

FHI holds meetings of the Domestic Affiliated Company Subcommittee with six of our affiliated companies\*<sup>1</sup> (excluding Subaru dealers) that have a significant environmental impact in their manufacturing or transport businesses. In fiscal 2005, we expanded the Environmental Risk Assessment and company-wide Environmental Data Collection System. In addition, Subaru Kosan Co., Ltd.\*<sup>2</sup>, one of our non-manufacturing affiliates, obtained the ISO14001 Environmental Management System Certification in fiscal 2005.

### Outline of Activities by Subcommittee Members

Regarding the prevention of global warming, CO<sub>2</sub> emitted by the six companies in fiscal 2005 totaled 28,170 tons (a reduction of 9.7% compared with the previous year). As for reduction in waste material, the six companies achieved a zero level of waste landfilled in total by changing the disposal method and enforcing strict separation before collection.

Concerning environmental accounting\*<sup>3</sup>, the environmental costs of the six companies totaled 270 million yen (a reduction of 20% compared with the previous year) in fiscal 2005, producing a positive economic effect of 180 million yen (an increase of 10% compared with the previous year).

At Ichitan Co., Ltd., efforts have been made to create effective anti-vibration and sound isolation measures for devices such as press machines, which produce vibration and noise. In February 2006, Ota environmental subcommittee held a meeting concerning noise and vibration control at Ichitan (hosted by Ota Industrial Liaison Council for Environmental Conservation), exchanging opinions with local government and companies in that region and holding plant tours.

Each company periodically implements activities such as cleaning and mowing in their neighboring areas. For example, Fuji Robin Industries, Ltd. cleaned the riverbed of the

Kisegawa River, one of its annual events, in November 2005.



Meeting for noise and vibration control held in February 2006 at Ichitan

### Cases Where Requirements Stipulated in Environment-Related Laws Were Exceeded, Environmental Incidents and Claims

In fiscal 2005, 14 cases were reported where our measurement results exceeded the requirements stipulated by environment-related laws (six cases related to water quality and eight to noise). Concerning the six cases related to plant effluent (PH and SS), we took a countermeasure by improving our facilities and the management of the wastewater treatment facilities. As for noise, there were eight cases where the noise at the borders of our plant properties exceeded the stipulated values. We have been implementing tentative noise-isolating measures, and studying sound-absorbing and noise-isolating measures based on frequency analysis.

With regard to environmental incidents, two cases were reported, including an oil leak from the pipe of a heavy oil tank, and we have been implementing rapid and appropriate emergency measures in response, as well as permanent measures such as facility improvement.

On another note, we received two environment-related claims. One was for the noise associated with forklift trucks operating early in the morning, while the other was for the noise of car engines in an employee parking lot late at night. We have implemented countermeasures, such as reviewing product delivery times and instructing employees to act more quietly.

### Soil and Underground Water Surveys by Yusoki Kogyo K.K.

Yusoki Kogyo K.K. (Handa City, Aichi Prefecture), following the discontinuance of some of its specific facilities, conducted soil surveys according to the Soil Pollution Countermeasures Law from November 2005 through January 2006. Because soil pollution exceeding the standards stipulated by the law was confirmed, we have filed the case with the Aichi Prefectural government and are implementing countermeasures in compliance with the law. At the locations where soil pollution\*<sup>4</sup> was confirmed, we have been removing the pollution by excavating the earth, implementing on-site cleaning and conducting underground water surveys.

### Column

#### Subaru Kosan Co., Ltd., a Non-Manufacturing Affiliate, Obtained ISO14001 Certification

One of our affiliates, Subaru Kosan Co., Ltd. (located at Shinjuku Subaru, Ebisu Subaru and Omiya Subaru Buildings; President, Takao Saito), which runs businesses such as real estate development, travel agencies and building management, obtained ISO14001 Environmental Management System Certification in March 2006, the first FHI non-manufacturing affiliate company (excluding Subaru dealers) to do so. The company has been improving their operating processes as part of the 5S Activities to establish an EMS. Improvements include the weighing and recycling of waste material produced by each tenant, and the visualization and reduction of energy consumption by each tenant through proper building management. The company has been making efforts to improve its service quality as well, through measures such as the provision of useful information in a timely manner and using their EMS as an important tool to run their businesses properly. Subaru Kosan plans to further improve every service they provide by further promoting EMS activities in the future.



Waste material yard at the Shinjuku Head Office of Subaru Kosan Co., Ltd.



Waste material weighing system (at Shinjuku Head Office). Results are calculated automatically



Mr. Saito, President of Subaru Kosan Co., Ltd., and managers in charge of environmental activities



Subaru Building News: Issued bymonthly (2006 spring edition)

\* 1 : Six Manufacturing Affiliated Companies: Fuji Robin Industries Ltd, Yusoki Kogyo K.K., Fuji Machinery Co., Ltd., Ichitan Co., Ltd., Kiryu Industrial Co., Ltd., Subaru Logistics Co., Ltd.  
 \* 2 : Non-manufacturing Affiliated Companies: Subaru Kosan Co., Ltd., Subaru UI Co., Ltd, Subaru Finance Co., Ltd., Subaru System Service Co., Ltd.  
 \* 3 : Details of the Environmental Accounting of Domestic Affiliated Company Subcommittee are shown on our website, Supplementary Volume for Data Related to the 2006 Environmental & Social Report.  
 \* 4 : A maximum of 38 times the amount of lead or lead compounds stipulated by legal standards.

# Activities of Affiliated Companies – Overseas Companies –

FHI and five affiliated companies in North America have established a committee concerned with the environment (the North American Environmental Committee, NAEC\*) to expand FHI's activities, and utilize the Committee as an opportunity to hear reports on environmental conservation efforts at each company and discuss future environmental activities planned for North America. SRD, a development and research company for Subaru vehicles located in the U.S., obtained ISO14001 Certification in December 2005, thereby establishing the EMS at all five affiliates in North America for all stages of development, manufacturing and sales.

## North American Environmental Committee

North American Environmental Committee (NAEC) is held biannually (in February and August) to report progress in Environmental Mid-Range Plan by FHI and the five respective affiliates and to exchange information regarding examples of environmental improvement activities (Picture 1). In fiscal 2005, we exchanged opinions on the trial implementation of environmental accounting and on how we should logically proceed with the EMS which has already been established at all five companies.



(Picture 1) NAEC held in February 2006 (then SEVP Suzuki in the right)

## Environmental Activities at Each Company

### Major Topics concerning Activities in 2005

- SRD obtained ISO14001 Certification, thereby completing EMS at all affiliates belonging to the NAEC (Picture 2).
- SIA has continued to maintain a level of zero waste material directly landfilled since May 2004.



(Picture 2) SRD M/s. Habara (center), Kurk (left) and Orikasa (right) with ISO14001 certification

## Reduction of Waste Material

SIA obtained ISO14001 Certification as early as 1998 and since then has actively carried out environmental conservation activities. In particular, it has worked on minimizing consumption of resources, curbing waste generation to reduce the environmental burden as much as possible, implementing proper disposal, and promoting the cyclical use of resources. In May 2004, it successfully achieved a level of zero waste material landfilled for waste created in its manufacturing process, and it maintained that level throughout fiscal 2005. (Of the 14,656 tons of waste material produced in 2005, 0 tons were directly landfilled.)

SOA promoted the separate collection of waste material such as old body panels taken off automobiles at the South Central RDC\*, in cooperation with a local NPO, while creating employment for people with disabilities. As a result, it became possible to recycle scrap metals and styrene foam packaging material, which had previously been landfilled, leading to a reduction in the amount of waste of 4,800kg per year. They will continue to separate and collect waste material, while fully utilizing



(Picture 3) SOA staffs making daily effort to recycle used cans and papers

NPOs. In addition, they are making active efforts to recycle used cans and paper as a readily-achievable environmental activity (Picture 3).

RMI has completed a recycling system for gasoline drained from engines after test running, thereby further curbing the generation of waste material (Picture 4).

SCI has been making efforts to recycle cardboard, paper, plastic, glass and hazardous materials. Activities undertaken in fiscal 2005 included the following: (1) adoption of a new returnable/reusable container for engine and transmission (Picture 5); (2) conversion of a compactor previously used to landfill waste into a compressor for recycling paper and cardboard, thereby making paper material recycling possible and reducing disposal costs significantly (Picture 6); (3) The warehouse implemented a program for the reuse of packaging materials from incoming parts shipments by separating them into wood and plastic. Thus, activities to reduce waste material were carried out throughout the entire company.

Employees at SRD use reusable coffee mugs at work as a readily-achievable environmental activity (Picture 8).



(Picture 4) RMI's recycling system for gasoline drained from engines (completed in Dec. '05)



(Picture 5) SCI's returnable/reusable long-engine container



(Picture 6) SCI's compactor (right) and Waste to Landfill 8yd Bin



(Picture 7) SCI's Recycling/Reusing Packaging Materials Bins



(Picture 8) SRD's Coffee Mugs

\* 1 : NAEC members = SIA: Subaru of Indiana Automotive, Inc.; SOA: Subaru of America, Inc.; RMI: Robin Manufacturing U.S.A, Inc.; SCI: Subaru Canada, Inc.; SRD: Subaru Research & Development, Inc.

\* 2 : RDC (Regional Distribution Center)

## Energy Saving Activities

In 2005, all 270 metal-halide lamps in the warehouse were recently replaced with T-5 fluorescent fixtures at SOA Northwest (Picture 9). The results were a reduction of approx. 12,000 dollars in its power bill per year, as well as a reduction in the emission of greenhouse gases. The new lamps have been favorably received by employees, as they are kind on the eyes and make the workplace environment more comfortable.

SCI has installed motion light sensors in all meeting and rest rooms at the new Head Office building and the Parts Distribution Center which turn lights and other equipment on and off automatically. In addition, each workplace is provided with many windows to let in as much natural light as possible, the reception hall is equipped with skylights (Picture 10) and the wall height at each workplace is set at 4 feet.

RMI has added an automatic lights-out system to its assembly lines so that the lights are always turned



(Picture 9) SOA's Lamp replacement project

off at the end of every work shift.



(Picture 10) SCI Headquarter building has many glass windows to allow much natural light

## Reduction of Environmental Risk and Chemical Substances

SIA has changed the type of paint it uses to low-solvent type paint to reduce the amount of air pollutants produced by its painting process. The company will introduce an Electronic MSDS System to logically investigate what chemical substances are actually contained and reduce use of such chemical substances.

SOA has changed the type of boxes it uses for collecting used battery cells to a leak-proof type as a readily-achievable activity, and introduced an environmentally friendly aqueous parts cleaning machine at the South Central RDC (Picture 11).



(Picture 11) SOA's leak-proof type battery collection box (left) and environmentally friendly aqueous parts cleaning machine (right)

## Green Procurement

The NAEC is also making active efforts regarding green procurement. 81% of their suppliers have already obtained ISO14001 Certification as of fiscal 2005. NAEC will continue to establish EMS and make efforts to reduce chemical substances.

## EMS

SRD obtained ISO14001 Certification in December 2005, thereby establishing the EMS at all five affiliates in North America. FHI and each affiliate will proceed with a study to logically promote the EMS activities. In addition, three more SOA business sites obtained ISO14001 Certification, bringing the total number of SOA's business bases to have obtained such Certification to six (Picture 12).



(Picture 12) SOA's Southwest RDC (Denver) staffs with the acquired ISO14001 certification

## Social Contribution Activities and Commendations at Each Company

### Support through Fund-Raising Campaigns Support for the Areas Stricken by Hurricane Katrina

SIA and SOA have donated relief money to areas in the southern U.S. stricken by Hurricane Katrina in August 2005. FHI also donated money to those areas through the Japanese Red Cross Society. We wish all people in those areas a quick recovery from the disaster.

SOA is extending financial aid through the SOA Foundation to an internship program established to aid activities in the field of nature reserves. The program is for university and graduate students who are willing to make careers in wild animal recovery and conservation or for environmental education. The company also donated a Subaru Forester to the Vineland field station of the Rutgers University in New Lisbon, New Jersey. The vehicle is being used for their environmental preservation education programs.

RMI has continued to participate in social contribution activities organized by the Hudson Hospital and Hudson County Club, and has extended support to the Japanese school in Minneapolis.

### Active Participation in Local Clean-up and Charity Activities

SOA employees participated in a beautification activity at a local youth house as part of their voluntary activities on Martin Luther King Jr. Day (Picture 13).

RMI employees are participating in fund-raising activities for children with brain tumors (Picture 14).



(Picture 13) SOA staff beautified a local youth house



(Picture 14) RMI Mr. and Mrs. Dean Walk volunteering at "Ride for Kids" a fundraiser for the Pediatric Brain Tumor Foundation



(Picture 15) SCI participated Earth Day 2005 in cooperation with Mississauga City / Subaru of Mississauga (SOMI) employees participated in the local Mississauga LitterNot Program

SCI participated in the clean-up activity around its offices on Earth Day 2005 in cooperation with Mississauga City. SOMI, an affiliate of SCI, participated in the LitterNot Program of Mississauga City as part of its social contribution activities. The company received a certificate of gratitude from the Mayor of Mississauga City (Picture 15).

