shareholders and investors for their better understanding of SUBARU. We will keep making strides forward to boost the corporate value with their support to be a more attractive company.

Disclosure to Shareholders and Investors

Disclose Proactively

Our website include an "Investor Relations" section to provide updated IR information. The latest IR-related information such as financial reports is also distributed via free e-mail updates to those who register. Currently 800 plus people have booked in for this service.

Also, our IR site was ranked 1st in the industry in the "Fiscal 2010 Listed Company Website Quality Ranking" hosted by Nikko Investor Relations Co., Ltd. for 4 years in a row (about 4,000 companies evaluated), and also positioned 1st in the industry in the "Investor Relations Site Ranking in 2011" by Gomez Consulting Co., Ltd. for 5 consecutive years.



Homepage

FINANCIAL REPORT 2011

Please refer to the FHI website for our latest IR information

<http://www.fhi.co.jp/ir/index.html> (Japanese)
<http://www.fhi.co.jp/english/ir/index.html> (English)

Explanatory Meetings to Private Investors

We opened explanatory meetings to private investors. At these events topics such as our company history and latest performances were presented in an easy-to-understand way. We take such opportunities to have attendees deepen their understanding of our company through question-and-answer sessions. Such meetings will be held periodically as before.

Plant Tours for Shareholders

We have been holding plant tours for our shareholders once a year.

The plant tour is intended to provide shareholders with opportunities to see on-site operations for their understanding of our corporate policy and daily production activities.

After the plant tour, time is set aside to hear their views and for questions and answers. We expect they will communicate with our officers at the meeting and hope to review their opinions and reflect them in various improvements.



Plant tours for shareholders



To get a Better Understanding of Fuji Heavy Industries Ltd.

We wish to express our deep appreciation for your support. We are exerting efforts to have ourselves understood better by proactive disclosure of information to all. Such examples include presenting easy-to-read materials, improving our website and offering plant tours to shareholders for better understanding of our production activities.

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

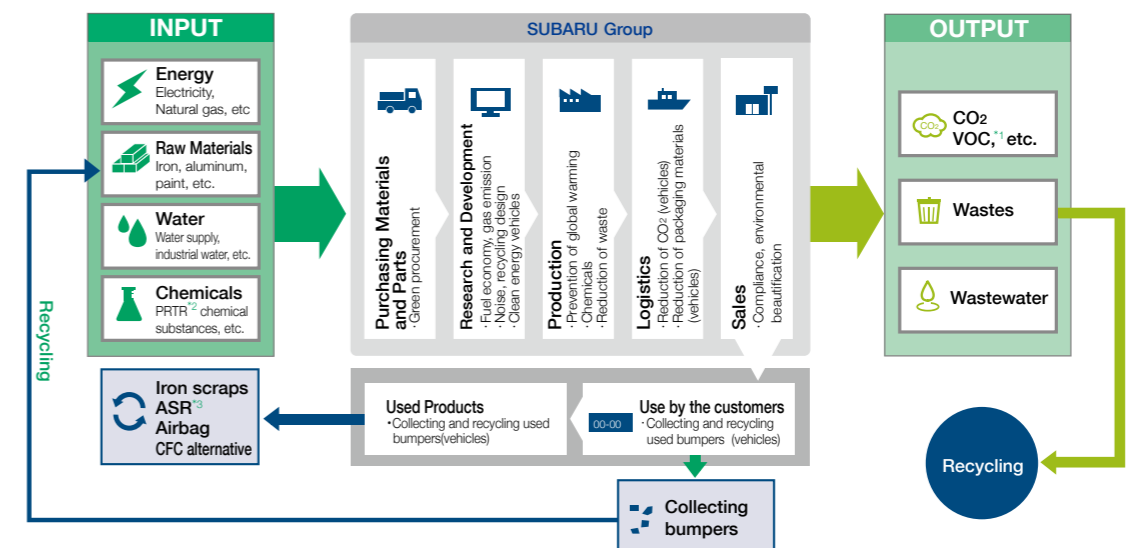
Corporate Activities and Environmental Impacts

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

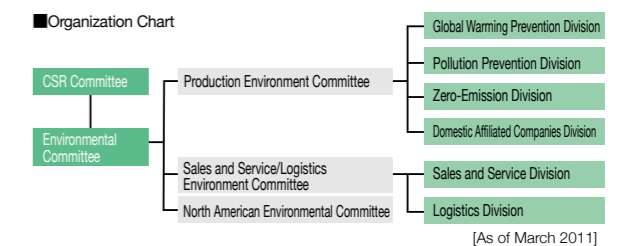
Since our business activities are closely linked to a low carbon society, proceeding with our operations with this link in mind is the way to contribute to the realization of such society.

- 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



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.



Before thinning After thinning

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

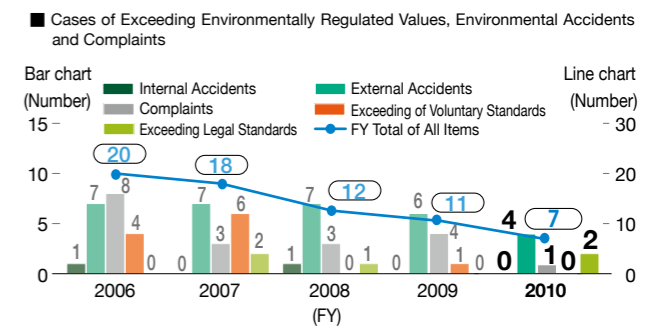
We prepared texts for company-wide stratified education in FY2004, and have been providing skill-level-oriented environmental education to new employees and candidates for promotion every year since then.

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. 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.	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. 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. Dec. 2010: Gasoline flowed out from a corroded pipe inside the pit that sends fuel to test rooms.	The inspection method before test runs changed in terms of both hardware and software. 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 futher 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.

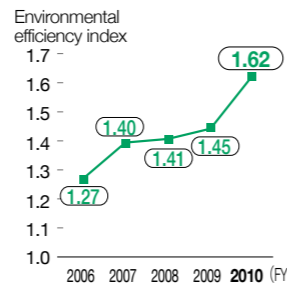
Small expenses such as fixes asset tax and insurance cost are also extracted from the total.

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.

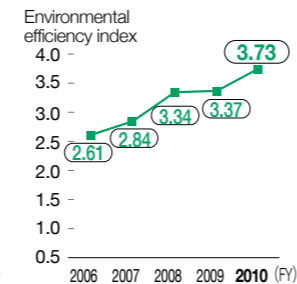
Environmental Management Index

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)

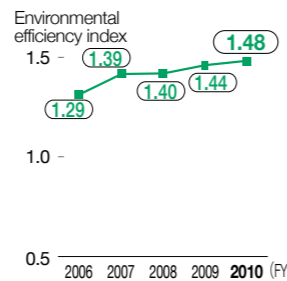
Sales/CO₂ Emissions



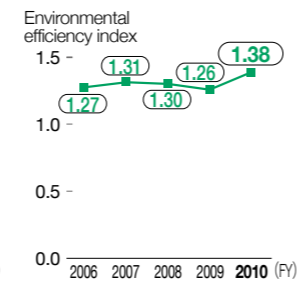
Sales/PRTR Chemical Substances Emissions



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
	①Pollution Prevention Cost	41	47	41
	②Global Environmental Conservation Cost	466	416	447
	③Resource Circulation Cost			
(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	163	143	140
(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	108	95	84
(4)Research & Development Cost	R&D cost to develop products that contribute to environmental conservation	14,377	14,774	15,179
(5)Social Activity Cost	Cost related to donation or financial support of environmental groups	77	62	107
(6)Environmental Remediation Cost	Cost related to environmental conservation measures for the aquatic, ground, and geologic environments	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

Environmental Performance (Quantitative Effects)					
Item	Unit	FY2008 Actual	FY2009 Actual	FY2010 Actual	Up/Down Year-on year
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
	①Pollution Prevention Cost	11	15	7
	②Global Environmental Conservation Cost	54	44	50
	③Resource Circulation Cost			
(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	11	12	10
(4)Research & Development Cost	R&D cost to develop products that contribute to environmental conservation	47	45	25
(5)Social Activity Cost	Cost related to donation or financial support of environmental groups	5	2	2
(6)Environmental Remediation Cost	Cost related to environmental conservation measures for the aquatic, ground, and geologic environments	1	0	0
(7)Other Costs		0	7	0
Grand Total		135	133	105

Environmental Performance (Quantitative Effects)					
Item	Unit	FY2008 Actual	FY2009 Actual	FY2010 Actual	Up/Down Year-on year
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

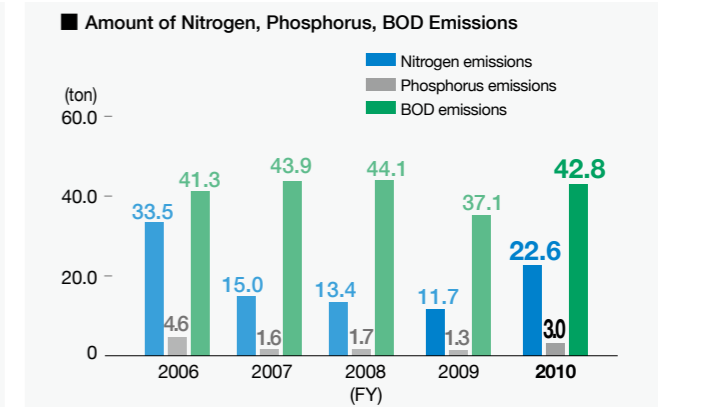
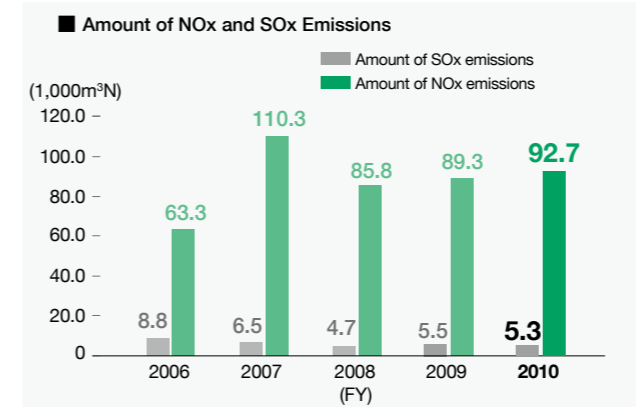
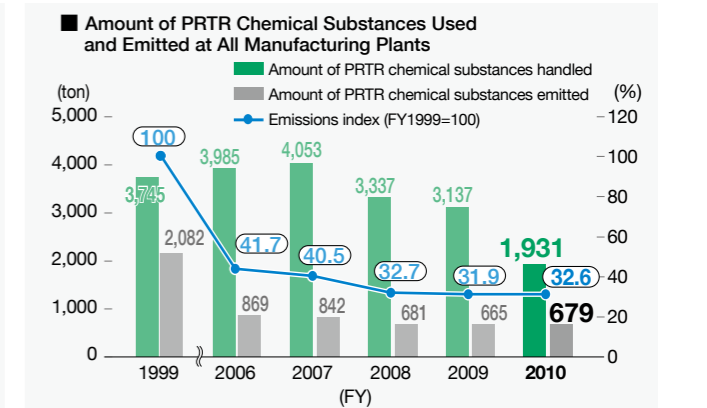
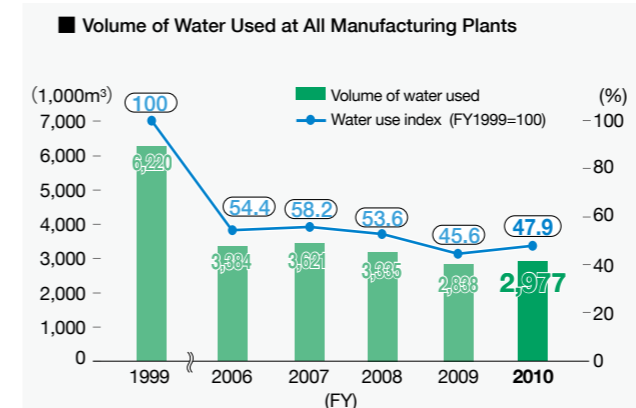
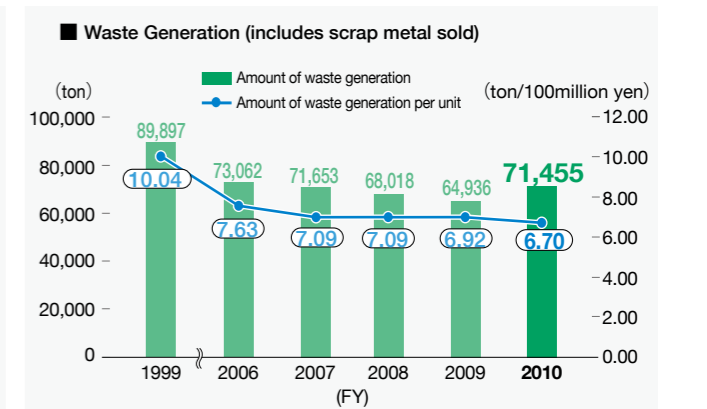
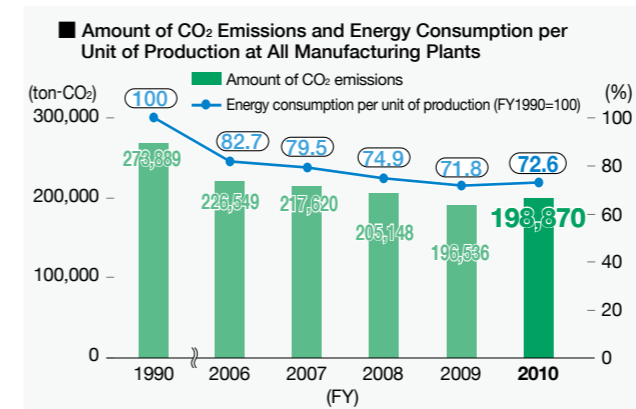
The main aspects of our environmental performance in FY2010 are as shown in the following graphs.

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).



Development of Environmentally Friendly Vehicles

The FORESTER was partially revamped in October 2010 in pursuit for the best balance of environment, drivability and roominess as a SUV by mounting a new generation boxer engine on its 2.0-liter NA model^{*1} for enhanced environmental performance, advancing the chassis performance for better control stability and riding comfort, and upgrading the quality feel of both exterior and interior.

^{*1} NA model: Model with a naturally aspirated engine (non-turbo engine)

Improving Fuel Economy

Thought toward Improving Fuel Economy

Automobiles emit carbon dioxide (CO₂) proportional to the amount of fuel consumed. By improving fuel economy, CO₂ will be reduced resulting in the better conservation of limited energy resources and the prevention of global warming.

SUBARU, while utilizing the advantages of Symmetrical AWD and high power engines, has been working to improve fuel economy by developing technologies that make engines more fuel efficient, reduce transfer loss in the drivetrain and reduce vehicle weight and running resistance, and we are in the process of introducing vehicles which meet the Japanese FY2010 Fuel Economy Standards well over the target for gasoline vehicles.

Target of Improving Fuel Economy

Expand the scope of vehicles which meet the FY2010 Fuel Economy Standards plus 15%

Current Status in Meeting FY2010 Fuel Economy Standards

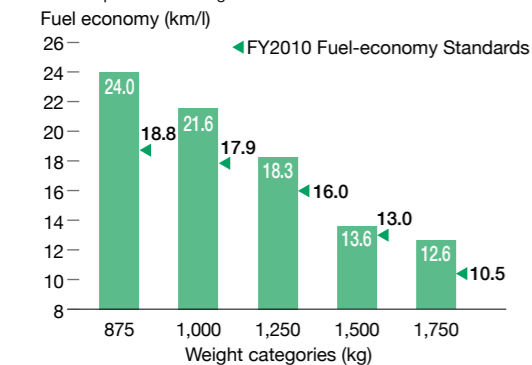
Gasoline-powered passenger cars meeting the FY2010 Fuel Economy Standards accounted for 92% of the total production, clearing the FY2010 Fuel Economy Standards in all the weight categories.

Gasoline-powered mini trucks met the Standards in all weight categories in FY2001. All models met the Standards in FY2002 and thereafter.

The number of automobiles which meet the FY2010 Fuel Economy Standard for Eco-car Tax Break System has accounted for 71.5% of the total, an increase of 11.7 points compared with FY2008.

We are going to promote eco-friendly cars.

■ Status of SUBARU's Compliance with the FY2010 Fuel Economy Standards for Gasoline-powered Passenger Cars



Improving the Engine

A new-generation boxer engine was mounted on the FORESTER launched in October 2010. This new generation boxer engine was wholly revamped for the first time in 21 years. Its structure was thoroughly re-examined before platform parameters were optimized. A longer bore stroke and more compact combustion chamber contributed to higher overall performance.

As a result, we succeeded in boosting environmental and driving performance. For example, fuel efficiency improved by about 10% and acceleration is smoother over the entire range due to increased torque at the important mid-low speed zone. The FORESTER balances environmental and driving performance at a high level. There are two types of 4-cylinder engines available: 2,000cc and 2,500cc in displacement and they will be gradually introduced to other model series as the main power source in years to come.

Major Features of the New-generation SUBARU Boxer engine

- The bore and stroke, the basic structure of this engine, have been reviewed to achieve a compact combustion chamber as well as a long stroke, which was difficult previously due to chassis mounting conditions in boxer gasoline engines. This allows high combustion efficiency, and generates a sufficient mid-low speed torque with improved fuel efficiency and practicality.
- Improved fuel efficiency has been achieved through optimization of intake port configuration and the addition of partitions inside ports, the use of TGV (Tumble Generated Valve), and the use of an EGR (Exhaust Gas Recirculation) cooler.
- AVCS (Active Valve Control System) is used on both intake and exhaust valves. For the intake side in particular, an intermediate lock system allows valve timing to be advanced or delayed for precise control over intake and exhaust valve timing, allowing maximum engine performance in output, fuel efficiency, and exhaust emission.
- The use of lightweight primary moving parts, such as pistons and connecting rods, and a highly efficient and compact oil pump provides an approximately 30% reduction in friction loss and improves fuel efficiency and revolution response.
- Cooling has been optimized by using separate engine cooling circuitry for the block and the head, resulting in improvements in fuel efficiency and output characteristics.



The new-generation SUBARU Boxer engine

Major Changes^{*2} and Results

Items	Output	Efficiency	Exhaust emissions
Longer stroke	○	○	○
Compact combustion chamber	○	○	○
Lighter parts in moving parts	○	○	
Cooled EGR system		○	
Intake/Exhaust AVCS	○	○	○
TGV		○	○
Highly efficient oil pump	○	○	

^{*2} Items changed for domestic vehicles.

Enhancing Practical Fuel Economy

We are also working hard to improve fuel economy under practical use by customers. For instance, in order to have both pleasant drive and interior environment, the characteristics of the engine and transmission were improved and the engine load was lessened through optimal control of the air conditioner for fuel saving.

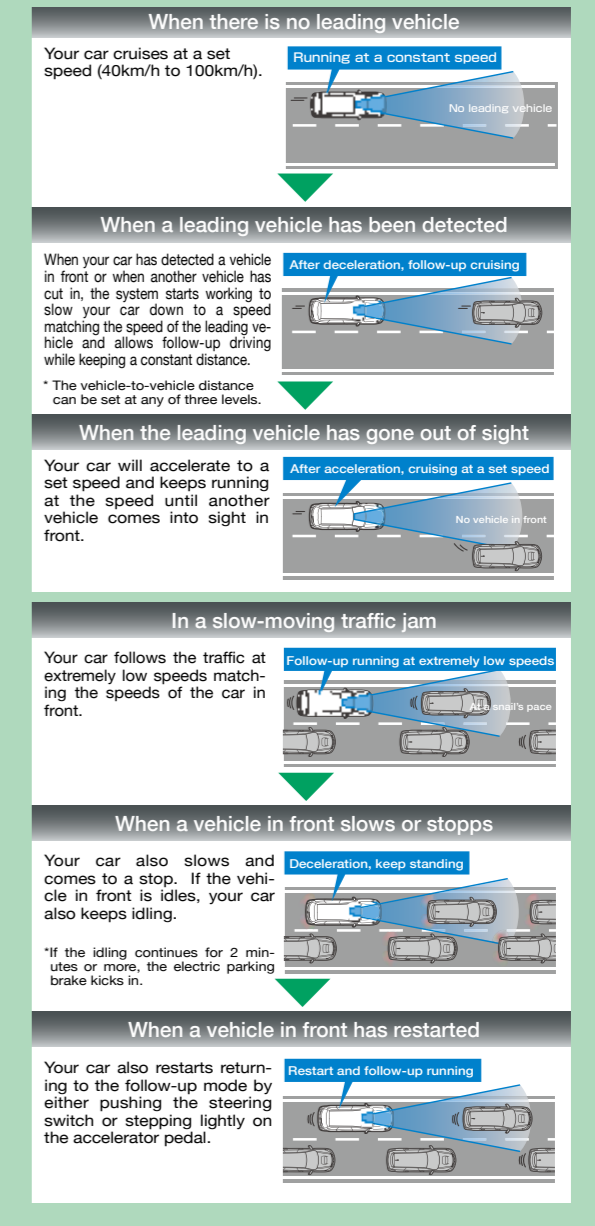
The NEW LEGACY adopted the Full Speed Range Adaptive Cruise Control that allows both pleasant driving assist and low fuel consumption as one of the functions of the advanced preventative safety system, EyeSight (ver.2).

This system realized improved fuel consumption through reducing engine loads by moderating follow-up controls in response to abrupt acceleration and deceleration by the vehicle in front.

We will keep working to better practical fuel economy, taking due care of the environment.

Stop Image of the Full Speed Range Adaptive Cruise Control

The Full Speed Range Adaptive Cruise Control is a drive assist system to properly control vehicle speed and the distance to a leading vehicle ahead for more comfortable drives on expressways and freeways.



Stop Image of the EyeSight (ver.2) cruise control and SI Drive system

As compared with the Sport (S) and Sport Sharp (S#) modes, the Intelligent (I) mode controls driving conditions to moderate the process of reaching the a target vehicle-to-vehicle distance for improvement of practical fuel consumption.

- Sport, Sport Sharp Mode



Reach the goal quickly

- Intelligent Mode



Reach the goal moderately

Approaches to Assisting Eco-drive

Communication among Driver, Car and Environment

SUBARU is also positively engaged in developing eco-drive assist devices as an interface to promote communication between a driver and his or her car. We are popularizing Eco driving assist equipment, the Eco Gauge and Shift-up Indicator (for MT-equipped vehicles) first released on the Legacy marketed in 2006. The New LEGACY, released in 2008, also has the Eco Gauge (for all models) and Shift up Shift-up Indicator (except North American models).

The FORESTER, which has a new engine, also has the Eco Gauge (also available on some other models). The further improvements are planned for Eco driving assist equipments.

Eco Gauge

The Eco Gauge needle indicates fuel efficient driving. Drivers can expect to improve fuel economy by about 5% (in-house testing) by consciously controlling the accelerator to keep the needle in the “+” direction.



Eco Gauge for FORESTER

Shift-up Indicator

When an optimal engine rpm is reached, the indicator starts blinking, prompting the driver to shift up.



Shift-up Indicator for LEGACY

Low Exhaust Emissions

Basic Concept of Low Exhaust Emissions

Substances such as carbon monoxide (CO), hydrocarbons (HC), and nitrogen oxides (NOx), which are emitted from automobiles, are one of the causes of air pollution in metropolitan areas where there is intensive motor traffic. In order to improve the state of the air, SUBARU is gradually launching low emission vehicles (certified by the Ministry of Land, Infrastructure, Transport and Tourism) that meet standards stricter than the regulations.

Target of Low Exhaust Emissions

With further technical developments, we are working to expand low emission models which outperform the FY2005 emission standards by 75% reduction.

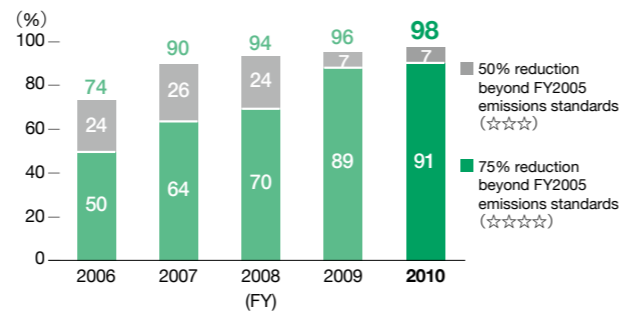
Advancing the Dissemination of Low Emission Vehicles

All models which have the SUBARU NA engine^{*1} are certified as low-emission vehicles which meet the FY2005 Standards by the Ministry of Land, Infrastructure, Transport and Tourism with at least 75% meeting the Standards (☆☆☆☆), while 91% of these production models achieved the Standards with at least 75% reduction (☆☆☆☆). Thus, low emission certified vehicles totaled 98% of our entire non-mini production.

SUBARU will keep advancing for the dissemination of low emission vehicles.

*1 NA engine: Natural intake engine (Non-turbo engine)

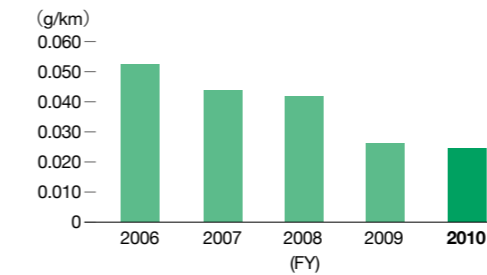
Percentage of Low Emission Gasoline-powered Passenger Cars



NOx Emission Reduction by SUBARU Vehicles Every Year

By launching low emission vehicles which meet the standards represented by the low emission vehicle certification standard into the market, SUBARU has been able to reduce the average amount of NOx emitted by SUBARU vehicles every year as shown in the chart below.

Average NOx Emissions of SUBARU Vehicles



* Calculated from the values meeting corresponding regulation (10.15 + JC08 mode) at the time of shipment.
 • The current mode means the combined mode of the 10.15 mode and the JC08 mode.

Trends in Sales Numbers of Vehicles authorized as Low Fuel Economy in FY2010 (The Sales number of Vehicles authorized as Low Economy and Low Emission Gasoline-powered^{*2})

		Passenger vehicle		Truck		Total of Vehicle (rate)
		Standard-sized car Small-sized car	Mini car	Standard-sized car Small-sized car	Mini car	
Low-emission car	Electric vehicle	0	21	0	0	21 (0.0%)
Vehicles authorized as Low Economy and Low Emission Gasoline-powered	75% reduction beyond FY2005 emissions standards☆☆☆☆	62,531	35,978	0	1,517	100,026 (61.8%)
	50% reduction beyond 2005 emissions standards☆☆☆☆	933	1,628	0	403	2,964 (1.8%)
Total		63,464	37,627	0	1,920	103,011 (63.7%)
Total of Sales						161,771 (100%)

*2 Vehicles which achieved in advance the 2010 fuel economy standard based on the Energy Saving Act and were certified as low emission vehicles according to the low-emission vehicle certification procedure.

Noise Reduction

Reducing Noise and Vibration with the New Boxer Engine

Another area in which SUBARU is actively involved is effectively reducing vehicle noise from such prime sources as tires, engines and intake and exhaust systems.

The NEW FORESTER launched in October 2010

has realized lower traffic noise levels during actual city driving together with excellent fuel economy and improved acceleration performance, all due to the practical torque characteristics of its next-generation BOXER engine.

Use of Clean Energy

Electric vehicle

About 200 “Plug-in STELLA” electric vehicles have already been leased to corporate users. Production of the electric vehicle was halted at the end of March 2011. However, the verification experiments currently being conducted jointly with local municipalities will be continued.

We will keep proceeding with electric vehicle R&D, conscious of the future need for expertise in electric vehicles.

Adaptation to Bio Fuels

Fossil fuels are limited yet currently serve as the main source of power for automobiles. This makes adaptation to alternative fuels, including bio fuels and recyclable energy, a priority.

SUBARU has already completed the adaptation to E10 and B7 fuels, maintaining function and reliability, on all gasoline- and diesel-powered vehicles sold throughout the world.

SUBARU will keep promoting adaptation to the diversification of fuels towards the realization of a sustainable mobility society.

Making Effective Use of Limited Resources

SUBARU gives importance to automobile recycling and is involved in reducing environmental burdens associated with used vehicles. Development of easier-to-recycle vehicles has also been actively pushed forward.

Efforts in the Design Stage

Promotion of Recycling Conscious Design

SUBARU has established the Automotive Recycle System of SUBARU (ARSS) as part of active efforts to recycle and properly dispose of End-of-Life Vehicles (ELVs), according to the Japanese End-of-Life Vehicles Recycling Law^{*1} (hereinafter referred to as the ELVs Recycling Law). The recycling ratio of automobile shredder residue (ASR) in FY2010 was 84.0%, satisfying the Japanese legal standard required for FY2015, an ASR recycling ratio of 70% or higher.

The effective recycling ratio reached 97.3%, clearing the 95% targeted for FY2015. Recycle-conscious design will be promoted to further improve our effective recycling ratio.

Recycling Market Research

The Recycling Design Project Team members continuously visit dismantlers, shredding companies, and waste disposers in various parts of Japan to exchange views on the current and future market trends for actual ELV treatment. The results are used to determine the principles for designing automobiles with due consideration for recycling and extract specific subjects for future research.

Efforts to Improve Recyclability

Advances in Wire Harness Dismantling

Because a large amount of copper is used in a wire harness, if the wire harnesses can be removed before the ELVs are shredded, the collection and separation of iron and copper will be enhanced and their value in terms of resource recycling will increase. SUBARU is conducting studies for a harness layout and automobile structure that make it possible to effectively collect more copper and in a shorter time. The achievement of this investigation is benefitting the New LEGACY.

Material Identification Improvement

It is most important that the material of each part can be recognized easily when we recycle. SUBARU started to identify the type of material on plastic parts in 1973 even before guidelines for the industry were established.

Since in the past, the material identifications were shown on hard-to-see inner surfaces, the material could not be checked unless disassembled. Now, the identification location has been changed so that parts can be sorted without disassembly before recycling for efficient operations. SUBARU has changed the identification positions on all car models, including the

LEGACY, the IMPREZA, the FORESTER and the EXIGA since 2001.

Easily Recycled Material

We are using Olefin Resin which is extremely easy to recycle, as the resin material for the interiors and exteriors of most new and remodeled vehicles. For bumpers, we are using integrated materials dedicated for use with bumpers. For interior parts, we are using integrated materials dedicated for use with interiors.



Advances in wire harness dismantling

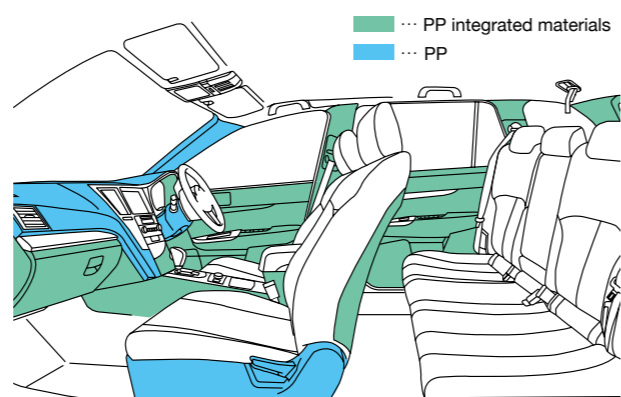
The material type can be determined without dismantling the bumpers.



An example of the material indication: "PP" means polypropylene



Using Integrated Materials for Interior Parts: Olefin Resin in the New LEGACY



*1 the Japanese End-of-Life Vehicles Recycling Law to recycle and properly dispose of end-of-life vehicles (Enforced in January 1, 2005)

Efforts to Improve Proper Disposal

Particularly, since proper processing of CFC (air conditioner refrigerant) and airbags is regulated by the Act on Recycling, etc. of End-of-Life Vehicles (the Automotive Recycling Law), we are aware that processing them in easier ways is indispensable.

Reduction of Fluorocarbons Used in Air Conditioners

SUBARU uses a substitute fluorocarbon, HFC134a, for refrigerants in air conditioners, which does no harm to the ozone layer, but which is still believed to accelerate global warming. We are conducting active countermeasures to reduce the amount of HFC134a and the leakage while using air conditioners and also research into substitute refrigerants other than fluorocarbons.

Advances in Airbag Disposal

Airbags and pretensioner seatbelts contribute significantly to reducing the shock to drivers and passengers in automobile accidents. On the other hand, the vast majority of automobiles are put out of service with unused airbags. Because automobile manufacturers are asked to dispose of airbags and similar products under the ELVs Recycling Law, we are conducting research into the optimal structure for airbags, including related components, that will make it safer and easier to activate them in automobiles and subsequently dispose of them.

Reduction of Substances of Environmental Concern

Based on the Japan Automobile Manufacturers Association's voluntary action programs, we have been working to reduce four substances of environmental concern (lead, mercury, cadmium and hexavalent chromium) and are partially moving ahead of schedule.

Furthermore, lead-free soldering has been promoted, mainly focusing on such electric and electronic parts as switches and relays, for further reduction of use.

Reduction Targets and JAMA's Voluntary Action Program for New Models

Substance	Target (period achieved)	Details of Reduction Efforts:
Lead	Since Jan. of 2006	Reduce the amount per a vehicle produced to less than 1/10 the 1996 levels
Mercury	Since Jan. of 2005	Use prohibited, except a few applications (e.g., minute amounts in combination panels, discharge headlights and in the liquid crystal panels of GPS systems)
Cadmium	Since Jan. of 2007	Use prohibited
Chromium(VI)	Since Jan. of 2008	Use prohibited

Reducing VOCs^{*2} in Vehicle Interiors

In order to reduce the use of VOCs such as formaldehyde and toluene, which can cause nose and throat irritation, we are revising whether to make changes to the components and adhesive agents used in vehicle interiors.

In the LEGACY, IMPREZA, FORESTER, EXIGA, we achieved the goals set by JAMA^{*3} by reducing the concentration of the 13 substances defined by the Ministry of Wealth, Labor and Welfare. And in the future, we will continue our efforts to reduce the levels of VOC and such substances to make the environment in vehicle interiors more comfortable.

*2 VOC (Volatile Organic Compounds) Volatile Organic Compounds means the Organic Compounds easy to volatilize in natural temperature, like formaldehyde and toluene. They are recently supposed to be one of primary factors of the Sick house syndrome which causes the stimulation on eyes, noses, throats when enter new houses or buildings.

*3 Voluntary target: to reduce interior concentration of the 13 substances identified by the Ministry of Health, Labor and Welfare to levels equivalent to or lower than the figures stipulated in the guidelines for new vehicle models (produced and sold in Japan in 2007 and afterward) under the Voluntary Approach in Reducing Cabin VOC Concentration Levels initiated by JAMA.

Close UP Master of Managing Chemical Substances of European REACH



Environment and Safety Information Department
From left side: Rie Kameda, Emi Yamamoto, Kyoko Imayasu

In 2007, the REACH Rules^{*4} were made public in Europe. Only particular substances were required to be managed before, but with the promulgation, the time has changed as all used chemical substances are now required to be managed and disclosed. "All" is simply said, but it is quite a job to control and manage chemical substances used in automotive parts that total several thousands in number.

Now, this is exactly where we can show our stuff. We check the data of constituent materials of parts together with our suppliers using the world standard IMDS (International Material Data System) and accumulate them, based on which we manage substances. We are keeping vigilant and close watch to ensure SUBARU vehicles are gentle to the environment.

*4 REACH Rules

This is one of the approaches at the EU regional level to assess systematically the risks posed by a number of chemical substances to the health and the environment and to control and manage these substances properly.

Processing of End of Life Vehicles (ELV)

Approaches to "Total Recycling of Resources"

SUBARU has formulated the "Information on Removal of Copper Containing Parts in End of Life Vehicles" to further bolster the recycling rate of ELV. This information is made public through the website of ART¹ (Japanese only). Currently, a method called "Total Recycling of Resources" is employed as a means to improve the recycle rate without generating ASR in recycling cars.

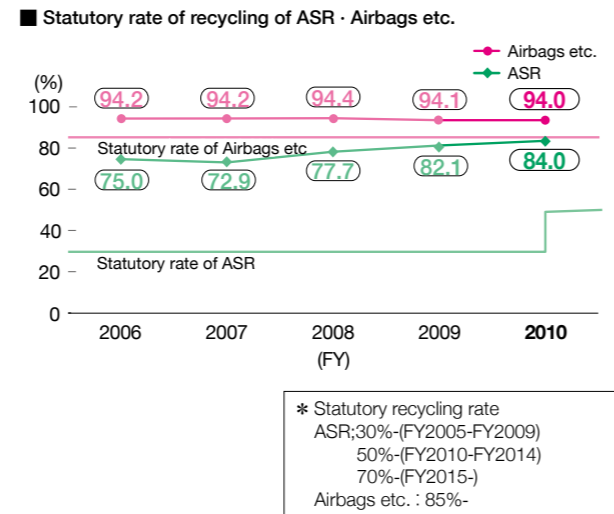
This involves throwing stripped end of life vehicles into electric furnaces or the like to melt iron content for re-commercialization as construction and other materials. Parts, usually a source of ASR, are burned in furnaces and used as a heat source (thermal recycling), eliminating the landfill process. Before implementing this "Total Recycling of Resources," it is essential to minimize the copper content of the stripped vehicle scraps to maintain quality in the resulting steel products. Thus, a key point becomes how to best remove copper containing parts efficiently and thoroughly.

The "Information on Removal of Copper Containing Parts in End of Life Vehicles" focuses on the disclosure of important information, such as where major copper parts are located in the wiring harness of past production vehicles, which currently constitute the largest part of the ELV population.

Formulating the information on the LEGACY domestically sold in 1994 and the VIVIO domestically sold in 1993 was released for public review in May, 2008. In December 2008, the information related to the FORESTER (launched in Japan in 1997) and the IMPREZA (launched in Japan in 1992) was disclosed, to the public, thus covering many of SUBARU vehicles to be scrapped as ELV.

The recycling ratio of ASR in FY2010 was 84.0%, satisfying the Japanese legal standard required for FY2015 (An ASR recycling ratio of 70% or higher). The effective recycling ratio reached 97.3%, clearing 95%

targeted for FY2015. Recycling-conscious design will be promoted for further improvement of the effective recycling ratio.



*1 ART (Automobile shredder residue Recycling promotion Team)
 There are actually 2 related teams. The ART team is operated by Nissan, Mazda, Mitsubishi, Fuji Heavy Industries, and 12 other companies. The TH team is operated by Toyota, Honda, Daihatsu and others.

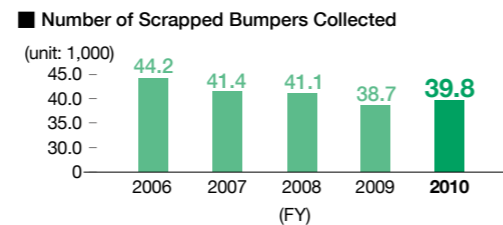
Recycling Batteries

We sold the electric vehicle, "Plug-in STELLA," with a lithium ion battery. We have already set up a system to collect used lithium ion batteries. Discarded Plug-in STELLAs are collected at auto dismantlers, and their used batteries are removed from the vehicles, and then these batteries are sent to disposal facilities. In this way, used lithium ion batteries can be safely, securely and properly processed.

Collection of Used Bumpers

Recycling Used Bumpers for Other Parts

SUBARU established an in-house system in 1973 to identify the materials used in plastic parts, ahead of the timetable for industry guidelines for the establishment of such systems. This system is very helpful when the company collects used bumpers which are replaced during for repairs to recycle for use in other parts of vehicles. In FY2010, we collected 39,802 used bumpers from all over Japan, which is a 2.8% increase over last year (38,733). The used bumpers were recycled for use in other parts of SUBARU as shown in the graph to the right.



■ Parts Produced from Scrapped Bumpers

Car Models	Parts
LEGACY	Trunk trim
FORESTER	Under floor cover
IMPREZA	Trunk trim
SAMBAR	Engine cover, Air guide, Splash board

Promote Environment Conscious Production

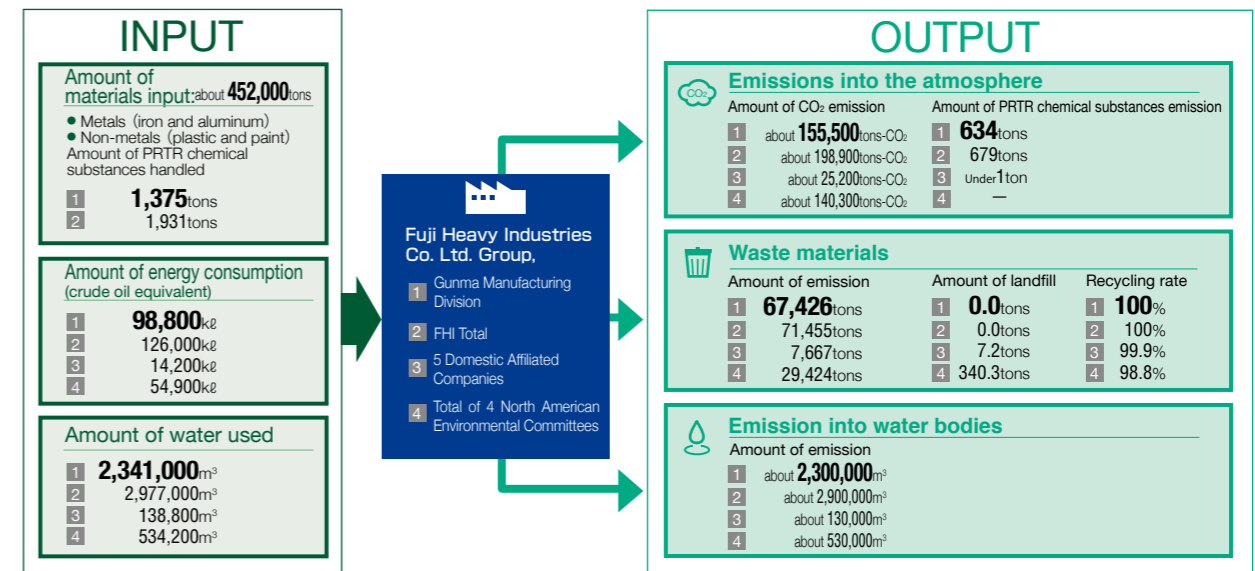
SUBARU has proactively addressed energy conservation while cutting costs by eliminating waste and losses for protection of the environment. Additionally, in terms of landfill waste, all of Fuji Heavy Industries Ltd.'s manufacturing plants have maintained zero emissions since FY2004.

Efforts in the Production Stage

Amount of Resources Input and Total Emissions at Automobile Production (Gunma Manufacturing Division)

This figure shows the amount of resources used and emissions in FY2010 at Gunma Manufacturing Division, SUBARU's main automobile production plant.

■ Amount of Resources Input and Emissions



*The scope of the PRTR substances to be reported differs from that for FY2009, due to law revisions changing the substances for inclusion.

*The discharge of PRTR substances to water bodies was removed from the list of the substances to be reported due to the reduced amount in FY2010.

Approaches to Global Warming Prevention

Activities to Reduce CO₂ Emissions and Save Energy

We have been engaged in various activities to reduce CO₂ emissions and energy use by such energy saving measures as the introduction of a natural gas cogeneration system, changeover from heavy oil to gas for boilers, reduction of standby electricity and making energy intensive processes more efficient. Although the total emission volume varies from year to year due to changes in production volume, a total of about 198,900 tons of CO₂ was emitted in FY2010. This was 27% lower than the level of FY1990. We challenged ourselves aggressively, achieving a CO₂ reduction of 22% against FY1990, while the 4th Voluntary Plan for the Environment set 15% reduction for the total CO₂ emission volume as the target for FY2010 against FY1990.

Reduction of Substitute CFC (HFC134a) Emitted to the Air

To reduce atmospheric emissions of HFC134a used as a coolant from the vehicle manufacturing line at Gunma Manufacturing Division, we have continued efforts to minimize leakage while pumping and recovering gas in air conditioners. As a result, we have succeeded in reducing emissions by over 95% compared to FY1996 levels since FY2003. Since FY2006, we have kept this reduction at 97%.

■ Energy Saving Activity in Gunma Manufacturing Division

Gunma Manufacturing Division, which produces automobiles, is promoting manufacturing energy saving activities in a program named "Eco-Eco Campaign." Under the slogan "Make Rules, Stop, Repair and Reduce," all the members of each department are taking part in energy saving patrols and improvements.

Campaign information on the internal web site

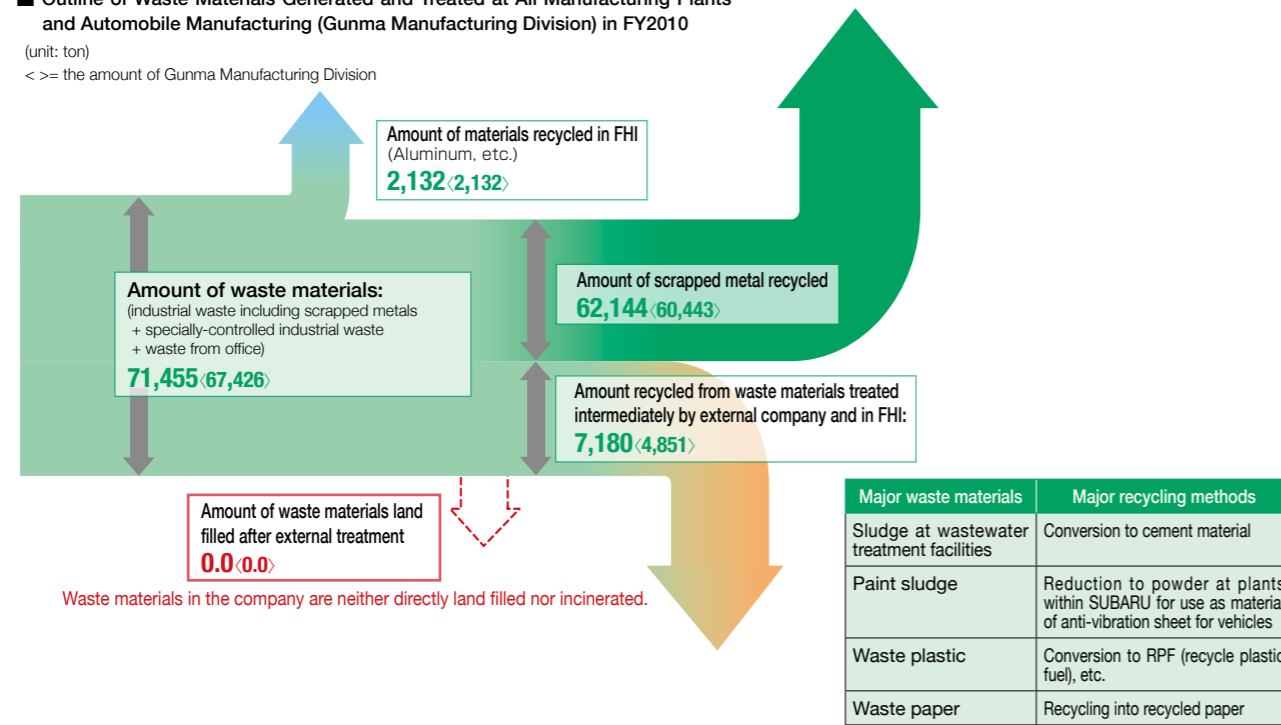
Waste Reduction

Maintaining Zero Emissions for Waste Materials at All Manufacturing Plants

All manufacturing plants have maintained zero emissions for waste materials since 2004. Outline of waste materials generated and treated in FY2010 is as follows.

Outline of Waste Materials Generated and Treated at All Manufacturing Plants and Automobile Manufacturing (Gunma Manufacturing Division) in FY2010

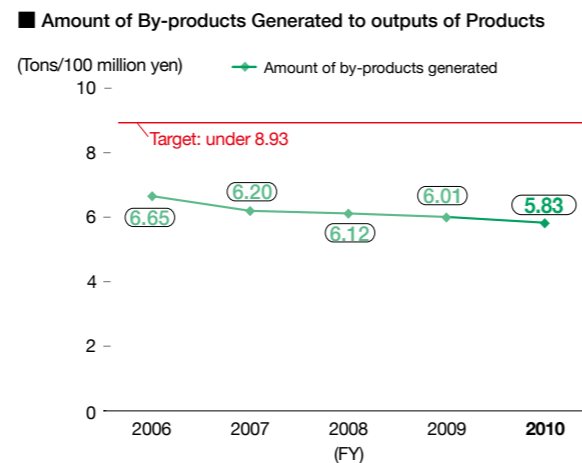
(unit: ton)
< >= the amount of Gunma Manufacturing Division



Efforts to Reduce Waste Materials

Since we consider that the generation of waste materials itself is a "waste," we have been making a continuous effort to achieve "zero emissions" and to curb the generation of waste materials. We have been striving to effectively utilize resources by improving the yield ratio of raw materials used in the production stages^{*1} and enhancing coating efficiency at paint factories. The right graph shows the indexes obtained by dividing the ratio of the amount of by-products (scrap metal and non-ferrous scrap metals such as aluminum) generated by the automotive division by the value of shipped products. In FY2010, we got the best result ever: 5.83. Also, we have achieved at the target levels (of the amount by-products should be reduced, as determined by the Laws for the Promotion of the Effective Utilization of Resources) for a series of 8 years since FY2003.

*1 Reduce the incidence ratio of defective products



Efforts to Reduce Consumption of Water Resources

Water resources protection activity

Total water consumption was about 2,977,000m³ at all our manufacturing plants in FY2010 and this is an increase of 4.9% compared with the previous year.

This is due to increased production at each manufacturing division. Compared with the benchmark year of FY1999, 52.1% less water was used, showing that the amount used was less than half of the benchmark level.

mark year of FY1999, 52.1% less water was used, showing that the amount used was less than half of the benchmark level.

► For more data on water consumption, please refer to page 50 in this report.

Approach the Reduction of Environment-unfriendly Substances

Management of Chemical Substances (the PRTR Law)

Due to the revision of the applicable law, our PRTR substances have changed. The handling volume in FY2010 was much less than the last year due to the removal of ethylene glycol that amounted 1,532 tons as a subject substance.

The discharge totaled 679 tons with all manufacturing divisions combined, showing an increase of 14 tons against the year before. The main factor for this is the expanded scope of substances to be reported because of the addition of such substances as naphthalene under the revised law.

► For more data on substances subject to the PRTR Law, please refer page 50 in this report.

Preventing Soil and Underground Water Pollution

We have voluntarily conducted soil and underground water surveys at all manufacturing plants since 1998 and have reported the results to the government. We are continuously conducting sampling surveys of underground water even at manufacturing plants where purifying measures for soil and underground water have already been taken, such as the Utsunomiya Manufacturing Division, and continue to report the results to the government.

Storage of Equipment Containing PCB

We store PCB appropriately and, each year, make proper notification to authorities in accordance with the laws and regulations related to PCB. In March 2006, we applied and registered for the disposal of equipment (such as transformers and condensers we currently store) containing high concentrations of PCB. The disposal process will commence in FY2011.

► For more detailed information on manufacturing, please refer our Site Report on pages 65 to 90.

Air Pollutants

The total amounts of Nitrogen Oxides (NOx) and Sulfur Oxides (SOx) emitted from specific facilities such as boilers at all manufacturing plants are as shown in the graph of page 50. The results of periodic measurement of both NOx and SOx in FY2010 show that our voluntary standards are satisfactory at all locations monitors.

Water Pollutants

The amounts of nitrogen, phosphorous and BOD discharged into water at all our manufacturing plants are shown in the graph of page 50.

VOC (Volatile Organic Compounds) Generated in Paint Process at Gunma Manufacturing Division

The amount of VOC emissions per unit paint area in FY2010 was 50.8g/m², 44.5% less than that in FY2000, reaching the target in the 4th Voluntary Plan for Environment^{*1} ahead of schedule. This is mainly due to the switch to water-base paint in the new paint shop and the higher thinner collection rate. We will keep working for further reduction.

*1 The Goal of the 4th Voluntary Plan for Environment is to reduce VOC emissions per unit by 30% less than that in FY2000 by the end of FY2010. (Refer to the page 45.)



Toward Reducing Environmental Impact in Logistics

SUBARU contributes to the reduction of environmental impact by setting optimal transportation routes, promoting modal shift in shipments of finished vehicles, joint transportation of finished vehicles with other companies in the same trade. Reduction of packing materials by their reuse is also actively being tackled.

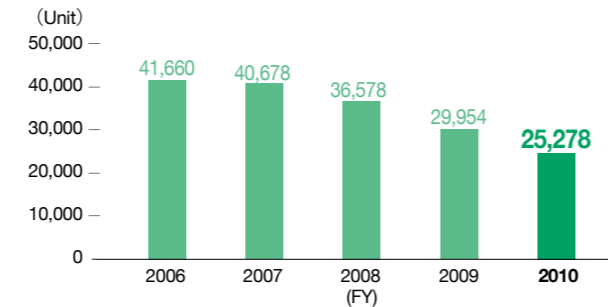
Reducing Environmental Burden by the Completed Vehicles Transportation

Efforts by SUBARU Logistics Co., Ltd.

We have contributed to reducing environmental burdens caused during the transportation of completed vehicles, by improving transportation efficiency through such means as setting optimum standard transportation routes, promoting modal shifts and improving carrying efficiency. In FY2010, by promoting the cooperative transport of completed vehicles with other companies in the same industry, the total of consigned-to and consigned-from vehicles was 25,278.

In FY2010, we promoted the installation of the highly functional digital tachograph, idling stop device and eco tires. Meanwhile, continuous efforts have been made to accurately grasp energy consumption and CO₂ emissions by collecting data on travel distances and fuel consumption periodically from cooperative companies. As a result of these approaches, we have achieved about a 1% improvement in fuel economy compared to the previous year. We aim to continue to reduce the energy consumption per sale by 1% or more annually.

■ Number of Vehicles Carried Through Cooperative Transport



Reuse of Packaging Materials

Reuse of Foam Materials for Packaging of Overseas Knockdown*1 Parts

The Production Logistics Division of SUBARU Logistics Co., Ltd., which handles packing designs for knockdown parts, has been involved in activities to reduce environmental burden primarily focusing on the reuse of packaging materials.

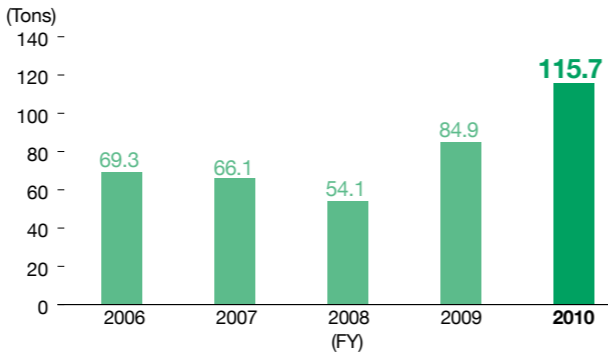
They started a project in the latter half of FY 2005 to reuse packing materials of expanded polystyrene foam for engine parts. The 1st stage started in March 2006, followed by the 2nd from December 2007 and the 3rd from March 2009 throughout which the reuse of the packing materials was stepped up.

We will continue working to extend the reuse of packing materials for reduction of environmental burden.

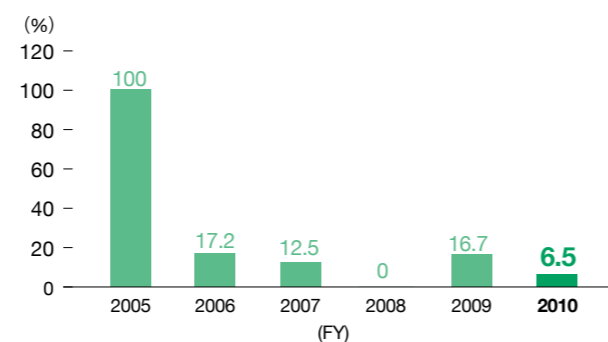


Status of reuse checking and keeping of packaging materials

■ Amount of Styrene Foam Packaging Materials for Reuse



■ Amount of Newly purchased Styrene Foam Packaging Materials



*1 Knockdown: The production system where main parts are shipped from Japan and locally assembled.

Aimed at Expanding “Green Dealerships”

To enhance our environmental protection activities into SUBARU Dealerships, we have promoted the environment management system “Eco-Action 21” certification. Amid the rising environmental awareness of our customers, we are simultaneously accelerating activities to make Eco-vehicles and “Green Dealer Outlets” more familiar.

Environmental Protection Activities of SUBARU Dealerships

Promoting Acquisition of the Eco-Action 21 Certification

To beef up our approaches to the environmental protection, we have supported the introduction of the environment management systems “Eco-Action 21 (EA21)” which was mapped out by the Ministry of the Environment based on ISO 14001.

Starting with the certification of Tokyo SUBARU Inc. in January 2009, all of the 44 domestic dealerships completed acquisition in March 2011. We will keep supporting voluntary environmental conservation activities that take advantage of the EA21 by the SUBARU team.



Certification ceremony of SHIZUOKA SUBARU
Left side: Kazuyuki Hirai, Managing Director of Shizuoka Environment Resources Association
Right side: Kenji Imada, Representative Director of SHIZUOKA SUBARU



Awarding ceremony of Hokuriku-Koshinetsu SUBARU
From left: Mr. Nakamura, Representative Director of SUBARU
Mr. Shinoki, Representative Director of NIIGATA SUBARU
SHOICHI INOMATA, Director of EA21 Local Executive Office, Niigata Environmental Analysis Center & EA Toki
Mr. Yada, President of HOKURIKU SUBARU (at that time)
Mr. Tezuka, President of YAMANASHI SUBARU (at that time)

Close UP Voice from the person in charge of Eco-Action 21 Promotion

In March 2011, All SUBARU dealers completed the acquisition of Eco-Action 21 certification at all their outlets, giving us a break in assisting them. Our role in the acquisition process was to support their voluntary activities by promoting of local environmental conservation, contributions to local communities and legal compliance.

In 2008, responding to a directive to assist dealers to set up the Environmental Management System (EMS) in their facilities, we drafted system plans and made preparations. In fact, since operating the system requires the involvement of many departments, it was a must to centralize and consolidate operations and controls by minimizing outlet-based handling while focusing on continuity. We believe that we could get such fundamentals set in place.

It will be nice to hear people say that SUBARU is “eco-friendly,” dealers and shops alike.



Environmental Affairs Promotion Office,
General Administration Dept.
Yukihiko Hagiwara

■ EA21 certification: Acquisition Status [As of April 1st, 2011]

Company	Acquisition Date	Certification number	Number dealers Which Supply New Automobiles
TOKYO SUBARU INC.	Jan. 27, 2009	0003261	32
SAITAMA SUBARU K.K.	Feb. 25, 2009	0003347	18
NAGOYA SUBARU INC.	Apr. 30, 2009	0003592	19
GIFU SUBARU INC.	Jul. 21, 2009	0003889	9
MIE SUBARU INC.	Aug. 28, 2009	0004068	7
KANAGAWA SUBARU CO.,LTD	Aug. 28, 2009	0004069	24
NANSHIN SUBARU INC.	Sep. 29, 2009	0004188	1
FUKUOKA SUBARU INC.	Mar. 11, 2010	0004737	19
NISHIKIYUSYU SUBARU INC.			11
KUMAMOTO SUBARU INC.			8
OOTA SUBARU INC.			5
MINAMIKUSYU SUBARU INC.			12
SHIN OKINAWA SUBARU INC.			3
TOCHIGI SUBARU INC.	Mar. 15, 2010	0004739	12
FUKUI MINAMI SUBARU K.K.	Aug. 31, 2010	0005558	1
FUJII SUBARU CO.,LTD	Sep. 7, 2010	0005653	19
MIYAGI SUBARU INC.	Sep. 24, 2010	0005811	12
AOMORI SUBARU INC.			6
IWATE SUBARU INC.			9
AKITA SABARU INC.			7
YAMAGATA SUBARU INC.			6
FUKUSHIMA SUBARU CO., LTD			10
NARA SUBARU INC.	Oct. 15, 2010	0005997	6
NIIGATA SUBARU, INC.	Nov. 4, 2010	0006090	11
SUBARU SHINSHU CORP.			10
YAMANASHI SUBARU MOTOR CO., LTD.			3
HOKURIKU SUBARU INC.			13
CHIBA SUBARU INC.	Nov. 18, 2010	0006212	21
OSAKA SUBARU INC.	Dec. 28, 2010	0006440	29
KYOTO SUBARU CO., LTD.			8
SHIGA SUBARU INC.			8
HYOGO SUBARU AUTO, INC.			17
HIROSHIMA SUBARU, INC.	Dec. 28, 2010	0006442	8
SAN-IN SUBARU INC.	(Unified the certification by total 6 dealers)		9
OKAYAMA SUBARU MOTORS, CO. LTD.			7
YAMAGUCHI SUBARU CO., LTD.			10
HIGASHI SHIKOKU SUBARU INC.			10
SHIKOKU SUBARU INC.			8
IBARAKI SUBARU INC.	Dec. 28, 2010	0006444	10
KUSHIRO SUBARU INC.	Feb. 3, 2011	0006566	1
SHIZUOKA SUBARU MOTOR, LTD.	Feb. 9, 2011	0006602	13
HOKKAIDO SUBARU INC.	Feb. 16, 2011	0006640	21
OBIIHIRO SUBARU INC.	Feb. 18, 2011	0006650	1
SUBARU HIGASHI AICHI, INC.	Mar. 11, 2011	0006767	3
Total			477

Global Environmental Activities Focusing Mainly on North America

Fuji Heavy Industries Ltd. organizes the North American Environmental Committee (NAEC), involving the 4 manufacturing and sales affiliate companies in North America with relatively high environmental burden among our overseas affiliates. This committee meets regularly twice a year (and extraordinarily as needed) to share and spread successful cases with member companies, promoting efficient and streamlined environmental activities. In FY2010, the NAEC held meetings in June and November. NAEC member companies reported their CSR and environmental activities to the Committee, and we also reported our environmental activities in Japan.

We promote this Committee to share SUBARU-related information globally.

Approach to Local Contribution and Environmental Conservation

Establish Environmental Management System

All of the members of the North American Environmental Committee, that is, SIA, SOA, SCI and SRD, already acquired the ISO 14001 Environmental Management System certification by December 2006 and renewed the certification in FY2010. SIA, SOA and SRD received integrated certification in FY2009.

They are working on pollution prevention and reduction of environmental burdens through educational training, on-site legal compliance programs, internal auditing, and other measures.

Especially worth mentioning here is that SIA obtained the certification in November 1998, 4 months before its mother plant, Gunma Manufacturing Division, which is the production base of SUBARU vehicles in Japan.

Curbing Global Warming Activities

To prevent the serious issue of global warming, many companies are working hard to reduce total CO₂ emissions with various measures.

The amount of CO₂ emitted by the 4 companies in North America in FY2010 totaled 140,303 tons, an increase of about 41.3% as compared with 99,262 tons in FY2009. This is due to the dramatic sales increase in FY2010.

CO₂ emissions in 4 NAEC member companies



Lighting and Increased Energy Efficiency

To reduce CO₂ emissions, many companies have promoted projects to replace lighting fixtures with less power hungry ones in North America. At SOA, for example, they worked on saving energy by switching to energy efficient boilers and air conditioning systems and SOA is continuing such energy saving efforts.

At SCI, they have devised ways to reduce heat from direct sunlight by applying UV processed films to ceiling skylights while still maintain the brightness of natural light. At SOMI^{*1}, in a lighting project kicked off for FY2010 and FY2011, they replaced 113 lights in the service shop, show room and parking lot with energy efficient ones. Their current project target is to reduce total energy consumption by 25% while making the facilities 30% brighter than before.

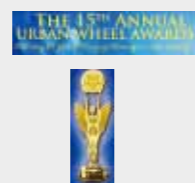
*1 SOMI
Subaru of Mississauga, a dealer of SCI

Carbon Footprint Completed

SIA succeeded in determining its "Carbon Footprint" by calculating its overall greenhouse gas emissions, a task it had been working toward in recent years. SIA became the first plant to complete the task of all the companies participating in the climate registration system of the state of Indiana.



The 15th Annual Urban Wheel Awards



At the ceremony of "The 15th Annual Urban Wheel Awards" held in Detroit, Michigan on January 9, 2011, SIA was awarded for the "Greenest Manufacturing Plant in America." Major mass media reported this piece of wonderful news for the local communities and customers, introducing SIA as a Most Environmentally

Conscious Automaker. Randi Payton, the president of a major news media company, mentioned, "On the occasion of the memorable 15th anniversary, presenting a special award to the company that achieved a great progress in improving the environment and fuel economy and recognize its contribution is very important," and further lauded saying, "The fact that the car manufacturer received this award as the plant most advanced in greening is a good evidence that they are seriously involved towards a sustainable long-term vision for the happiness of each and every human being."

Native Indiana Prairie Activity

In cooperation with groups engaged in wildlife conservation in Indiana such as Indiana Wildlife Federation (IWF) and the Fish and Wildlife Service, a program is under way at SIA to plant native wildflowers on the natural Indiana prairie.



Native Indiana Prairie

The flowers planted in the prairie are being used for carbon offset.

Environment Stewardship Program

SIA was accepted as a member of the Indiana Environment Stewardship Program in 2009, based on the evaluation of SIA's aggressive participation in environmental activities. In FY2010, SIA got a prize as a member of this program.

Being accepted as a member of this program is a rare distinction. As one of the privileged member companies, SIA has already made presentations to more than 100 companies at various locations on activities of the Indiana Environment Stewardship Program and other topics, and will offer such lecture meetings in the future.

Projects to Save Energy

SRD replaced vending machines with refrigerators that have obtained the ENERGY STAR^{*2} mark.

To participate in meetings in an area as large as North America sometimes requires airplane travel. However, SCI top management recommend carpooling instead of flying.

*2 ENERGY STAR
This mark is affixed to PCs, office equipment and other products that meet power consumption standards during the modes (switched on, sleeping and switched off) established by the "International ENERGY STAR Program." This program is an international system practiced with the cooperation of 7 countries and regions including Japan, the U.S. and the EU.



Approach to Waste Reduction

The total amount of landfill by the 4 North American subsidiaries was 340.3 tons in FY2010, a reduction of about 31% against FY2009. This reduction came from the thermal recycling of waste and the introduction of pallet recycling at SOA, and the recycling and reuse of waste that previously would have been landfill at SRD.

SIA, which produces vehicles, achieved zero emissions in 2005 and continues producing "zero landfill waste emissions." Each subsidiary is working on reusing packing materials for shipments, and SCI is now reusing parts containers in cooperation with SOA and

FHI (Fuji Heavy Industries Ltd.).

At the 2010 national dealer meeting held in Quebec, a booth focused on the environment was set up under the eco-excellence program that was established for dealers in July 2009, encouraging their participation.

SIA succeeded with the "lunch room compost project" and distributed the compost to local groups in an effort to further reduce waste. They plan to continue with such aggressive waste reduction programs.

Waste Emissions



Education of Life's Diversity by SRD

In the part of Michigan where SRD is located, the bat population has dwindled drastically in recent years. That's a problem. Bats eat bugs and mosquitoes and, like bees, help pollination. They are an integral part of American agriculture. SRD set up "bat houses" on trees inside the premise of a school in Ann Arbor jointly with school children in January 2011.



Participants included employees and their children



SRD employees set up a bat house

Site Report

Gunma Manufacturing Division

Main Plant

Location	1-1, Subaru-cho, Ota City, Gunma Prefecture 373-8555
Site Area	585,521m ²
Building Area	312,793m ²
Number of Employees	3,139
Main Products Manufactured	STELLA and SAMBER models



Yajima Plant

Location	1-1, Shoya-machi, Ota City, Gunma Prefecture 373-0822
Site Area	549,845m ²
Building Area	254,630m ²
Number of Employees	2,759
Main Products Manufactured	LEGACY, EXIGA, IMPREZA, and FORESTER models



Ota North Plant

Location	27-1, Kanayama-cho, Ota City, Gunma Prefecture 373-0027
Site Area	43,750m ²
Building Area	26,841m ²
Number of Employees	53
Main Products Manufactured	Automotive parts



Oizumi Plant

Location	1-1-1, Izumi, Oizumi-machi, Ora-gun, Gunma Prefecture 370-0531
Site Area	316,177m ²
Building Area	227,823m ²
Number of Employees	1,728
Main Products Manufactured	Automotive engines and transmissions



Isesaki Plant

Location	100, Suehiro-cho, Isesaki City, Gunma Prefecture 372-8508
Site Area	177,426m ²
Building Area	56,332m ²
Number of Employees	81
Main Products Manufactured	Automotive parts



SUBARU Test & Development Center

Location	Sano City, Tochigi Prefecture 327-0512
Site Area	1,080,832m ²
Building Area	24,378m ²



As of March 31, 2011

Top Message



Corporate Senior Vice President
Gunma Manufacturing Division Chief General Manager
Masahiro Kasai

Gunma Manufacturing Division is actively involved as a corporate citizen in various activities including environmental preservation, traffic safety and local contribution at all 5 plants.

We are exerting efforts to establish good relationships through exchanges of opinions with people in the community by participating in local events to make these activities closely tied to the community.

We will carry on positive activities to win the trust of the people in the vicinity for mutual prosperity. We hope to secure their loyal patronage for SUBARU.

Relationship with Local Society

Communication with Local Community

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



April: A plant tour for stockholders was held with 94 shareholders taking part. The tour seemed to deepen their understanding of Fuji Heavy Industries Ltd.



April: Our employee received the Prize for Creativity of the Minister of Education, Culture, Sports, Science and Technology in the Science and Technology category at the award ceremony of the 2010 National Commendation for Invention, held at the Gunma Prefectural Government Office, for the invention of conveyor chain extension rate measuring equipment.



May: Iseaki Plant has been participating since 5 years ago in the "Springtime Environmental Beautification Campaign" sponsored by the Iseaki Regional Environmental Beautification Association, working together with members of other corporate groups and regional volunteers to clean the environment by picking up trash. About 160kg of trash was picked up through these joint efforts.



May: SUBARU Community Exchange Association hosted a grass cutting campaign with about 1,300 people taking part, the highest number ever. The participants included our employees and 500 junior high school students at Shinsui (Water-Friendly) Park of Kanayama Mountain in Ota City.



May: For his long years of service as a member of the trade skill certification committee of Gunma Prefecture, an instructor of our vocational training school was presented with the "Gunma Prefectural General Award" in the "Labor" category. This award is bestowed to those who contributed to public welfare through down-to-earth activities in the areas of public administration and education.



May: The 26th Oizumi Plant Friendship and Appreciation Festival opened. Since this year falls on the 50th anniversary of Gunma Manufacturing Division, 2,300 people came to the festival, which included instrumental music played by local junior school students, a popular song show, an ever-popular egg grabbing activity and many other events, all adding to the fun.



June: FY2010 SUBARU Environment Exchanges (eco classes) were held. The eco classes are designed to provide lessons at community primary schools on the global environment as part of social contributions. The program has been offered yearly since 2004 and in 2010, a total of 58 lessons were held.



July: The 24th SUBARU Cup-Ota City Schoolchildren Rubber-ball Baseball Championship was held, in which 29 teams of children waged heated games.



July: The "2010 Ota Summer Festival" was staged at the North Site (Higashi-Honcho Arcade) and South Site (Minami-ichibangai Main Street) with Ota Station in between. About 1,000 employees of the Gunma region took part in carrying "mikoshi" (portable shrine) and a car parade which created a festive atmosphere.

In April 2010, coaches of our field and track club as well as alumni served as coaches at the Ota Sports Academy Junior Track Meet. They emphasized the fun and joy of running to the youth, teaching them that this is the base of any sport, and helping them acquire the fundamental skills for track and field competitions.



July: Approximately 650 employees of Oizumi Plant took part in the 38th Oizumi Festival carrying portable shrines to boost the festive mood.



September: Our employees gave lectures with exercises on how to treat people at a training program for teachers starting their careers this year in primary and secondary schools. We helped about 100 fresh teachers learn how to be considerate, maintain the right frame of mind and adopt attitudes that are the basics of business manners. We can help others get prepared as members of society.



September: In connection with the autumn National Traffic Safety Week, a Traffic Safety Class was held at SUBARU Visitor Center to help parents and their children learn the importance of wearing seat belts and traffic safety.



October: The 2010 SUBARU Great Thanksgiving Day was held at Yajima Plant. Worksite-based teams set up food-serving instant shops and booths showing their creativity. There were also demo drives to experience the EyeSight and plant tours. The festival really warmed up.



October: The 2010 Ota Sports Recreation Festival was held at a sports park of Ota City. Our baseball team held a home-run competition and played an exhibition game. Athletes of our track and field club took part as guest runners in the Jyoshu Ota SUBARU Marathon, which was held simultaneously.



October: The ceremony to mark the 50th anniversary of opening Gunma Manufacturing Division was staged with the participation of many well-wishers.



November: At the Nitta cultural hall, the 50th anniversary "SUBARU Friendship Concert" was held in "Airys Hall." The audience brought towels, soap and other daily necessities that were donated to social welfare facilities.



December: The SUBARU Community Exchange Association sponsored the 2010 3rd Flower Giveaway and Fill-with-Flowers Campaign. This campaign aims to fill Ota City with flowers to make the whole city look cheerful at work sites and homes through member companies of the SUBARU Community Exchange Association.

Approaches for Environmental Preservation

Gunma Manufacturing Division as an automobile manufacturing works actively for environmental protection activities to realize a "Greener SUBARU" from "Clean Factories."

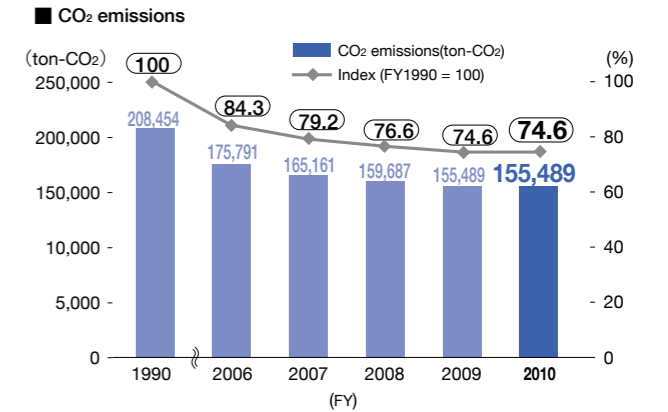
Curbing Global Warming Activities

CO₂ emissions declined over the last 5 years. A 25.4% reduction was achieved against actual performance in 1990.

This is the outcome of our efforts to cut energy to the level of the prior year even though manufacturing volume increased due to business expansion.

The Scrimpy Energy Saving Program started in FY2009 was renamed the Eco-Eco Energy Saving Program in FY2010. Through this programs, we have promoted energy saving activities by implementing in-depth studies on ways to cut energy use with patrols across the organization under the mantra "Set Rules, Stop, Fix and Lower."

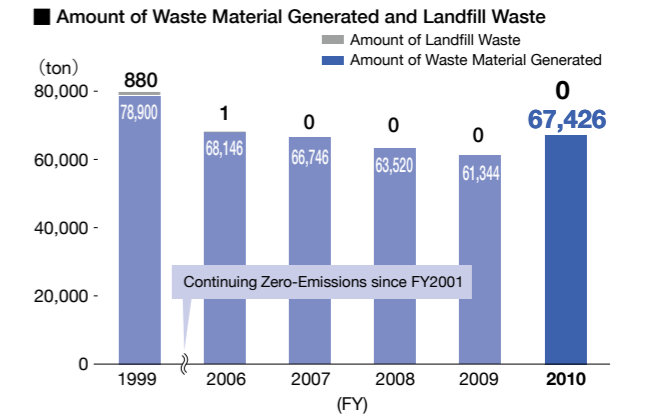
We will keep tackling energy saving with activities that help prevent global warming.



Approach to Zero-Emissions

Gunma Manufacturing Division achieved Zero-Emissions in March 2001, a trailblazing first for Fuji Heavy Industries Ltd.

We will continue to improve recycling and reduce waste further.



Preventing Environmental Pollution

To live together with local communities and to maintain a verdant natural environment, we manage exhaust emissions as well as water discharge to reduce environmental risks, promoting activities to prevent environmental accidents and public hazards. We will strive not merely to prevent exceeding standard limits, but rather to achieve targets of "zero."

FY2010 Environmental Data

Water Quality Data

The measured results all comply with the Water Quality Pollution Control Act, the Gunma Prefectural Ordinance, the Pollution Prevention Agreement with Ota-Oizumi and the Isesaki-City Sewerage Ordinance. They also meet our voluntary standards which are 20% stricter than the levels under the agreement and ordinances.^{*1}

*1 FHI established the voluntary standards (for air, water and vibration) which are 20% stricter than environmental laws and regulations.

■ Main Plant: Water Pollution Control Law, Gunma Prefectural Ordinances

Substance	Regulated Values (prefectural)	Voluntary Standard	Maximum Values	Minimum Values	Average Values
pH	5.8~8.6	6.1~8.3	7.7	7.0	7.4
BOD	25.0	20.0	9.4	0.5	3.8
SS	50.0	40.0	4.8	0.6	2.1
Oil Content (inorganic)	5.0	4.0	Under 1.0	Under 0.1	Under 0.1
Fluorine	8.0	6.4	1.0	Under 0.2	0.4
Oil Content (organic)	30.0	24.0	Under 1.0	Under 1.0	Under 1.0
Zinc	5.0	4.0	0.2	0.04	0.1
Soluble Iron	10.0	8.0	Under 0.1	Under 0.1	Under 0.1
Soluble Manganese	10.0	8.0	Under 0.1	Under 0.1	Under 0.1
Total Phosphorus	16.0 (0.8)	6.4	1.9	0.9	1.2
Total Nitrogen	120 (60)	48	14	4	7
Bacillus Coli	3,000	2,400	180	0	160

■ Oizumi Plant: Water Pollution Control Law, Pollution Control Agreement with Ota City

Substance	Regulated Values (prefectural)	Voluntary Standard	Maximum Values	Minimum Values	Average Values
pH	5.8~8.6	6.1~8.3	8.1	6.8	7.3
BOD	10.0	8.0	6.0	0.3	3.4
SS	10.0	8.0	6.2	0.7	3.3
Oil Content (inorganic)	3.0	2.4	1.9	0.1	0.6
Fluorine	8.0	6.4	0.2	0.2	0.2
Oil Content (organic)	30.0	24.0	1.0	1.0	1.0
Zinc	2.0	1.0	0.3	0.1	0.2
Soluble Iron	5.0	4.0	0.1	0.1	0.1
Soluble Manganese	5.0	4.0	0.1	0.1	0.1
Total Phosphorus	16.0 (8.0)	6.4	1.4	0.4	0.8
Total Nitrogen	120 (60)	48	15	6	10
Bacillus Coli	1,000	800	80	0	8

■ Iseaki Plant: Iseaki City Sewerage Law

Substance	Regulated Values (prefectural)	Voluntary Standard	Maximum Values	Minimum Values	Average Values
pH	5.7~8.7	6.0~8.4	7.8	7.2	7.5
BOD	300.0	240.0	179.0	1.1	69.8
SS	300.0	240.0	47.3	2.4	18.1
Oil Content (inorganic)	5.0	4.0	Under 1.0	Under 1.0	Under 1.0
Fluorine	8.0	6.4	1.8	1.2	1.5
Oil Content (organic)	30.0	24.0	5.8	Under 1.0	2.0
Zinc	2.0	2.0	1.8	0.02	0.7
Soluble Iron	10.0	8.0	Under 0.1	Under 0.1	Under 0.1
Soluble Manganese	10.0	8.0	3.3	0.1	1.0
Total Phosphorus	20.0	16.0	2.5	0.2	1.0
Total Nitrogen	10.0	10.0	1.2	0.2	0.5

■ Air Pollution Data

The measured results all comply with the Air Pollution Control Act, and they were also less than our voluntary standards which is 20% stricter than Law.

■ Main Plant: Air Pollution Data (Air Pollution Control Law)

Facilities	Substances	Regulated Values	Voluntary Standard	Maximum Values	Average Values
Boilers (No. 5 & No. 6)	NOx	150	120	98	73
	SOx	60.3	48.2	0.22	0.11
	PM	0.25	0.20	0.01	0.01
Dry-off furnace (electro coat, 2nd & final coat)	NOx	230	184	98	57
	PM	0.2, 0.3	0.16, 0.24	0.01	0.01

[Unit] NOx: ppm, SOx: g/m³N/h, PM: g/m³N
Among the 33 facilities specified by Law, we present here data of big boilers and dry-off furnaces. Also at the specified facilities not indicated here, measured values were in the range of values specified by Law.

■ Yajima Plant: Water Pollution Control Law, Gunma Prefectural Ordinances

Substance	Regulated Values (prefectural)	Voluntary Standard	Maximum Values	Minimum Values	Average Values
pH	5.8~8.6	6.1~8.3	7.7	7.1	7.3
BOD	25.0	20.0	7.4	2.5	4.6
SS	50.0	40.0	7.9	1.2	2.7
Oil Content (inorganic)	5.0	4.0	2.6	0.3	1.1
Fluorine	8.0	6.4	1.2	1.2	1.2
Oil Content (organic)	30.0	24.0	Under 1.0	Under 1.0	Under 1.0
Zinc	5.0	4.0	0.3	0.2	0.2
Soluble Iron	10.0	8.0	Under 0.1	Under 0.1	Under 0.1
Soluble Manganese	10.0	8.0	0.7	0.3	0.5
Total Phosphorus	16.0 (8.0)	6.4	0.7	0.4	0.6
Total Nitrogen	120 (60)	48	5	4	5
Bacillus Coli	3,000	2,400	640	110	225

■ North Plant: Water Pollution Control Law, Gunma Prefectural Ordinances

Substance	Regulated Values (prefectural)	Voluntary Standard	Maximum Values	Minimum Values	Average Values
pH	5.8~8.6	6.1~8.3	8.0	7.2	7.6
BOD	25.0	20.0	2.3	0.1	0.8
SS	50.0	40.0	4.7	0.6	1.7
Oil Content (inorganic)	5.0	4.0	Under 0.1	Under 1.0	Under 1.0
Fluorine	8.0	6.4	Under 0.2	Under 0.2	Under 0.2
Oil Content (organic)	30.0	24.0	Under 1.0	Under 1.0	Under 1.0
Zinc	5.0	4.0	0.02	0.02	0.02
Soluble Iron	10.0	8.0	0.3	0.3	0.3
Soluble Manganese	10.0	8.0	0.2	0.1	0.2
Total Phosphorus	16.0 (8.0)	6.4	5.5	4.9	5.2
Total Nitrogen	120 (60)	48	2	1	1
Bacillus Coli	3,000	2,400	0	0	0

[Notations]... pH: Hydrogen-ion concentration, BOD: Biochemical oxygen demand
SS: Concentration of suspended solids in water (diameter:2mm or smaller)
[Units]..... Bacillus coli= number/ml, all others except pH: mg/L. Regulated values for Total Phosphorus and Total Nitrogen are daily average value.

■ Yajima Plant: Air Pollution Data (Air Pollution Control Law)

Facilities	Substances	Regulated Values	Voluntary Standard	Maximum Values	Average Values
Boiler (No. 2)	NOx	230	184	140	78
	SOx	62	50	0.7	0.3
	PM	0.25	0.20	0.01	0.01
Dry-off furnace (Electro coat, 2nd & final coat)	NOx	230	184	140	78
	PM	0.2, 0.35	0.16, 0.28	0.01	0.01

[Unit] NOx: ppm, SOx: g/m³N/h, PM: g/m³N
Among the 20 facilities specified by Law, we present here data of big boilers and dry-off furnaces. Also at the specified facilities not indicated here, measured values were in the range of values specified by Law.

■ Oizumi Plant: Air Pollution Data (Air Pollution Control Law)

Facilities	Substances	Regulated Values	Voluntary Standard	Maximum Values	Average Values
Co-generation system (Gas engine No.1 & 2)	NOx	600	480	229	219
	PM	0.05	0.04	0.001	0.001
Aluminummelting furnace	NOx	180	144	140	78
	PM	0.20	0.16	0.04	0.02

[Unit] NOx: ppm, PM: g/m³N
Among the 12 facilities specified by Law, we present here data of melting furnace and co-generation system. Also at the specified facilities not indicated here, measured values were in the range of values specified by Law.

■ Measurement Result of Noise and Vibration

The measured results all comply with the Noise and Vibration Act, and they were also less than our voluntary standards which is 20% stricter than Law.

Measurement Area	Noise [Unit: dB(A)]				Vibration [Unit: dB(Z)]				
	Regulated Values (night)	Voluntary Standard	Number of Measurements	Actual Values	Measurement Area	Regulated Values (night)	Voluntary Standard	Number of Measurements	Actual Values
Main Plant	55	54	40	33~50	Main Plant	65	64	40	10.2~24.5
Yajima Plant	55	54	40	45~54	Yajima Plant	65	64	40	13.4~30.6
Oizumi Plant	50	49	24	39~49	Oizumi Plant	60	59	25	16.3~28.4
North Plant	50	49	30	29.3~44	North Plant	65	64	30	7~22.2

■ Measurement Result of Odor

We took measurements at 7 boundary locations at Main Plant, 7 locations at Yajima Plant, 4 locations at Oizumi Plant, 4 locations at North Plant and 3 locations at Iseaki Plant for a total of 25 boundary locations. All the measured results were less than 10 for odor concentration and odor index, meeting 21 requirements.

■ Amount of PRTR chemical materials and emission etc.

■ Gunma Manufacturing Division (Main Plant, Yajima Plant, Oizumi Plant, North Plant and Iseaki Plant) [Unit: kg]

Code	CAS No	Chemical Substances	Amount Handled	Air Release	Water Emissions	Transfer	Consumption	Solvent Wiping Removal	Recycle
53	100-41-4	Ethyl benzene	265,055	129,579			41,197	21,697	72,583
80	1330-20-7	Xylene	536,488	245,282			186,545	44,865	59,796
297	108-67-8	1,3,5-Trimethylbenzene	29,686	20,987			18	4,064	4,616
300	108-88-3	Toluene	510,598	218,179			220,516	43,184	28,719
333	302-01-2	Hydrazine	4,341	3,793				549	
355	117-81-7	2-Ethylhexyl	10,404	0.1		448	9,957		
411	50-00-0	Formaldehyde	16,685	15,905				301	479
412	none	Manganese and its compounds	1,949			136	1,812		
Total			1,375,206	633,725	0	584	460,045	114,661	166,193

■ SUBARU Test Development Center (Sano City, Tochigi Prefecture) [Unit: kg]

Code	CAS No	Chemical Substances	Amount Handled	Air Release	Water Emissions	Transfer	Consumption	Solvent Wiping Removal	Recycle
53	100-41-4	Ethyl benzene	5,819	8			5,811		
80	1330-20-7	Xylene	27,882	39			27,843		
297	108-67-8	1,3,5-Trimethylbenzene	1,164				1,164		
300	108-88-3	Toluene	57,544	92			57,452		
400	71-43-2	Benzene ^{*1}	1,861	3			1,858		
Total			94,270	141	0	0	94,129	0	0

* Noted for materials handled in volumes exceeding 0.5 ton per year.
*1 Benzene is a Class 1 Specified Chemical Substance.

Division history

December	1917	The Research Aircraft Laboratory moved to Ota-Town, Gunma Prefecture
November	1934	New Ota Plant completed and old Ota Plant renamed as Donryu Plant
August	1945	Nakajima Aircraft Company renamed Fuji Sangyo Company, Ltd.
July	1953	Fuji Heavy Industries Ltd. established
April	1955	Ota North Plant and Iseaki Plant opened
March	1958	The SUBARU 360, 4-wheeled mini car, announced
October	1960	Gunma Main Plant opened
November	1964	Test track at Gunma Main Plant completed
February	1969	Yajima Plant started operation

About others, the measured values of three heaters at North Plant and two compact boilers at Iseaki Plant observe the voluntary standard.

■ Measurement Result of Paint Facilities

We took measurements at all 15 facilities. All the measured results were less than our voluntary standards.

■ Measurement Result of VOC [Unit: ppm-C]

Facility	Regulated Values	Maximum Values	Average Values
Paint Facilities, etc	700	540	251
	400	237	112

Site Report

Utsunomiya Manufacturing Division

Main Plant (Aerospace Company)

Location	1-1-11, Younan, Utsunomiya City, Tochigi Prefecture 320-8564
Site Area	337,457m ²
Building Area	176,895m ²
Number of Employees	1,881
Main Products Manufactured	Aircraft, unmanned aircraft, space-related equipment

Main Plant (Eco Technologies Company)

Location	1-1-11, Younan, Utsunomiya City, Tochigi Prefecture 320-8564
Site Area	171,816m ²
Building Area	51,689m ²
Number of Employees	200
Main Products Manufactured	Refuse collection vehicles, wind-power generation systems, robots, etc

South Plant (Aerospace Company)

Location	1418 Kamiyokota Town, Utsunomiya City, Tochigi Prefecture 321-0106
Main Products Manufactured	Aircraft

Total Number of Employees from Main Plant, South Plant and 2nd South Plant



2nd South Plant (Aerospace Company)

Location	2-810-4 Miyanouchi, Utsunomiya City, Tochigi Prefecture 321-0131
Main Products Manufactured	Aircraft



Handa Plant (Aerospace Company)

Location	1-27, Shichi-cho, Handa City, Aichi Prefecture 475-0032
Site Area	49,041m ²
Building Area	11,269m ²
Number of Employees	372
Main Products Manufactured	Aircraft



Handa West Plant (Aerospace Company)

Location	102, Kamihama-cho, Handa City, Aichi Prefecture 475-0804
Site Area	41,977m ²
Building Area	13,809m ²
Number of Employees	27
Main Products Manufactured	Aircraft



As of March 31, 2011

Top Message



Corporate Senior Vice President
Utsunomiya Manufacturing Division
Chief General Manager

Hisashi Nagano

At Utsunomiya Manufacturing Division, we will give positively due consideration to the environment, contribute to society and implement thorough compliance, based on the "Customer Comes First" policy, toward realizing our business vision "A Compelling Company with Strong Market Presence". By trying hard to be trusted by people, we will keep working to enhance our corporate value while playing our part in the development of a sustainable society.

To make this come true, as a corporate citizen, we will redouble our efforts to deal with environmental issues such as global warming, step up compliance and traffic manners and sincerely address complaints, led by the slogan to "Be a Company Endearing to the Community" since our plants are located rather close to residential areas. At the same time, we will continue our program, taking advantage of our forte as a manufacturer, to help children deepen their understanding of science and environmental activities.

Relationship with Local Society

Communication with Local Community

We at Utsunomiya Manufacturing Division recognize the importance of coexisting with local communities as responsible members of society, and equally the importance of maintaining a prosperous society. Especially, making use of advantage as a manufacturing industry, we have been involved in supporting school education such as science and environmental protection activities for a long time.

■ SUBARU Delivery Class on Environment



FHI employees visit elementary schools in Utsunomiya city, and explain the mechanisms of global warming with experiments to deepen understanding of environmental problems. In FY2010, 724 students from 24 fifth-grade classes participated in these lectures. (Accumulating total: 4,086 students from 136 classes)

■ Interactive Hands-on Plant Tour



In August, an interactive hands-on plant tour was offered to students at Utsunomiya Manufacturing Division in agreement with a program planned by Utsunomiya City and Otawara City to expose them to the fun of making things as a reference in choosing their future career path. In FY2010, 159 elementary and junior high school students and their parents took part in the program and came to realize how light aircraft materials were through the tour to the sites for the development and manufacturing of aircraft.

■ Donation of Large Unmanned Helicopter to Teikyo University



March: A large-sized unmanned helicopter (RPH-2) was donated to the Department of Aerospace Engineering, Faculty of Science and Engineering of Teikyo University. In FY 2010, a helicopter pilot training course was opened and the university now is in the spotlight as the first university in Japan where students can get a pilot license in addition to an engineering degree. This RPH-2 will be made use of as a teaching tool to nurture budding aerospace engineers and pilots.

■ Bon Dance Festival



August: A summer's cool bon dance festival was held attracting about 4,000 people including members of local residents' associations, women's association, children associations and cooperative companies who took part in the joyful atmosphere. Started in 1984, this festival has turned into a big annual event serving the local community.

■ Friendship Festival



October: The FHI Friendship Festival attracted about 8,000 people and helped us deepen our communication with local residents. During the festival, we distributed blueberry saplings with the cooperation of the Prefectural Forestry Promotion Committee to promote greening, while publicizing CSR and environmental activities by Utsunomiya Manufacturing Division.

■ Co-sponsored Cycle Load Race JAPAN CUP



We have been cosponsoring Asia's top cycling race "the JAPAN CUP" since FY1990. Every October, Utsunomiya City hosts this event which also highlights the appeal of Utsunomiya as a city for bicycles and cycling, to those from both home and abroad. This year, a "Criterium" was held on the main streets of Utsunomiya City. Covering the whole town with excitement, 70,000 spectators came from in and out of the prefecture to enjoy the race.

Education and Enlightening Activities, Traffic Safety Activities, etc.

At Utsunomiya Manufacturing Division, taking various opportunities for promotion of CSR activities, we have been vigorously providing educational and edifying programs for promoting traffic safety and environmental protection to employees.

■ Young Driver Safety Club Training



February: We co-hosted training sessions with the Tochigi Prefectural Police Headquarters and the Safe Driving Administrators Council for 400 young drivers who work in the prefecture, promoting traffic safety and accident prevention in local communities by giving lectures about the functions and safety features of our "EyeSight" system.

■ Traffic Safety Campaign



We have provided crossing guard services at cross roads in the neighborhood of the division at commuting times to schools and offices. This also serves to make our employees more conscious of traffic manners. Since there are many routes to schools in the vicinity of the division, we offer this service twice yearly: in April, when new pupils begin to attend, and in September, when students might be too carefree after the long summer holiday.

■ Emergency Situation Training



October: We conducted emergency-response training at workshops for painting and surface treatment that are associated with high environmental burden. Leaders from the related workshops reconfirmed emergency procedures, from initial response to taking specific measures during an emergency to strengthen risk management.

■ Support in Recovery of Areas Devastated by the Great East Japan Earthquake



On March 16, we dispatched 6 eco-friendly refuse collection vehicles to Miyagi Prefecture, which suffered heavy damage and required quick removal of debris, to support their restoration efforts.

■ Clean Campaign



July: About 400 employees of Utsunomiya Manufacturing Division picked up trash and cut grass voluntarily in seven groups primarily around Minami-Utsunomiya Station of the Tobu Railway and Miyahara Ballpark near the division. The campaign this year marks the 20th anniversary. We will continue with such programs to keep our local communities clean.

■ "Green Fund" Donation



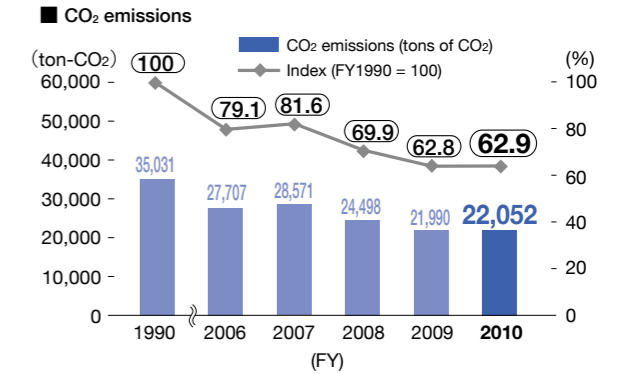
November: Contributions collected from employees working at the division were donated to the Forestry Promotion Committees of Tochigi and Aichi Prefectures. First launched in 2000, this drive marked its 11th anniversary and was honored by the National Land Afforestation Promotion Organization with the Executive Director Award. This accolade follows the Minister of Agriculture, Forestry and Fisheries Award in FY 2007. (To date, accumulated donations have totaled 3.81 million yen.)

Approaches for Environmental Protection

As a comprehensive manufacturer of transportation devices with automobiles as core products, we promote environmental preservation recognizing that "addressing global environmental problems is a critical issue in management."

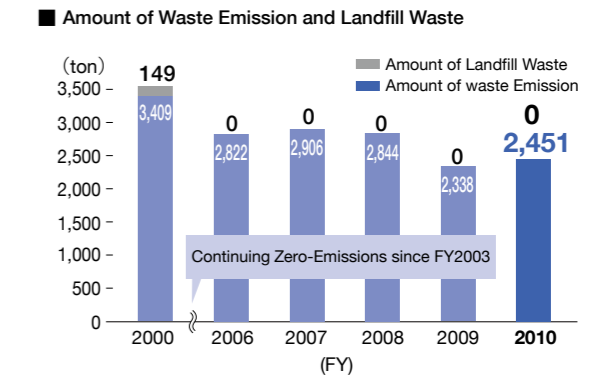
Activities to Curb Global Warming

We have reduced CO₂ emissions, realizing a 37.1% reduction in the amount of CO₂ emitted compared with actual performance in FY1990. We are committed to engaging in energy saving activities to curb global warming.



Approach to Zero-Emissions

Utsunomiya Manufacturing Division achieved Zero-Emissions in FY2003. We will continue to improve recycling and further reduce waste.



Preventing Environmental Pollution

To live together with local communities and to maintain a verdant natural environment, we are engaged in the management of exhaust emissions and water discharge to reduce environmental risks, promoting activities to prevent environmental accidents and public hazards.

Regarding the ground operations of helicopters at the south plant, they are operated on the apron^{*1} located furthest from the boundary of our premise to minimize noise for nearby residents.

In FY2010, no environmental accidents were recorded inside or outside the premise, but one noise complaint was filed by a nearby resident. Please refer to page 42 for more detail on the complaint and the corrective actions taken. We will make the utmost efforts to eliminate the source of this complaint and reduce these cases to zero.

^{*1} Apron
A place where airplanes park for fuel supply, light inspection, maintenance, etc.

FY2010 Environmental Data

The measured results all comply with the Water Quality Pollution Control Act, the Utsunomiya Sewerage Ordinance and the Handa Pollution Prevention Agreement. They also meet our voluntary standards which are 20% stricter than the levels under the agreement and ordinances.^{*2}

^{*2} FHI established voluntary standards (for air, water, noise and vibration) which are 20% stricter than environmental laws and regulations.

Water Quality Data

Main Plant: Utsunomiya City Public Sewerage Law

Substance	Regulated Values (sewerage)	Voluntary Standard	Maximum Values	Minimum Values	Average Values
pH	5~9	5.4~8.6	7.9	5.9	7.3
SS	600	480	217	Under 1.0	49.6
BOD	600	480	330	Under 0.5	51.1
Oil content (inorganic)	5	4	Under 1.0	Under 1.0	1
Oil content (organic)	30	24	20.6	Under 1.0	8.8
Fluorine	8	6.4	1.4	Under 0.2	0.5
Cadmium	0.1	0.08	0.033	Under 0.005	0.012
Cyanide	1	0.8	Under 0.1	Under 0.1	0.1
Total chromium	2	1.6	0.30	Under 0.01	0.06
Hexavalent chromium	0.1	0.08	0.05	Under 0.02	0.02

South Plant: Utsunomiya City Public Sewerage Law

Substance	Regulated Values (sewerage)	Voluntary Standard	Maximum Values	Minimum Values	Average Values
pH	5~9	5.4~8.6	7.9	6.9	7.3
SS	600	480	154	9.2	42.5
BOD	600	480	130	6.4	32.5
Oil content (inorganic)	5	4	Under 1.0	Under 1.0	1
Oil content (organic)	30	24	10.6	Under 1.0	3.1
Cadmium	0.1	0.08	Under 0.005	Under 0.005	0.005
Cyanide	1	0.8	Under 0.1	Under 0.1	0.1
Total chromium	2	1.6	0.02	Under 0.01	0.01
Hexavalent chromium	0.1	0.08	Under 0.02	Under 0.02	0.02

2nd South Plant: Utsunomiya City Public Sewerage Law

Substance	Regulated Values (sewerage)	Voluntary Standard	Maximum Values	Minimum Values	Average Values
pH	5~9	5.4~8.6	7.9	7	7.5
SS	600	480	239	1.2	32.5
BOD	600	480	63.2	1.4	20.6
Oil content (inorganic)	5	4	Under 1.0	Under 1.0	1
Oil content (organic)	30	24	7.4	Under 1.0	2.1
Fluorine	8	6.4	3.1	Under 0.2	0.7
Cadmium	0.1	0.08	Under 0.005	Under 0.005	0.005
Cyanide	1	0.8	Under 0.1	Under 0.1	0.1
Total chromium	2	1.6	0.25	Under 0.01	0.1
Hexavalent chromium	0.1	0.08	0.02	Under 0.02	0.02

Air Pollution Data

The measured results all comply with the Air Pollution Control Act, and they were also less than our voluntary standards which is 20% stricter than Law.

Main Plant: Air Pollution Control Law, Environmental Agreement with Handa City

Facilities	Substances	Regulated Values	Voluntary Standard	Maximum Values	Average Values
Co-generation system	NOx	600	480	165	164
	NOx	230	184	50	47
Dry-off furnace	PM	0.2	0.16	Under 0.001	0.001

[Unit] NOx: ppm, PM: g/m³N
Among the 9 facilities specified by Law, we present here data of co-generation system and dry-off furnaces.

Handa Plant: Air Pollution Control Law, Environmental Agreement with Handa City

Facilities	Substances	Regulated Values	Voluntary Standard	Maximum Values	Average Values
2-ton boiler	SOx	1.5	1.2	Under 0.002	0.002
	NOx	180	144	41	28
	PM	0.1	0.08	Under 0.002	0.002

[Unit] SOx: g/m³N/h, NOx: ppm, PM: g/m³N
Among the 5 facilities specified by Law, we present here data of big boilers.

Handa Plant: Water Pollution Control Law, Environmental Agreement with Handa City

Substance	Regulated Values (sewerage)	Voluntary Standard	Maximum Values	Minimum Values	Average Values
pH	6~8	6.2~7.8	7.8	6.7	7.7
BOD	25	20	10.0	0.6	2.6
COD	25	20	18.0	0.7	6.0
SS	25	20	13.0	1.0	3.2
Oil content	5	4	Under 0.5	Under 0.5	0.5

Handa West Plant: Water Pollution Control Law, Environmental Agreement with Handa City

Substance	Regulated Values (sewerage)	Voluntary Standard	Maximum Values	Minimum Values	Average Values
pH	6~8	6.2~7.8	7.8	6.6	7.2
BOD	25	20	4.2	1.3	2.6
COD	25	20	8.1	1.0	3.7
SS	25	20	12.0	2.0	4.5
Oil content	5	4	Under 0.5	Under 0.5	0.5

[Notations] pH: Hydrogen-ion concentration, BOD: Biochemical oxygen demand, SS: Concentration of suspended solids in water (diameter: 2mm or smaller)

[Units] Except pH: mg/L

Handa West Plant: Air Pollution Control Law, Environmental Agreement with Handa City

Facilities	Substances	Regulated Values	Voluntary Standard	Maximum Values	Average Values
2-ton boiler	SOx	1.5	1.2	Under 0.002	0.002
	NOx	180	144	40	37
	PM	0.1	0.08	Under 0.002	0.002

[Unit] SOx: g/m³N/h, NOx: ppm, PM: g/m³N
Among the 6 facilities specified by Law, we present here data of big boilers.

Measurement Result of Noise and Vibration

The measured results all comply with the Noise and Vibration Act, and they were also less than our voluntary standards which are 20% stricter than Law.

Noise [Unit: dB(A)]

Measurement Area	Regulated Values (night)	Voluntary Standard	Number of Measurements	Actual Values
Main Plant	60	58	8	52
South Plant	50	48	3	39
2nd South Plant	50	48	3	47
Handa Plant	65	63	3	49
Handa West Plant	65	63	6	57

Vibration [Unit: dB(Z)]

Measurement Area	Regulated Values (night)	Voluntary Standard	Number of Measurements	Actual Values
Main Plant	70	68	8	51
South Plant	60	58	2	Under 30
2nd South Plant	60	58	3	Under 30
Handa Plant	70	68	3	Under 30
Handa West Plant	70	68	5	42

Amount of PRTR chemical substances handled and emitted

Utsunomiya Manufacturing Division [Aerospace Company](Main Plant, South Plant, 2nd South Plant) [Unit: kg]

Code	CAS No	Chemical Substances	Amount Handled	Air Release	Water Emissions	Transfer (sewer)	Transfer	Consumption	Solvent Wiping Removal	Recycle
30	25068-38-6	Polycondensation with 4,4'-isopropylidenediphenol and 1-chloro-2,3-epoxypropane	2,097				839	1,258		
40	100-41-4	Ethyl benzene	1,103	587			165	351		
63	1330-20-7	Xylene	5,415	2,768			872	1,775		
227	108-88-3	Toluene	29,767	21,091			5,973	2,703		
69	none	Compounds of Hexavalent chromium	571	0			171	290	110	
Total			38,953	24,446	0	0	8,020	6,377	110	0

Utsunomiya Manufacturing Division [Eco Technologies Company] [Unit: kg]

Code	CAS No	Chemical Substances	Amount Handled	Air Release	Water Emissions	Transfer (sewer)	Transfer	Consumption	Solvent Wiping Removal	Recycle
40	100-41-4	Ethyl benzene	5,610	3,411			1,363			836
63	1330-20-7	Xylene	20,522	12,477			4,987			3,058
227	108-88-3	Toluene	7,197	4,376			1,749			1,072
Total			33,329	20,264	0	0	8,099	0	0	4,966

* Listed are only those substances with annual handling volumes of 0.5 ton or more.

Signing Agreement of Environmental Preservation with Handa City

We publicly concluded a pollution prevention agreement with Handa City to replace an expiring agreement. On February 22, 2011, we newly entered into an environmental conservation agreement with the city expanding its scope to include environmental activities such as energy saving and the disposal of industrial waste.

Division history

July	1953	Fuji Heavy Industries Ltd. established
January	1958	T-1 intermediated trainer aircraft succeeded in First Flight
March	1962	Production of Road Packer (predecessor of current refuse collection vehicle Fuji-mighty) started.
August	1963	UH-1B turbine helicopters delivered to the Defense Agency
August	1965	Domestic light aircraft FA-200 (Aero SUBARU) succeeded in First Flight
1978		T-3 primary trainer aircraft delivered to the Defense Agency
1984		AH-1S anti-tank helicopters delivered to the Defense Agency
1988		T-5 primary trainer aircraft delivered to the Defense Agency
December	1992	Assembly plant of Boeing 777 (Handa Plant) started operations
1993		UH-1 J Helicopters delivered to the Defense Agency
July	1999	Utsunomiya Manufacturing Division acquired ISO14001 certification
November	2000	Fuji-mighty Type LP0 went on sale
March	2002	Utsunomiya Manufacturing Division achieved zero emission
June		Company system introduced Aerospace Company and Eco Technologies Company established Aerospace Company
July		T-7 new primary trainer aircraft succeeded in maiden flight and delivered to the Defense Agency
September	2005	Main wings of Transport Aircraft X and fixed-wing patrol aircraft delivered to the Defense Agency
December		Pilot large-scale wind power generation unit built in Kamisu City, Ibaraki Prefecture
March	2006	AH-64D helicopters succeeded in maiden flight and delivered to the Defense Agency
January	2007	First delivery of Boeing 787, Main Wing
January	2010	Fuji Heavy Industries Ltd., acquired ISO14001 Corporate Integrated Certification
April	2010	The Fuji Mighty Electra launched



Boeing 777



Boeing 787



New electric refuse collection vehicle The Fuji Mighty Electra: Garbage collection can now take place with the engine stopped as this truck's refuse collection mechanism is powered by rechargeable batteries.



The SUBARU 80/2.0 wind-power generator system

Contact:

Utsunomiya Manufacturing Division General Administration Dept.
TEL: 028-684-7777 [Domestic] +81-28-684-7777 [International]
FAX: 028-684-7778 [Domestic] +81-28-684-7778 [International]

Site Report

Saitama Manufacturing Division (Industrial Products Company)

Overview

Location	4-410 Asahi, Kitamoto City, Saitama Prefecture 364-8511
Site Area	143,438m ²
Building Area	92,061m ²
Number of Employees	527
Main Products Manufactured	General-purpose engines (Robin engines), Engine generators, etc



As of March 31, 2011



Top Message



Corporate Vice President
Saitama Manufacturing Division
Chief General Manager
Yasuo Ueno

The Industrial Products Company manufactures general-purpose engines to be mounted on civil engineering, construction and agricultural machinery as well as products like generators, light projectors and pumps. These products play a big role in responding to emergencies, not only supporting restoration work of disaster areas, but also preventing disaster. The Great East Japan Earthquake of March 11, 2011 made us realize anew how useful our products can be in maintaining the lifelines of afflicted people. We renew our commitment to fulfilling corporate responsibilities to serve society through our products.

Furthermore, the Industrial Products Company devotes efforts to actively promote “global warming prevention,” “energy saving” and the “reduction of waste and environmental burden” in order to preserve the global environment. These efforts encompass every aspect of our activities, from product development to product disposal, thus trying to become a company trusted by people.

Relationship with Local Community

Activities to Support the Area Devastated by the Great East Japan Earthquake

We made contributions totaling approximately 100 million yen, including a 50 million yen monetary donation for the disaster area hit by the Great East Japan Earthquake on March 11, 2011. The Industrial Products Company also provided 50 million yen worth of its products (included in the figure above). All together we donated about 200 pieces of industrial equipment, including generators, light projectors, clean water pumps and muddy water pumps. Employees of the Industrial Products Company directly delivered some of the support goods to ensure most effective use.



Generators delivered to Hirota district



We received many thanks, with comments such as “I want to use it as a source to power a refrigerator to keep food” and “I want to pump well water, boil it and make a hot a bath for the neighborhood.”

Communication with Local Community

■ Fresh-clean Kitamoto, Leave it to Us Program



Employees of the Industrial Products Company conduct neighborhood cleaning activities around the plant once a month. Excepting a period with an extreme heat wave, many employees participated in the monthly cleaning activities in FY2010.

■ Acceptance of Worksite Experience Education for Junior High School Students in Kitamoto City



The Industrial Products Company accepts students for its worksite experience program as a social education component of junior high schools in Kitamoto City. The accepted students participate in an educational work experience for three days, including assistant work at a reception desk and practical work involving fabrication.

■ Acceptance of Seminars for Teachers of Technical High Schools



We receive teachers who have at least a 5-year teaching career at public high schools of Saitama Prefecture for seminars. In addition to a brief explanation of the Industrial Products Company and a plant tour, participants receive lectures on corporate environment, corporate human resources expectations and our EMS activities to broaden their perspectives.

Approaches for Environmental Protection

Green Procurement Activities

The Industrial Products Company is devoting considerable effort to establishing environmental management systems (EMS), which extend throughout the supply chain, going beyond our own production process to furnish products friendly to the environment, society and people. To achieve this, we must join forces with our business partners throughout the supply chain. We are working to get

EMS in place throughout 100% of our supply chain by obtaining external certifications such as ISO14001 and the Eco-Action 21 as a base for our policies. In FY2010, all of the 103 designated suppliers for the year acquired one of these certifications under this policy. In addition, we are requesting that they extend EMS promotion to 2nd- and 3rd-tier suppliers.

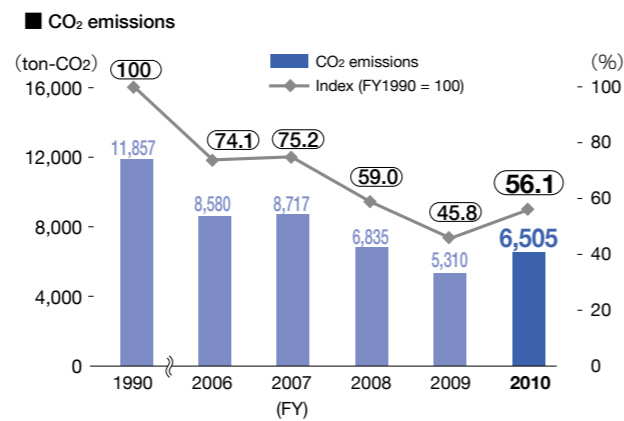
Curbing Global Warming and Energy Saving Activities

We achieved the target of cutting the amount of LPG used in the summer by 20%. To do so, we continued to follow the basic saving methods (eliminate, reduce and change) that have been in practice since FY2009. We also adopted new measures, including discontinuing the use of forced evaporation equipment, optimizing boiler operation time and applying adhesive heat insulating sheets to the washer tank. In FY2010, we adopted a hybrid heating method that uses LPG and an electric heater for warming with the electric heater used to maintain constant temperature.

This shift of heating methods made it possible to use only the electric heater during the warm and hot months from April through November, with the boiler completely left idle during the period.

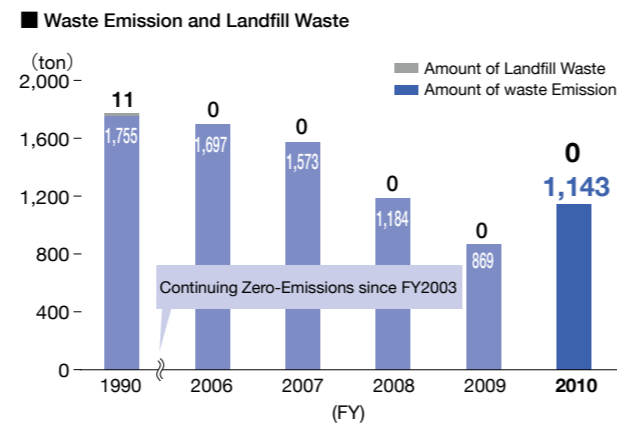
The increase in CO₂ emission compared with FY2009 is due to the recovery of production which dropped drastically in FY2009, but the emission

volume was below the level of FY2008. We believe that we are on track for further reduction based on trends showing that improvements are achieving additional reductions.



Approach to Zero-Emissions

In FY2010, efforts were made to streamline the machining lines through elimination and consolidation, but we still finished the year with 1,143 tons of disposed waste. This increase is attributable to the recovery of production which dropped sharply in FY2009. We will redouble our efforts to meet future targets.



Preventing Environmental Pollution

To live together with local communities and to maintain a verdant natural environment, we are engaged in the management of exhaust gases as well as water discharge to reduce environmental risks, promoting activities to prevent environmental accidents and public hazards.

In FY2010, we did have a report of excessive nighttime noise in Kitamoto City. We are committed to finding the cause of this and taking measures to prevent recurrence.

FY2010 Environmental Data

Water Quality Data

Kitamoto City Public Sewerage Law

Substance	Regulated Values	Voluntary Standard	Maximum Values	Minimum Values	Average Values
pH	5~9	5.4~8.6	8.3	7.3	7.8
BOD	600	480	390	100	166.7
SS	600	480	240	69	135.4
Oil content (organic)	30	24	22	4.6	8.0

[Notations] pH: Hydrogen-ion concentration, BOD: Biochemical oxygen demand, SS: Concentration of suspended solids in water (diameter: 2mm or smaller)

[Units] Except pH: mg/L

Measurement Result of Noise and Vibration

[Unit: dB(A)] [Unit: dB(Z)]

	Measurement Time	Regulated Values	Voluntary Standard	Number of Measurements	Actual Values
Noise	Morning/Evening	50	49	1	42~49
	Day	55	54	1	46~52
	Night	45	44	1	40~49
Vibration	Day	60	59	1	32
	Night	55	54	1	Under 30

Amount of PRTR chemical substances handled and emitted

[Unit: kg]

Code	CAS No.	Chemical Substances	Amount Handled	Air Release	Water Emissions	Consumption
40	100-41-4	Ethyl benzene	1,338.8	22.9		1,315.9
63	1330-20-7	Xylene	7,161.8	68.6		7,093.2
188	101-83-7	N,N-dicyclopropyl	941.1			941.1
224	108-67-8	1,3,5-trimethylbenzene	960.0	3.6		956.4
227	108-88-3	Toluene	1,053.8	172.3		881.5
299	71-43-2	Benzene ^{*1}	477.0	31.9		445.1
Total			11,932.5	299.4		11,633.1

* Listed are only those substances with annual handling volumes of 0.5 ton or more.
^{*1} Benzene is a Class I Specified Chemical Substance

Division history

- March 1943 Omiya Manufacturing Plant of Nakajima Aircraft Co., Ltd. opened and started naval aircraft fuselage production
- June 1946 Fuji Sangyo Co., Ltd. started manufacturing outboard engines at Omiya Plant
- August 1950 Omiya Fuji Industries Co., Ltd. was established
- July 1953 Fuji Heavy Industries Ltd. established
- February 1970 Accumulated production of Robin engines exceeded 1 million units
- July 1985 Accumulated production of Robin engines exceeded 10 million units
- April 1995 Saitama Manufacturing Division newly opened begins operations
- May 1999 Saitama Manufacturing Division acquired ISO14001 certification
- March 2002 Saitama Manufacturing Division achieved zero emissions
- January 2010 Fuji Heavy Industries Ltd., acquired ISO14001 Corporate Integrated Certification



Contact:

Saitama Manufacturing Division General Administration Dept.
 TEL: 048-593-7755 [Domestic] +81-48-593-7755 [International]
 FAX: 048-593-7790 [Domestic] +81-48-593-7790 [International]

Tokyo Office

Overview

Location	3-9-6 Osawa, Mitaka City, Tokyo
Site Area	158,147m ²
Building Area	69,173m ²
Number of Employees	1,084
Main Business	Research, development and testing of automotive engines and transmissions



As of March 31, 2011

Top Message



Corporate Vice President
Chief General Manager
Masashi Takahashi

At Tokyo Office, we are exerting untiring efforts to develop the power units of SUBARU vehicles (engines and transmissions) so they achieve both drivability and environmental/safety performance balanced at a high level with the aim of making vehicles friendly to the environment.

By improving fuel economy and emission performance as well as developing clean energy vehicles, we play a vital role in determining the environmental performance of vehicles. We always strive to carry out environment-conscious development and business activities. With the importance of realizing co-prosperity with the community and society in mind, we will contribute to society by providing "clean power units."

Relationship with Local Society

Communication with Local Community

As an "urban-type business unit," operating near residential areas, we value our association with people in the neighborhood. In order to create a rich society together, we have undertaken the maintenance of safety and disaster prevention systems and participate in local community events and cleaning activities.



April 2010: All employees took part in an evacuation drill to prepare for a large earthquake.



April 2010: Traffic Safety Award Presented by the Mitaka Police Station.



May 2010: A class to teach motorcycle riding skills was held in cooperation with the Mitaka Police Station.



June 2010: Our EV was exhibited and demonstrated in the "Mitaka Environmental Festival" held at Mitaka City Hall.



July 2010: Winning first prize in both men's and women's divisions in a self-defense fire drill contest.



August 2010: Our employees received life saving training under instructions of the Mitaka Fire Station. This included cardio-pulmonary resuscitation and how to use AED equipment in case of an emergency.



September 2010 and January 2011: Employees, including those from affiliated companies, donated blood in campaigns organized by the Japan Red Cross.



January 2011: Our official baseball club players held a baseball class at Musashino City Ball Park for 200 primary school students who live nearby.

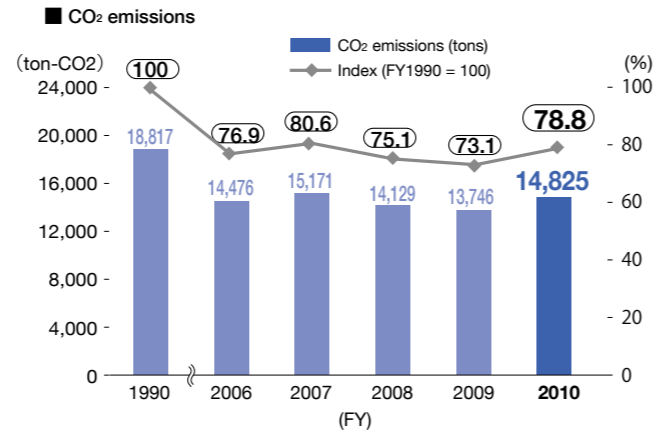
Approaches for Environmental Protection

As a comprehensive manufacturer of transportation devices with automobiles as core products, we embrace environmental preservation recognizing that “addressing global environmental problems is a critical issue in management.”

Curbing Global Warming Activities

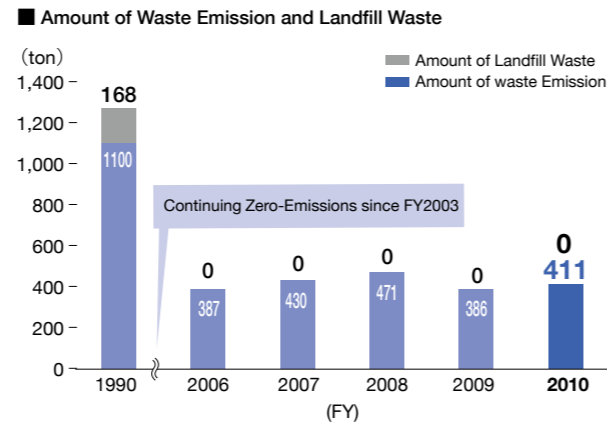
We worked to reduce CO₂ emissions by 22% by the end of 2010 against the level of FY1990, but fell a little short of the target. This was due to the increased consumption of energy as a result of R&D related work which swelled along with business expansion.

We will pursue cutting CO₂ emissions and realizing energy saving for the prevention of global warming. The change in actual CO₂ emissions up to FY2010 is shown in the chart on the right.



Approach to Zero-Emissions

Tokyo Office achieved Zero-Emissions in FY2003. We will continue to improve recycling and further reduce the amount of waste.



Solar power cells set on the roof of the new administration building

Preventing Environmental Pollution

To live together with local communities and to maintain a verdant natural environment, we are engaged in the management of exhaust emissions as well as water discharge to reduce environmental risks, promoting activities to prevent environmental accidents and public hazards. We will strive not merely to stay within standard limits, but rather to achieve our target of “zero” incidents.

FY2010 Environmental Data

The measured results all comply with the law or other agreements and also meet our voluntary standards which are 20% stricter than the levels under the agreements and ordinances.

Water Quality Data

Mitaka City Public Sewerage Law

Substance	Regulated Values (prefectural)	Voluntary Standard	Maximum Values	Minimum Values	Average Values
pH	5.7~8.7	5.9~8.4	8.4	7.7	8.2
BOD	300.0	240.0	330.0	23.0	97.7
SS	300.0	240.0	195.0	15.0	89.2
Oil content (inorganic)	5.0	4.0	Under 4.0	Under 4.0	Under 4.0
Oil content (organic)	30.0	24.0	100.0	4.0	4.7
Total phosphorus	16.0(8.0)	12.8	7.8	1.5	3.4
Total nitrogen	120(60)	96	51	15	29
Soluble manganese	10.0	8.0	Under 0.03	Under 0.03	Under 0.03
Cyanogens	1.0	0.8	Under 0.01	Under 0.01	Under 0.01

[Notations] pH: Hydrogen-ion concentration, BOD: Biochemical oxygen demand
 SS: Concentration of suspended solids in water (diameter: 2mm or smaller)
 [Units] Bacillus coli=number/ml, all others except pH: mg/L
 The regulated values of total phosphorus and total nitrogen are the diurnal averages.

Air Quality Data

The measured results are in compliance with the Air Pollution Control Law and even clear the voluntary standard set 20% higher than the regulated standard.

The Air Pollution Control Act

Facilities	Substances	Regulated Values	Voluntary Standard	Maximum Values	Average Values
Boiler	NOx	65	52	33	33
	PM	0.3	0.24	0.001	0.001

[Units] ... NOx: ppm, PM: g/m³N

Amount of PRTR chemical substances handled and emitted

Code	CAS No.	Chemical Substances	Amount Handled	Air Release	Water Emissions	Transfer	Consumption	Solvent Wiping Removal	Recycle
53	100-41-4	Ethyl benzene	15,347	0.3			15,347		
80	1330-20-7	Xylene	65,093	1			65,092		
297	108-67-8	1,3,5-trimethylbenzene	12,244	0.1			12,244		
300	108-88-3	Toluene	213,959	10			213,949		
296	95-63-6	1,2,4-trimethylbenzene	42,839	0.2			42,839		
400	71-43-2	Benzene ^{*1}	6,199	1			6,198		
392	110-54-3	N-hexane	19,752	5			19,747		
Total			375,434	17.9	0	0	375,416	0	0

* Listed are only those substances with annual handling volumes of 0.5 ton or more.
^{*1} Benzene is a Class I Specified Chemical Substance

Division history

May	1941	Mitaka Research Institute of Nakajima Aircraft Co., Ltd. opened
April	1955	Name changed to Fuji Heavy Industries Ltd. Mitaka Manufacturing Division
February	1958	Production of air-cooled engines for SUBARU 360 started
August	1975	Production of engines (SEEC-T) for LEONE started
February	1982	All manufacturing division started moving to Gunma Area
February	1989	Name has changed to Tokyo Office
October	1996	SUBARU Development Division acquired ISO9001
March	1999	Production of engines and transmissions terminated at the site (Converted to concentrate on research and development)
January	2004	Tokyo Office acquired ISO14001 certification
January	2010	Fuji Heavy Industries Ltd. acquired integrated ISO14001 certification

Contact:

Tokyo Office
 General Administration Dept.
 TEL: 0422-33-7010 [Domestic] +81-422-33-7010 [International]
 FAX: 0422-33-7777 [Domestic] +81-422-33-7777 [International]

Site Report

Head Office^{*1}

Shinjuku Business Site

Location	1-7-2, Nishi-Shinjuku, Shinjuku-ku, Tokyo 160-8316
Site Area	1,600m ²
Building Area	7,254m ²
Number of Employees	593
Main Business	Planning, marketing and sales of SUBARU products, and corporate operations



Omiya Business Site

Location	1-854-1, Miyahara-cho, Kita-ku, Saitama City, Saitama Prefecture 331-0812
Site Area	3,644m ²
Building Area	4,268m ²
Number of Employees	55



SUBARU General Training Center (SUBARU Academy)

Location	1460 Hazama Town, Hachioji City, Tokyo 193-0941
Site Area	10,397m ²
Building Area	13,378m ²
Number of Employees	39
Main Business	SUBARU General Training Center



Head Office is a compound organization which consists of the collective sections, like planning, marketing and sales of SUBARU products, and corporate operations. We emphasize internal and external company communication and try to deal with the things at hand one by one.

*1 "Head Office" is a collective term referring to a scope of operations which are subject to external assessment by the ISO14001 Environmental Management System. It consists of the following 3 sites: The Shinjuku Business Site responsible for the planning, marketing and sales of SUBARU products, and corporate operations; the Omiya Business Site responsible for the marketing and sales of SUBARU parts, and constructing SUBARU's IT system; and the SUBARU Academy Site which is a residential training center for employee and dealer education.

As of March 31, 2011

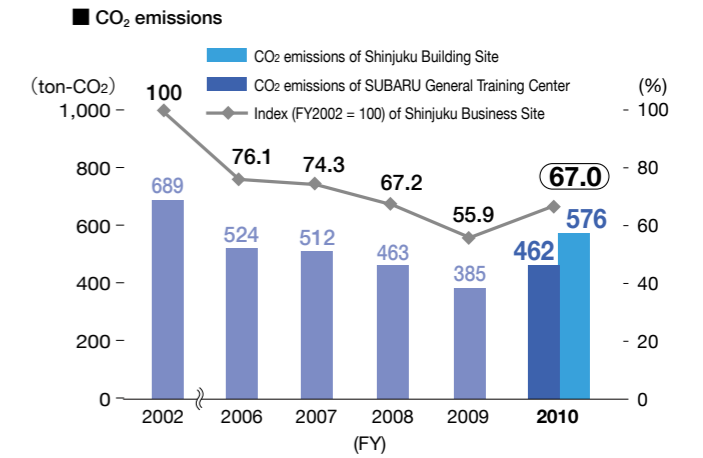
Approaches for Environmental Protection

Curbing Global Warming Activities

The amount of CO₂ emitted reached about 462 tons at the Shinjuku site in FY2010, a year-on-year increase of 20%. This increase resulted from the increased production over FY2009.

We are stepping up efforts to further save energy by such means as double checking each employee's energy saving actions under the on-going campaign "Eco Office Activities" and introduction of operation management subject to a unit-based evaluation of energy saving activities.

Starting from FY2010, we included the data of the SUBARU Academy (comprehensive training center) that acquired ISO14001 certification in FY2009 to motivate trainees on the importance of saving electricity.

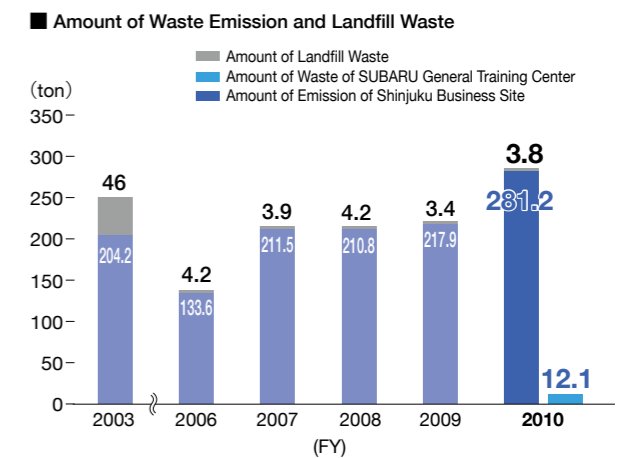


Approach to Zero-Emissions

The amount of waste disposed at the Shinjuku site totaled 281.2 tons in FY2010, up by about 29% over FY2009. This increase is attributable to simultaneous cleaning and disposal due to the change of floor layout.

The overall recycling rate stood at 95.3%, marking the fifth year in a row with results above 90%. The amount of landfill was 3.8 tons. Moreover, SUBARU General Training Center is included from FY2010.

We will continue to improve recycling and further reduce the amount of waste.



Plastic Bottle Cap Collection Campaign

SUBARU has been participating in a campaign since FY2009 to donate polio vaccine to developing countries through an NPO by collecting the caps of plastic bottles. In March 2011, as a result of the fourth collection, we reached a cumulative total of approximately 173,760 (434.4kg) caps that were donated to procure polio vaccine for about 217 patients in developing countries. This collection of caps also reduced carbon dioxide by 1,369 kg compared with incinerating the same amount of caps.

Environmental Management System

In FY2009, Head Office acquired integrated ISO14001 certification as a promotion office. The SUBARU General Training Center was included in the scope of the Environmental Management System, and we started jointly managing the environmental activities of the 3 sites, a process that will continue.

Division history

July	1953	Fuji Heavy Industries Ltd. established Head Office: 2-73 Tsunohazu, Shinjuku-ku Tokyo
May	1954	Moved to Naigai Building Head Office: 2-18 Marunouchi, Chiyoda-ku
January	1966	Moved to newly-built SUBARU Building Head Office: 1-7-2 Nishi-Shinjuku, Shinjuku-ku
March	2005	Head Office Site acquired ISO14001 certification
January	2010	Fuji Heavy Industries Ltd. acquired integrated ISO14001 certification

Contact:

Head Office General Administration Dept.
 TEL: 03-3347-2111 [Domestic]+81-3-3347-2111 [International]
 FAX: 03-3347-2015 [Domestic]+81-3-3347-2015 [International]

Relationship with Local Society

SUBARU Building Offered as a Temporary Evacuation Site

The Great East Japan Earthquake that occurred on March 11 severely damaged the public transportation system and paralyzed the traffic network in the Tokyo metropolitan area. Many people were forced to stay away from home finding it hard to return home. We accepted about 60 such stricken people, using the head office building located near Shinjuku Station as a temporary shelter. They were provided with heating in the building throughout the night, cardboard as makeshift sleeping mattresses and information updates on railroad operations.

Domestic Affiliated Companies

Yusoki Kogyo K.K.

Location 102, Kamihama-cho, Handa City, Aichi Prefecture 475-8668
Number of Employees 98
Main Business Production and sale of aerospace-related machinery components



Fuji Machinery Co., Ltd.

Location 2-24-3, Iwagami Town, Maebashi City, Gunma Prefecture 371-0035
Number of Employees 350
Main Business Production and sale of automotive parts, industrial machinery and agricultural transmissions



Ichitan Co., Ltd.

Location 74 Shindo Town, Ota City, Gunma Prefecture 373-0037
Number of Employees 203
Main Business Production and sale of forged parts for automobiles and industrial machinery



Kiryu Industrial Co., Ltd.

Location 2-704, Aioi Town, Kiryu City, Gunma Prefecture 376-0011
Number of Employees 167
Main Business Manufacture of specially equipped SUBARU automobiles and logistics control of SUBARU automotive parts, rebuilding of SUBARU engines and transmissions



Subaru Logistics Co., Ltd.

Location 558-1, Asahi Town, Ota City, Gunma Prefecture 373-0814
Number of Employees 169
Main Business Packing, shipping, transportation, warehousing, maintenance and insurance brokerage of automobiles and parts



As of March 31, 2011

Relationship with Local Society

Social Contribution in Motor Sports

Motor sports, although often regarded as having nothing to do with the environment, are attentive to the environment in unexpected areas. One of our affiliated companies, FUJI HEAVY INDUSTRIES House Co., Ltd., in cooperation with our related Eco Box business, promoted the permanent placement of stations for separate garbage collection, facilitating recycling and proper disposal, at rally competition sites. Teaming up with the organizer of JAF approved All Japan Rally Championship and local municipalities, this arrangement was favorably accepted by rally fans and municipalities.

By supporting motor sports competitions as a means to promote car culture, we will cooperate in maintaining clean event sites and preserving the environment.



Eco Box of FUJI HEAVY INDUSTRIES HOUSE Co.,Ltd., placed at rally competition site

Communication with Local Community

Each company conducts various internal/external communication activities, regular beautification and cleanup activities around its properties. Some of their activities in FY2010 are introduced here. Ichitan Co., Ltd., Kiryu Industrial Co., Ltd. and SUBARU Logistics Co., Ltd. are 3 of the companies enrolled in activities of the SUBARU Community Exchange Association.*1

*1 SUBARU Community Exchange Association: an association organized by FHI and its 55 suppliers and partner companies, which organizes a variety of local activities in order to interact with the residents of Ota City and neighboring communities, develop local communities and create good towns to live in. The Association's activities are introduced on its Website. (Japanese only)

<http://www.chiiki-kouryuukai.com/index.html>



SUBARU Community Exchange Association Website

Each company periodically takes part in Clean Up activities in the regions neighboring their company. The following picture captures a scene from Kiryu Industrial Co., Ltd.'s community Clean Up activity.



Each year Yusoki Kogyo K.K. participates in a "Green fund-raising campaign." In October, they donated the collected funds to the Green Project Committee in Aichi Prefecture.



Left: The chief of the Green project committee in Aichi Pref., Mr. Shibata
 Right: FHI Manager, Mr. Takei

Approaches for Environmental Protection

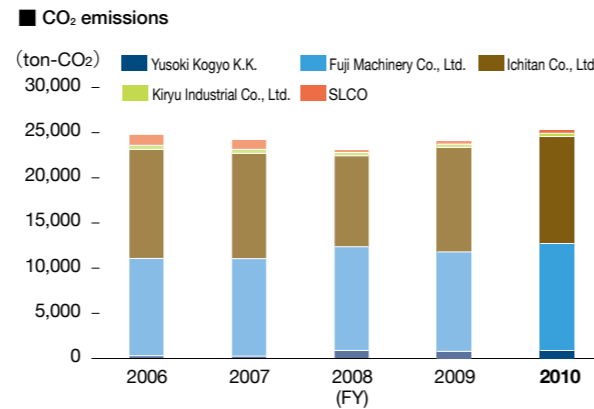
Environmental Management System

Each company's Environmental Management System status is as follows;

	Acquisition date of the first certification	FY2010 Assessment Date	Result
Fuji Machinery Co., Ltd.	June 2002	April 12 to 15, 2010	Minor Nonconformity: 3, Under monitoring: 41
Ichitan Co., Ltd.	March 2004	May 19 to 20, 2011	Nonconformity: 0, Under monitoring: 8
Kiryu Industrial Co., Ltd.	October 2004	July 22 to 23, 2010	Nonconformity: 0, Good Point: 5, Needs improvement: 33
Yusoki Kogyo K.K.	Yusoki Kogyo K.K. is included within the scope of FHI's integrated ISO14001 certification.		
SUBARU Logistics Co., Ltd.	SUBARU Logistics Co., Ltd. acquired external certification in February 2004, and is now proceeding with its own voluntary EMS activities.		

Curbing Global Warming Activities

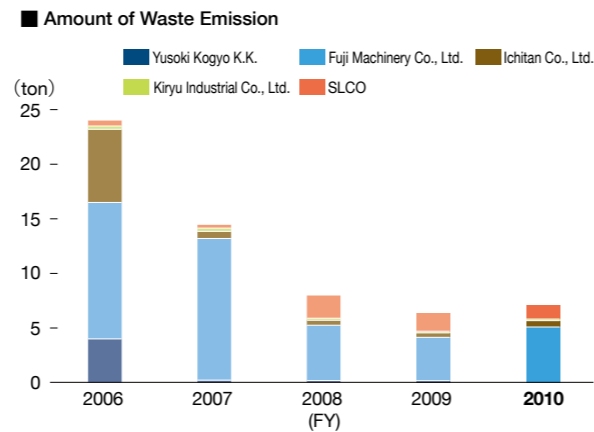
The total amount of CO₂ emissions by these five companies in FY2010 reached 25,184 tons, an increase of 1,160 tons over the prior year. However, this was still a 9% reduction or 2,400 tons less of CO₂ emissions than in FY2001. We are committed to engaging in energy saving activities to curb global warming. The graph to the right displays actual CO₂ emissions through FY2010.



Approach to Zero Emissions

In FY2010, the waste generated and waste landfill by the 5 companies reached a combined total of 7,667 tons and 7.2 tons, respectively, with the ratio of landfill to generated waste remaining less than 0.1%, a rate also achieved in FY2009.

We will continue to improve recycling and further reduce the amount of waste. The graph to the right displays the actual amount of waste generated through FY2010.



Preventing Environmental Pollution

Each company worked to prevent environmental accidents and public hazards through environmental patrols, the management of exhaust emissions and water discharge, and the reduction of environmental risks for harmonious living with the community and preservation of the verdant natural environment.

Comply with Environment-Related Laws and Regulations, Administrative Advice from Governmental Authorities

None of the 5 companies exceeded regulated values of environment-related laws or regulations, caused an environmental accident or received any administrative advice or complaints. We will keep achieving our target of "Zero" incidents.

Result of Environmental Data

The result of environmental data is as follows. All companies comply with regulated values.

Concerning the Storage of Equipment Containing PCB

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

Amount of PRTR chemical materials

In FY2010, the amount of chemical substances subject to PRTR that the 5 companies handled was less than 1 ton/year.

FY2010 Environmental Data

Water Quality Data

Yusoki Kogyo K.K.: Pollution Control Agreement with Handa City

Substance	Regulated Values (Agreement)	Voluntary Standard	Maximum Values	Minimum Values	Average Values
pH	5.8~8.6	6.0~8.0	7.9	6.7	7.3
BOD	25	20	9.3	0.8	3.0
SS	25	20	9.2	0.6	2.4
Oil content (inorganic)	12	2	0.8	0.5	0.6
Total nitrogen	120	60	0.6	0.3	0.5
Phosphorus	16	8	0.8	0.0	0.3

Fuji Machinery Co., Ltd. Main Plant: Sewerage Law

Substance	Regulated Values (Agreement)	Voluntary Standard	Maximum Values	Minimum Values	Average Values
pH	5.7~8.7	-	7.7	6.7	7.2
BOD	300	-	6.0	Under 1.0	2.3
SS	300	-	9.0	Under 2.0	3.7
Oil content (inorganic)	5	-	4.0	Under 1.0	1.3

Fuji Machinery Co., Ltd. Haga Plant: Sewerage Law

Substance	Regulated Values (Agreement)	Voluntary Standard	Maximum Values	Minimum Values	Average Values
pH	5.0~9.0	-	7.3	6.6	6.9
BOD	600	-	2.0	Under 1.0	1.1
SS	600	-	4.0	Under 2.0	2.8
Oil content (inorganic)	5	-	1.0	Under 1.0	1.0

Fuji Machinery Co., Ltd. Jyounan Plant: Water Pollution Control Law

Substance	Regulated Values (Agreement)	Voluntary Standard	Maximum Values	Minimum Values	Average Values
pH	5.8~8.6	-	7.4	6.7	7.1
BOD	20	-	13.0	Under 1.0	3.6
SS	20	-	5.0	Under 2.0	2.7
Oil content (inorganic)	3	-	2.0	Under 1.0	1.3

Ichitan Co., Ltd.: Water Pollution Control Law

Substance	Regulated Values (Agreement)	Voluntary Standard	Maximum Values	Minimum Values	Average Values
pH	5.8~8.6	6.0~8.4	7.7	7.0	7.4
BOD	25	Below 20	3.8	1.7	2.3
SS	50	Below 40	Under 0.01	Under 0.01	Under 0.01
Oil content (inorganic)	5	Below 4	Under 0.01	Under 0.01	Under 0.01
Bacillus coli	3000	Below 2000	130.0	Under 0.01	36.8

SUBARU Logistic Co., Ltd. Ota Delivery and Maintenance Center: Ota City Ordinances of Pollution Prevention

Substance	Regulated Values (Agreement)	Voluntary Standard	Maximum Values	Minimum Values	Average Values
pH	5.8~8.6	6.1~8.3	7.7	7.3	7.4
BOD	10	8	18.4	0.3	5.8
SS	10	8	0.9	0.2	0.5

[Notations] pH: Hydrogen-ion concentration, BOD: Biochemical oxygen demand
 SS: Concentration of suspended solids in water (diameter: 2mm or smaller)
 [Units] Bacillus coli= number/ml, All others except pH: mg/L
 Regulated values for Total Phosphorus and Total Nitrogen are daily average value.

Air Pollution Data

Yusoki Kogyo K.K.

Facilities	Substances	Regulated Values	Voluntary Standard	Maximum Values	Average Values
Boiler for heating	NOx	180	144	47	44.25
	PM	0.1	0.1	0.006	0.003

Fuji Machinery Co., Ltd. Haga Plant

Facilities	Substances	Regulated Values	Voluntary Standard	Maximum Values	Average Values
Boiler	SOx	0.28	-	Under 0.01	Under 0.01
	NOx	-	-	69	69
	PM	-	-	0.001	0.001

Ichitan Co., Ltd.





























Facilities	Substances	Regulated Values	Voluntary Standard	Maximum Values	Average Values
Boiler	SOx	8	4	0.33	0.183
	NOx	180	126	100	58.6
	PM	0.25	0.15	0.064	0.021

[Unit] SOx: g/m³N/h, NOx: ppm, PM: g/m³N

Measurement Result of Noise and Vibration

The measured results of all companies in FY2010 comply with the Noise and Vibration Act.

Chronology of FHI Social & Environmental Activities

CSR	<p>January 1995 Container houses and generators provided for Kobe City to support the area devastated by the Great Hanshin Earthquake.</p> <p>September 2001 Relief money and generators provided to support victims of the terrorist attacks in the US on Sept, 11</p> <p>March 2005 "The Social Contribution Policy" established</p> <p>November 2004 Awarded as a Company with a Distinguished Record in Employment of the Disabled at Gunma Manufacturing Division</p> <p>July 2003 SUBARU Visitor Center opened inside the premise of Yajima Plant of Gunma Manufacturing Division</p> <p>May 2005 The concept of corporate social responsibilities defined as "CSR Policy"</p> <p>June 2009 "The CSR Policy" revised based on the concept of fundamental and strategic CSR</p> <p>August 2009 "The Social & Environmental Report" renamed "the CSR Report" and issued</p> <p>March 2011 Relief money and generators, etc. provided to support victims of the Great East Japan Earthquake</p>	CSR
Environment	<p>March 1993 "The Plan to Address the Global Environmental Conservation" formulated "The Corporate Environment Committee" and its subordinate body "The Engineering Environment Committee" and "The Plant Environment Committee" established</p> <p>April 1996 "The Environment Plan for 2000" formulated</p> <p>April 1998 "The Environmental Policy" established</p> <p>November 1998 ISO 14001 certification acquired at SIA</p> <p>March 1999 ISO140001 certification acquired at Gunma Manufacturing Division</p> <p>May 1999 ISO140001 certification acquired at Saitama Manufacturing Division</p> <p>July 1999 ISO140001 certification acquired at Utsunomiya Manufacturing Division</p> <p>March 2001 Zero emission achieved at Gunma Manufacturing Division</p> <p>February 2002 The Third Voluntary Plan for the Environment (FY2002 through FY2006) made public</p> <p>September 2000 The First Environmental Report issued</p> <p>June 2004 "The Environmental Report" renamed "The Social & Environmental Report" and issued</p> <p>March 2005 Acquisition of ISO14001 certification completed at all business sites including Head Office</p> <p>June 2005 "Environmental Logo" established for the FHI group</p>  <p>FY2004 through FY2005 Environmental Compliance check in each outlet implemented</p> <p>August 2006 The Fourth Voluntary Plan for the Environment" (FY2007 through FY2011) made public</p> <p>December 2007 Promotion plan for establishing the EMS in dealerships launched</p> <p>July 2008 Installation plan of EA21 for dealerships launched</p> <p>December 2008 Products displayed for the first time at the environmental general exhibition "Eco-Products 2008"</p> <p>January 2009 Tokyo SUBARU Inc. acquired the EA21 certification</p> <p>February 2010 ISO14001 integrated certification acquired</p> <p>March 2010 "The Environmental Policy" revised</p>  <p>March 2011 All SUBARU domestic dealerships completed the acquisition of EA21 certification at all their outlets</p>	Environment
<p>1993 1996 1998 2000 2001 2003 50th anniversary of the foundation of Fuji Heavy Industries Ltd. 2005 2007 2008 50th anniversary of the birth of SUBARU 2009 2011</p> <p>1995 1997 1999 2002 2004 2006 2010</p>		
Automobiles	<p>October 1993 The 2nd-generation LEGACY released for sale</p>  <p>April 1995 Electric vehicle SAMBER EV released for sale</p>  <p>October 1995 A hybrid car with a direct injection engine announced at Tokyo Motor Show</p> <p>February 1997 The first FORESTER released for sale</p>  <p>January 1998 Mini car PLEO released for sale</p>  <p>June 1998 The 3rd-generation LEGACY released for sale</p>  <p>August 2000 The 2nd-generation IMPREZA released for sale</p>  <p>February 2002 The 2nd-generation FORESTER released for sale</p>  <p>May 2003 The 4th-generation LEGACY released for sale</p>  <p>December 2003 Mini car SUBARU R2 released for sale</p>  <p>January 2005 Mini car SUBARU R1 released for sale</p>  <p>June 2006 Next-generation electric vehicle SUBARU R1e delivered to the Tokyo Electric Power Co., Inc.</p>  <p>June 2006 Mini car STELLA released for sale</p>  <p>July 2007 The 3rd-generation IMPREZA released for sale</p>  <p>December 2007 The 3rd-generation FORESTER released for sale</p>  <p>June 2008 EXIGA released for sale</p>  <p>November 2008 DEX released for sale</p>  <p>July 2009 Electric vehicle with high-performance lithium ion batteries, the Plug-in STELLA, released for sale</p>  <p>April 2010 Mini cars LUCRA and PLEO released for sale</p>  <p>May 2009 The 5th-generation LEGACY released for sale</p>  <p>November 2010 TREZIA released for sale</p>  <p>May 2011 Mini car, the 2nd-generation STELLA, released for sale</p> 	Automobiles
Non-automotive	<p>March 1993 The first Boeing 777 center wing delivered</p> <p>November 2000 A SUBARU small wind power generation system made public</p>  <p>May 2001 Robin-brand general-purpose engine E-series released for sale</p>  <p>January 2007 The first Boeing 787 center wing delivered</p> <p>February 2007 The rechargeable mower e-Cutter PRO released for sale</p>  <p>March 2010 Service area cleaning robot system jointly developed</p>  <p>April 2010 Electric refuse collector vehicle Fuji-mighty Electra released for sale</p>  <p>November 2000 New low-noise refuse collector vehicle "LPO" made public</p>	Non-automotive



Tokyo Metropolitan University
Professor

Mami Oku

Based on the “2011 CSR Report” as well as my visit to Tokyo Office and an interview with the management at the head office of Fuji Heavy Industries Ltd. (FHI), I have summarized my opinion concerning FHI’s approach to CSR and my future expectations as follows:

1. Approach as a Socially Responsible Corporation

(1) Clarifying the Whole Picture of CSR and Identifying Issues
In the new 5-year medium-term management plan included in FY2011, there are two objectives set forth: “A Company that Provides Products and Services Contributing to the Solution of Social Issues” and “A Company that Values Relationships with Diversified Stakeholders” (page 19). Under these objectives there are 8 categories listed concerning CSR: i.e., Customers and Products, Employees, Environment, Compliance, Information Disclosure, Social Contribution, Procurement and Corporate Governance. It is stated in the report that issues and solutions will be identified and implemented for each of these 8 categories in FY2011 (page 20). Setting such objectives and orienting its approach toward meeting them should be given due credit for.

From now on, FHI is expected to make it clear how CSR-related policies, objectives, categories and specific approaches are interrelated as a whole and show the overall picture in a comprehensive manner. Particularly, it is important, first of all, to clearly express what are perceived as social issues of concern by FHI, and to then identify specific approaches to solve the issues.

(2) Building up Actions Based on Experience from the Great East Japan Earthquake

FHI has been offering a variety of support to disaster-stricken areas both domestically and internationally as part of its social contribution. As for the area severely damaged by the Great East Japan Earthquake on March 11, 2011, FHI is also providing a support in various forms, such as making donations, supplying generators, pumps, trucks and other relief goods free of charge, and promoting the volunteer activities of its employees under the volunteer leave system. Making use of the human and material resources of a corporation to contribute to the disaster-stricken areas means a great deal.

It is expected that FHI will make the most of its valuable experience accumulated through the support of restoration and rehabilitation from the earthquake disaster and also coping with damage that it suffered itself in its future risk management. The CSR Report states that FHI has formulated an emergency response basic manual and crisis management guidelines for each type of crisis risk, and based on these, it will draw up a new BCP (Business Continuity Plan) specific to each business unit (page 22). I understand that FHI is currently reviewing and restructuring its BCPs with great urgency. However, it is necessary not only to revise the BCPs but also to reevaluate the said manual and guidelines to see whether they worked properly at the time of the recent earthquake and whether any new issues arose after the 3.11 earthquake and finally to reflect the result of this overall review in the future risk management.

2. Approach to the Environmental Aspect as a Corporation

(1) Introducing and Implementing the Environmental Management System (EMS)

After FHI obtained the ISO14001 certification for the head office, 5 sites and 2 related companies en bloc in 2010, all domestic SUBARU dealerships and their outlets acquired the Eco-Action 21 certification in March 2011. Such thorough introduction of EMS is a very distinctive approach from others and highly worth mentioning.

FHI is expected from this time forward to make continuous improvements in implementing EMS, while making clear what has changed and how since the introduction of EMS and listing specific achievements, such as those concerning environmental performance.

(2) Interrelation between Conservation of Biodiversity and Business Activities

Under the Voluntary Plans for the Environment up to the 4th plan, FHI has a sound record of identifying environmental aspects covering phases of product design, production, distribution, sale and post-consumption, and realizing the reduction of environmental burden and protection of the environment. Energy consumption, CO₂ emission, waste generation, use of water, discharge of chemical substances subject to the PRTR Law, etc., are being measured quantitatively, and efforts to reduce the environmental impacts of these factors and their effectiveness of efforts are being evaluated by using environmental accounting methods.

In future, since the conservation of biodiversity is vital in realizing a naturally symbiotic society, not only providing environmental education on biodiversity and preserving company-owned forests, but more concrete and direct measures are expected to be introduced. It is recommended to start grasping as quantitatively as possible the relations between business activities and biodiversity throughout the product life cycle, including supply chains that begin with procurement of materials and parts, and each stage of use, disposal, recycling and reuse over a multi-year period.

3. Making the CSR Report into a Content-Rich Communication Tool

Feature articles in early pages of the CSR Report provide readers with information on FHI’s prioritized activities and are rich in content as reading materials. It is recommended that FHI seek good ways to let readers know in the CSR Report how comments and requests from stakeholders are specifically addressed and reflected in corporate operations.

Profile

She graduated from the Faculty of Economics of Yokohama National University. After completing the Department of International and Business Law of the said university, from 1993 thru 1998 she served as researcher of the Tokyo Institute for Municipal Research and from 1998 thru 2006 as Assistant Professor at the Faculty of Environmental Studies of Nagasaki University. At present, she is Professor and Director of the Division of Urban Policy, Faculty of Urban Liberal Arts of Tokyo Metropolitan University. She also serves as an auditor of the Eco-Action 21. She specializes in environmental law and administrative law.
She is the author of “Environmental Laws System of EC and Environmental Management Measures” (publisher: the Tokyo Institute for Municipal Research), “Approaches to Environmental Laws” (SEIBUNDO Publishing Co., Ltd.), “Frontlines of Municipal Environmental Administration” (GYOSEI Corporation), “Environmental Business Handbook” (Chuhokai Publishing Co., Ltd.) and others.

Thoughts on the Third-Party Opinion

We asked Professor Mami Oku of Tokyo Metropolitan University to give us her objective evaluation of SUBARU’s social and environmental activities through hearings at our Tokyo Office and interviews with Mr. Nakamura, Executive Officer of Strategy Development Division of FHI. Taking her comments and opinions seriously, we will step up the level of our CSR activities.

Overall CSR Activities

In FY 2010, the promotional system was reviewed to enable each employee to go ahead with CSR activities systematically through his/her work and to respond precisely to the needs of society. These activities were defined in detail for each of the 8 items for substantiation. We will try to report on our activities in a systematic, easy to understand manner. As an automobile maker, in addition to working toward accident reduction, we will promote CSR activities that address changing social issues based on the 8 CSR items.

Approach Based on Experience with the Great East Japan Earthquake

We drew up the Emergency Response Basic Manual and the Crisis Management Guidelines company-wide along with a BCP for each business unit to prepare for an emergency situation. But the damage caused by the Great East Japan Earthquake of March 11 far surpassed our assumptions, causing a tremendous impact. We will confirm the impact and issues raised by the earthquake,

review our existing system and organization, and press on with setting up BCPs while looking into and resolving problems in the supply chain. The SUBARU group will keep supporting restoration efforts in ways appropriate to the damaged area.

Continuous Improvement in Running Environmental Management System (EMS)

With EMS already set in place, complying with legal requirements and preventing contamination as well as continuous improvements are being promoted systematically. We will make various improvements in environmental performance visible without limiting ourselves to conventional evaluation items.

Approach to Preservation of Biodiversity

A mid-term plan will be planned for the preservation of biodiversity towards a naturally symbiotic society and will make this public in the next voluntary plan for the environment.

Communication Via CSR Report

The CSR Report will be positioned as a communication tool with stakeholders as before, and more substantial content that is easy-to-read and easy-to-understand will be pursued. Starting with this issue, the content of the questionnaire was overhauled to reflect comments, opinions and requests in CSR activities to the extent possible.



Environmental Symbol Logo

In June 2005, we created the FHI group’s environmental symbol logo.

The logo has a leaf in the middle, with “Green Earth” and “Blue Sky” to represent our blue planet.

In to this logo, we incorporated our determination to actively work on the environmental protection.



The Cover Design

The posture of SUBARU to contribute to the preservation of the global environment through business activities such as creating eco-friendly vehicles and clean energy is expressed by the mosaic pictures of a car, a windmill and nature.

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