

# Logistics, Sales and Service Activities

Subaru has joined forces with its affiliate, Subaru Logistics Co., Ltd., to improve transportation efficiency, to reduce packaging materials, and to promote recycling, as well as to reduce the environmental burden in all areas of logistics. In fiscal 2005, the organization within the entire company was strengthened to respond to the revision of the Law concerning the Rational Use of Energy, and activities were started to further reduce the environmental burden and transportation costs.

Furthermore, Subaru is promoting its environmental activities in partnership with its dealers, and executed environmental compliance inspections at all domestic Subaru dealers in fiscal 2005.

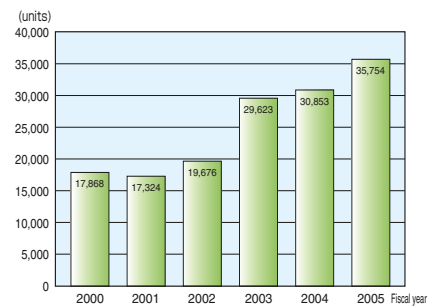
## Activities to Prevent Global Warming

### Reduction of the Environmental Burden in Transporting Completed Automobiles

#### (Efforts by Subaru Logistics Co., Ltd.)

When the loading ratio of a car carrier increases and the number of car carrier trips decreases, then the environmental burden of transporting completed cars can be reduced. Subaru Logistics Co., Ltd. promotes joint transportation of completed cars with other companies in the same trade. In fiscal 2005, the total number of cars carried by joint transportation (commissioned to other companies/our company) was 35,754 units,

an increase of about 16% compared with the previous year. In addition, CO<sub>2</sub> emissions associated with transporting cars to domestic Subaru dealers were reduced by 8.7% compared with the previous year. Furthermore, Subaru Logistics Co., Ltd. encourages its affiliated transportation companies to mount idling-stop equipment and digital tachographs on their car carriers, and continues to carry out activities aimed at improving drivers' eco-driving awareness.



Note: Here we had errors in the volume of joint transportation for each year as reported on page 44 of our 2005 Environmental & Social Report. Please refer to the corrected value in this graph.

## Activities to Contribute to Recycling Society

### Reduction of the Environmental Burden in Supplying Service Parts

#### (Efforts by Subaru Parts Center)

Subaru Parts Center has been making efforts to minimize the amount of cardboard by using reusable cardboard boxes for service parts transported to domestic Subaru dealers that use our carriers exclusively. Ota PDI (pre-delivery inspection) Center\*1 introduced this practice in fiscal 2004.

Foldable containers have recently been

introduced for service parts transported to the Ota PDI Center, mainly small-size service parts. This is part of our activities to reduce the use of packaging materials, and we expect a reduction in cardboard material of 2,700kg per year. Thus, reductions in both the environmental burden and packaging costs can be achieved.



Returnable cardboard boxes that can be used repeatedly.

### Reduction of Packaging Materials for Overseas Knockdown Parts

#### (Efforts by Subaru Logistics Co., Ltd.)

At Subaru Logistics Co., Ltd.'s Parts Distribution Center, where the style of packaging for knockdown parts is designed, efforts are being made to reduce the environmental burden by focusing on the recycling of packaging materials. In the second half of fiscal 2005, we started implementing a program to recycle polystyrene foam used for machined parts, and actually started recycling

in March 2006. Recycling of polystyrene foam, which had previously been landfilled locally, is expected to contribute not only to decreasing the environmental burden by reducing the amount of landfill, but also to reducing CO<sub>2</sub> emissions in the chemical products manufacturing process. Subaru Logistics Co., Ltd. expects a reduction of styrene foam of 64 tons annually by recycling about 80% of the polystyrene foam.



Packaging materials returned, cleaned and inspected for re-use

\* 1 : The Ota PDI Center is a pre-delivery inspection plant for new cars opened in Ota City, Gunma Prefecture in April 1998, where all operations are processed by an integrated online information system. The Center strictly complies with the inspection standards of manufacturers and dealers, and delivers completed cars of a consistently high quality of pre-delivery inspection to Subaru dealers across Japan. (For activities carried out at the Ota PDI Center, please refer to the homepage of Subaru Logistics Co., Ltd. at <http://www.subaru-logistics.co.jp>.)

## Sales and Service Activities

### Environmental Activities of Subaru Dealers

FHI has joined forces with domestic dealers of Subaru automobiles in the field of environmental activities, too. We have been working on environmental compliance activities together entitled "Subaru Eco Action 21" since December 2003 and Subaru dealers across Japan are participating in our activities. The environmental policy focuses on two mottoes: (1) Comply with environmental laws and regulations, and further contributes to the environment in the local community, and (2) Continue to improve environmental management systems to create environmentally-friendly dealers. We first designated model bases among the sales shops of dealers and service workshops, and promoted environmental compliance inspections and improvement at each designated model base. Since the beginning of 2005, such activities have been expanded to all sales bases (shops and service workshops), and "thorough inspections of environmental compliance at sales bases" were launched as voluntary activities at each dealer. Progress at each sales base was confirmed at

the end of March 2006, and step-by-step countermeasures have been taken at sales bases where improvement was required. We continue to assist our dealers with measures such as publishing quarterly magazines reporting updates on activities by our group companies, responses to relevant laws and

relevant changes in society. As part of activities to establish an EMS at each dealer, two more companies, Osaka Subaru Co., Ltd. and Niigata Subaru Co., Ltd., obtained ISO14001 Certification in fiscal 2005, bringing the total number of companies that have obtained such Certification to five.



Subaru Eco Action 21 Information

### Using Reassembled and Used Parts

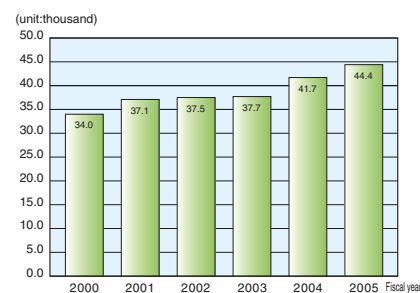
FHI and Subaru dealers across Japan are using recycled (that is, reassembled) and used parts. Using reassembled parts such as engines, transmissions and water pumps, was started in collaboration with the related manufacturers in 2004. Using used parts such as exterior panels, lamps and wheels, was started in collaboration with existing used parts network groups.

#### Collection of the scrapped bumpers

FHI 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 scrapped bumpers to recycle for use in other parts of vehicles. In fiscal 2005, we collected 44,373 scrapped bumpers from all over Japan, which is a 6.5% increase from the previous year (41,658).

The scrapped bumpers were recycled for use in other parts of Subaru as shown in the graph below.

Number of the scrapped bumpers collected (Graph)



#### Items that utilize Reassembled Parts

| Designated items  |
|---|
| Engine, Transmissions, CVT (Continuously Variable Transmission), Alternator, Starter ECU (Engine Control Unit) Water Pump |

#### Parts Produced from Scrapped Bumpers

| Models       | Parts                                   |
|--------------|---|
| R1, R2, Pleo | Universal joint cover, Underfloor cover |
| Legacy       | Under spoiler, Battery pan              |