

Gunma Manufacturing Division



Main Plant



Yajima Plant



Ota North Plant



Oizumi Plant



Isesaki Plant

Outline for Each Plant

(As of the end of March, 2008)

Name	Location	Site Area (m ²)	Building Area (m ²)	Number of Employees	Main Products Manufactured
Main Plant	1-1, Subaru-cho, Ota City, Gunma Prefecture	585,521	312,313	3,086	Stella, R1, R2, Pleo, and Sambar models
Yajima Plant	1-1, Shoya-machi, Ota City, Gunma Prefecture	549,845	255,023	2,460	Legacy, Exiga, Impreza and Forester models
Ota North Plant	27-1, Kanayama-cho, Ota City, Gunma Prefecture	43,750	26,841	81	Automotive parts
Oizumi Plant	1-1-1, Izumi, Oizumi-machi, Ora-gun, Gunma Prefecture	376,038	179,984	1,533	Automotive engines, transmission
Isesaki Plant*	100, Suehiro-cho, Isesaki City, Gunma Prefecture	177,503	58,954	75	Automotive repair parts

* Includes Subaru Customize Kobo Corporation and Fuji Houren Co., Ltd

1. The Gunma Region's* Environmental Policies

The Gunma Region further created its own environmental policies in line with FHI corporate philosophy and company-wide environmental policy, from which it has been actively conducting various environmental conservation activities.

-- The Gunma Region's Environmental Policies -- (Revised in June 2002)

The FHI Gunma Region is determined to provide greener Subaru from clean plants in its desire to create environmentally friendly automobiles to ensure preservation of our rich natural environment for generations to come.

- (1) We are committed to environmental conservation that takes into consideration all the repercussions our Automotive sector renders upon the environment.
- (2) Observing all the relevant laws and regulations, community agreements and industry standards, we will carry out our activities based on our independently determined environmental objectives and targets.
- (3) Through the understanding of the importance of continual improvement and early pollution prevention, every one of us can realize the responsibility we carry as we go about our work.
- (4) We will endeavor to raise environmental consciousness by providing educational opportunities for our employees according to their job status and job description.
- (5) We will regularly perform audits and inspections to improve our environmental conservation activities.
- (6) As a responsible member of society, we are committed to working with the community and engaging in joint activities to further environmental conservation.



*The Gunma region is a collective term subject to external assessment through the ISO14001 Environmental Management System. It consists of a group of car manufacturing sites centered around the Gunma Manufacturing Division, also including the Subaru Engineering Division, an organization under direct control of Head Office which is located in the Gunma Manufacturing Division, the Subaru Test & Development Center located in Sano City, Tochigi Prefecture, and the Subaru Parts Distribution Center located in Asahi-cho, Ota City.

2. Major Environmental Conservation Achievements of FY2007

Curbing Global Warming

In FY2007, together with energy saving in paint process and minimizing fixed energy, the introduction of the second natural gas cogeneration system at the Yajima Plant in June, 2007 brought CO₂ down by 20.8% compared to the FY1990 level. The use of water resources dropped by 46.9% compared to the FY1999 level..

Reducing Waste Material

We have been working hard to reduce the amount of waste material we generate. In FY2007, we have reduced waste material (excluding scrap metal) by 398 tons compared to FY2006. Also, we have reduced scrap metal by 1,013 tons compared to FY2006.

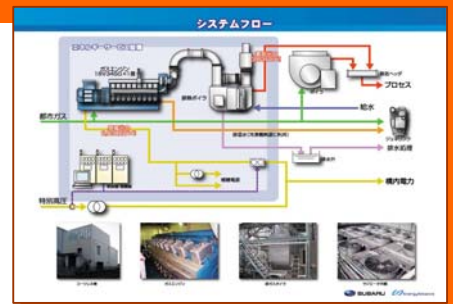
Preventing Environmental Pollution

Complains, leak accidents of chemicals and cases where limits set in environmenta-related laws were exceeded in FY2007 are shown on pp. 9 & 10.

In order to eliminate such problems completely, we will continue to promote environmental risk assessments and guidance for external companies.

We have met the target set in the Environmental Conservation Program concerning VOC discharged* in the painting process by using water-based paint etc.

*The target set in the Environmental Conservation Program to reduce VOC: Reduce VOC emissions (g/m²) by 30% or more compared to the FY2000 level. We will actively work on activities to achieve the targets of the Environmental Conservation Program in all the environmental conservation activities.



The introduction of natural gas cogeneration system at the Yajima Plant

3. Results of Environmental Audits

Results of the Internal Audits as part of the Environmental Management System

We classified all departments in Gunma region into seventy three sections, and conducted internal audits at all the sections during the period from July 6 to October 26 2007. At the same time, we conducted a environment-related legal compliance audit with all nine sections in charge of handling environment-related laws and regulations.

As a result, seventy seven cases were identified for further corrective actions. We have been pressing ahead with both corrective and preventive actions in order to raise the standard of environmental activities across the entire Gunma region.

We will also continue to further improve the abilities of our internal auditors and the mechanisms involved with our internal audits.



Certificate of

Results of the ISO 14001 External Assessment

Our ISO 14001 renewal application was assessed during the period from January 29 to February 1, 2008, identifying one minor nonconformity and four cases deemed in need of further inspection. We took corrective actions for the minor nonconformity immediately and our ISO 14001 certification was successfully renewed.

4. Major Local Community Activities of FY2007 «Social Contributions»

Communication

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 and local events. The major activities of FY2007 are introduced here.



May: Cleanup of Kanayama organized by the Subaru Community Exchange Association (400 participants)



Jul: 1,000 employees participated in carrying the Subaru Mikoshi at the Ota Summer Festival



Aug: Held Subaru Hands-on class inviting 100 pairs of parents and children who applied publicly



Oct: 35,000 people enjoyed the Subaru Appreciation Festival at the Yajima Plant



Oct: Joined Josyu Ota Subaru Marathon (100 participants as Subaru Community Exchange Association staff)



Nov: Promoted our electric vehicle "R1e" at "Ota Industry Environmental Festival"

Education

The Gunma Manufacturing Division provides educational opportunities for its employees according to their job status and job description. The Division also provides education as part of its support for its affiliated and partner companies.



Apr: Health & Safety and Environmental education for new employees of affiliated and partner companies (257 participants from 24 companies)



Aug: Environmental education with 48 participants from affiliated in-plant resident companies and chemicals suppliers

Others

◆Our health and safety philosophy stipulates that safety comes before anything else. A variety of response drills have been carried out to minimize damage in case of emergency.



Example: Emergency response drill in envisioned leakage from a paint deposit tank in the paint process

Utsunomiya Manufacturing Division*1 [Aerospace Company, Eco Technologies Company]



Main Plant



South Plant



South No.2 Plant



Handa Plant



Handa West Plant

Outline for Each Plant

(As of the end of March, 2008)

Name	Location	Site Area (m2)	Building Area (m2)	Number of Employees	Main Products Manufactured	
Main Plant	1-1-11, Yonan, Utsunomiya City, Tochigi Prefecture	337,457	176,895	2,012	Aircraft, unmanned aircraft, space-related equipment	
South Plant	1388-1, Esojima, Utsunomiya City, Tochigi Prefecture				Aircraft	
South No.2 Plant	2-810-4, Miyanouchi, Utsunomiya City, Tochigi Prefecture				Aircraft	
Handa Plant	1-27, Shiohi-cho, Handa City, Aichi Prefecture				49,041	10,630
Handa West Plant	102, Kamihama-cho, Handa City, Aichi Prefecture	41,977	11,610	23	Aircraft	
Main Plant	1-1-11, Yonan, Utsunomiya City, Tochigi Prefecture	Eco Technologies Company	171,816	50,615	196	Refuse collection vehicles, wind turbine system, robots*2, etc

*1: At present, FHI has no organization officially named Utsunomiya Manufacturing Division. For this Report, Utsunomiya Manufacturing Division is used as a collective term for the Aerospace Company (Utsunomiya City, Tochigi Prefecture and Handa City, Aichi Prefecture) and the Eco Technologies Company (Utsunomiya City, Tochigi Prefecture).

*2: Note that robots / cleaning robots are manufactured and sold by FHI's Robot Department.

1. The Utsunomiya Manufacturing Division's Environmental Policies

The Utsunomiya Manufacturing Division further created its own environmental policies in line with FHI corporate philosophy and company-wide environmental policies, from which it has been actively conducting various environmental conservation activities.

--- The Utsunomiya Manufacturing Division's *1 Environmental Policies --- (Revised in June 2005)

Through positive environmental conservation that aims to bring about harmony between industry and environment, and for a prosperous and healthy society, we (the Aerospace Company and the Eco Technologies Company) have decided on the following plans of action.

- (1) We will endeavor to reduce the environmental impact in all areas from development, design, production, logistics, to service and waste disposal, as our contribution to creating a less polluted, resource recycling society.
- (2) Remaining true to our corporate activities, observing all the relevant laws and regulations, community agreements and industry standards, we will further determine our own voluntary standards, based on which we will organize our environmental activities.
- (3) Through conducting voluntary activities with our own environmental conservation objectives and targets, with regular reviews we will continue to improve for the better.
- (4) We recognize the importance of curbing global warming and preventing environmental pollution, and will endeavor to reduce the amount of pollutants and waste that we produce and that subsequently accelerate global warming and environmental pollution, all the while promoting the reduction and recycling of waste material.
- (5) As a responsible member of society, we are committed to working with the community and engaging in joint activities to further environmental conservation.
- (6) Through the promotion of environmental education for every person working in or working with our organizations, every one of us can understand for ourselves our responsibility to the environment as we go about our work.
- (7) We will openly and proactively make known all information about our environmental activities, promoting communication and mutual understanding with the local communities and society in genera.

2. Major Environmental Conservation Achievements of FY2007

Curbing Global Warming

Aerospace Company: Energy consumption rises as production increases, causing a hike of CO₂ emission by about 570 tons over FY2006.

We will proceed with reducing CO₂ while saving energy hereafter. The CO₂ emission in FY2007 was lower than that in 1990 by 4.4%.

Eco Technologies Company: Deterioration in production efficiency and others resulted in increased CO₂ emission by about 290 tons over FY2006.

Energy management will be enhanced to reduce CO₂. The CO₂ emission in FY2007 was lower than that in 1990 by 64%.

Reducing Waste Material

Aerospace Company: The amount of wastes increased by 110 tons due to increases of waste liquid in the paint process, sealants, adhesive residues and others over the preceding year.

We will take actions mainly to reduce these wastes while taking cost factor into account.

Eco Technologies Company: Changed packing specifications and improved cutting stock largely led to a reduction of wastes by 27 tons over the preceding year. We will proceed with using thinner metallic materials, expanding the scope of reused materials and other saving.

Preventing Environmental Pollution

Complains and cases where limits set in environment-related laws were exceeded in FY2007 are shown on pp. 9-10.

We will further promote Environmental Risk Assessment and education for constructor aiming at zero cases.

3. Results of Environmental Audits

Results of the Internal Audits as part of the Environmental Management System

We conducted an internal audit at all fifty two sections of the Utsunomiya Manufacturing Division (for both the Aerospace Company and the Eco Technologies Company) in May and June, October and November 2007. As a result, eighty six cases were identified for corrective actions. The sections concerned took countermeasures immediately, raising EMS to the required standards.

Results of the ISO 14001 External Assessment

We underwent ISO 14001 renewal assessment review from July 2 through 5, 2007.

There was no nonconformity pointed out including any minor one, thus the renewal of certification was granted.

This review also doubles as the review for expanding the scope of certification to include Yusoki Kogyo K.K., a FHI's subsidiary



External Assessment

4. Major Local Community Activities of FY2007

Communication

We at the 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. In keeping with these ends, we have been contributing to local communities through various activities, by offering friendship and community exchange events for local communities and actively cooperating in cleanup activities and fund-raising campaigns. A few of these efforts and activities from FY2007 are introduced here.



July and August: The north side wall of the Main Plant was opened to residents nearby as an atelier for their free drawing of pictures. Pictures are redrawn once every two years, and this time is the ninth drawing.



October 28: Held Friendship Festival at Main Plant attracting 8000 visitors.

Run a booth to promote Environment at the festival, introducing the Plants' environmental efforts and distributing young plants



"Eco Class Delivery Service" was held at 20 local primary schools for an annual total of 50 classes on environmental issues to 1,519 pupils.

Please see pp.30-31 in 2008 Social & Environmental Report for other activities.

Education

The Utsunomiya Manufacturing Division systematically implements several kinds of education, correlated to job title, etc, environmental education, internal auditors' education and follow-up education. In addition, as part of the support extended to its local affiliated and partner companies, it has been actively conducting an environmental patrol and other such activities.

The Environmental Improvement Case Study Presentations are held periodically every year, presenting all the activities and achievements involved in some of the best examples of environmental improvement from individual workplaces. In addition, emergency drills are held frequently at every workplace in order to ensure proper management for preventing accidents, and minimize environmental damage that may occur in the event of an environmental accident.



Emergency drills are held every year to prepare for emergencies such as environmental accidents and fires.

The Utsunomiya Manufacturing Division's Site Report

The Utsunomiya Manufacturing Division issues Site Report (Environmental & Social Report) every year to show our overview to local communities and to use it for deepening exchange with them.



The Utsunomiya Manufacturing Division's Environmental & Social Report 2007

5. Product Developments

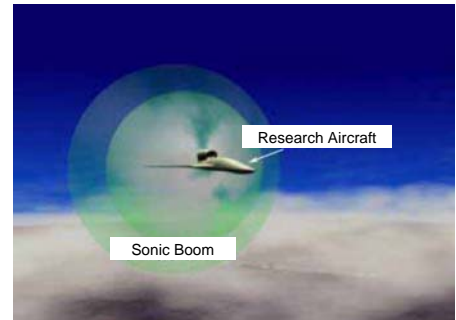
Introduced here are major engineering and product developments at the Utsunomiya Manufacturing Division.

Engineering Development at Aerospace Company

◆Participation in the design review of quiet supersonic research aircraft, which will contribute to reducing sonic boom that supersonic aircraft produce.

- In the development of next-generation supersonic aircraft, reducing sonic boom in a supersonic flight (which is heard when the shock waves generated from the fuselage reach the ground and is said to be equivalent to the sound of lightning strike on Concord) has become an important issue. To verify the technology to reduce this sonic boom, JAXA*¹ has been promoting R&D of quiet supersonic aircraft technology. Our Aerospace Company has become assigned to design review of the quite supersonic research aircraft planned in this R&D project, contributing to the realization of such supersonic aircraft in future.

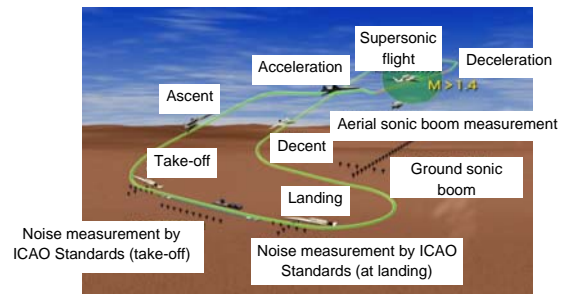
*1 JAXA: Japan Aerospace Exploration Agency



Conceptual illustration of sonic boom [Source: JAXA's open documents]

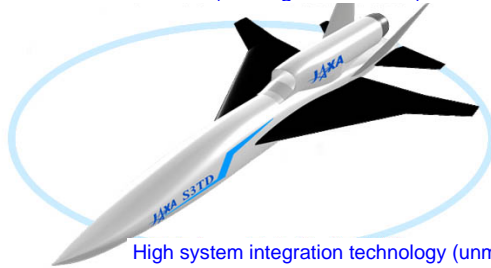
◆Design of quiet supersonic research aircraft

- The quiet supersonic research aircraft is a large unmanned plane which can make completely autonomous flights at supersonic speed. We will proceed with the development in cooperation with JAXA, utilizing and stepping up such technologies for unmanned aircraft and composite materials which we have nurtured through various developments over the years.



Conceptual illustration of quiet supersonic research aircraft flight experiment [Source: JAXA's open documents]

Low sonic boom and low resistance fuselage design technology (halving sonic boom)



High system integration technology (unmanned aircraft technology for autonomous flights from take-off to supersonic cruising and landing)

Technologies applied to quiet supersonic research aircraft [Source: JAXA's open documents]

Product Development of Eco Technology Company

◆Development of new rotary plate type refuse collection vehicle "G-RX"

- A next-generation new rotary plate type refuse collection vehicle was developed jointly with the ShinMaywa Industries, Ltd., the other leading manufacturer of refuse vehicles in the market, aspiring for its global standardization.
- Incorporating know-how on refuse collection vehicles that both companies have nurtured in the market, loading capacity, loading workability, operability and maintainability have been improved with unprecedented appearance design which casts off the image of conventional refuse vehicles. The structure of the vehicle was also reviewed to scrape off excess material for lighter weight, while the reduction of pressure loss in hydraulic pipes, noise level and substances of environmental concern and other means for significant improvement in environmental aspect over conventional refuse vehicles. Furthermore, the voluntary safety standard "SAFETY21" was set exceeding the legal requirements. A rearview camera for rear confirmation and high-mount stop lamp for visibility from the rear are provided as standard equipment for enhanced driving safety, which puts the new refuse collection vehicle among the best in the industry.



New "Fuji Mighty G-RX model series"

Saitama Manufacturing Division*



Industrial Products Company*
Saitama Manufacturing Division

Major products manufactured by the Industrial Products Company



Robin engines

The EX 40 and 35, the top-of-the-line models in Robin EX Series (OHC general purpose engine) have been on sale since Feb. 2008.



Rechargeable lawn mowers



Power generators

Outline for Plant

(As of the end of March 2008)

Name	Location	Site Area (m ²)	Building Area (m ²)	Number of Employees	Main Products Manufactured
Industrial Products Company*	4-410, Asahi, Kitamoto City, Saitama Prefecture, etc	143,438	91,942	551	General-purpose engines (Robin engines), engine generators, etc.

* At present, FHI has no organization officially named Saitama Manufacturing Division. In this Report, for the sake of convenience, this refers to the manufacturing plants belonging to the Industrial Products Company.

1. The Industrial Products Company's Environmental Policies

The Industrial Products Company created its own environmental policies in line with FHI corporate philosophy and company-wide environmental policies, from which it has been actively conducting various environmental conservation activities.

--- The Industrial Products Company's Environmental Policies --- (Revised in May 2005)

To build a prosperous future, the Industrial Products Company will actively promote conservation of global environment that could be affected by engines and their associated products through every stage from product development to material disposal.

- (1) We endeavor to reduce the environmental burden in all areas from development and product design to logistics and material disposal.
- (2) Observing all the relevant laws and regulations, community agreements and industry standards, we will further determine our own voluntary standards, based on which we will organize our environmental conservation activities.
- (3) Through understanding the importance of continual improvement and early pollution prevention, every one of us can realize the responsibility we hold as we go about our work.
- (4) We will endeavor to raise environmental consciousness by providing educational opportunities for our employees according to their job status and job description.
- (5) We will regularly perform audits and inspections to improve our environmental conservation activities.
- (6) As a responsible member of society, we are committed to interacting within the community and engaging in joint activities to further environmental conservation.

2. Major Environmental Conservation Achievements of FY2007

Curbing Global Warming

The CO₂ emission for FY2007 was lower than that for FY1990 by 24.8%. However, as compared to FY2006, it increased by 138 tons due to a large change in composition of sold products.

Reducing Waste Material

The amount of wastes for FY2007 was lower than that for FY2006 by 71 tons due to a reduction of waste oil. In FY2008, further reduction including metal scraps will be pursued by increasing the operation rate of a machine to briquette metal grinding sludge and other measures such as tighter controls.

Preventing Environmental Pollution

Although we were able to keep the number of environmental accidents and claims to zero, there were four cases* where measurements of some substances exceeded the values stipulated by laws and regulations, or set by the voluntary standards. We took immediate corrective actions for all of them, and have brought them under proper control. We will implement activities like the Environmental Risk Assessment to completely eliminate breach of standards, environmental accidents, and claims.

*For details of these breaches of standards, please refer to p.10 of this Supplementary Volume for Data.

3. Results of Environmental Audits

Results of the Internal Audits as part of the Environmental Management System

We conducted internal audits at eighteen sections from September 18 to October 5, 2007, and identified zero nonconformity, while eighteen items for improvement were recommended. We have completed all necessary corrective measures.

Results of the ISO 14001 External Assessment

We had our application for ISO 14001 renewal assessed from February 4 to 7 in 2008 and although the results recommended three minor nonconformities and thirty three items for improvement, our ISO 14001 certification was renewed by taking corective measures immediately for minor nonconformities.



External Assessment

4. Major Local Community Activities of FY2007

Communication

Cleanup in the neighborhoods around the plants

We participated in the Kitamoto Cleanup Program organized by Kitamoto City, and are conducting cleanup activities in the neighborhoods around our plants. In FY2007, overall 889 employees took part in nine cleanup activities.

Active Participation in Local Events

Approximately 300 employees and their family members participated in the Nebuta Hiki (or gigantic lantern parade) for the Kitamoto Evening Festival (on November 3, organized by Kitamoto City).

We also supported "Rengesou Matsuri" or Milk Vetch Festival

"Cross-industrial association" held at the Saitama Plant

The "cross-cultural association" is a social exchange event for member companies located in neighboring Okegawa, Kitamoto, and Ageo areas. In 2007, such event was staged at our Saitama Manufacturing Division on September 7 with 17 invitees from 7 companies.

FHI's involvements in environmental issues explained at "Supplier Liaison Meeting"

Our Environmental Conservation Program and Green Purchasing were explained to participants from 90 suppliers at a "Supplier Liaison Meeting" for their understanding.



Cleanup around the plant during environment month (103 participants)

Education

Activities during the Japanese Environmental Campaign Month --- Participation in the Eco Life Day 2007 Saitama ---

We asked our employees to check how they are contributing to an eco life at home by getting them to fill in the Eco Life Day Check Sheet. 1,223 employees and their family joined the activity and 75% or more participants answered yes to five statements out of the twenty listed, including "I do not leave the water running from the tap" and "I turn off the light when leaving a room."

Emergency Drills

We conduct emergency drills in accordance with proper procedures, to ensure that our employees can prevent environmental damage and do the right thing in the event of an accident or emergency at their workplaces. In FY2007, we conducted emergency drills at the 1st to 3rd Experiment Sections of the Engineering Department etc. seven times with 34 participants.

Education for Employees

We organized environmental education for employees ten times, focusing on education suitable to position and title and targeting internal auditors. We also provide lectures on traffic safety.

5. Topic of Saitama Manufacturing Division Environmental Activities

◆ Introduction of grinding sludge briquetting machine

At the Saitama Manufacturing Division had been discharged annually tens of tons of metal grinding sludge, which used to be recycled at extra expense.

In July, 2007, a machine to briquette such sludge was installed, enabling us to dispose it as sellable goods from October.



Grinding sludge

Past: Recycled at extra expense



Introduced "grinding sludge briquetting machine"



Processed briquette

Present: Recycled for value

Return of about 1.2 million yen/year expected as a result of the introduction

Tokyo Office



Outline for Tokyo Office

(As of the end of March, 2008)

Name	Location	Site Area (m ²)	Building Area (m ²)	Number of Employee	Main Products Manufactured
Tokyo Office	3-9-6, Osawa, Mitaka City, Tokyo	158,378	82,316	957	R&D and experiment of automotive engines and transmissions, R&D of Subaru products

1. The Tokyo Office's Environmental Policies

The Tokyo Office further created its own environmental policies in line with FHI corporate philosophy and company-wide environmental policy, from which it has been actively conducting various environmental conservation activities.

--- The Tokyo Office's Environmental Policies --- (Issued in September 2003)

The FHI Tokyo Office is determined in its desire to create environmentally friendly automobiles and develop greener power units to ensure preservation of our rich natural environment for generations to come.

We have decided on the following operating criteria to consummate our environmental policies.

- (1) We are committed to environmental conservation that takes into consideration all the repercussions the Automotive Business Unit renders upon the environment.
- (2) Observing all the relevant laws and regulations, community agreements and industry standards, we will further determine our own voluntary standards, based on which we will organize our environmental activities.
- (3) Through understanding the importance of continual improvement and early pollution prevention, every one of us can realize the responsibility we carry as we go about our work..
- (4) We will endeavor to raise environmental consciousness by providing educational opportunities for our employees according to their job status and job description.
- (5) We will regularly perform audits and inspections to improve our environmental conservation activities.
- (6) As a responsible member of society, we are committed to working with the community and engaging in joint activities to further environmental conservation.

2. Major Environmental Conservation Achievements of FY2007

Curbing Global Warming

Despite our efforts to save energy such as installing lighting apparatus that consumes less energy, CO₂ emissions increased by about 700 tons compared with the previous fiscal year due to factors that include the high rate at which the Development Division's testing equipment operates. We will implement achievable energy-saving measures based on the precondition that our testing equipment operates at a high rate. CO₂ emissions was reduced by 19% compared with FY1990.

Reducing Waste Material

Like CO₂ emissions, the amount of waste also increased by 43 tons compared with the previous fiscal year due to a laerge increase in metal scrap caused by the Development Division's high rate of operation. This however is lower than FY2007's targetted value by 15 tons, owing to reductions in general waste material and office paper.

Preventing Environmental Pollution

In FY2007, there were 4 environmental accidents caused by spillage of grease on our sites and 1 breach of standard related to water quality. We took immediate corrective actions for all of them, and have brought them under proper control. We will implement activities like the Environmental Risk Assessment to completely eliminate breach of standards, environmental accidents and claims.

*For details of these environmental accidents, please refer to p.10 of this Supplementary Volume for Data.

3. Results of Environmental Audits

Results of the Internal Audits as part of the Environmental Management System

We conducted internal audits at all twenty three sections of the Tokyo Office from September 27 to October 22, 2007, which identified four nonconformities and fifty two cases that would require further observations. The required corrective actions were carried out and have since proved effective.

Results of the ISO 14001 External Assessment

We had our ISO 14001 renewal assessed from December 12 to 14, 2007. Although one minor nonconformity and twenty items recommended for improvement were identified, there were no major nonconformities and our ISO 14001 certification was renewed.

4. Major Local Community Activities of FY2007

As a responsible member of society living side by side with local communities, the Tokyo Office is determined in its contribution to a prosperous society. It has been actively interacting with local communities through a variety of activities, including office tours to assist local schools with their social studies classes, also friendship events and traffic safety classes. Some of the major activities are introduced here.



Aug: Heid summer evening festival with 2,000 participants inviting local residents



Aug: Safe driving class inviting Traffic Section Manager of Mitaka Police Station as lecturer. (700 participants)



Oct to Nov: Office Tour inviting local elementary school children (740 participants in total) to support their social studies classes

Head Office*



Shinjuku Business Site



Omiya Business Site

Outline for Head Office

(as of the end of March 2008)

Name	Location	Site Area (m ²)	Building Area (m ²)	Number of Employee	Businesses
Shinjuku Business Site	7-2, Nishi Shinjuku 1-chome, Shinjuku-ku, Tokyo	1,600	7,241	538	Planning, marketing and sales of Subaru products, and corporate operations
Omiya Business Site	1-1-2, Miyahara-cho, Kita-ku, Saitama City, Saitama Prefecture	54,896	4,255	41	

*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 Shinjuku Business Site responsible for the planning, marketing and sales of Subaru products, and corporate operations, and the Omiya Business Site responsible for the marketing and sales of Subaru parts, and constructing Subaru's IT system.

1. Head Office's Environmental Policies (Shinjuku and Omiya Business Sites)

Head Office (Shinjuku and Omiya Business Sites) further created its own environmental policies in line with FHI corporate philosophy and company-wide environmental policy, from which it has been actively conducting various environmental conservation activities.

The environmental policy was revised to incorporate CSR oriented toward a "company fulfilling its social responsibilities" on June 5, 2007.

--- Environmental Policy of Shinjuku and Omiya sites-[Established in June, 2003--- [Revised on June 5, 2007]

Always being aware of close relationship between the environment and our business activities, we will strive to create products and environment which are friendly to the earth, society, and people toward rich and bright future.

- (1) In business activities at the Shinjuku site in each phase of product planning, development, design, manufacturing, sales, services and vehicle disposal, we will strive to proceed duly considering CSR and environmental impacts.
- (2) In order to promote CSR and environment conservation activities, we will observe related laws and regulations, local agreements and industrial norms and engage in autonomous activities by setting objectives and targets.
- (3) Being aware of the importance of continuous improvements and pollution prevention in business activities, each of us will act consciously and responsibly.
- (4) We will conduct skill- and job-specific trainings to elevate awareness of each employee for promotion of CSR and environmental conservation activities.
- (5) We will conduct systematic audits and diagnosis to step up environmental conservation activities.
- (6) As a corporate citizen, we will interact with local communities and the society mainly through business activities and proactively cooperate in corporate CSR and environmental conservation activities to deal with various issues facing the society today.



2. Major Environmental Conservation Achievements of FY2007

Curbing Global Warming

CO₂ emitted in FY2007 came to just 512 tons because of our continuous and unstinting energy-saving efforts that included implementation of the cool-biz and similar activities, achieving a reduction of 2.3% compared with the FY2006

Reducing Waste Material

In FY2007, amount of generated paper for PPC was 29 tons, achieving a reduction of 6% compared to the FY2006. All the waste is recycled. The amount of general combustibles and waste was 17.7 tons, marking a reduction of 9% compared with the previous fiscal year. We will continue to push to achieve a reduction of at least 1% every year.

3. Breaches of Environment-Related Laws and Regulations, Administrative Advice from Governmental Authorities, Claims and others

There were no cases.

4. Results of Environmental Audits

Results of the Internal Audits as part of the Environmental Management System

We classified all the departments in the Head Office area into thirty two sections, and conducted an internal audit at every section from October 14 to 19, 2007.

Then, we received 3 nonconformities and 41 cases that would require further observations. The corrective actions were carried out for nonconformities and their effects are confirmed and spread within the site to improve our entire EMS level.

Results of the ISO 14001 External Assessment

Our application for ISO 14001 renewal was assessed from December 5 to 7, 2007. Although thirteen cases requiring further assessment were identified, there were no nonconformities and our ISO 14001 certification was renewed.

5. Major Local Community Activities of FY2007

Some of the activities conducted in the Head Office area are introduced here



Jun: FY2007 Kick-Off Ceremony for ISO14001 at the Shinjuku Business Site



Jul: The Operations Improvement Case Study Presentation held every year to disseminate outstanding examples throughout the company



Dec: ISO14001 renewal assessment. Our certification was renewed as no nonconformities were identified.



Feb 2008: Environmental exchange circle with Subaru Kosan Co., Ltd., with one of our affiliates

Domestic Affiliated Companies

FHI set up a Domestic Affiliated Company Subcommittee for five manufacturing and distribution companies, from FHI's domestic affiliates, that have been found to run many operations that seriously affect the environment. The meeting is held regularly twice a year (extraordinary meeting is held if needed) to share and disseminate examples of environmental action between each other and promote further efficient and rational environmental action. (extraordinary meeting is held if needed)

Outline for Each Company

(As of the end of March, 2008)

Company Name	Location	Number of Employees	Main Products Manufactured
Yusoki Kogyo K.K.	102, Kamihama-cho, Handa City, Aichi Prefecture	94	Manufacture and sales of aerospace-related machinery components
Fuji Machinery Co., Ltd.	2-24-3, Iwagami-machi, Maebashi City, Gunma Prefecture	369	Manufacture and sales of automotive parts, industrial machinery and agricultural transmissions
Ichitan Co., Ltd.	74, Shindo-cho, Ota City, Gunma Prefecture	182	Manufacture and sales of forged parts for automobiles and industrial machinery
Kiryu Industrial Co., Ltd.	2-704, Aioi-cho, Kiryu City, Gunma Prefecture	82	Manufacture of specially equipped Subaru automobiles and logistics control of Subaru automotive parts
Subaru Logistics Co., Ltd.	558-1, Asahi-cho, Ota City, Gunma Prefecture	134	Packing, shipping, transportation, warehousing, maintenance and insurance brokerage of automobiles and parts

1. Major Achievements by the Subcommittee

The Subcommittee meeting was held on May 11 and November 15 in FY2007, and it was confirmed that the targets for waste material reduction, for curbing global warming, and to save energy were being achieved.

Principle matters reported and discussed at the 14th Subcommittee meeting in May

- Each company's environmental conservation achievements from FY2006 and plans for FY2007
- Ensuring wastes control including storage of equipments with low concentration of PCB.

Principle matters reported and discussed at the 15th Subcommittee meeting in November

- Each company's achievements in the first half of FY2007 and the achievements expected for the end of the fiscal year.
- Energy saving, CO₂ reduction, promotion of Team minus 6% national campaign efforts and others.

*The 16th Subcommittee was held on May 9, 2008, and it was confirmed that the FY2007 targets for waste material reduction, curbing global warming, and energy saving were achieved.

For actual data, please refer to p. 22 of this Supplementary Volume for Data.



2. Major Environmental Conservation Achievements

Setting up the Environmental Management System

The five companies participating in the Domestic Affiliated Company Subcommittee have already acquired the ISO 14001 Environmental Management System (EMS) certification, and have been making efforts to prevent pollution and reduce environmental burden through several measures including education, training, complying with laws and regulations at certain facilities, and internal audits.

(Yusoki Kogyo joined the integrated ISO 14001 certification of Utsunomiya Manufacturing Division in July, 2007 and has been pressing ahead the same EMS activities.)

Curbing Global Warming

CO₂ emissions from the five companies totaled 24,198 tons in FY2007, marking a reduction of 2.3% from the previous year.

Reducing Waste Materials

The five companies achieved a zero level of landfilled waste by changing their disposal methods and enforcing separation of waste. (The amount of landfilled waste in FY2007 achieved 14.5 tons, 9.5 tons of reduction compared with the previous year.)

*Data on each company's activities is provided on pp.22 and 23 of this Supplementary Volume for Data.

3. Breaches of Environment-Related Laws and Regulations (Breaches of Voluntary Standards), Administrative Advice from Governmental Authorities

Breaches of Environment-Related Laws and Regulations or Voluntary Standards

◆Noise-related - Ichitan Co., Ltd.: Out of noise measurements at night from July, 2007 to January, 2008 the measurement at night on the western boundary of its plant site and the measurement on the boundary of its site by the side of Sports Plaza's parking lot exceeded the standard by 3.5 dB at most. As countermeasures for both cases, soundproof wall was set, which resulted in the reduction of about 5dB. There have been no further claims.

◆Water-related - Ichitan Co., Ltd and Subaru Logistics Co., Ltd.: Please see p.22 for breaches, values and remedies.

◆Air-related - Ichitan Co., Ltd.: Please see p.23 for breaches, values and remedies.

◆There were no breaches of environment-related laws and regulations or voluntary standards in the measurement of Yusoki Kogyo K.K., Fuji Machinery Co., Ltd. and Kiryu Industrial Co., Ltd.

Administrative Advice and Recommendations from Governmental Authorities

None of the five companies received any administrative advice in FY2007.

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.

4. Claims and Incidents Related to the Environment

◆Noise-related - Ichitan Co., Ltd.: A complaint of noise of parts dropping while a wastes collector was disposing scraps, was received in August. The disposing work procedure was reviewed, which resulted in elimination of noise-generating work.

◆Other four companies have not received any claims.

◆No incidents related to the environment happened at all the five companies.

5. Results of Environmental Audits

Results of the ISO 14001 External Assessment

Each company received the following minor nonconformities and items requiring further assessment (including recommended items) at the assessment independently. Their ISO 14001 certifications are maintained due to their immediate actions for minor nonconformities.

Company Name	Assessment Date	Minor Nonconformity	Item requiring further assessment	Good Point
Yusoki Kogyo K.K.	Jul 2-5, 2007	0	5	0
Fuji Machinery Co., Ltd	Aug 6-8, 2007	6	0	3
Ichitan Co., Ltd.	Mar 26-27, 2007	0	7	2
Kiryu Industrial Co., Ltd.	Aug 21-22, 2007	0	9	1
Sobaru Logistics Co., Ltd	Nov 12-13, 2007	0	6	0

Yusoki Kogyo K.K., was added to FHI Utsunomiya Manufacturing Division's scope of certification. Results here are the received items related to the company at the assessment.

(For the ISO 14001 Environmental Management System registration dates for each company, and details of the external body used by each company, please refer to p.23 of this Supplementary Volume for Data.)

6. Major Local Community Activities of FY2007

Communication

◆Each company conducts various internal/external communication activities, regular beatification and cleanup activities around its properties. Some of their activities in FY2007 are introduced here.



Cleanup by Kiryu Industrial Co., Ltd.



"Ichitan Geppo" monthly bulletin issued by Ichitan Co., Ltd. for communication among employees



Summer evening festival at Fuji Machinery Co., Ltd. In Aug. attracting 800 visitors.

Ichitan Co., Ltd. Kiryu Industrial Co., Ltd. and Subaru Logistics Co., Ltd. also play an active role in the Subaru Community Exchange Association*

* Subaru Community Exchange Association: An association organized by FHI and its fifty-four 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 (<http://www.chiiki-kouryuukai.com/index.html>). [Japanese only]

7. Implementation of Environmental Activities, Education and Emergency Drills

◆Every company is implementing various environmental education and drills for emergencies based on the EMS, laws and regulations.

Company Name	Date	Description	Number of Participants	Date	Description	Number of Participants
Yusoki Kogyo K.K.	Implementing the same education and drills as FHI Utsunomiya Manufacturing Division based on its EMS.					
Fuji Machinery Co., Ltd	April 3	Basic education on the environment	8	October 12	Emergency drills to deal with gas leaks	23
Ichitan Co., Ltd	September 12	Education on environmental law and regulations	55	December 5	Emergency drills for preventing disasters	135
Kiryu Industrial Co., Ltd	July 30	Education on environmental consultation	11	December 19	Emergency drills for preventing disasters	110
Subaru Logistics Co., Ltd	April 19	Education to improve ISO skill	29	November 15	Emergency drills for preventing disasters	161
	Whenever necessary	Environmental education for new and mid-career employees	29			

There is in fact a lot more being implemented and only some of the education and drills are presented in the table above.



Kiryu Industrial Co., Ltd.'s Emergency drills for preventing disasters

Donation by Subaru Logistics Co., Ltd., Subaru Transportation Association and companies which do business with Subaru Logistics to "Charity Fund-raising for Traffic Orphans"

On December 27, the fund raised was handed to Mayor Shimizu of Ota City, Gunma Prefecture at the municipal office.

Subaru Logistics Co., Ltd. played a central role in annual fund raisings and the amount donated in 2007 was 476,258 yen.



From right: the president Okazaki of Subaru Logistics Co., Ltd, Mayor Shimizu of Ota City, the president Kuroiwa of Subaru Transportation Association and the manager Iwasaki of Ota Sales Office, Marunouchi Transport Company

Overseas Affiliated Companies

FHI organizes the North American Environmental Committee (NAEC) with 5 manufacturing and sales affiliates in North America which cause relatively high environmental burdens among overseas affiliates. This committee meets regularly twice a year (and extraordinarily as needed) to share and spread successful cases among member companies, promoting efficient and streamlined environmental activities.

Outline for Each Company

(As of the end of March, 2008)

Company Name	Location	Number of Employees	Main Products Manufactured
SIA * ¹	Lafayette, Indiana	2,813	Manufacture of Subaru automobiles and contracted manufacture of Toyota automobiles in the U.S.A
SOA * ²	Cherry Hill, New Jersey	816	Sales and maintenance of Subaru automobiles and parts in the U.S.A
SCI * ³	Mississauga, Ontario	96	Sales and maintenance of Subaru automobiles and parts in Canada
SRD * ⁴	Ann Arbor, Michigan	28	Research and development of Subaru automobiles on North American market
RMI * ⁵	Hudson, Wisconsin	62	Manufacture and sales of engines for general-purpose use, four-wheel buggies and golf karts engines in the U.S.A

*1 SIA : Subaru of Indiana Automotive., Inc. *2 SOA : Subaru of America., Inc. *3 : SCI : Subaru Canada., Inc.
 *4 SRD : Subaru Research & Development., Inc. *5 RMI : Robin Manufacturing U.S.A., Inc.

1. Major Achievements by the Committee

In 2007, the NAEC met on March 6 and September 18. In these gatherings took part the chairman and secretariat of the CSR and Environmental Committee from Japan. At the meetings, they reported activities at the NAEC member companies as well as activities of the CSR and Environmental Committee in Japan to globally share Subaru-related information.

The NAEC was also held on February 19, 2008. They confirmed the performance of 2007 and targets for 2008 and discussed what the system should be for future activities.

The targets for 2007 were achieved for all the items related to wastes, energy, CO₂ and water supply.



Members participating the North American Environmental Committee

2. Major Environmental Conservation Achievements

Setting up the Environmental Management System

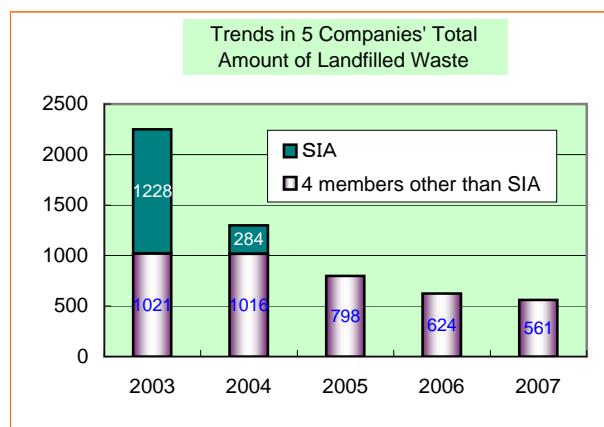
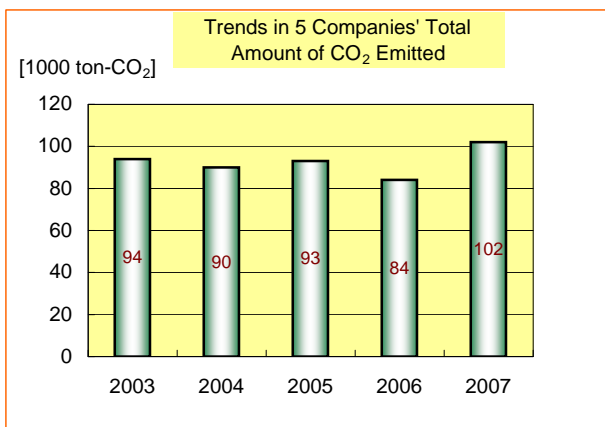
All the five NAEC member companies have acquired ISO 14001 EMS Certification and work on the activities such as education, drills, compliance with laws and regulations at certain facilities, internal audit to prevent pollution before it happens and reduce environmental impact.

Especially SIA acquired the certification in November 1998, which was four months before the Gunma Manufacturing Division, the production site of SUBARU in Japan, did. Also, SIA, SOA and RMI achieved the integrated certification in December 2006 as their further advanced activity.

Environmental Impact (Total amount of CO₂ emitted and landfilled waste at the five companies)

The amount of CO₂ emitted in FY2007 was 102,000 tons, about 21% increase compared with FY2006. This was mainly due to the production increase including the start-up of contracted manufacture of Toyota automobiles. For prevention of global warming, we will make further efforts to promote measures to reduce environmental impact.

The amount of landfilled waste in FY2007 was 561 tons, marking a reduction of about 10% compared with FY2006. SIA achieved zero emission in 2005 and has maintained the status since then.



Curbing Global Warming

◆SCI and its affiliated company SOMI (Subaru Of Mississauga) have been working on the use of signs with less CO₂ emissions and high energy-efficiency.

Right photos show installation of LED signs, one of our activities. We will actively work toward reducing CO₂.



Reducing Waste Materials

◆SIA has achieved zero emission and continued to make efforts to reduce waste generation itself. SIA is now focusing on efforts to reduce waste in the paint sludge drying process and packing reuse. Also, SIA's environmental efforts were featured in a segment on CNBC's "On the Money" television show in July, 2007, and in an article in *USA Today*, the largest daily circulation publication in the United States, in January, 2008. SIA will continue to set aggressive future targets to work on.

◆SOA has steadily decreased the amount of waste generated. In FY2007, the waste generated and waste landfilled were reduced by about 100 tons and 80 tons respectively by making improvements such as changing disposal measures from landfilling to recycling aerosol cans.

3. FY2007 Social Contribution and others

◇ SIA

◆SIA's greatest achievement in this area occurred in 1997 with the formation of the SIA Foundation, established through a \$1 million donation from SIA. The foundation is committed to making gifts to institutions or entities within Indiana that will help meet the needs of the residents of the State of Indiana. Also, it supports the funding of capital projects in the areas of arts and culture.

◆As part of SIA's 20th Anniversary celebration, SIA donated Subaru Legacy vehicles to the City of Lafayette and the Tippecanoe County Commissioners.

◆SIA has held an on-site customer day and made its spacious parking area available for an event. SIA also has conducted plant tours for a wide range of community and customer group.



Ceremony to donate Legacy to the City of Lafayette

◇ SOA

◆SOA has established SOA Foundation. SOA's contribution activities through the foundation in FY2007 are as follows.

- Awarded a grant to the Perkins Center for the Arts to transform the historic structure into an environmentally sensitive "green" building.
- Supported the Woodford Cedar Run Wildlife Refuge which helps preserve the Pinelands of New Jersey.
- Sponsored a state-wide teen safe driving program in New Jersey and supported internships providing teenagers the opportunity to work with professional scientists to conduct labwork and research.
- Supported the programs in helping educators be more effective in teaching literacy to elementary school students in Pennsylvania.

◆Volunteers participated in the annual beach cleanup in Oregon.



The Perkins Center of the Arts



Literacy education for children



Employees at the beach cleanup

◇ SCI

◆SCI participated in the annual Earth Day event in collaboration with the City of Mississauga. Every year on Earth Day the mayor encourages all businesses in the city to pick up litter around their business property.



Employees participating in Earth Day 2007



Certificate awarded to SCI for participation in Earth Day 2007

◆SCI and its affiliate, SOMI, continued their partnership with the local City of Mississauga through their LitterNot Program. They committed to cleaning up a 2.5km stretch of street in their area for a two year period. In 2007 they completed their second year of clean-up and received a certificate of recognition from the city's mayor.



Employees participating in the cleanup program in their area



SCI President & CEO, Mr. Yokoyama (right) and SOMI dealership General Manager, Mr. Gathers (left) participating in the program



Certificate of Recognition awarded to SCI for completing the 2 year LitterNot Program