SUBARU

2010 CSR Report

Corporate Social Responsibility Report

[Full-Fledged Report on the Web]

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

Contents

What SUBARU Wants to Be
We will Move Forward to Turn Our Vision to be:
"A Compelling Company with Strong Market Presence"

Feature Article 3 **Acquisition of Eco-Action 21 certification ~Dealerships in Action~**

Environmental Activities Change Pattern of Behavior

Reduce

TOCHIGI SUBARU, INC. acquired the Eco-Action 21 certification in March, 2010.
Recognizing the responsibility as a dealer to handle automobiles, its tackling with environment-related issues will further be accelerated.

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Feature Article 4 **Establishing Reasonable Environmental Management System through Integrated Certification**

Acquired ISO14001 Corporate Integrated Certification as the First Car Manufacturer.

Improve

Through collaboration among business units and manufacturing divisions, more reasonable management system will be pursued.


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The 2010 CSR Report is issued by Pamphlet version and Full-Fledged on the Web version. As for our thought on the Media to Report, please see page 4.

Editorial Policy

This Report, which introduces the outcome of efforts by Fuji Heavy Industries Ltd. with its domestic and overseas affiliates companies 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 2 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.(Refer to page 4 about the pamphlet form and the web site form)

[Address of our website introducing our Environmental and CSR activities
http://www.fhi.co.jp/english/envi/report/index.html]

To ensure the quality of the Report content, we asked Ms. Mizue Unno, a CSR consultant and Managing Director of So-Tech Consulting Inc. for three consecutive years since 2007 for a third-party assessment. This is because we think it vital to keep receiving feedback of opinions and evaluations which will be helpful in pushing forward what it takes to be a corporate fulfilling its social responsibilities. Her assessment is found in page 95 of this Report.

Range 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 etc.) , Tokyo Office (Mitaka City, Tokyo)]
- Industrial Products Company [Saitama Manufacturing Division (Kitamoto City, Saitama Prefecture)]
- Aerospace Company
  [Utsunomiya Manufacturing Division (Utsunomiya City, Tochigi Prefecture and Handa City, Aichi 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)
- RMI : Robin Manufacturing U.S.A.,Inc. (Hudson, Wisconsin)

We introduce some activities of other affiliate companies, such as Domestic SUBARU dealerships and SOC (Subaru of China), in addition to those of above companies in this report.

Covered Period

Part of activities of affiliates other than those listed above is also introduced. They includes their approaches during the FY 2009 (April 2009 through March 2010) and some taken before the period as well as others up to the release of this Report.

Guidelines Referenced

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

Inquiries about This Report

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Publication Time [Japanese Ver.]

Last Publication: August 2009 (English Ver. : September)
This time Publication: August 2010 (English Ver. : September)
Next Publication Schedule: August 2011 (English Ver. : September)

Our Response to the Third Party Evaluation of the 2009 CSR Report

We have been dealing with the last year's third-party assessment as follows:

[Overview of CSR Activities]

■ Keep on-going involvement in CSR to make all the employees of Fuji Heavy Industries Ltd.

■ As an automobile manufacturer, we have to identify issues we should focus on and address them specifically for solution in a CSR voluntary plan. It is also desirable to involve the whole process from planning to review at all sites including the ones overseas.

≫In FY2009, while promoting CSR activities under the given organizational framework, we studied how to revise the existing organization to promote CSR activities. Under the revised setup, we will push forward to incorporate these programs including those overseas in a CSR voluntary plan.

[Activities by Topic]

■ Dissemination of CSR activities and CSR procurements to suppliers

≫While being careful to be consistent with CSR-related moves outside and the trend in the industry, we are moving forward to set up CSR procurement guidelines in FY2011.

■ The "Customer Comes First" policy is gradually sinking into the mindset internally. Revitalization of mechanism to encourage deepening awareness is required to involve domestic as well as overseas dealers in this endeavor.

≫In FY2009, we added members to improve CS at overseas dealerships. The FY2010 CSR Report introduces how they are coping with issues overseas. We will keep carrying such introductory articles in future issues.

■ 3 pillars; environmental activities, traffic safety, and contribution to local communities, are hoisted and the activities are expected to be staged more consciously.

≫There still remains much room for more clear-cut presentation of approaches to "Traffic Safety". We regard this as a main issue to be followed.

[Media and Contents of Report]

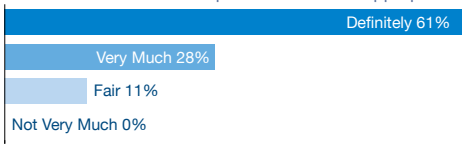
■ There are 2 types of the report available from the FY2009 version; one is the pamphlet and the other is the detailed report on the Web. Although the content was sorted for better understanding, there still is much left for improvement. We will be studying ways to upgrade future reports.

≫The 2010 version has the content of its pamphlet narrowed down for printing and instead the web report enriched. Improving the Report is an on-going process.

Reports on the results of the questionnaire for our 2009 CSR Report

Our sincere thanks to the many individuals that completed last year's questionnaire (published in August 2009.) We have reflected the readers' valued opinions as much as possible in this 2010 CSR Report. There are the results.

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



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

First Place : Feature Article
Second Place : Top Message/Environmental Management
Forth Place : Business Overview

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

- I would like to know the market evaluation of a diesel engine and an electric vehicle.
- I expect to deal largely with a subject "Improving Fuel Economy".
- I want to know detailed information about the employment of people with disabilities.
- The Recall become big issue in United States mainly. I expect to introduce how FHI prevents to failure to report internal recalls.
- It was clearly categorized and increased pages, therefore I was able to learn that FHI has been enthusiastic about CSR activity. Especially, the Environmental Activity pages were easy to understand because of the wealth of data.
- I would like to have clear and detailed explanations about "Environmental Activities, Traffic Safety, and Contribution to Local Communities" in entire companies.

Full-Fledged Report on the Web (PDF)

Report following all information and all-inclusively
the CSR activities of Fuji Heavy Industries Ltd. Group. [In total 96 pages]

Pamphlet version [Japanese Only]

Report the gist of CSR activities points of Fuji Heavy Industries Ltd. Group.
[In total 38 pages]

Introduction

Editorial Policy
Thought on The Media to Report
Top Message
Chairman of the CSR and Environmental Committee Message
Overview of Fuji Heavy Industries Ltd. Group
Business Overview

Feature Article

Feature Article1:
New Value of 5th-generation LEGACY
Both Sporty Driving and Energy Saving in One Package

Feature Article2:
Contribution with Large-scale Wind Power Generation System
Preventing Global Warming with Clean Energy

Feature Article3:
Acquisition of Eco-Action 21 certification
～Dealerships in Action～
Environmental Activities Change Pattern of Behavior

Feature Article4:
Establishing Reasonable Environmental Management System through Integrated Certification
Acquired ISO14001 Corporate Integrated Certification as the First Car Manufacturer.

Social Report

CSR Management
Corporate Governance
Risk Management
Compliance
Everything We Do Is for Our Customers
Together with Employees
Social Involvement
Together with Suppliers
Together with Shareholders

Report more detailed information on the Web

Environmental Report

Environmental Management and Environmental Accounting
The 4th Voluntary Plan for the Environment
Green Products
Automobile Recycling

Report more detailed information on the Web

Green Sales and Services

Independent Evaluation
Thoughts on the Independent Evaluation

Information appear only on the Full-Fledged Report on the Web

Environmental Report

Clean Plants
Green Logistics

Site Report

Gunma Manufacturing Division
Utsunomiya Manufacturing Division
Saitama Manufacturing Division
Tokyo Office
Head Office
Domestic Affiliated Companies
Overseas Affiliated Companies

Chronology of FHI's Social and Environmental Activities

We will Promote Approach to CSR Globally, While Working Our Way to be: "A Compelling with Strong Market Presence" and "A Company Fulfilling Its Social Responsibilities."

First of all, we would express our gratitude to readers for your interest in this Report.

SUBARU acknowledges the environment as the most serious issue in the CSR activities and has been pressing forward as the whole SUBARU group, taking it our due responsibility as a corporate citizen to address to these social problems.

One move related to global warming prevention, the UN Climate Chang Conference COP16 under United Nations Framework Convention will be held in Mexico City in November 2010, the capital of Mexico, where measures against global warming for 2013 and thereafter following the Kyoto Protocol will be studied.

Meanwhile, On March 12, 2010, the cabinet approved the Daft Legislation on Measures to Curb Global Warming, which sets the mid- and long-term targets for global warming gas reduction: 25% in 2020 and 80% in 2050 against the base year of 1990 respectively.

Deeply being aware of the impact that its business activities have on the global environment, SUBARU will work harder to cope with global warming in cooperation with industries, particularly with the automotive industry.

Specifically, in our efforts toward fulfilling "The 4th Voluntary Plan for the Environment" from FY2007 to FY2011, as a transportation equipment manufacturer with automobiles as core products, we will plow ahead with the spectrum of social issues for realization of a low-carbon society and prevention of global warming with as proactive as ever group approaches throughout the whole business stages from product development, production, logistics, sales and recycling of automobiles.

In the development at SUBARU, "to integrate the Pleasure of Driving and Environmental Responsibility" has been pursued.

Further energy saving will be made possible by developing a new horizontally-opposed engine with energy efficiency 10 % better than the one of the outgoing model, combined with the "Lineartronic" CVT and other means. Also, electric vehicles and hybrid cars are positioned as important technological features. In June 2009, we started selling electric cars, Plug-in STELLA to corporations and governmental bodies. The development of a hybrid car is also underway for its debut in the market.

As for a global move on CSR, a new SR (Social Responsibility) standard ISO 26000 will be issued by ISO in the fall of 2010, which stipulates international guidelines on social responsibilities.

SUBARU puts up "A Company Fulfilling its Social Responsibilities" as one of its business visions. While working to make the other long-term policy vision to become "A Compelling Company with Strong Market Presence" a reality, we are pressing forward world-wide with CSR activities to grow ourselves as a company trusted by a wide spectrum of stakeholders, keeping up with such global trends.

We would be pleased if we could get the involvement of the SUBARU group in social and environment issues understood better by people through this 2010 CSR Report. Any frank comments and opinions from readers are much appreciated.

President and CEO
Fuji Heavy Industries Ltd.
Ikuo Mori

We have set “Company Fulfilling its Social Responsibilities” as the business vision in the ongoing new medium-term management plan.

SUBARU as a manufacturer of transportation devices is socially responsible to a variety of stakeholders through product development, manufacturing and sales of products satisfactory to our customers. To fulfill the social responsibilities equates with turning ourselves into an entity which can create products friendly to the global environment and flexibly respond to changes in economic conditions.

SUBARU positions environment-related activities as an important CSR element, and for this reason, we individually acquired ISO14001 (Environmental Management System) authentication at all the business divisions, actively proceeding with environmental conservation. In February 2010, replacing the individual approach to the ISO14001 certification on a division basis, we obtained a Corporate Integrated Certification which encompasses all the business divisions and a part of our group companies. This ISO14001 certification allowed us an integrated management of programs for global warming prevention and energy savings, and information on environment issues and environment-related laws and regulations, which in turn helped upgrade the level of environmental activities by the SUBARU group. In conjunction with this integrated authentication, we revised the Environmental Policy in March 2010. Under the new Environmental Policy, approaches to environmental issues at every stage of business operations were identified to show the direction of group-oriented environment conservation activities in an integrated manner.

Meanwhile, turning our attention to CSR activities, the concept of the basic “fundamental and strategic CSR” was further clarified and the CSR Policy was also updated from a global perspective In June, 2009. The CSR Policy now dictates us as a manufacturing entity accepted by customers the two aspects of CSR: one is “the fundamental respect of corporate code of conduct and other vital items,” and the other is “the strategic approaches to social issues through business operations as a corporate citizen for their solution.” Current CSR activities are being deployed under this new policy.

The 3 pillars of CSR activities set in 2007: environmental activities, traffic safety and contribution to local communities, serve as a guidepost to promote proactively company-wide involvement of every employee to play his or her part for instillation and dissemination of their understanding on CSR activities. In addition, the North American CSR Committee established in 2008 for global approaches is proceeding with various CSR activities paying due considerations to unique culture and customs of local communities, while channeling SUBARU policies to and sharing information with fellow companies in North America.

We socially owe to the society as a manufacturer of transportation equipment with automobile as a core products, in many areas such as environmental activities, traffic safety and contribution to local communities. Faced with such vital responsibilities, we have renewed our determination to take initiatives globally through all our business operations.

Let us count on your continued support to SUBARU.

Deputy President
Kazushige Okuhara

Overview of Fuji Heavy Industries Ltd. Group

Corporate Overview
(As of March 31,2010)

Name	Fuji Heavy Industries Ltd.
Established	July 15, 1953
Paid-in Capital	153.7 billion yen
Employees	27,586 (Consolidated)
	13,009 (Non-consolidated)
Head Office	1-7-2, Nishi-shinjyuku, Shinjyuku-ku, Tokyo, Japan
	ZIP: 160-8316
	Phone 03-3347-2111(Main switchboard)[Domestic]
	+81-3-3347-2111[International]

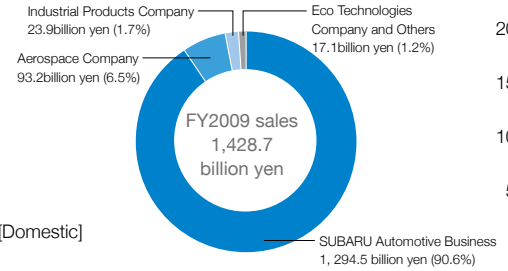
Sales	1,428.7billion yen (Consolidated)
	952.1billion yen (Non-consolidated)
Operating Income/ Loss	27.4billion yen (Consolidated)
	-12.5billion yen (Non-consolidated)
Ordinary Income/ Loss	22.4billion yen (Consolidated)
	-12.6billion yen (Non-consolidated)
Net income/ Loss	-16.5billion yen (Consolidated)
	-32.2billion yen (Non-consolidated)

Number of Consolidated Subsidiary Number of Consolidated
51 (Domestic), 20(Overseas)

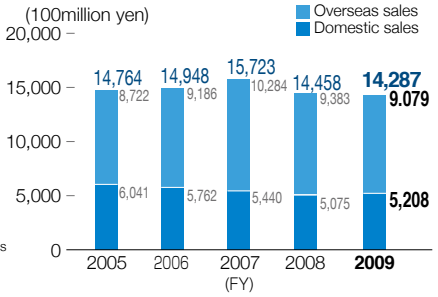
Subsidiary Number of Equity Method Subsidiary
6 (Domestic), 3(Overseas)

*The figures for Sales through Net Income/Loss are the ones for FY2009.

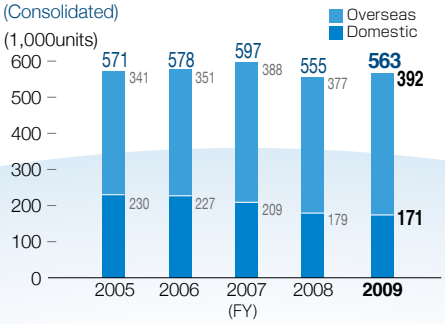
FY2009 Sales Ratio by Business Units
(Consolidated)



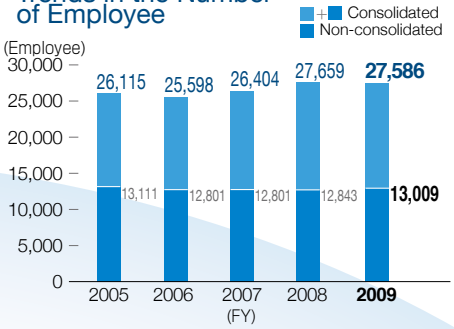
Trends in Sales
(Consolidated)



Trends in the Number of Car Sales
(Consolidated)



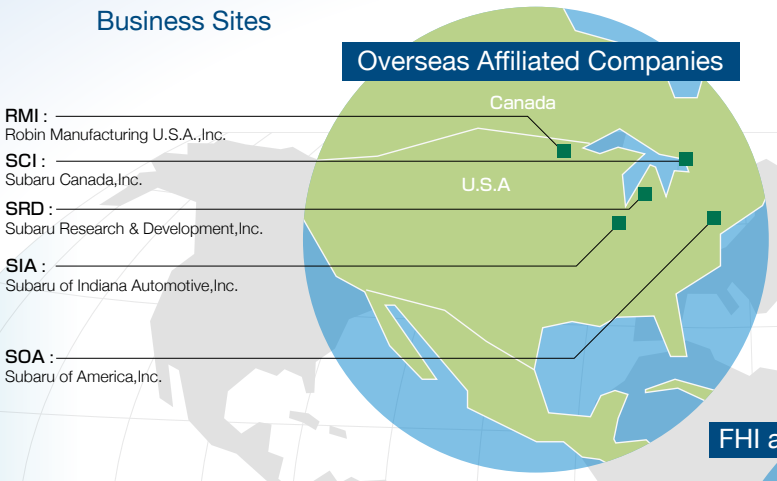
Trends in the Number of Employee

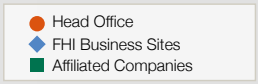


*Due to rounding off, the figure in the graph may not match up with the sum of the ratios.

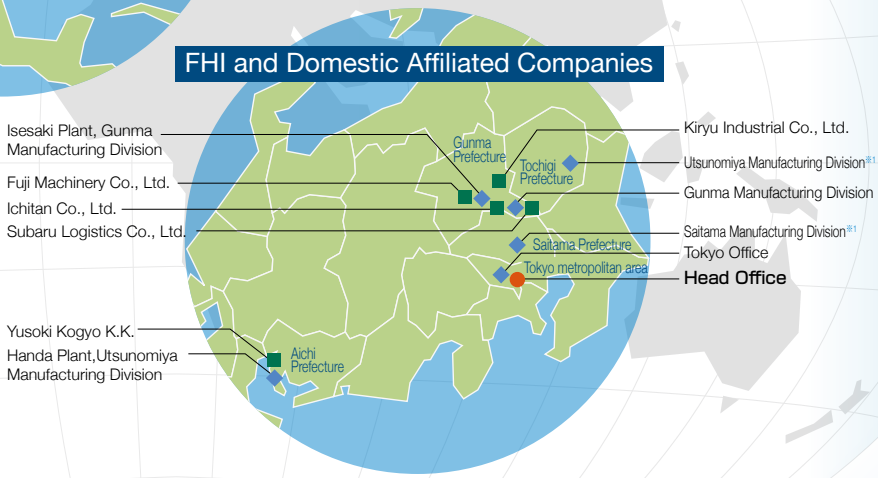
Business Sites

Overseas Affiliated Companies





FHI and Domestic Affiliated Companies



※1 In this report we introduce the producing districts of Aerospace Company and Eco Technologies Company as "Utsunomiya Manufacturing Division" and Industrial Prodcts 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 Ltd. commits itself to contributing to creating comfortable and amusing future with its unique leading technologies and individuality.

LUCRA launched in April, 2010 is a daily-use mini car based on a concept “Stylish small car with comfortable and pleasant interior space”. LUCRA is OEM product from Daihatsu Motor Co., Ltd.

The 5th- generation LEGACY launched in May, 2009 was developed with both comfort and environmental performance added to the grand touring performance which had been refined over the past 20 years, in order to give specific shape to the theme “presentation of richness to meet the needs of the new times”.

SUBARU Automotive Business

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

SUBARU Automotive Business

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

Since SUBARU began its history as an auto manufacturer with the introduction of the SUBARU 360 in the marketplace 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, adopting 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 AWD※1 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”.

Creating an electric car which meets the needs of the coming era, carefully designed with due consideration to both global environment and practicality. The Plug-in STELLA is an electric car optimally balanced as a city commuter. It pursues conveniences in business and daily scenes with cleverly selected battery capacity which allows efficient driving with short charging time.

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

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

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

Aerospace Company

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

© The Boeing Company

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

Its predecessor is the Nakajima Aircraft, a leading aircraft manufacturer founded in 1917. The Aerospace Company, inheriting its technologies and spirits in 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 Company | **Yusoki Kogyo K.K.** (Handa City, Aichi Prefecture)
Business: Manufacture and sales of aerospace-related machinery components

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 Main Wings and a Body. The Boeing 787, accomplished first flight in 2009, is expected its successful flight all over the world near in the future.

e-Cutter Pro is an rechargeable environmental friendly grass cutter machine concerning gas reduction, noise and vibration prevention. The latest lithium-ion battery of e-Cutter Pro adds high-power and long-lived on it.

Industrial Products Company

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

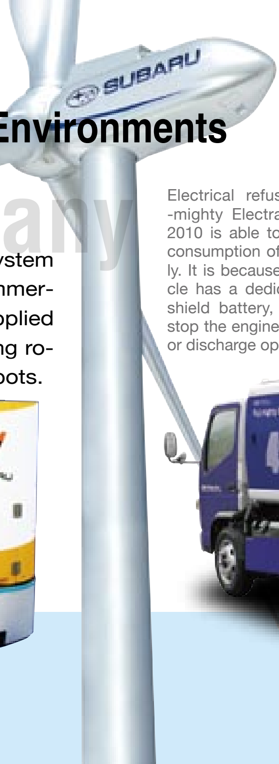
The new EH72FI is a high performance next generation general-purpose engine which has a high performance model equipped with the electronic fuel injection system and an increase in let air volume this larger venture bore. The newly developed electronic fuel injection system offers an excellent running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

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 the engines' 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.

Overseas Affiliated Companies | **RMI: Robin Manufacturing U.S.A., Inc.** (Hudson, Wisconsin)
Business: Manufacture and sales of engines for general purpose use, four-wheel buggies and golf karts in the U.S.A.



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.

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 generation systems, which provide clean energy, and various other products that contribute to global environmental preservation.

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

Fuji Heavy Industries Ltd. and Central Nippon Expressway Co., Ltd. have jointly developed a "Service Area / Parking Area Cleaning Robot" for service areas and/or parking rest areas at expressways.
It is planed to introduce at facilities such as a bathroom or a restaurant in service areas.

Electrical refuse collection vehicle, Fuji-mighty Electra which launched in April, 2010 is able to reduce emissions of CO_2, consumption of fuel, and noise significantly. It is because this refuse collection vehicle has a dedicated motor powered by a shield battery, therefore it is possible to stop the engine during the waste collection or discharge operation.

Both Sporty Driving and Energy Savingin One Package

It has been passed more than 20years since 1st-generation LEGACY. The LEGACY which has been creating the realm of uniqueness celebrated its 5th generation on the occasion of its complete remodeling in 2009. SUBARU's technology and performance are lavishly reflected not only to maintain and upgrade "SUBARU-like driving", but also to meet challenges such as global warming which are socially needed to address. We have interviewed some leading project members to hear about ecological performance built in the new LEGACY.

SUBARU Product & Portfolio Planning Dev. Project General Manager

Yasunori Kumagai

At the initial stage of its development, he was involved in mapping out the development concept and planning, promoting the whole development process. He had worked on exterior and body designs since the birth of the 1st-generation LEGACY.

SUBARU Engineering Dev. Total Vehicle Performance Integration Dept. General Manager

Naoki Shibata

Since the beginning the development, he coordinated to give a specific shape to the vehicle performance through drawing up the target performance, planning and pushing forward required tests. He also worked on the concept with Mr. Kumagai even from the pre-project stage. He has been with LEGACY series in a variety of capacities since the 1st-generation LEGACY.

SUBARU Engineering Dev. Total Vehicle Performance Integration Dept. Manager

Kenichi Yamamoto

He joined the team to develop the performance of the new LEGACY engine and transmission. He concentrated on striking a good balance between the absolute "driving" performance which the predecessors were reputed for and environmental performance.

SUBARU Product & Portfolio Planning Dev. Manager

Noboru Kitahara

After serving as a coordinator of development and production of LEGACY's on the US side, he returned to Japan 3 years ago to join the project team of the new LEGACY development. He contributed to the product planning making good use of his experience in the US.

Car that Lets Anyone Enjoy Pleasant Drives

The 5th-generation new LEGACY which marks its 20th anniversary, took challenge to create new value, responding to what the times of economic slumps and global warning need and to voices of customers.

The 5th-generation LEGACY features 3 concepts: drivers' fun (joys of driving to drivers), passengers' fun (joys of touring to all occupants) and economic performance (for genuine pleasure). In the process of conceptualizing the 5th-generation LEGACY, we surveyed customers who still enjoy preceding LEGACY, including the 4th-generation and those who already traded for other competitive makes in face-to-face interviews, on the web and by other means. What we learnt was that they were looking for cars which not only give them joys to drive, but also make passengers on the side or in the rear can really loosen up. We also found that some people in North America and Europe where the LEGACY occupies 70 % of the SUBARU sale, feel the LEGACY's interior too cramped to justify its purchase. The challenge we faced in the development of the new LEGACY was to give a specific shape to "pleasant interior space" which is translated form the "passengers' fun", by sensing such changing values.

Integrated 3 concepts

The 5th-generation LEGACY has inherited the uniquely appealing "fun of drives" since the 1st-generation demonstrated with such features as "turbo engine" and "symmetrical AWD". The latest LEGACY was required to be larger in body size for "pleasant interior space" and be economical while keeping the SUBARU-like driving performance, all in one package. Fuel economy is more or less incompatible with the other two requirements and in this regard, we went through a lot of difficulties to strike a good balance.

To give an extra margin to driving, the base engine was enlarged in capacity from 2.0-liter to 2.5-liter. A next generation transmission "Lineartronic" was used for practical fuel economy while maintaining the SUBARU-like performance. The combination of these made it possible to control accelerator operations beyond necessity for pleasant driving and at the same time to reduce fuel consumption by more than 10% over its preceding 2.0-liter engine.

Fuel consumption is affected even by driver's environmental awareness. The "info-ECO lamp"※1 available on the FORESTER and the "Eco-gauge"※1 on the LEGACY since 2006 are used to

Enlarged base engine to 2.5-liter

The 2.0-liter engine was discontinued from the lineup and instead 3 types of engines: 2.5-liter NA and turbo engines better suited for larger body and higher rank and a 6-cylinder 3.6-liter NA engine (for OUTBACK only) are available. All these engines meet the level of emissions down by 75% from the "2005 Emission Standards". In particular, the turbo engine has its structure thoroughly revamped for both powerful driving and environmental performances.

Lineartronic

The world-first chain drive CVT (Continuously Variable Transmission) was mounted on its longitudinally laid-out AWD. Although being compact, it allows a wide shift range to enhance torque transmission efficiency. Through coordinated control with the engine to keep optimal engine efficiencies, natural driving while saving energy has become a reality.

remind drivers of fuel economy whenever they are behind the wheel. The "SI-Drive"※2, which enables drivers to select one of the 3 drive modes with a click of a dial, is also installed on all the latest LEGACY models※3. For example, the "Intelligent mode" which allows most economy-minded operations is suitable for driving in traffic jams and on city streets.

The development to deal with environmental needs such as less fuel consumption and emissions is also one of the items to address with the highest priority. Taking into account costs and labor required, we optimized the vehicle as a whole by prioritizing the allocation of development resources for environment while cutting costs in other areas of the overall development process.

The development prototype vehicles were reviewed to minimize costs and wastes disposal after use and their quantity and equipment were carved down to the minimum. For instance, some prototypes have their paint primer and top coatings discontinued for cutting costs to the hilt. Including reuse of one prototype for as many tests as possible, we did our utmost effort to do the same job with half number of units as compared with the outgoing model.

DNA of LEGACY is inherited to next-generation

LEGACY series were awarded a prize of "Best Value" in "Car of the Year Japan 2009-2010" award. We were given a credit for holding the price with various performances and the added value improved. We believe that the fact that the "Best Value" was awarded to us when hybrid vehicles are paid much attention at large, demonstrates that SUBARU-like sincere and persistently honest efforts finally bore fruits. A year has passed since its debut in the market. The 5th–generation LEGACY enjoys exceptionally good response from customers for its ride comfort, interior space and fuel economy.

A prize of "Best Value" in "Car of the Year Japan 2009-2010" award.

Without any exception, the 5th-generation LEGACY has its performance and technology enhanced year after year. Accumulation of such enhancements and succession is the history and value of the LEGACY. "Hybrid" will defy any bypassing or ignoring in the tide of the times. How to get the good points of hybrid and our unique engineering expertise united and embody a specific shape with "making cars fun to drive" in mind is the challenge we are facing. We keep going to create better vehicles which will be appreciated by customers by heeding faithfully their voices.

※1 info-ECO lamp , ECO Gauge
A meter which indicates an economic driving condition to the driver.

※2 SI-Drive
The 3 models provided are selectable with a flick of a switch to allow drivers to run as they like or suitable for driving scenes. (Intelligent mode, Sports mode, Sports Sharp mode)

※3 ECO Gauge is employed for all overseas and domestic vehicle. SI-Drive is for domestic vehicle.

Preventing Global Warming with Clean Energy

Eco Technologies Company of SUBARU, making use of the engineering expertise nurtured at Aerospace Company, develops wind power generation systems. We believe that it is our mission as an automobile manufacturer to get involved in environmental protection through products, in the midst of global attention focused on the potentiality of clean energy. Here, we interviewed project members and asked on the background of product development and their thoughts and aspirations.

Produce

Current Situation of Wind Power Generation System

Lately, natural energy business has attracted attention for its potentiality from a viewpoint of protection of resources and energy and protection of the environment. Meanwhile, while such business is viewed mostly as not economically feasible, wind power generation is said to be the only viable one.

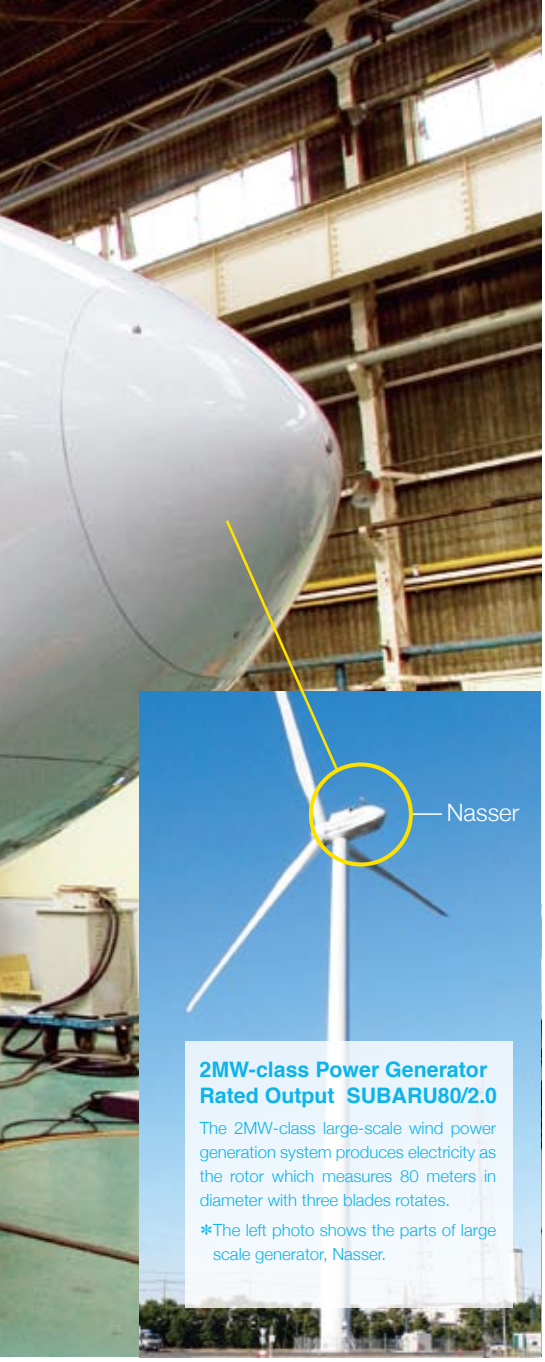
Wind power generation started in the 19th century in Europe. Geographically endowed with vast land and plentiful winds, Europe has led the world's wind power generation. At present, as Japan imports 80% of its wind generators, we have been anxious to enter such market that heavily relies on imported generators as a domestic manufacturer. However, there are difficulties involved to do so because of inherent climatic conditions. Japan, being a country where plain fields are limited with lots of hills and mountains, also is one of countries most frequently hit by heavy lightening strikes. These adverse conditions thus posed unavoidable challenges to face with to enter the wind power generation business.

Applying Existing Technology to New Business

Originally, it started as a small group activity by young members to develop new products. After many trial developments, they came up with a wind power generation system for commercialization. A project kicked off with a few members accumulated fundamental technical expertise through study meetings and joint researches with a university.

It takes highly sophisticated electronic control technology to run wind power facilities. To say nothing of generators and blade angles, electronic control technology is required for a remote monitoring system to measure electricity and force of wind because of their unmanned operations. Such technology could basically be dealt with by applying aircraft technology. In addition to blade manufacturing technique and fluid dynamics, such expertise as electronic control and electrical generation necessary for wind power generation was readily available in our aircraft technology.

A system operating rate of 95% is



2MW-class Power Generator Rated Output SUBARU80/2.0

The 2MW-class large-scale wind power generation system produces electricity as the rotor which measures 80 meters in diameter with three blades rotates.

*The left photo shows the parts of large scale generator, Nasser.

required for a large-scale wind power generation. Keeping such high ratio means it cannot be stopped for more than 1.5 days a month. For this reason, we are now in the process of preparing a system which can determine proper replacement timing of oil and components for preventative maintenance with highly sophisticated failure diagnostic functions. Such engineering expertise has been stepped up year by year, dictating constant technological innovations to us.

Developing Reliable Products for Next Steps

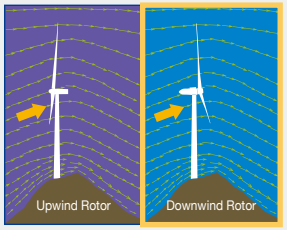
We currently deliver products mainly to the domestic market. There were many hurdles to be cleared to venture into a new business. To overcome major technical difficulties, for example, we studied the effect of complicated terrains on wind conditions for forecasting by fluid calculation and conducted fatigue strength analysis. As a result, we came to learn the advantage of the downwind method with the rotor positioned behind the tower for higher output as wind hits the blades from the front. The climate inherent to Japan was also focused on in the product development. We are one of the few manufacturer who used a design method to prevent the propeller from cracking or its tip from being blown off when struck by a strong lightening. As a new field, wind power generation on the ocean is being contemplated. Developing products which expend minimum ocean resources out of consideration to the impact on the marine life is our target. The wind power generation business is one of trump cards against global warming. We will carry on with the business of large-scale wind power generation system to provide natural energy in a sustainable manner.

As a transportation equipment manufacturer, we have to fulfill our responsibilities for environmental issues such as reduce exhaust gas or improve fuel economy. The development of a large-scale wind power generation system has a new potential to help us fulfill our responsibilities as a maker. A day may come when our electric vehicles are run with the electricity produced with our large-scale wind power generation system. We will commit ourselves to being a manufacturer who steps forward by discharging our responsibilities to coexist with nature and environment.

Characteristics of SUBARU80/2.0 Wind Power Generation System

[Adoption of downwind rotor]

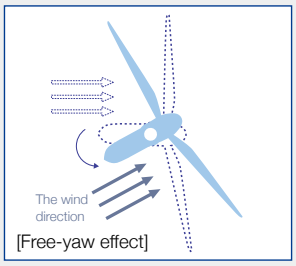
The downwind method is the type of downwind rotor to absorb wind power efficiently with wind off topographical configurations. In general, the rotor is directed upwind, but SUBARU adopted the downwind rotor method in order to make the Wind Turbine System suitable for the Japan's topographical configurations like mountains and hills.



A Wind Turbine Suitable for Japanese topographical configurations

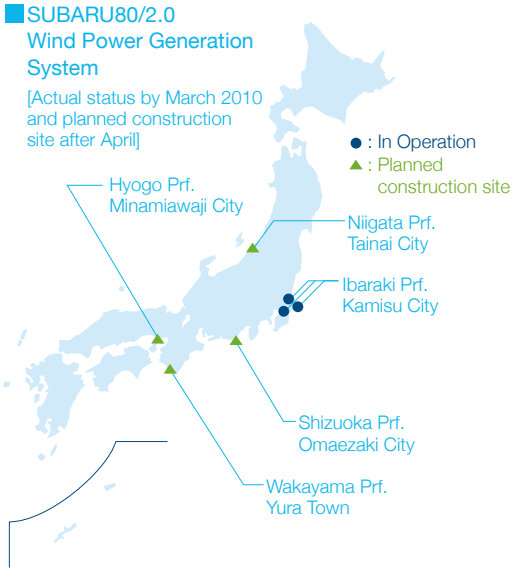
[Free-yaw effect]

A downwind turbine has the free-yaw effect which works to direct the rotor downwind naturally like a case of weathercock. When hit by storms, it can pass off wind naturally, and safety is assured.



SUBARU80/2.0 Wind Power Generation System

[Actual status by March 2010 and planned construction site after April]



Eco Technologies Company
Wind Power Generation Project Project General Manager

Hidetoshi Muramatsu

A measure to solve global energy and environmental problems is to highly utilize regenerative energy. We at SUBARU intend to contribute to the society and the environment by offering not only products that use energy, but also those that generates energy. One of the approaches along this line is the "wind power generation". We will strive to create a society which is friendly to the environment and sustainable through widespread use of the SUBARU downwind wind mill.

Feature Article 3 Acquisition of Eco-Action 21 certification ～Dealerships in Action～

Environmental Activities Change Pattern of Behavior

Precident Mr. Kodaira (Right) receives certification form by the Chamber of Commerce Executive Director, Mr. Koseki (Left)

March 18, 2010 TOCHIGI SUBARU,INC. acquired "Eco-Action 21※1" as a part of environmental activity. With the rising environmental consciousness among customers, we have entered the era when engagement with the environment at offices and service shops is called for while ecological vehicles are gaining popularity. Here, we interviewed 6 people who were deeply involved in acquiring the Eco-Action 21 certification.

＊ Information on certification acquisition at other dealerships is provided in page 62.

With Acquisition as Starter, Environmental and Sales Activities to be Accelerated

Executive Vice President
Sadao Tani

For TOCHIGI SUBARU,INC. that handles automobiles, grappling with environmental issues, we believe, is an important responsibility. We decided to get this Eco-Action 21 certification not only with a view to cut expenses, but also as a part of environmental activities each employee had to take part in. Once decided, at regular meetings where chiefs of outlets and those in charge at departments, how to proceed and numerical target of each outlet, roles of each department and others were discussed. What were concluded at these meetings was cascaded to each outlet for infiltration.

Acquisition of the Eco-Action 21 certification is not the goal, but rather the point we should start from. What is at stake is how much we can accomplish before audits which come one year or two years after. To make ourselves deserve the certification, we will set various activities in place and work out a system to get a PDCA circle rolled by all of us. In addition, from a standpoint of local contribution, we will get ourselves involved positively in cleaning campaigns by local communities.

Above all, we believe that selling environmental-friendly vehicles is the best contribution we can make as a sales company of automobiles. While counting on some positive impact of the Eco-Action 21 certification, we will take act more proactively to appeal to customers.

General Administration Dept.
General Affairs Sec.
Manager
Shigemi Shibazaki

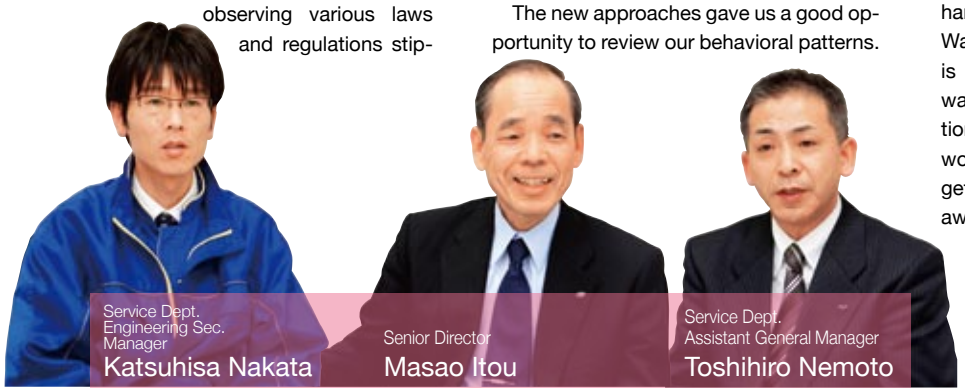
※1 Eco-Action 21
The environment management systems mapped out by the Ministry of the Environment based on ISO 140001.

Reviewing Approaches for Further Progress

TOCHIGI SUBARU,INC. has been taken a part of the environmental activities for a long time. They clean up their maintenance service shop every morning and pay full of attention when they handle solvents and gasoline based on the Fire Service Act and Water Quality Pollution Control Act.

We once thought that obtaining the Eco-Action 21 certification would require observing various laws and regulations stipulated by the government much more closely than before. It turned out, however, infiltration of the need for the certification into the minds of employees went more smoothly than we anticipated since we only had to add a few new approaches to the base we already had and observing strict laws was nothing new for us in doing business.

The new approaches gave us a good opportunity to review our behavioral patterns.



Service Dept.
Engineering Sec.
Manager
Katsuhisa Nakata

Senior Director
Masao Itou

Service Dept.
Assistant General Manager
Toshihiro Nemoto

We have been working with the Road Trucking Vehicle Act which emphasizes safety and compliance with laws and regulations of vehicles as a guiding standard and now the level of consciousness of the Wastes Disposal and Public Cleaning Act as well as the Fire Service Act which dictate proper segregation, storage, collection and disposal of garbage have enhanced. The segregation set out in the Wastes Disposal and Public Cleaning Act is mainly aimed to promote recycling of wastes. If some one ignore such segregation, the law is to exist in name only. It is a wonderful thing to see that the process to get the certification has helped breed an awareness of “it takes all to get it done”.

Storage and control methods of solvents and gasoline have been improved by learning the Fire Service Act. We feel that our maintenance service shops will also become cleaner than ever before.

Result from the Record and Challenge

We have been tackling for some time past with saving energy, for instance, by grasping figures of consumption of electricity and gasoline for comparison with those for the prior year.

Since setting out to grapple with obtaining the Eco-Action 21 certification, such figures have been documented. The record made us surprised to see energy consumption clearly going down.

The report compiled in January and February this year, as compared with the one made before the activities to acquire the certification started, indicates larger reduction. This is the result of the accumulation of small but dedicated efforts of employees to minimize consumption by taking such actions as turning off lights and computers whenever possible. Since there still remains much room for improvement, we will step up our efforts to better the environment in the future.

General Administration Dept.
Accounting Sec.
Manager
Kazuyoshi Oohashi

Voice

To spread the importance of the activities, I created posters which show how to separate waste, and put on the office and near garbage cans. It makes easy to understand for everyone.

I feel this is not enough, so furthermore I would like to spread environmental activity in various ways.

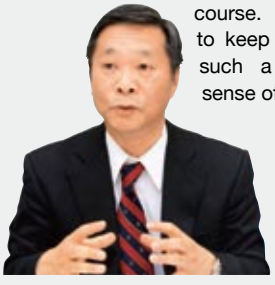
General Administration Dept.
General Affairs Sec.
Eri Kasuya

Comments from the Chamber of Commerce and Industry

There was no problem whatsoever at the review since all the people had worked together as one team for the certification. From this point on, we would expect them to evaluate the process they went through and result, and turn their focus on how to make use of the Eco-Action 21 in their business and environmental management

Utsunomiya Chamber of Commerce
Administration Officer
Eco-Action 21 Regional Office Tochigi
Executive Director
Hideaki Koseki

What we found different from others at TOCHIGI SUBARU,INC. was their bottom-up approach. We think that their effort to create an atmosphere “Let’s get it done together!” led to getting all employees involved as a matter of course. I wish them to keep going with such a wonderful sense of unity.



Utsunomiya Chamber of Commerce
Administration Officer
Eco-Action 21 Regional Office Tochigi
Tadatoshi Kurogo

Background and Meaning of Integrated Certification

SUBARU Aiming for Unified Management, Consistency and Streamlining of Environmental Activities

We have so far acquired the ISO 14001 certification at 5 sites to stage their own activities. There had been an idea to get integrated certification for some time before. The economic crisis in the fall of 2008 set a stage for through review of all business activities including the EMS. Taking this as a good occasion, we initiated a movement toward integrated certification for more efficient and reasonable EMS. Members of the promotion offices brainstormed some creative ideas and intensively discussed them, which successfully led to setting up a new EMS in place expeditiously in a short period of time. We were given high marks for the system by the examining authority as evidenced in its statement saying that SUBARU had been making effective use of the integrated EMS on an ongoing basis.

Taking Part in Acquiring Integrated Certification

For Operation-based Approaches to Environment

In the Gunma district, they went through the examination for integrated certification including ISO 9001. Once ISO 14001 certifications get integrated into one company-wide, we can equalize intensity levels of involvement and save management man-hour. Since the Gunma district has a large work force of more than 8,000 people, we had difficulties to get all personnel thoroughly informed of all sorts of things including changes of procedure documents and examining institution.

There were voices asking for environmental activities closely associated with their operations. Such voices will also be focused on under the integrated system in the future.

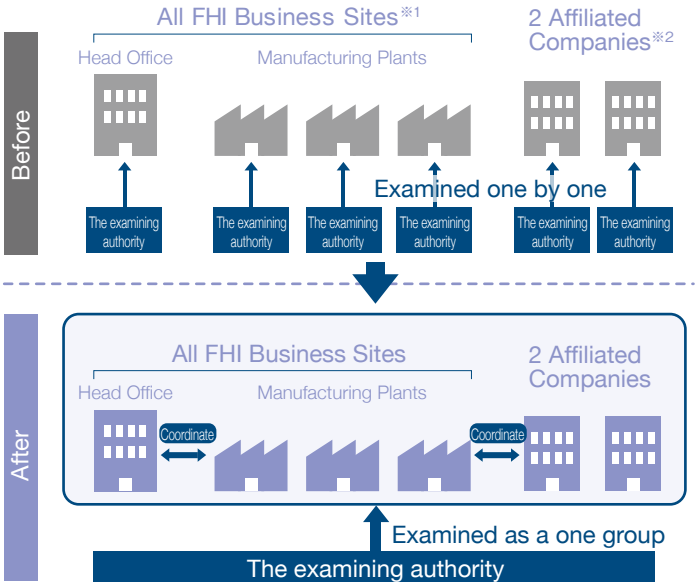
Gunma Manufacturing Division
General Administration Dept.
Environment Sec.
Masahide Takahashi

Feature Article 4

Establishing Reasonable Environmental Management System through Integrated Certification

Acquired ISO14001 Corporate as the First Car Manufacturer.

Fuji Heavy Industries Ltd. labored to get integrated ISO 14001 certification for more streamlined promotion of Environmental Management System (EMS hereafter) already authenticated at 5 business sites: Head Office and in Gunma, Tokyo, Utsunomiya and Saitama. We introduce the promotion office members who were deeply involved in integrated ISO14001 certification.



The EMS integration promotion office members

※1 All FHI business sites
Head Office, Gunma Manufacturing Division, Tokyo Office (Automobile business unit), Utsunomiya Manufacturing Division, Handa Plant, Handa West Plant (Aerospace Company, Eco Technologies Company), Saitama Manufacturing Division (Industrial Products Company)

※2 2 Affiliated Companies
Yusoki Kougyo K.K. (President & CEO : Mr. Haruyoshi Saigoku Head Office: Aichi Prf. Handa City)
F.A.S Inc. (President & CEO : Mr. Yukio Kimura Head Office: Tochigi Prf. Utsunomiya City)

Improving Education of Employees to Facilitate their Involvements

On the occasion of the integration, we reviewed the education of employees also from a company-wide perspective. The curriculum will be streamlined in FY2010 to raise the awareness level of employees. Regardless of which business sites employees are transferred to, it is expected that they will be able to direct their consciousness to EMS and environmental activities all the more under the integrated system.

Gunma Manufacturing Division
General Administration Dept.
Environment Sec.
Kazuki Sorimachi

Environmental Policy and Targets Clarified Company-wide

The environmental activities tended by 4 organizations reflecting their respective cultures were unified under the SUBARU brand, which resulted in orienting their activities in the same direction. A one-page rule using A3-sized sheet of paper was brought in for any documentation. Now with the company-wide policy and targets clearly identified, we think, we have succeeded insetting up a system which allows us to think and act on our own.

Utsunomiya Manufacturing Division
General Administration Dept.
General Affairs Sec.
Youichi Tanaka

Change of Mindset Indispensable for Meaningful Activities

I was assigned to handle ISO 14001-related issues from March in addition to my duties associated with ISO 9001. The predecessor told me that he began to see what we should do now and in future. His comment, I think, implies that it boils down to how to proceed from this point on to change the mindset or awareness of each employee for meaningful activities under the integrated EMS.

Saitama Manufacturing Division
General Administration Dept.
General Affairs Sec.
Kazuhiro Kobayashi

Integrated Certification

Improve

Integration of EMS and QMS for Efficiency Enhancement

The examination of Tokyo Office went very smoothly since the same institution served as examiner as it did for individual certifications before. Also, we could mange to integrate in a timely manner EMS and QMS (Quality Management System), which had been an issue since the acquisition of certification. Further integration of EMS and QMS will be pursued so that we could appreciate substantive enhancement of efficiency.

Tokyo Office
General Administarion Dept.
Environmental Affairs
Promotion Office
Hiroshi Sasahara

Customer-oriented Environmental Activities

Exchanging information with promotion offices of manufacturing sites was quite productive. I feel that our company-wide approaches provided an opportunity to make our people more aware of customers. Tokyo Office will orient its approach with that of Gunma Manufacturing Division which belongs to the same automotive business unit for a more streamlined management system.

Tokyo Office
General Administarion Dept.
Environmental Affairs
Promotion Office
Yoshifumi Aizaki

Raising Environment Awareness at Head Office Away from Manufacturing Plants

Interpretation of the word "environment" is different from person to person. What came to my attention through working for the integration was the high level of awareness toward the environment among members of the promotion offices. The level of awareness of people at the head office still stays low as compared with those at plants since they are less exposed to plant operations. I take it my role to make them at the head office realize the importance of unified approaches together with the people at work sites.

General Administarion Dept.
Environmental Affairs
Promotion Office
Noboru Hayasegawa

Future Issue and Outlook

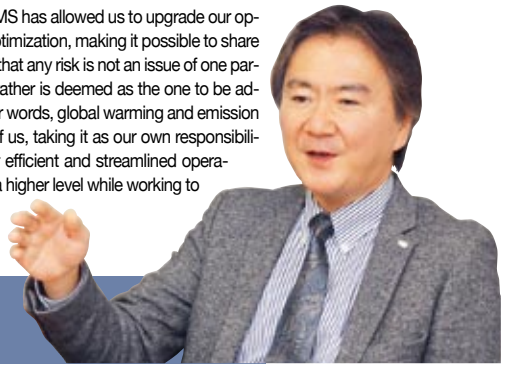
System to Help Employees Engaged

The main issue in future is to draw out tangible results out of the integrated certification. This requires commonalization of working mechanisms and improvement of education, internal auditing and manuals. While contributing to the business management from a perspective of environmental management as the promotion office, we will step up the level of our capacities through series of discussions to make the management system easy for employees to get engaged.

Corporate Planning Dept.
Tsukasa Shinohara

Promotion for Enhanced Efficiency and Spread in Steps

The company-wide integration of EMS has allowed us to upgrade our operations to shift from local to total optimization, making it possible to share all types of information. This means that any risk is not an issue of one particular business unit any more, but rather is deemed as the one to be addressed by the whole group. In other words, global warming and emission trading must also be coped by all of us, taking it as our own responsibilities. We will press ahead for further efficient and streamlined operations by boosting the integration to a higher level while working to get domestic group companies and overseas business units integrated as well.



CSR・Environmental Affairs
Promotion Office Manager (at that time)
Tatsuya Suzuki

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 customers with distinctive products with the highest level of quality and customers 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.

What SUBARU Wants to Be

Moving Forward to Turn Our Vision to be: "A Compelling Company with Strong Market Presence"

We mapped out the medium-term management plan for FY2007 through FY2010 as a step toward what we want to be: "A Compelling Company with Strong Market Presence", and are currently proceeding with it. Before working out the mid-term management plan, the once somewhat too much Technically-oriented internal cornerstone was reviewed getting back to from where we started with the "Customer Comes First" policy.

The impact of the world-wide economic crisis since the latter half of FY2008 has also been significant in the automotive market while the industry had to meet increasingly stringent environmental regulations. We pursued programs to drive forward a reform to strengthen the corporate vitality and offer products based on the needs of the times by taking another look at the work processes and cost structures in response to the changing external environment.

On the product side, we offered a new value "leisurely grand touring" in the new 5th-generation LEGACY with its comfortable interior space, excellent driving performance and good fuel economy, which is the embodiment of the SUBARU's proposition of "unexperienced driving" and its commitment to addressing environmental issues such as global warming.

We also enriched the product lineup mainly of mini cars by making use of collaborative relationship with the Toyota group, while improving the system to have requests of customers reflected in products and the framework of sales and services inside and outside the country. Furthermore, at domestic SUBARU dealerships are working to turn themselves into "A Compelling Company with Strong Market Presence" and "A Company Fulfilling its Social Responsibilities " by enhancing customers' satisfaction and the brand image through coping with environmental issues with acquisition of the Eco-Action21 and improving management vitality with structural reforms including reorganization of sales network and cost reductions.

Also, we will focus on the development of human resources through education and trainings, while revitalizing discussions in-house and within the whole SUBARU group based on "The New 3 Criteria※1", thus building up the 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 future, while establishing the SUBARU brand supported by customers.

※1 "The New 3 Criteria":
"Good for customers?" "Helps for Group's Growth?" "Helps for Employees' Growth?"

CSR Policy

The Mission of Fuji Heavy Industries Ltd. Group

The CSR Policy was revised with the approval of the CSR and Environmental Committee※2 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 group of Fuji Heavy Industries to contribute to sustainable development of the society through global business activities with focus on the relationships with our diversified stakeholders.

※2 For CSR and Environmental Organization chart, please see page 40 on this report.

「CSR Policy」 (Rivised in June 2009)

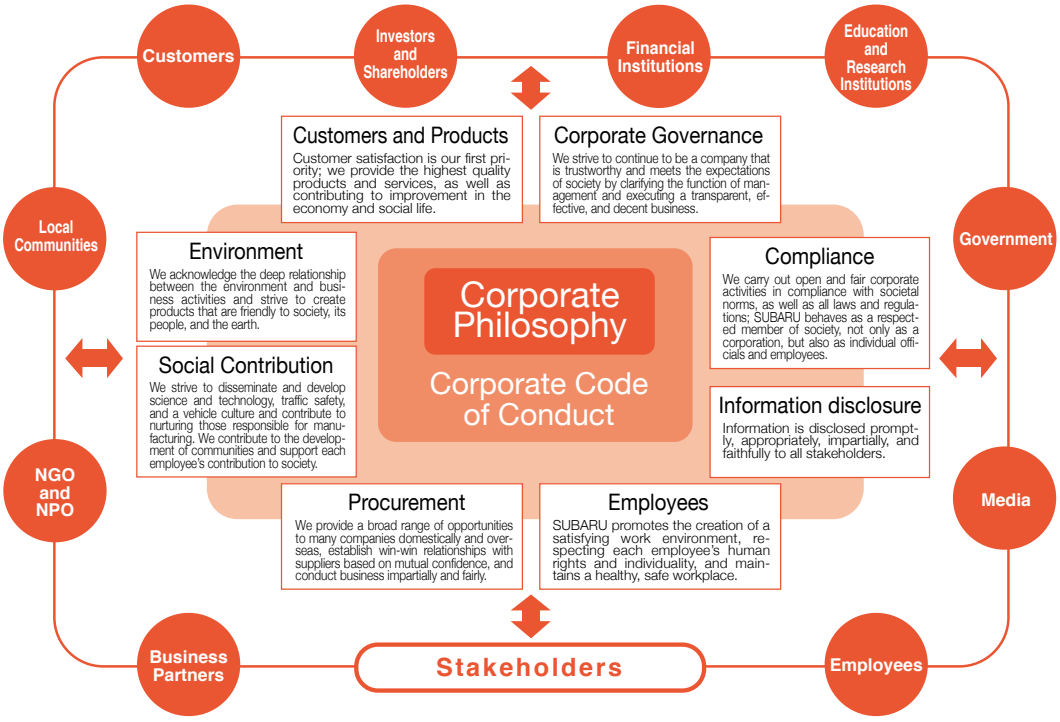
1. We will respect the laws and regulations, the human rights, the international standard of behavior and the rights and morale of stakeholders under the "Corporate Code of Conduct" of Fuji Heavy Industries.
2. We will get ourselves involved as a corporate citizen in addressing social issues facing the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

CSR Management

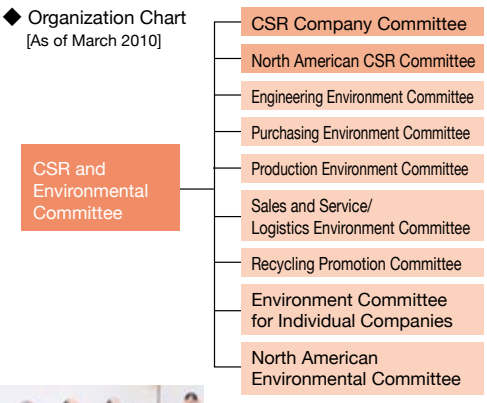
In pursuit of a company trusted by many diversified stakeholders

The medium-term management plan which was announced on February 28, 2007, covering the 4-year period from the FY2007 through FY2010, has the “a Company Fulfilling its Social Responsibilities” as one of the management visions. This is one of the fundamental items indispensable to realize the long-term vision of Fuji Heavy Industries:”a Compelling Company with Strong Market Presence”. With this vision and the basic policy, “Everything We Do is for our Customers” in mind, we are determined to enhance the 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



◆ Organization Chart
[As of March 2010]



System of CSR and Environmental Committee and Operation

We set up “the CSR and Environmental Committee” as a company-wide committee organization by the top management to promote CSR activities by reviewing, discussing, making decisions and exchanging information in connection with CSR activities. In the FY2009, the committee meetings were held on May 27 and November 10. Meanwhile, the manufacturing divisions, offices and the head office formulated their annual CSR activity plans and execute them, systematically implementing their voluntary programs according the plans.

As a way to reinforce CSR promotions, the CSR and Environmental Committee will be reviewed for a setup for sure management of vital CSR issues, which will help to vitalize CSR activities furthermore.

A scene at the CSR and Environmental Committee

Review of FY2009 and Plan for FY2010

Getting the systematic CSR activities settled

Coordinated approaches began in FY2006 in 4 phases: grasping the current status and issues, organizing and starting up, promoting and getting the activities settled. We have been moving forward along their respective schedules.

■Approaches in FY2009

The CSR Policy was revised taking into account the following: the need to respond precisely to global issues as typified by environmental problems, multitude of moves outside including CSR-related guidelines as represented by the ISO 26000 SR (Social Responsibility) and opinions from stakeholders.

By this revision, the fundamental and strategic aspects of CSR which are essential requirements of manufacturing corporations which offer goods and services on a going basis have been clearly defined.

In addition, the 3 pillars of CSR activities (environmental activity, traffic safety and contribution to local communities) set in FY2007 are positioned as the areas to be commonly practiced on an individual basis throughout the organization. Such approach is intended to make systematic CSR activities come to stay and enhanced and is being spread to group companies overseas through the North American CSR Committee.

■Approaches in FY2010

In FY2010, vital issues to be addressed by each department will be made clear and building a framework will be prompted to allow individual employees to fulfill social responsibilities through performing their own jobs.

Such vital CSR issues will be studied and addressed as items of a CSR voluntary plan. Our approaches to them will be made clear to stakeholders and CSR activities will be pushed forward to solve multiple of social issues. In formulating the CSR voluntary plan, guidelines including the one of ISO 26000 SR (Social Responsibility) and requests from stakeholders will be factored in.

About enhancement of CSR promotion framework, it will reviewed the CSR and Environmental Committee to raise the level to manage vial CSR issues,

◆ 3 pillars of CSR activities of SUBARU group

Common Item	Idea	Contents
Environmental Activity	First grasp impacts of daily business and household activities on environment, then take actions starting from where we can. Promote awareness for energy saving at home against global warming.	Participation in Team Minus 6%※1 (a national campaign against global warming) Promotion of eco-minded actions at home Approaches to group companies
Traffic Safety	Strive conscientiously to reduce traffic accidents as transport equipment maker. Work for zero traffic violations and accidents.	Open safe-driving classes Tie-up with local governments Promote public transports
Contribution to local communites	Strive to contribute to local communities who are vital partners in conducting business.	Clean around plants, Tie-up with local governments, Support local events

※1 It has been changed to “Challenge 25” since January 14, 2010.

A scene of North American CSR Committee
(It was held via TV conference in November 5, 2009.)

◆ CSR action plans

FY2006	FY2007	FY2008	FY2009	FY2010
Phase1		Phase2	Phase3	Phase4
Current Issue	Overhaul and Startup	Specific Actions	Fixing Actions	Enhancement
Raise awareness of links of individual's behaviors with CSR	① CSR class added in training programs for new general managers ② CSR concept introduced to affiliates in North America as group activities ③ CSR activities promoted on trial using EMS's procedures (at head office)	① To be build in skill-specific trainings practiced at each manufacturing division ② Promoted systematic CSR actions at affiliates in North America ③ Promoted SUBARU group-common programs and enhanced it ④ Reviewed CSR policies with a background that increasing attention on CSR activity on the world trend.	① Revised the CSR policies based on the world trends. ② Thoroughly known the revised CSR policies to all. ③ CSR class was added in training programs for new managers ④ Promoted the level up of North American CSR Committee. ⑤ Started to progress to consideration of CSR voluntary plan.	① Identify vital CSR issues to be addressed by each department ② Review and formulate a CSR voluntary plan ③ Spread the CSR voluntary plan to the North American CSR Committee
Build system to efficiently and reasonably share, adjust, cascade and summarize CSR-related information	① Corporate Environment Committee reorganized as CSR and Environmental Committee to review both CSR and EMS by top management ② Company-wide cross functional organization built by assigning members who represent each manufacturing division ③ Company-wide CSR activities reviewed and new action programs mapped out	① CSR and EMS matters to be closely reviewed by top management at CSR and Environmental Committee ② Company-wide cross functional organization to be revitalized by members who represent each manufacturing division ③ Besides group-common 3 pillars, CSR activities to be promoted by manufacturing divisions for community contributions	① Through the opening of CSR and Environmental Committee constantly, realize the level up of CSR and EMS management skills. ② To promote the understanding and percolation of CSR activities into each Manufacturing Division. ③ Promoted the fixation of CSR activities based on group-common 3 pillars.	① Review the CSR and Environmental Committee to upgrade CSR promotion framework ② Raise the level to manage vital CSR issues

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 our 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.

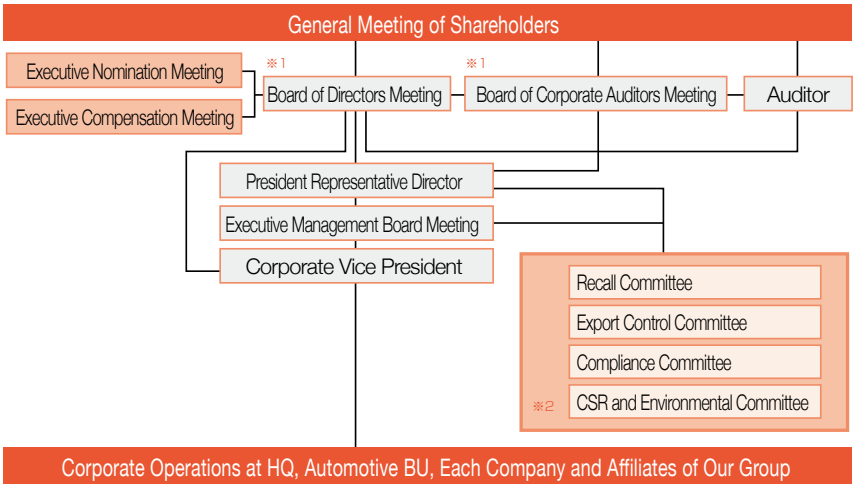
In addition, since June 2003, the terms of directors and executive officers have been reduced from two years to one. Also, since June 2004, according to the decision of the Board of Directors※1, we have given responsibility for the selection of corporate officer candidates to the Executive Nomination Meeting and given responsibility for evaluating performance, determining the remuneration of corporate officers and others to the Executive Compensation Meeting.

All these measures are designed to clarify management decision-making and operational functions, increase decision-making speed and enhance the effectiveness of business operations. The Board of Corporate Auditors Meeting consists of 4 corporate auditors※1, and is responsible for receiving reports on important auditing issues and deliberating accordingly. 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.

※1 The Board of Directors Meeting consists of 7 executives. The board of Corporate Auditors Meeting consists of 4 auditors, including 2 outside corporate auditors (one auditor is an individual auditor), to observe the corporate management objectively (as of March 31, 2010).

※2 CSR Committee and Corporate Environment Committee have been integrated into CSR and Environmental Committee, which have been operated since May 29, 2007.

◆ System of Corporate Governance



Establishment of Internal Control System

Completed the streamlining of system in the whole Fuji Heavy Industries Ltd. group

Internal control is an indispensable mechanism to achieve corporate objectives, and the top management is responsible to establish it and maintain its effectiveness and efficiency. In our case, common departments with Strategy Development Division with its cross-business unit functions as king pin work closely with other departments and Companies to step up the risk management. Internal Audit Department audits systematically group companies for 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 Business Accounting Council of 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

Business Activities will be ongoingly staged by Grasping and Evaluating Risks.

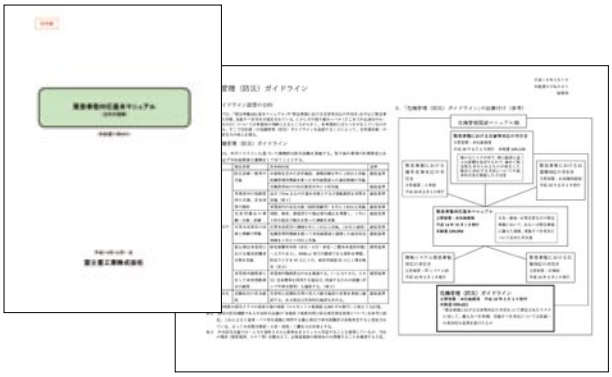
Risk management is being strengthened by upgrading the compliance system which is regarded as its base through close coordination with each department and company.
The business operations executed at each group company will be audited systematically.

Risk Control

Risk is classified and properly managed.

SUBARU understands that a risk is an uncertain element which gives some negative impact on our business operations. There are many types of risk. Among them, what affects the management seriously, causing an emergency situation which cannot be dealt with through the regular decision-making channel is “classified” as “crisis risk” and others are classified by their type into such risks associated with natural disaster, accident, internal and external human factors, social factors (domestic and overseas) and compliance.

In case of an emergency, we follow instructions on communication channel and actions most appropriate to deal with a particular situation as provided in a manual designed to meet various types of emergency after knowing its occurrence.



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

Draw up BCP※1

Mapped out BCP by business sites

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 the way out to minimize the interruption of business on a priority basis with the rest of the resources available and to restore the operations expeditiously to the pre-mishap level.

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

※1 Business Continuity Plan

Safeguard Against the New Flu

With the recent spread of new influenza infection, we have worked out preventative measures against infection under the leadership of the health and safety section. But, there is still a possibility that despite such preventative measures, the spread could get beyond control and make many employees unable to go out causing a disruption in driving business. To prepare for such a crisis situation, we have arranged procedures regarding possible temporary discontinuation of business and others in case infection spreads to the extent that normal execution of work or production becomes difficult.

Foundation of Management and One of Most Important Issues

In SUBARU, it is regarded that corporate compliance 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

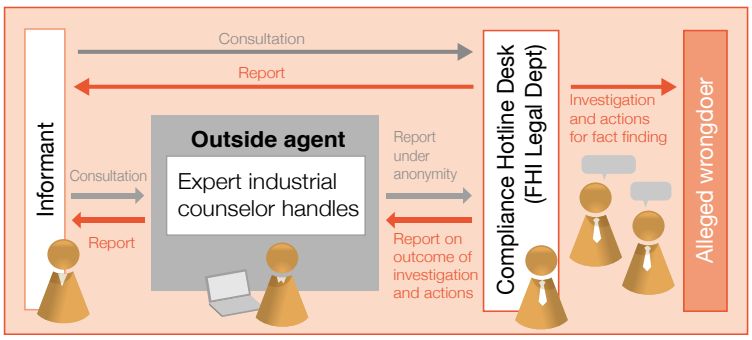
We have a “Compliance Hotline” as a by-pass communication channel which can be used by people who work in the SUBARU group and others to report any dubious compliance-related acts or practices they have found inside the group directly to “the Hotline Desk”.

“The Hotline Desk” is located inside and assigned employees receive directly reports or information by mail, phone or e-mail and then investigate allegation 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 disadvantages or inconveniences.

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 Card

Compliance Hotline (consultation and solution flow)



FY2009 Compliance Activity Achievements Overview

Education and Trainings on Compliance

In FY2009, over 3,900 people including employees of group companies took part in compliance and practical legal trainings which were hosted by Legal Department and Personnel Department and education sections. At divisions and group affiliates, the staff people of Legal Dept. give trainings to study important laws and regulations related to day-to-day work and to foster understanding on compliance under their own programs, using such text books as “100 Case Studies of Compliance Issues.”

Furthermore, for promotion of practical compliance activities, we have offered education and trainings to group affiliates, provided information through in-house publications, and encouraged their participation in our Compliance Hotline system to produce effective results.

Activities toward Group Compliance

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. For this reason, we dispatch lawyers and our employees as compliance training instructor to each of our affiliated companies as well as domestic SUBARU dealers and also provide textbooks in an effort to promote group-wide compliance with laws and regulations.

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 in all the dealers to help each staff member properly understand personal information protection.

Personal Information Protection Handbook for SUBARU Dealer Staffs

Close Up

Keeping in Mind Trainings Easy to Understand

Legal Department
Hiroyuki Tokoro

“Compliance” implies “observing laws and regulations”. In general, just hearing “law”, “act” or any other similar words makes people remind something difficult or feel like staying way from them. Therefore, we make it a rule to talk and prepare materials keeping in mind “easy to understand” and “familiarity” in an effort to deepen the understanding of students. However It is rather hard to make people get legal knowledge within limited time frame, we try to offer valuable training for all students.

Stepping Up Efforts for “Customer Comes First”

SUBARU has established “the SUBARU Customer Center” (operated by the Customer Relations Dept.) as a point of contact for customer inquiries, requests for assistance, demands and suggestions.
We are striving to enhance customer satisfaction by responding to their inquiries and consultation requests in a market’s top-class manner.

Communication with Customers

Activities of Customer Relations Department

SUBARU has established “the SUBARU Customer Center” (operated by the Customer Relations Dept.) as a point of contact for customer inquiries, requests for assistance, demands and suggestions. Since communication is exchanged mainly by means of telephone and e-mail, we ensure quick, on-target responses to inquiries and requests for assistance from our customers based on our action policy of promptness, sincerity and attentive listening. We feed the invaluable opinions, demands and suggestions from customers back to the relevant departments/divisions to increase customer satisfaction by improving quality, developing products and improving sales and services. Since customers’ voices also reflect their expectation on SUBARU, we value communication to listen to them sincerely to their satisfaction.

SUBARU Customer Center

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

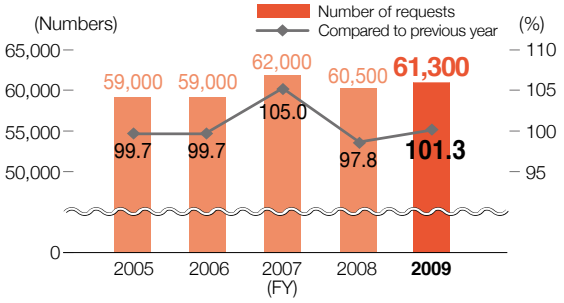
(Note that your call will be recorded to confirm the content)

Please contact SUBARU Customer Center if you have any inquiries as below,

(1) Opinions / Comments / Guidance (catalogue, 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)

◆ Trends of number of requests from customers



Responsibility of the CS Promotion

We are offering support and promotional services mainly to domestic SUBARU Dealerships to raise the level of customer satisfaction for fundamental improvement of CS which underlies the brand image.Using our customers opinions obtained from “SUBARU questionnaires” and from these SUBARU Dealerships, 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 by the highest standards, and are carrying out inspections and supervision at each location.

Result of SUBARU Customer Service Satisfaction Investigation

The FY2009 SUBARU Customer Satisfaction Survey by the domestic SUBARU team showed some improvement in the nation-wide average score for the team, but SUBARU was ranked 5th among 6 competitors in the industry in both “At Time of Purchase” and “After Purchase” Dealerships service/response categories.

Also, only one area out of 45 achieved the goal to be “No.1 CS in the area” in both categories.

Although we began to see a change on a quantitative level due to thorough tenacious implementation of action basics, there still remains an issue of disparity in quality of actions for heartfelt services and in approaches among dealerships and their outlets. We will address such situation to get a better ranking.

Domestic Efforts

CS Improvements efforts

We have been working together as a team since the FY2008 to improve CS with the goal to be “CS No.1” in each territory. From FY2010, in order to quicken the pace to increase overall operating profit of the domestic SUBARU team through improvement of CS, the function of domestic CS promotion will be relegated from Customer Center to Japan Sales and Marketing Division for more intensive and concerted actions.

We will pitch in for higher quality of staff behaviors, particularly by improving the customers’ first impression of a shop when they come in and practicing after-sales follow-up all the way out, with all this effort for improvement of CS.

Education and trainings for all the dealership personnel

The staffs of Fuji Heavy Industries, having developed their skill as trainer, give education and trainings (off-job training) to all the dealership personnel at every level and job category. In FY2009, 1,900 people for Sales-related Training, 3,600 people for Service-related Training, in total 5,500 people attended the trainings. In addition, they provide a mechanism and learning materials to shore up on-job training on the front lines and to help staff members of dealerships upgrade their skills through such means as driving the certification system and hosting contests competing over their skills in sales and

A scene of training for domestic dealership

"The SUBARU Academy" which opened in Hachioji, Tokyo in January 2005 is training facilities including 133 rooms for accommodation. Here, many training programs are carried out to help the gamut from management officers to the newly employed in the whole job spectrum from domestic / overseas dealer sales staff to service mechanics to develop their skills systematically.

International Efforts

CS Improvement efforts

We added more personnel than last year to work for CS improvement at overseas distributors. Now, we have 3 managers and 4 staffs assigned to map out strategies exclusively for improvement of CS in overseas markets.

Especially, one manager is engaged on a full time basis to boost the brand image of SUBARU through enhancement of CS and service backup system in China where the market is growing by leaps and bounds.

Preparations are also for other overseas markets under way to transplant such measures as the CS survey and promotion programs to encourage communication with customers and to get more cars brought in for services which have already been proven effective in the Japanese domestic market, and position them as "service marketing activities" for improvement of profits, mainly at distributors SUBARU recently invested in and in emerging markets, paying due care to each market conditions. On the other hand, good exemplary cases overseas will be brought in as stimulants for profits improvements of the SUBARU team through upgraded domestic and international education and CS.

A scene at the Subaru of China

Actual Vehicle training

A scene of morning meeting

CS Promotion and Customer Care Training

A training of Customer Care at dealership

Education and Trainings for all the dealership personnel

In addition to various types of trainings for chief mechanics overseas, training of to be instructors and establishment of their accreditation system, we are energetically working to introduce a qualification test program. Also, we are in the process of expanding the scope of trainees to include managers and front desk personnel in sales and services.

Mechanic training for overseas business partner

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 FY2009 : 2
FHI HP has an open page for recall. We are taking measures to prevent accidents and protect drivers and passengers.
Please refer FHI HP for the detail of our response to recalls.
(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 has been engaged in making cars in hope that our customers enjoy exhilarating rides with comfort and peace of mind. One of the important themes to realize this, we believe, is "Pursuit of Safety". Our concept of safety is "to give the Top Priority to Safety in any Environments" and with this in mind, we have taken comprehensive approaches, assuming a variety of driving scenes. To give a specific shape to the concept, SUBARU has been involved in the development of "Active Safety Technology" that prevents an accident and "Passive Safety Technology" that minimizes damages in case of an accident to cope with any conceivable accidents. Also, we are actively taking part in such industry-government-academia projects as Intelligent Transport Systems (ITS)※1 and Advanced Safety Vehicle (ASV)※2.

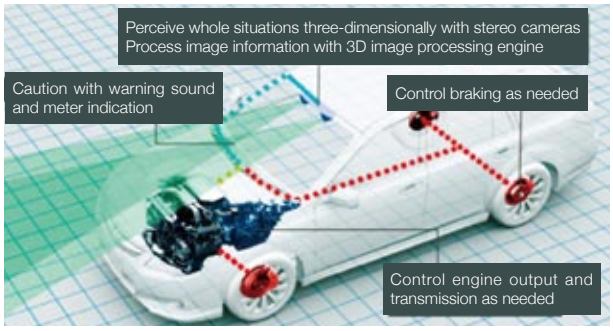
※1 Intelligent Transport Systems use the advanced information communication technology among human, road, and vehicle. It's aiming at the future which has no car accidents or traffic jams and is friendly to environment.

※2 Advanced Safety Vehicle is a new vehicle which has the driver support system with advanced technologies. The ASV project has been promoted by MLIT (the Ministry of Land, Infrastructure, Transport and Tourism) for five years a term (the first term was from 1991) and now it is in the middle of the fourth term (from 2006 to 2010).

Approaches to Active Safety

The SUBARU's unique "Symmetrical AWD" offers sure and pleasant driving to the drivers and passengers thanks to the low center of gravity of the horizontally opposed engine and the excellent weight balance due to the symmetrical and in-line arrangement of the power train. Starting from May, 2010, the LEGACY has been equipped with the "EyeSight (ver.2)" based on the first version of "EyeSight"※3, which featured the driver assist system with stereo camera. The latest EyeSight avoids a frontal collision or reduce collision damages with "pre-crash braking" by decelerating and/or stopping the car automatically. The system also expanded the scope of the driver assist to meet a situation where a vehicle in front comes to stop. In this case, the LEGACY follows the vehicle in front and stops automatically, which is called "Full Speed Range Adaptive Cruise Control".

※3 EyeSight
The next generation ADA (Active Driving Assist) announced by SUBARU in October 2007.



New 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 performance for mutual mitigation of damages in an accident involving an oncoming vehicle or pedestrian.

The LEGACY picked up as a test car for FY2009 JNCAP※1 has received the highest ratings in comprehensive collision safety performance evaluation (for both the driver and front passenger) and pedestrian head protection performance evaluation, plus the level 4 rating in rear seat passenger protection for frontal collision performance evaluation, which was added from this fiscal year, and the highest rating in neck injury protection for rear-end collision performance evaluation. This was the second time for SUBARU to win the Grand Prix Award※2 following the IMPREZA that was awarded in FY2007.

The LEGACY is also highly reputed for safety overseas, as seen from safety information released in major countries, including the highest rating of 5 stars in Euro NCAP※3, IIHS Top Safety Pick※4 and the highest rating of 5 stars in ANCAP※5.

※1 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 Grand Prix Award :
An automobile with the best evaluation among all automobiles subject to the assessment, gained 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, level 4 or higher rating for rear seat passenger protection in frontal collision, and 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 European New Car Assessment Program :
Automobile safety information disclosure program in Europe.

※4 IIHS 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".

※5 Australasian New Car Assessment Program :
Automobile safety information disclosure program in Australia.

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

Japan New Car Assessment Program JNCAP

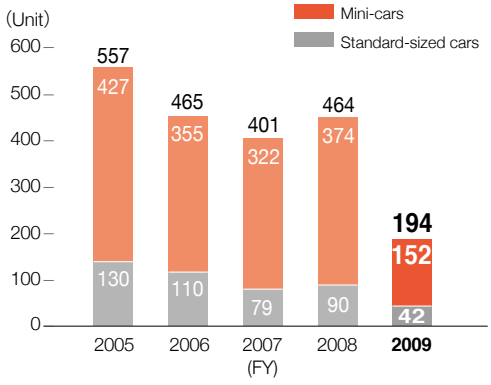
Approaches to TRANSCARE Vehicle

The New released car, "New LEGACY", is also added on the lineup of TRANSCARE※6 series.

SUBARU has been playing its role for development and dissemination of welfare vehicles that allow the disadvantaged and the aged to ride at ease, aspiring for "sharing the happiness to live with cars with each and every body". SUBARU has started producing and selling welfare vehicles for the disabled since 1982, and now it is known to people called "TRANSCARE series". We aim to develop labor-saving devices that can be handled by care givers and care recipients. There are wide selections of Trance Care automobiles, from mini car to standard-sized car. In FY2009, New LEGACY with wing seat※7 is also added on the lineup of TRANSCARE series.

We will make an effort to enrich this series for all customers' comfortable and faithful drive.

◆ Number of TRANSCARE series sold



※6 TRANSCARE
It is coined by combining "Transportation" and "Care". The wording was registered as trademark in 1997 as generic name for SUBARU's welfare vehicles.

※7 Wing Seat: The electric-powered seat rotates with simple switch operation for easy getting and out.


LEGACY with Wing Seat

Creating Better Working Environment

SUBARU is making efforts to innovate the corporate culture aiming at a “Cultivate Group with Open Generosity and Aggressiveness”.
To aspire for creation of the energetic organization with rich originalities, we are establishing challengeable systems for employees not only for wage, but also for considering own carrier plan or self-development, and moreover for welfare.

Human Resource Development

Enhancing Support for “Self-Development with Challenging Spirit”

SUBARU is enhancing support for our ideal talents who are “Self-Development with Challenging Spirit”, through bringing up those who can identify an issue by themselves and find a solution to get what are sought after.

In FY2009, we were engaged in implementation of measures to develop next-generation management personnel and upgrading training programs for the young generation. In FY 2010, it is planned to put a training program for the newly promoted in practice at all skill levels, which provides curriculums oriented to “solving logical problems”. In addition, a professional program to acquire and/or improve business skills will be practiced and an approach to nurture global-oriented human resources will be proceeded.

◆ Educational Organization Chart

Mission Grade/ Ability-based grade		Company-wide programs: Education by ranks		Buildup management level		Education by ability-based grade		Language Study / internationalization	Self-development support	Indivisual programs at each site
Manager class	Grade E	Grade E Training	Career plan Training for Manager Class	Human resource development training	Special Training for Manager Class ex ● Coaching ● Finance etc	Professional Program ex ● Logical Thinking ● Leadership ● Time Management ● Presentation ● Financial Analysis etc	Education by Ability-based grade ex ● Intellectual property ● Financial accounting ● Legal work ● Quality specialty etc	Language Study・ Training for Internationalization Programs	Correspondence Education	Training at each business site Each program and Official certification support
	Grade L	Follow up Grade L Training / New Grade L Training								
	Grade M	Follow up Grade M Training / New Grade M Training								
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 S Chief Training / New T1 Training / New S1 Training / New T2 Training / New S2 Training / New T3 Training / New S3 Training	Career plan Training for Regular Employee Class	Performance Review training						

To Make a Pleasant Work Site for Everyone

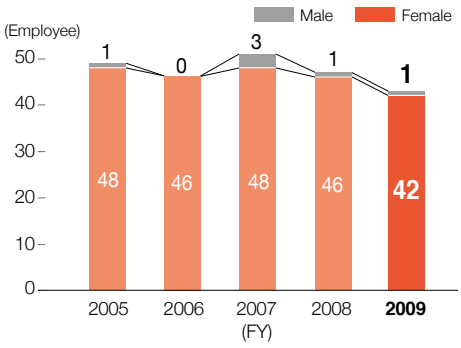
Supporting life balanced between work and home

We believe that developing fully each employee’s potential requires supporting them to have both work and home properly balanced, and for that matter it is important to improve their working environment. Specifically, a Child-care Leave system which allows extension of leave until the end of April in second birthday year of a child, and another system for shorter working hours until the child reaches its elementary school age were introduced to improve the environment for employees with young children. We worked out voluntarily the secondary action plan for FY2007 to FY2009 under the Next Generation Education and Support Promotion Act (“Act”), we were certified second time by Director of the Tokyo Labor Bureau as a private sector employer.

In FY2008, we worked out new measures including the coverage expansion of the work-short-hour program for child care to the employees until their children start their 4th grade of primary school (used to be until starting the 1st grade of primary school), which is printed in the “Maternal Leave and Child-care Leave Handbook” released in April, 2009. For all employees with young children, we introduce those programs and try to improve their environment.


Certification mark

◆ The number of Child-care taken employees



Close Up

A Father who took Child-care Leave

Customer Center Planning Dept.
Michitoshi Ichiyanagi

Thank you for great support for my boss and co-workers, I could take 40days Child-care Leave.

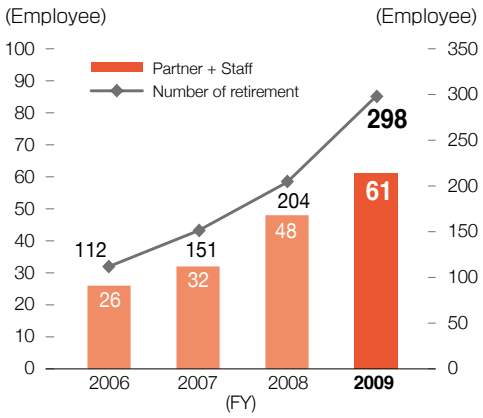
Struggles to rear three children including twins harboring a thought of necessity to get fathers involved in childcare and a letup in a work project presented an opportunity to take leaves.

Regardless whether it is work or childcare, things will not go as expected. I have learned that children will not move unless motivated in child rearing. I will make use of this finding in my work. The Child-care Leave made me not only help my wife with her housework and childcare, but also indeed rediscover myself.

Promotion of Reemploying after the 60-year-old retirement

SUBARU introduced the “Senior Partner Program and Senior Staff Program” in 2003 to re-hire employees after the 60-year-old retirement age for reemployment of the aged and better draw on human resources. We revised part of this program to tune with the after-retirement age employment to 65 years old, which became mandate by the “Revised Law Concerning Stabilization of Employment of Older Persons.” In FY2006, we reviewed this program again for more active use of resources by re-employment. We will promote re-hiring senior people after the retirement at 60 to use their experience and abilities for fostering juniors through handing down their expertise in this program.

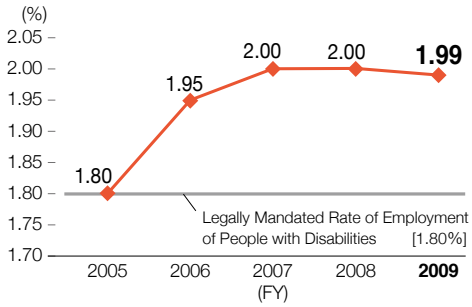
◆ Trend of the Employing Senior Staff / Partner

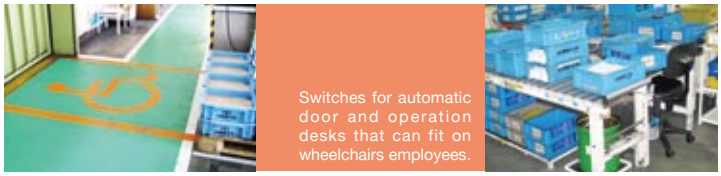


Promoting the Employment of People with Disabilities

The percentage of SUBARU employees with disabilities was 1.99% as of March 2010, exceeding the legally mandated rate of 1.80%. 157 employees with disabilities work at SUBARU at present. To reduce their work load, we are making efforts of promoting universalizing of plant and environmental improvement. Some Opinions from families of employees with disabilities were used as reference to improve environment at some department. 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.

◆ Trend of the Rate for Employing People with Disabilities





Switches for automatic door and operation desks that can fit on wheelchairs employees.

Communication with Labor Union

Enhance mutual trust

Fuji Heavy Industries Ltd. and its labor union have the “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 both the labor and management to keep a good relationship.

Close Up

The Best Products Come From a Pleasant Work Site

Human Resource Department
Labor Relations Group
Yousuke Sutou

Sports grounds and stadiums require ground keepers who work to keep the ground in top condition for athletes and players. They not only maintain the ground’s beauty, but also make up the best ground condition by listening to voices of athletes and players who actually compete and having them reflected through piling up maintenance efforts to details.

The best products come from a pleasant work site. We in Human Resource Department work to maintain the personnel system by listening to voices of employees to create work sites where each employee can prove himself to the limit. We believe that we can deliver the best products to customers from such pleasant work sites. My goal is to provide the best ground through my work to all people including customers and employees.

Industrial Safety and Health

Basic Philosophy of Health and Safety

"Health and Safety take priority in any business"

Basic Policy of Health and Safety

Aiming for no disasters regarding industrial 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

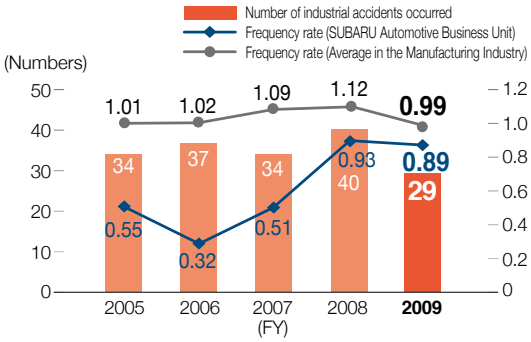
SUBARU has been conducting activities to help individuals raise their safety awareness, improve management of workplace, and eliminate risks. To raise awareness, KYT※1 and the Hiyari Hatto※2 Activity were implemented. To improve management of the workplace, a self-management activity called TSZ※3 was introduced at an early stage in each workplace.

SUBARU also makes efforts to further improve occupational health and safety levels and prevent industrial accidents. Towards these ends, we introduced a new risk assessment system to the Manufacturing Division where the Occupational Health and Safety Management System※4 had already been implemented, and are constantly working on improving the Management System by internal auditing.

A Scene of Safety Risk Review Meeting at Gunma Manufacturing Division

※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 disasters).
※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."

◆ Trends in Industrial Accidents Occurrence



Health Care

It is important that employees are always in good physical and mental condition to show and make use of their skills and abilities to the full our business activities. To help reduce the amount of employee sick leave, we have been working on the early detection and treatment of disease by adding extra items to the list of legally mandatory diagnostic items.

In addition, we take measures to care for employees' mental health according to the four items advised by the government. For example, the Mental Health Counseling Consultation Services have been established at all our business sites, where employees can consult clinical psychotherapists in person.

Mental education for new employees

Making Comfortable Workplace

The Comfortable Workplace policy into reality, we are making an effort to improve each item such as operation environment, operation method, environmental equipment, etc. To realize ideal working conditions, we improve some facilities as well as rest place, bathroom, smoking area, and cafeteria and promote universal.

Example of KAIZEN at workplace

The initial reaction when pushing a heavy for load for carriage is quite a burden for females and aged people. A hand assist is added to make the job less burdensome.

A carriage with hand assist

Held a Safety Driving Training

SUBARU is making various efforts to prevent traffic accidents that might occur in the course of business activities, commuting, or private time.Gunma Manufacturing Division and Tokyo Office offer rudimentary classes for safety driving of motor cycles and driving skill trainings for 62 employees.

Gunma Manufacturing Division holds Safety Driving Training as a self traffic safety activity. People learn not only how to drive, but also drivers' dangerous behaviors, timely way to turn right and others from pedestrian perspectives.

Motor cycle policeman gives advice to FHI employee

With Gratitude to the Local Community

SUBARU has established a Social Contribution Policy as one of the CSR activities with 3 pillars (environmental activities, traffic safety, contribution to local communities) 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.

Support of Volunteer Activities

Award system to enhance employees' awareness of volunteer activities

There is a program established in FY2006 to award employees selected from those who participate in volunteer activities off duty. There are three categories to be eligible for applying for such awards: "social and welfare", "sports, cultural and youth development" and "local hazard prevention and safety". People judged to have shown the most outstanding contribution in each category were awarded since the inception of the program.July 15th, 2010, At the 5th Volunteer Award, 2 receivers awarded by "local hazard prevention and safety" category and "sports, cultural and youth development" category.

2 receivers of the 5th Volunteer Award and Mr. Okuhara, Chairman of the CSR and Environmental Committee
From left : Mr. Hiroyuki Kaneko, Mr. Okuhara, Chairman of CSR and Environmental Committee, Mr. Kazuo Hoshino

Social Contribution

Aid for Victims of Disasters

■ Aid for victims of the Earthquake in Haiti (January, 2010)

SOA supported American Red Cross both locally and for relief efforts in Haiti.

■ Aid for victims of the Earthquake in Chile (February, 2010)

SUBARU donated monetary donation 10,000US dollars and Industrial Products Company donated 61 Electric Generators (approximately 4,350,000yen including transportation charge). Chile dealers and local dealers donated to disaster-affected area. Additionally 250 volunteers engaged in reconstruction assistance.

Reconstruction assistance volunteers and community residents in Chile

Activities to Spread Traffic Safety

SUBARU is making various efforts to prevent traffic accidents that might occur in the course of business activities, commuting, or private time.

In December 2009, Saitama Manufacturing Division invited officers from Traffic Enforcement Division of Konosu Police Station for a lecture meeting on traffic safety titled "Predicative Driving to Avoid Traffic Accident". The meeting taught us the importance to be safety-conscious and constantly aware that any careless traffic accident is none of their business but ours.

Education to Prevent Traffic Accident in Saitama Manufacturing Division

At SIA in May 2009, SIA Traffic Safety Fair was held for young less-experienced drivers. At the fair, they were provided with traffic safety guidance and learnt how to maintain cars and how to install child seats. In addition, they experienced first-hand the importance of wearing seat belts and the danger of drunken driving through a device to confirm the effectiveness of seatbelts and actually driving a car wearing goggles which enables them to go through simulated drunken conditions.

Experience of drink drive with a "Drink-Drive experience goggle"

Learning importance of seatbelt.

Clean Up Local Area

June 2009, Utsunomiya Labor Union held a “Clean Campaign” which cleans up and cuts grass around the Utsunomiya Manufacturing Plant. 440 employees attended to this activity as volunteers. Community residents give them favorable opinion for this activity every year.

SCI participated in the Earth Day, named 20minutes Make Over keeping their local city clean and green. Employees took almost 30minutes picking up litter around their business property and separating wastes. Additionally, for participating in this event a tree was planted at local city park by the city on behalf of SCI.

Clean Campaign
(Utsunomiya Labor Union)

Earth day, 20minutes Make Over(SCI)

SUBARU Delivery Class on Environment

We have a program to send our employees to local elementary schools to make a presentation titled “Mechanism of Global Warming” with a bit of experiments. This is based on our desire to let children who carry a torch of “creating things” in the next generation understand the current situation of environmental problems and to offer them an opportunity to realize these problems and take actions on their own through our involvement in environmental preservation. This program kicked off in FY2004 at Gunma Manufacturing Division with 16 subject schools spread to Utsunomiya Manufacturing Division and Tokyo Office with a total of 57 subject schools or about 3,100 pupils in FY2009.

SUBARU Delivery Class on Environment

SUBARU Visitor Center

The SUBARU Visitor Center opened in July 2003 at Yajima Plant of Gunma Manufacturing Division receives the general public throughout the year for plant tours. In FY2009, 87,813 pupils from 1,074 elementary schools and 10,256 other people for a total of 98,069 people visited SUBARU Visitor Center and participated in plant tours.

*All about a Plant Tour application (10 to 200 people) and Visitor Center detail information, please refer FHI HP.
http://www.subaru.jp/about/showroom/vc/index.html
[Japanese Only]

SUBARU Visitor Center

SUBARU Community Exchange Association

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

■ FY2009 Principal Activities

- Scholarship offered to orphans from automobile accidents [April]
- Supported Ota Shibazakura Festival [April]
- Sponsored Japan Urban Green Fair [April]
- At "Flower-full Activity" flower saplings were distributed [July, December]
- Cleanup Kanayama Activity [May]
- Held Friendship Charity Concert [June, November]
- Traffic Safety Activity [October]
- Sponsored Jyousyu Ota SUBARU marathon [October]
- Sponsored Atelie–Fantasy street [October]
- Cleanup Activities around the plants [member of SUBARU Community Exchange Association / twice a month]

Please refer SUBARU Community Exchange Association HP to see detailed information. Ichitan Co., Ltd., Kiryu Industrial Co., Ltd., and Subaru Logistics Co., Ltd., three of them are members of this Association. [Japanese Only]

Close Up Subaru of China Social Contribution Activity ①

Subaru of China (SOC) which sells SUBARU automobiles in the Chinese market positively now supports activities for environmental protection and charity. In 2008, it established "SUBARU Ecology Fund" in cooperation with China Wildlife Conservation Association (an organ of China's State Forestry Administration). With the purpose to contribute to the society through the support of the ecological protection and development of environment-friendly vehicles as a automobile manufacturer, It donated through the fund one million yuan (about 15 million yen) each in 2008 and 2009. SOC also runs a program called "SUBARU Ecology Award" to annually honor groups and individuals who made great contribution to ecological protection. At the second commendation ceremony held in Beijing in FY2009, 14 excellent groups and 38 individuals were awarded.

A Scene of "Subaru Ecology Fund" Awards ceremony in December 2009

Subaru of China Social Contribution Activity ②

The old school building to be rebuilt with support of "the SUBARU Project Hope" (Right in the photo). The new building will be used as a dormitory for children.

The principal, teachers and pupils of "the Project Hope School" are shown with SUBARU owners at the ground breaking ceremony in October 2009.

SOC is engaged in a welfare program to support children in rural areas who cannot go to school for economical reasons through "The SUBARU Project Hope" conducted by China Youth Development Foundation. In FY2008, 1.5 million yuan (about 22.5 million yen) was donated to build schools and libraries at three locations in Sichuan Province which were hit hard by earthquakes. In FY2009, 0.55 million yuan (about 8.25 million yen) was donated to build another school in Sichuan Province. In addition, support was provided to 15 elementary and junior high school pupils and students who could not attend school.

SRD introduced a Japanese culture "Mochitsuki" performance in local university

Preparing mochi at the festival by SRD employees

In January 2009, SRD participated in an annual event held by the University of Michigan Center for Japanese Studies. SRD introduced a Japanese culture "Mochitsuki" performance and employees prepared mochi, a sticky rice cake, by pounding it with wooden hammers and fresh mochi was provided. Some of the participants were from long distances, and more than 600 people participated in this event. Because of great success the event was picked up on the local news web site. This event was a really good opportunity to introduce Japanese traditional culture as well as Calligraphy, Origami, Kamishibai, to the local community.

Establish Mutual-Beneficial Relationship

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 thought.

1) Compliance & Green Procurement

We will engage in procurement activities in a way to harmonize the man, society and 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 Anti-Monopoly Act and 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” that was announced by 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 FHI HP as for “Fair Trade Consultation Service for Suppliers” and “Green Procurement Guideline”. [Japanese Only]

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

A scene of FY2009 Procurement Policy Explanatory Meeting and Suppliers Award ceremony

We communicate effectively with our suppliers every year through Quality and/or Procurement Policy Explanatory Meeting and introduce Compliance Hotline reception desk.

Positive Information Disclosure

Business performance and plans will be disclosed positively 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.

Together with Shareholders

Positive Information Disclosure

In our website we provide the special page “Investor Relations” for Shareholders and Investors, to introduce our latest IR information. At present, more than 670 people registered for free IR mail service which provides the updated IR-related information such as financial statement reporting. The IR site for access by mobile is also open.

Our IR site was chosen as “the Best IR site (by industry, 1st prize)” (out of about 4,000 companies surveyed) in “the 2009 Listed Companies’ Internet IR Fulfilling Ranking.” by Nikko Investor Relations Co., Ltd. and was also ranked 10th (out of about 4,000 companies surveyed) by Gomez Consulting Co., Ltd. in Gomez IR Site Total Ranking.

For our latest IR information, please refer FHI HP

http://www.fhi.co.jp/ir/index.html

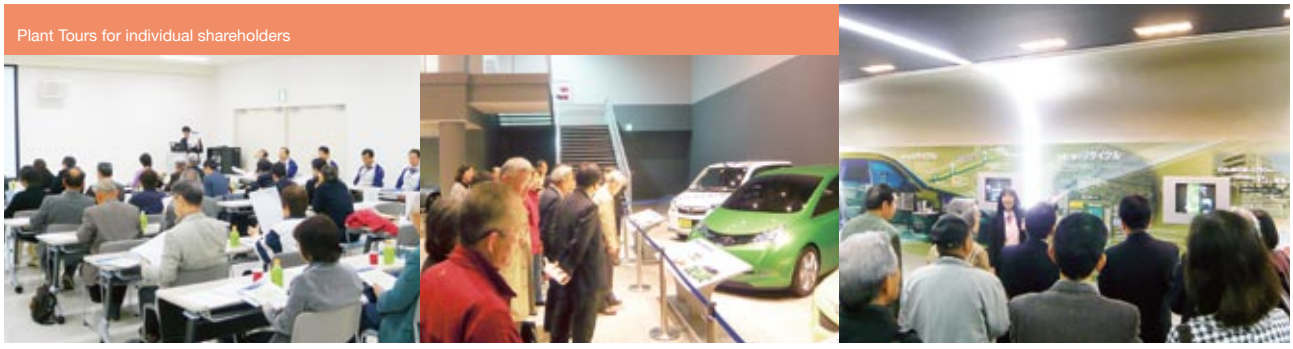
Plant Tours for our Shareholders

We have been holding plant tours for 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, we set aside a questions and answers session to hear their views and/or opinions. We expect that they would communicate with our officers at the session. Their opinions will be reviewed and reflected in various improvements.

Company Information Meeting for Individual Investors

Fuji Heavy Industries Ltd. began a company information meeting this year for individual investors. At the meeting, we are trying to get our company understood better by explaining items of interest including the company history and the recent performances and through the questions and answers session. Such meetings will be periodically opened in future.

Plant Tours for individual shareholders



FHI HP

FINANCIAL REPORT 2010

Close Up

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 positive disclosure of information to all of you. Such examples include presenting materials easy to read by improving our home page and plant tours to shareholders for better understanding of our production activities. Starting from last year, we made it possible for shareholders to exercise their voting rights on the internet instead of in writing for convenience when they find it difficult to attend a shareholders’ meeting.

From General Administration Dept, Head Office

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”, a policy for carrying out environmental conservation. SUBARU has also established guidelines for specific actions “The Operating Criteria for Environmental Conservation” in order to promote the Policy in April 1998. Involving all of the 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 for sustainable development of the society.

Also, to say nothing of strictly observing laws and regulations, local agreements and industries’ codes, we will get ourselves committed to contribution to the society and local communities, voluntary on-going improvements and prevention of pollution.

Green Products : Design and Research and Development of environment-friendly products of SUBARU brand
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 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

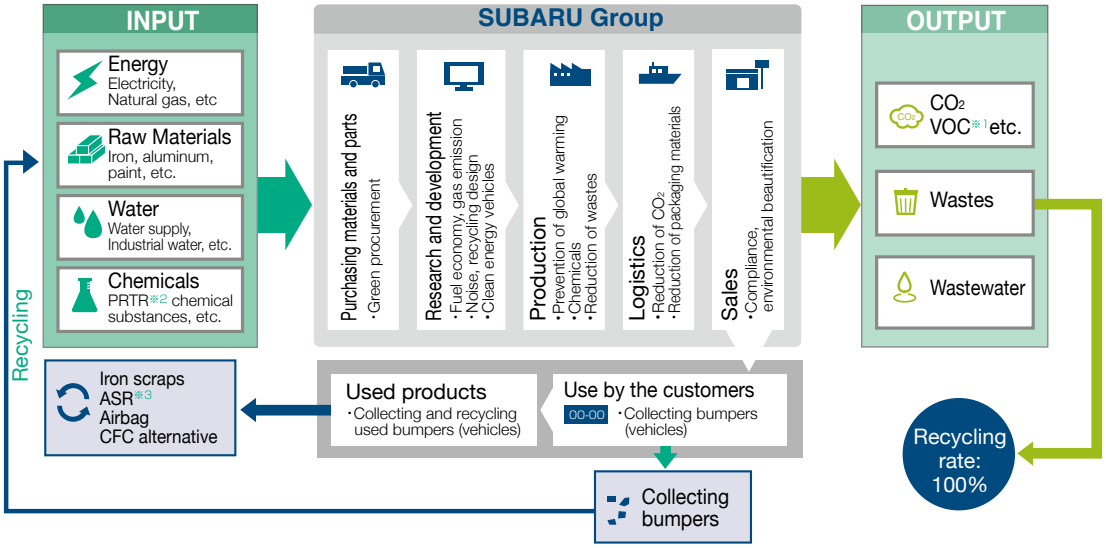
New “Environmental Card” was distributed to all employees.
One side is written New Environmental Policy, and the other side is written CSR Policy.

Corporate Activities and Environmental Impacts

Aiming for 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, however, automobiles require limited global resources as materials and fuels. Consequently, they emit CO_2, which causes global warming, as well as other air pollutants. We believe that automobiles reflect an affluent society but fully understand that automobiles have such disadvantages, as well as advantages. With these in mind, we must work hard for a better future. SUBARU accepts the task to aim for fusion of the global environmental response (drastically improving fuel economy and reducing gas emission) and the benefits of automobiles (pleasant driving, comfort and reliance) by considering the environmental impacts and reducing the environmental burden through the lifecycle of development, production, use, disposal, and recycling of automobiles.

◆ SUBARU's Overall Environmental Burden Concerning Automotive Business

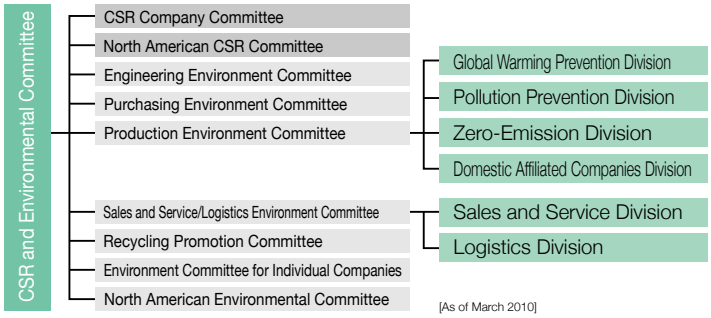


※1 VOC: Volatile Organic Compounds which are volatile at normal temperature, including formaldehyde and toluene. They are recently viewed as a factor in sick house syndrome making people sick with irrsitation in eyes, nose and throat in newly built houses or buildings.
※2 Pollutant Release and Transfer Register
It is the system to grasp , sum up and show the data how much pollutant diversified chemicals was discharged or included and moved.
※3 ASR:Automobile Shredder Residue: Residue after scrapped metals for recycling removed from shredded car body. It is also called Shredder Dust.

Organization

We have a committee to achieve the objectives of the Environmental Conservation Program to embody the Operating Criteria for Environmental Conservation under the Environmental Policy. This committee chaired by an officer in charge of environment-related matters is a body run by representatives from all the business units. They met in May 27 and December 10 in FY2009. In this committee we will proactively tackle issues to reasonably manage CSR and environmental conservation.

◆ Organization Chart



[As of March 2010]

Establishing an Environmental Management System

We already acquired ISO14001 certification for all 5 business sites※4, including the head office, in FY2004. In FY2009, FHI labored to get integrated ISO 14001 certification for more streamlined promotion of EMS already authenticated at 5 business sites.

Additionally, Domestic SUBARU dealerships promote to obtain not only ISO14001 certification but also Eco-Action21※5 certification.

※4 5 business sites: Head Office and in Gunma, Tokyo, Utsunomiya and Saitama
※5 Eco-Action 21 measures play a critical role among the Japanese government's range of plans to build a sustainable society.

Environmental Communication

SUBARU has arranged contact channels to maintain communication with local residents in each business area, and distributed environmental information in a variety of ways. In the SUBARU Visitor Center in the Gunma Manufacturing Division on page 35, we have a “Recycling Lab” to introduce our approaches to tackle environmental issues. Also, in Utsunomiya Manufacturing Division, we have an exhibition room introducing our activities to recycle wastes.

◆ Our Environmental Communication Tools

Environmental information on FHI internal website

Environmental information by car model on the FHI HP

Yearly CSR and Environmental pamphlet targeting children

Environmental Performance Evaluation System

SUBARU introduced an “Environmental Performance Evaluation System” in FY 2002 to promote performance in environmental issues. This system is designed to evaluate how reasonable and effective our approaches to environmental preservation were in the year before by reviewing performance appraisal charts every year as compared with others in the same trade. The evaluation result for FY2009 was 70.5% in total, and we were able to get across the targeted 70% for the second consecutive year.

The following were pointed out as main items for further improvement:

- Unit based CO_2 emission reduction
- Approaches to environmental conservation as the SUBARU group including ones overseas
  (Setting mid- and long-term targets and planting EMS at more locations)
- Promotion for more local contribution activities

Environmental Education and Enlightenment

In FY2004, we prepared company-wide unified textbooks for environmental education. We have continued educating different levels of employees, ranging from new recruits to those receiving promotions every year.

In addition, we are trying to carry out activities according to the plan, including emergency drilling based on the Environmental Management System (EMS) of each business unit and company, general education on environment conservation for all the employees, Operations Improvement Case Study Presentation and educational support to business partners.

A scene of Environmental Training for affiliated companies' new employees in Gunma Manufacturing Division.

Environmental Accounting

Working on efficient management by understanding environmental costs and effects in FY2000 we introduced environmental accounting. Our environmental costs in FY2009 were 16 billion yen, an increase of 250 million yen compared to the previous fiscal year. This was due to an increase in R&D spending.

On the other hand, economic benefits from our environmental activities totaled 1.78billion yen.

While there was a saving from energy reduction, the reduction in revenues form selling valuable resources offset the saving, resulting in a reduction in total by 110 million yen from last year.

* For more details of cost data, please refer page as following in this report
- FHI Non-Consolidated: page 47-48
- 5 Domestic Affiliated Companies: page 49
- 5 North American Environmental Committee: page 50

Continuous Improvement for Environmental Issue

Overview of the 4th Voluntary Plan for the Environment

The Environmental Conservation Program covering the period from FY 2007 to EY2011

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 guideline of not only Fuji Heavy Industries, but also the other group companies, we will positively cope with environmental issues continuously for their solution.

We are introducing the Performance of FY2009 and Plan for FY2010 with the items of activities.

＊Please refer page 43-44, we provide the 4th Voluntary Plan for the Environment (FY2009 actual performance and FY2010 plan) with all items.

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 CO_2 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 generation 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/m^2) 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 domestic and international suppliers to establish Environmental Management Systems and reduce substances with environmental impact.
- We will support the environmental activities of dealerships.
- We will conduct social contribution activities and disclose environment-related information.

The 4th Voluntary Plan for the Environment

◆ [The 4th Voluntary Plan for the Environment] Promoting the Environmental Conservation Program (FY2007-FY2011)

[1] Green Products

Ev. : Evaluation, ○ : Achieved, × : Not Achieved

Items	Targets and Actions	FY2009 Actual Performance	Ev.	FY2010 Plans
Improving fuel economy [Automobiles]	Continue to improve fuel economy (FE) for every full model change and annual model change.	◆ The Linearelectronic CVT was mounted on the new Legacy to improve fuel economy. It was also mounted on the EXIGA for less fuel consumption.	○	FE to be Improved continuously on any fully or annually changed models.
	Increase models that achieve FY2010 FE Standards.	◆ The number of cars which perform 15% better or more compared to the 2010 target fuel efficiency standards increased 19 point and became 60%. ◆ The FY2010 Standards achieved in all weight categories.*1	○	The scope of vehicles which meet the FY2010 Standards by over 15% imprived to be expanded.
	Promote improvement of FE toward for FY2015 FE standard.	◆ Going on improving toward the FY2015 FE 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 Standard for exhaust emissions in order to further reduce exhaust emissions and promote the use of low exhaust emission vehicles.	◆ Cars with emissions down 75% from the 2005 Standards (☆☆☆☆) upped to 70% of the total production. ◆ Cars with emissions down 50% from FY2006 Standards (☆☆☆) upped to 94% *1 beyond 90%.	○	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.)
Developing products using clean energy	Hybrid vehicles: Develop a new hybrid system etc. in collaboration with new alliance partner. [SUBARU Automotive Business]	◆ A new hybrid system in collaboration with new alliance partner under development.	–	Development of a new hybrid system to be continued.
	Electric vehicles: Develop vehicles for launch on the market in addition to business use. [SUBARU Automotive Business]	◆ The Plug-in STELLA was released for lease sales in July, 2009 and 161 units were shipped to government offices, local municipalities and corporations for their business use.	○	The Plug-in STELLA continues to be available in the market.
	Continue development of wind turbine systems and market expansion. [Eco Technologies Company]	◆ 10 units of the 2,000 kW-class large-scale wind power generation system (SUBARU80/2.0) were built and put in use.	○	Sell the large wind turbine system to be promoted, while improving further the performance.
	Expand market for applied products which use LPG/CNG engines. [Industrial Projects Company]	◆ LPG/CNG V-Twin engine for OEM in USA was completed and put in service with CARB/EPA gas emission certification.	○	The market for dual-fuel spec engines will be tapped for further growth.
Improving recyclabillity [Automobiles]	Improve design to increase recyclabillity in new models to achieve a recycling rate of 95% in 2015.	◆ The materials recycling ratio was 82.1% for shredder dust, meeting the legal standard (70% for 2015 and thereafter) ahead of time. The actual recycling ratio in terms of vehicle was 97 %, achieving the target of the voluntary plan earlier than scheduled. ◆ Recycling rate of air bags met the legal standards with 94.1%. ◆ Recycle-efficient olefin resin used for most of resin materials for new cars. Its wide use to continue after 2010.	○	Recycling rate to be further upped. Recycle-oriented new car design to be further enhanced.
Reducing substances with environmental impact [Automobiles]	Enhance management of substances with environmental impact and further reduce the use of such substances.	◆ The scope of application of lead-free solder to electrical and electronic parts such as switches and relays around the instrument panel and sensors of the air conditioner was expanded.	○	Replacement of lead compounds with the non-lead will be promoted step by step.
Reducing exterior noise [Automobiles]	Continue to promote development of technology to reduce noise that is compatible with both fuel economy improvement and exhaust emissions reduction.	◆ Taking an advantage of CVT, noise reduction as well as improvement in fuel economy and emission performance in urban districts were promoted simultaneously.	○	Technical development for noise reduction will be promoted with the driving mode on city streets in mind.
Curbing global warming regarding air conditioning refrigerants [Automobiles]	Promote futher reduction in the amount of refrigerant (HFC134a) per vehicle.	◆ An energy-saving device was installed on the new models to reduce the use of refrigerant.	○	The use of refrigerants will be further reduced.
	Advance the development of air conditioner with low GWP refrigerant.	◆ The development of low warming potential refrigerant air conditioners is in progress.	○	The development of air conditioners using low warming potential refrigerants will further pushed for.
Research on traffic environments [Automobiles]	Work further on Intelligent Transport Systems (ITS) that realize a safe and comfortable motorized society.	◆ We took part in the Advance Safety Vehicles Project by the Ministry of Land, Infrastructure and Transport and conducted verification tests on public road. ◆ The advanced safety drive assist system "New EyeSight" combined with collision avoiding pre-crash brake system was developed.	○	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. [Eco Technologies Company]	◆ The motorized refuse collection vehicle "Fuji-mighty Electra" was developed, which leads to saving energy and CO_2 reduction. ◆ In the area of logistic environment, involvement in modal shift business for saving energy and CO_2 reduction was credited with the Director-General of the Marine Bureau of Ministry of Land, Infrastructure, Transport and Tourism Award.	○	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.
	Advance robot-related businesses for conservation of power,labor and energy. [Eco Technologies Company]	◆ A new office building cleaning robot system developed jointly with Sumitomo Corporation was introduced. ◆ A small cleaning robot for cleaning large number of toilets at service areas was developed jointly with Central Nippon Expressway Company Limited and introduced for practical use.	○	Keeping on spreading the service robots business further.

*1 This is one of the goals of the 3rd Volntary Plan for the Environment (FY2002 through FY2006) and has been achieved in FY2007.
*2 ITS Promotion Association which is organized by some Ministries who promote safety drive with ITS and delegations of Industrial market.

[2] Clean Plants

Items	Targets and Actions	Actual Performance in FY2009	Ev.	FY2010 Plans
Curbing global warming	Aim to reduce CO_2 emissions by 15% from manufacturing plants compared to FY1990 level by FY2010.	◆ CO_2 emissions reduced by 25% against FY1990.	○	CO_2 emissions to be reduced by 15% against FY1990. Add-on challenge : We will proceed with carbon dioxide reduction by 22 percent against FY 1990.
Control and reduction of substances with environmental impact at manufacturing plants	Continue reducing emissions of PRTR chemical substances to the environment.	◆ Reduced emissions by 68.4% against FY1999.	○	Further efforts for reduction will be made, while meeting the revision of the Pollutant Release and Transfer Registers (PRTR) Law.
	Reduce volatile organic compound (VOC) emissions (g/m^2) in vehicle production lines by 30% compared to the FY2000 level by the end of FY2010.	◆ Emissions reduced by 42.2% in g/m2 against FY2000.	○	The reduction level of 30% or higher in g/m^2 against FY2000 to be maintained.
	Reduce environmental rinks throuth Environmental Risk Assessment and totally eliminate the occurrence of incidents, claims and cases where voluntary standards are exceeded	◆ In FY 2009, the following complaints and problems were reported: 4 environment-related complaints, 1 exceeding the voluntaly standards and 6 incidents of leaking within the premise. There was no case the exceeding a legal standard, and incident of leaking outside the premise.	×	Activities to eliminate any accidents, complaints and cases of exceeding voluntary standards will be promoted.
Reducing wastes 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.	◆ Wastes in FY2009 totaled 64,938 tons, a reduction by 27.8% against FY1999 and 4.5% against FY2008.	○	Additional measures will be taken to control the emissions.
	Continue zero emissions (zero level of landfilled waste both directly and indirectly).	◆ Zero emissions for both directly or indirectly landfilled kept (including incineration sludge 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.	◆ Reduce water used by 54.4% compared to FY1999. [Target of FY2009: Cut by 46.3% compared to FY1999]	○	Water used to be reduced by 49.2% compared to 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 completed establishment of the system.	◆ 100% of our suppliers (561) have established EMS. ・Automotive Business: 360 ・Aerospace Company: 58 ・Eco Technologies Company: 45 ・Industrial Products Company: 98	○	New suppliers is 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.	◆ Changeover of the parts as regulated by EU directives was completed. Changeover of the parts as regulated by EU directives was completed.	○	Changeover to lead-free soldering will be advanced. Keep taking actions to meet the SVHC in REACH requirements.
	Set CSR procurement guideline, and spread to the suppliers.	◆ Preparation for setting CSR procurement guidelines was stepped up.	○	Preparations will be made to set a new CSR procurement guideline in FY2011.

[3] Green Logistics

Items	Targets and Actions	Actual Performance in FY2009	Ev.	FY2010 Plans
Reducing the environmental burden caused by logistics	Be certain of meeting the Revised Energy Saving Law. ● Try to reduce energy used per sales by 5% compared to FY2006 by the end of FY2011.	◆ The energy used per sales was reduce by 25.3% against FY2006 and by 7.8% against FY2008.	○	Energy used per sales to be kept reducing 25% against FY2006
	Offer support and cooperation to environmental activity groups.	◆ The total amount of packing and packaging materials was reduced by about 250 tons against FY2006 and by about 100 tons against FY2008.	○	Further reduction will be pursued by such measures as applying returnable packaging materials to more items.

[4] Green Dealers

Items	Targets and Actions	Actual Performance in FY2009	Ev.	FY2010 Plans
Promoting environmental conservation activities at dealers	Support environmental conservation activities by dealers.	◆ We supported dealers to acquire the Eco-Action 21*3 certification. 20 out of 45 SUBARU dealers acquired the certification by the end of FY2009.	○	Keep promoting a support to obtain EA21c-ertification.
	Continue to collect used bumpers.	◆ 38,733 used bumpers were collected.	○	Collecting used bumpers to be continues.
	Continue to collect changed warning flares.	◆ 135,000 changed warning flares were collected.	○	Collecting changed warning flares to be continued.
	Continue to comply with the ELVs Recycling Law.	◆ FY2009 recycling achievements based on the ELVs Recycling Law ● Shredder dust recycling rate reached 82.1%, achieved 70% the legally required after FY 2015. ● CFCs were collected from 162,829 vehicles (49,011kg) and disposed properly ● Airbags from 75,844vehicles (15,101kg) delivered to recycling facilities, and 14,210g recycled with a recycling rate of 94.1%, exceeding the legally required 85%	○	Compliance with the ELVs Recycling Law to be continued for higher recycling rate

*3 Eco-Action 21: 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

[5] Improving Environmental Management

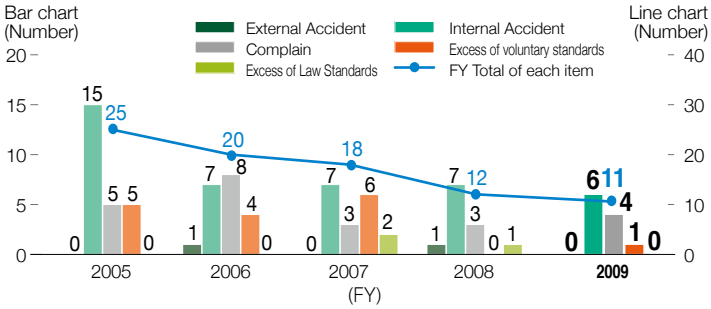
Items	Targets and Actions	Actual Performance in FY2009	Ev.	FY2010 Plans
Implementation of Social Contribution Activities	◇ Continue to join environmental events, communicate with local residents at plants, and welcome visitors to plant tours. ◇ Continue to join cleaning and tree-planting activities in local communities around plants. ◇ Offer support and cooperation to environmental activity groups.	◆ Visitors for plant tours exceeded 100,000. SUBARU Delivery class on Environment project provided to about 3,100 people at local elementary schools. ◆ A total of more than 210,000 people mobilized for continual local cleaning around plants. ◆ We made donations as before to forestry promotion committees in local communities and others.	○	Continuous execution of Plant Tour, some event at FHI plants, and SUBARU Delivery Class on Environment project Cleaning activities around plants to be continued.
Environmental Information Disclosure	◇ 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).	◆ S & E Report name was changed to CSR report and issued in Aug (Japanese) and Sept (English). ◆ Efforts made to improve the contents including the Supplementary for Data, showing them on website. ◆ Compliance rate with 2007 S&E guideline was raised. ◆ Participated in Eco Products Exhibition 2009 and appealed our products such as EV and Wind Power Generation System.	○	2010 CSR report will be issued by Aug, 2011 (Japanese). More efforts will be made to improve the contents including each sites activities on website version. We will be participated in Eco Products Exhibition 2010 and appeal our environmental products.
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.	◆ The environmental education was conducted to employees by skill level and type of operation. ◆ Environmental education promoted through in-house magazines and intranet. ◆ KAIZEN Presentation Contest or Energy Saving Contest were held at each business unit.	○	Trainings, education and presentation meetings to be further promoted.
Environmental Management System Establishment	◇ Continue to improve the EMS at all business sites with ISO14001. ◇ Continue to improve cooperation with affiliates and establish consolidated EMS.	◆ Acquired ISO14001 Corporate Integrated Certification ◆ Additionaly, Environmental Policy and the other regulations were reviewed. ◆ Domestic Affiliated Company Subcommittee and North America Environmental Committee each held twice to promote Environmental Management as a group.	○	Fuji Heavy Industries Ltd. labored to get integrated ISO 14001 certification for more streamlined promotion of Environmental Management System (EMS hereafter) already authenticated at five business sites

Observance Status of Environmental Laws and Regulations

Excess of Environmental Laws and Regulations, Environmental Accidents/Complains

The right graph shows the trend of excess of environmental laws and regulations, environmental accidents/complains past 5 years. Total amount (line chart) tends to decrease year by year. As the diagram below indicates, we took corrective actions.

◆ The trend of excess of environmental laws and regulations, environmental accidents/complains



◆ FY2009 the Number of Environmental Complains and Detail

We received 4 complains related to the environment in FY2009 as following diagram. In FY2008 we received 4 complains as well.
We will proceed with our effort aiming at zero complain.

Name of manufacturing division:	Number of cases:	Details:	Main corrective measures:
Gunma Manufacturing Division	2 (odor)	June, 2009 : We received a complaint from a resident on the north side of Gunma Main Plant about odor from the effluent treatment facilities.	The odor was caused by decomposed coolant stored in a reserve tank at the effluent treatment facilities. Use of the tank is prohibited and routine odor measurement is now in practice. We explained what actions were taken to those concerned including the local administration and the heads of the affected local communities, which was accepted by them.
		December, 2009 : We received a complaint from a resident on the west side of Gunma Main Plant about paint odor and flying mist.	Release and flying out from the paint process were the cause. Routine replacement of absorption filters and setting of mist prevention nets are the corrective actions taken. We explained what actions were taken to those concerned including the local administration which was accepted by them.
Aerospace Company (Utsunomiya Manufacturing Division)	2 (noise)	July, 2009 : We received a complaint from a resident on the south side of Utsunomiya Main Plant about noise of air leaking from the effluent treatment facilities.	The air leak occurred at the air valve packing of a replaced compressor. The valve was replaced by a proven O-ring type air valve. The procedure manual was revised to use the O-ring type valve for replacement. We explained what actions were taken to those concerned.
		October, 2009 : We received a complaint from a resident on the east side of Utsunomiya Main Plant about noise of operating helicopters on a holiday.	A new rule has been implemented for operations to be conducted at an apron away from the site limits when helicopters need be operated on a holiday We explained what actions were taken to those concerned.

◆ FY2009 The Number of Cases Environmental Law and Regulation Excess and Details

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, 1 case has exceeded voluntary standards as following diagram. There was no excess of the limits set in environmental low and regulation in FY2009.

Name of manufacturing division:	Number of cases:	Details:	Main corrective measures:
Industrial Company (Saitama Manufacturing Division)	1 (water pollution	April, 2009 : n-hexane animal and vegetable oils in swage water once exceeded the voluntary standards limit.[28/ml of n-hexane animal and vegetable oil observed. The voluntary standard limit level is 24/ml and legal limit level is 30/ml.]	Malfunction of the biological treatment membrane of the effluent treatment device was suspected as the cause, It is ruled now to replace the treatment membrane and absorbing agents routinely once every three months.

◆ FY2009 The Number of Environmental Accidents and Details

FHI is working to reduce the number of accidents and take proactive measures to prevent accidents which can have an environmental impact by keeping count of environmental accidents including those solved internally by the relevant office or division. 6 accidents occurred within our premises in FY2009 as following diagram. We have prevented from leaking externally by collecting the discharge immediately and are taking appropriate corrective measures. In FY2008 in total 8 accidents occurred including one external leaking accident. We will keep working on prevention of environmental accidents.

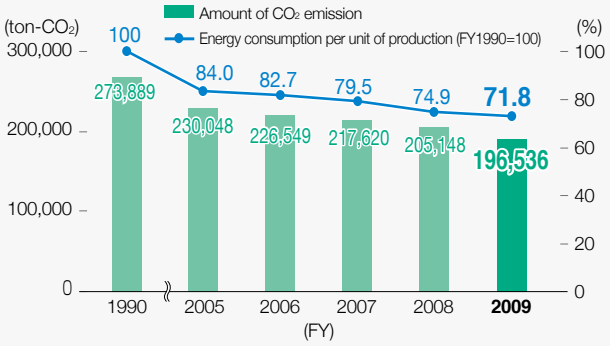
Name of manufacturing division:	Number of cases:	Details:	Main corrective measures:
Gunma Manufacturing Division	1 spill (Internal)	November, 2009 : At Gunma Main Plant, about 700 liters of heavy oil for fuel from a heater flowed into an on-site water channel.	The flowed out oil all retained in an oil-water separating tank was collected to prevent it from flowing out of the site. The remedial actions include inspection of the heater which caused the incident, replacement of deteriorated parts and revision of the manual, These have been applied to other similar work sites.
Aerospace Company (Utsunomiya Manufacturing Division)	2 spills (Internal)	December, 2009 : While transferring discharged alkali water in boiler construction at 2nd South Plant, the drainage hose slipped out to let 200 liters of discharged water flowed into an on-site rain water gutter.	The flowed out alkali water was collected 100% at the water gutter to prevent it from flowing out of the site. The related procedure manual has been revised to include confirmation of environmental risk before a construction work and any measures necessary for correction as well as the need to let points to be observed by construction workers.
Eco Technologies Company (Utsunomiya Manufacturing Division)		March, 2009 : 80 liters of acid solution flowed out into an on-site gutter from the acid cleaning process in Utsunomiya Main Plant.	The area affected by the flowed out solution was fenced with soil and absorbing operation while washing with water was continued until the solution pH number fell within a specified limit. The workers in charge of the cleaning process were retrained.
Tokyo Office	3 spills (Internal)	July, 2009 : In the process of scrapping a car, it was run with the power steering pump removed spilling less than 0.5 liter of oil on an on-site aisle.	The oil on the affected aisle was absorbed and wiped. Also, it was thoroughly prohibited to run with the power steering pump removed through training
		September, 2009 : While a to-be-scrapped car was on tow, less than 0.5 liter of oil leaked an on-site aisle.	The leaked oil was of power steering and no leakage was confirmed after parts were removed. But, oil flowed out as a result of pressure buildup when steered while being towed. The remedies as presented in the above apply and checking rearward view during towing was thoroughly instructed
		November, 2009 : About 0.5L Oil leaked from a censer of oil pressure of a running test vehicle.	Thorough Inspection before test running and stopping the test if any abnormality has been noticed have been instructed throughout the section in charge.

Environmental Performance

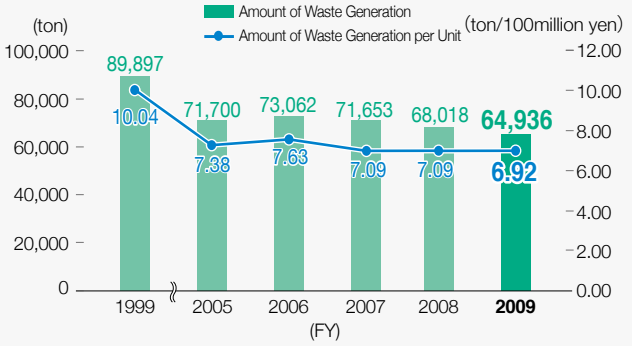
The main aspects of our environmental performance in FY2009 are as shown in the following graphs. CO_2 emissions, waste generation, emission of PRTR chemical substances and the use of water have been reduced. We have achieved zero emissions※1 since FY2004 in terms of landfill waste.

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

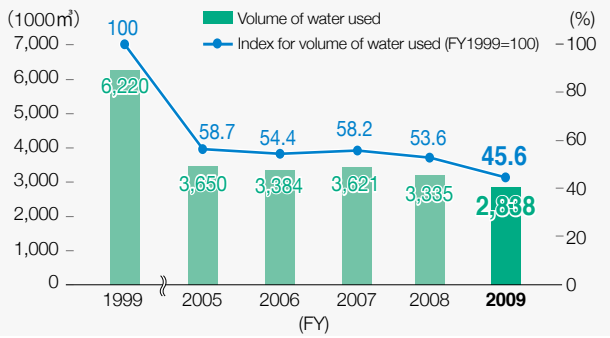
◆ Trends in Amount of CO_2 Emission and Energy consumption per Unit of Production at All Manufacturing Plants



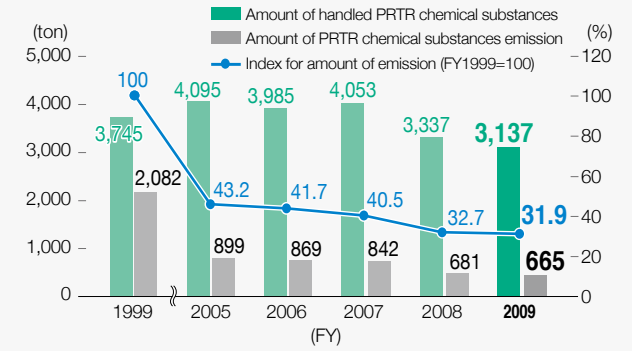
◆ Waste Generation (including sold scrap metals)



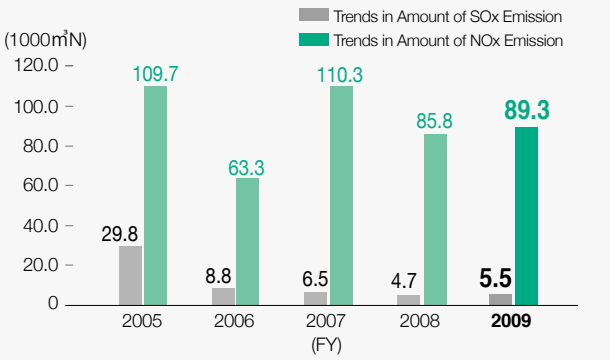
◆ Trends in Volume of Water Used at All Manufacturing Plants



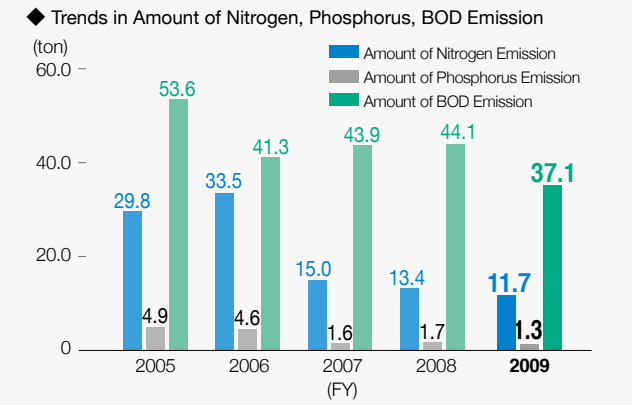
◆ Trends in Amount of Used and Emitted PRTR Chemical Substances at All Manufacturing Plants



◆ Trends in Amount of NOx and SOx Emission



◆ Trends in Amount of Nitrogen, Phosphorus, BOD Emission



FHI (non-consolidated) Results in FY 2009

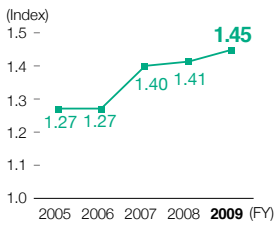
FY2009 Calculation Result

- Environmental cost was 16 billion yen, an increase of 250 million yen (1.5%) compared with the previous fiscal year. The cost increased due to the increase in Product Research and Development cost etc (+ 390 million yen) although Environmental load-reducing cost was decreased (-130 million yen).
- Economic effect was 1.78 billion yen, a decrease of 60 million yen compared with the previous fiscal year. The decrease due to the decrease in Waste Disposal Cost and the Sales of Valued Materials (-110million yen).
- Environmental performance (quantitative effects) has improved successfully in reduction of CO_2 emissions, wastes generations and VOC emissions. For PRTR chemical substances, handled and released amounts are same as previous year. (Land filled waste has maintained “Zero Level” since FY2004)

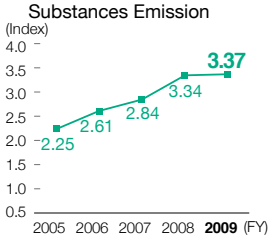
Environmental management index

Environmental efficiency of business activities, which is one of the environmental management indexes, was regarded as [sales ÷ environmental burden]. They are calculated with the environmental burden in the production process by regarding the FY 1999 levels as the standard. Environmental efficiency in CO_2 emissions, PRTR Chemical Substances Emissions move and waste generation have been improved well.

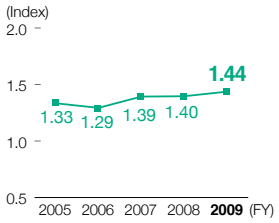
◆ Sales/CO_2 Emission



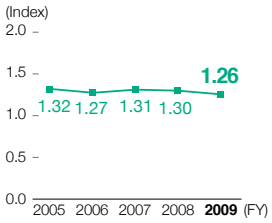
◆ Sales/PRTR Chemical Substances Emission



◆ Sales/Waste Generation



◆ Sales/Environmental Cost



◆ Result of the Aggregated Environmental Costs and Effects in FY2009 for Entire FHI (non-consolidated) April 2009 – March 2010

Environmental Costs		Cost (million yen)			Main Activities ☆ : New measures in FY2009 (Increase factor)	Facility Investment (million yen)		
Cost categories in [ ] right below in each box per the Guidelines by the Ministry of the Environment※1		FY2007	FY2008	FY2009		FY2007	FY2008	FY2009
Environmental Burden Reduction (EBR) Costs (Manufacturing Stage)	Wastes disposal/recycle Wastes reduction [①-3]	408	466	416	Recycling cost ☆ Purchase of MOTORUC	173	13	1
	Energy conservation/ Recution of CO_2 emission [①-2]	41	41	47	☆ Renewal of plant and facilities ☆ Illumination inverterised	729	184	343
	Reduction of CFC alternative discharge [①-2]	0.7	0.0	0.0	–	0.0	0.0	0.0
	Polution control by treating waste wanter and gases [①-1]	271	322	300	Cost for processing odor ☆ Work to counter paint odor	276	130	54
	Reduction of VOC discharge [①-1]	15	16	16	Renewal of paint shop	726	49	0
	Total of EBR Costs	735	845	779		1,905	376	398
Invetment Costs	Education,ISO14001-related [③]	114	108	95	Education on environment ISO14001Maintenance (Application fees、Labor cost of fullt-me EMS staffs)	–	–	–
	Prodcut R&D [④]	14,998	14,377	14,774	Improvement of fuel economy, cleaner emissions and recycle ability Repair of environment-relaed R&D facilities	893	1,011	1,026
	Total of Investment Costs	15,112	14,485	14,870		893	1,011	1,026
Other Costs	Measures for end-of-life products [②]	183	163	143	Coping with recycling automobiles	116	0	0
	Social contribution/ other environmental measures [③⑤⑥⑦]	283	219	165	Preparation of CSR Report, Cleaning around the plants Enviroment-related projects by JAMA Tree planting, Environmental remedies,etc.	0	39	0
	Total of Other Costs	465	382	308		116	39	0
Grand Total		16,313	15,711	15,957		2,914	1,426	1,424

※1 Cost Categories per the Guidelines by the Ministry of the Environment
① Cost in the business area ①-1 Pollution prevention cost ①-2 Global environmental conservation cost ①-3 Resource circulation cost ② Upstream and downstream costs ③ Management activity cost ④ Research &Development cost ⑤ Social activity cost ⑥ Environmental damage remedial cost ⑦ Other costs

◆ 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 page 9 to 13 in Supplementary Volume for Data related to 2006 Environmental & Social Report for the detail of calculation method.

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

The amount of money invested (Amount invested ≥25million yen) in facilities that have been introduced for both environmental and other purposes, plus related cost (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 = (Total amount invested – Amount invested without energy-saving targets)/Total amount invested

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

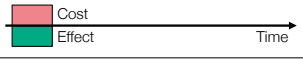
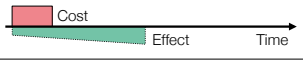
Environmental cost and economic effect by environmental facilities are only recorded for 3 years starting from the 2nd year after the facilities are put into operation.

◆ Method used for calculating the economic effect

This calculation is based on information in the Ministry of the Environment's guidelines that sates the attendant reductions in cost that can be gained from reducing environmental impact, interlinked with FHI's own independent ideas.

In detail, the reduction in waste treatment costs achieved by better control of waste output and changes in the waste treatment methods, and the reduction in energy cost, are all calculated according to their respective cost categories. With regard to environmental improvement measures that require no facilities, the difference in cost from the previous fiscal year (or the cost difference from cases where no such measures were taken) is recorded as an economic effect. Because currently its is difficult to obtain enough supportive evidence, other factors such as contributing to value-added products, and reducing risks (exempting the manufacturer from any liability, etc.), are excluded from this part of the economic effect calculation.

◆ Definition and Categorization of Environmental Cost

① Costs for reducing environmental burden	Costs for reducing environmental burden during the production process	
② Investment cost	Costs for obtaining environmental conservation effects that continue for several terms	
③ Other Costs	Cost not belonging to the above categories	
※ Investments in environment-related facilities	Not included in environmental cost and indicated separately. [Depreciation costs of facility investment are excluded from the environmental cost from the viewpoint of placing value on the cash flow]	

Economic Effects				
Description		Effect (million yen)		
		FY2007	FY2008	FY2009
Environmental Burden Reduction (EBR) Costs (Manufacturing Stage)	Cost reduction through wastes controland changing treatment methods,Profit from the sales of valuables obtained from recycling	1,628	1,517	1,408
	Reduced energy cost Effect of cogeneration system Effect of invertised illumination	226	313	357
	Collection and reuse of CFC alternative	4	4	4
	Reduction of treatment costs	3	4	1
	Improved painting efficiency by changing paint guns	100	4	8
	Total of REB Effects	1,961	1,842	1,777
Invetment Costs	–	–	–	–
	(Total of Investment Effects) Not applicable at present	0	0	0
Other Costs	Reduction of virgin materials by using recycled materials	29	0	0
	–	0	0	–
	Total of Other Effects	29	0	0
Grand Total		1,990	1,842	1,777

Environmental Performance (quantitative Effects)					
Item	Unit	FY2007 Actual	FY2008 Actual	FY2009 Actual	Up/Down Year-on-year
Amount of Wastes Generation	ton	71,653	68,019	64,936	-3,083
Amount of Landfill	ton	0	0	0	0
Energy Consumed (Oil equivalent)	1,000kl	134.6	126.9	121.9	-5.0
Energy per Production Output	kl/100million yen	13.3	13.2	13.0	-0.3
CO_2 Emission	ton-CO_2	21.8	20.5	19.7	-0.9
–	–	–	–	–	–
PRTR Chemical Substances※2					
Amount Handled	ton	4,053	3,337	3,137	-200
Amount of Emissions	ton	842	681	665	-17
VOC Discharged (Automobiles only)	g/m²	63.2	56.3	52.8	-3.5

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

◆ Ratios of Environmental Protection Activities to FHI Business Activities

	FY2007	FY2008	FY2009
Ratio of R&D cost for environmetal protection to the toal R&D cost	29%	33%	40%
Ratio of invetment for environmental protection to the total facility investment	8%	4%	5%

Notes: Due to the figures rounded off to the whole number, their adding does not match up with their corresponding total in some columns.

FY2009 Performances of 5 Domestic Affiliated Companies Subcommittee

Summary of FY2009 performance

The total of the environmental costs at the production stage of the 5 domestic affiliated companies was 126 million yen, down by 9 million yen (6.8 % less over the preceding year), while the economic effect totaled 140 million yen, down by 80 million yen (36.4 % less year-on-year).Although the actual performance value shows an overall reduction, the amount of wastes increased by 305 tons (recycled).

Amount of the landfill wastes decreased by 1 ton down (17.3%) as compared with that for FY2008, the 5 affiliated companies each is promoting to work toward zero wastes.

The amount of energy consumed and CO_2 emission have been tackled with for their overall reduction. The CO_2 emission was 24,000 tons, down by 0.72 % as compared with FY2008. Saving energy and reduction of CO_2 emission will be further pursued for prevention of global warming.

As to PRTR chemical substances, the reduction of their amounts used and discharged are in progress, and there was no PRTR chemical substances at any of the companies in FY2009.

◆ Results of Environmental Cost and Effect for FY2009

Notes: Due to the figures rounded off to the whole number, their adding does not match up with their corresponding total in some columns.
◇ 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, 2009 through March, 2010

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

Environmental Costs					Facility Investment (million yen)			Economic Effects			
Cost categories in [ ] right below in each box per the Guidelines by the Ministry of the Environment※1		Cost (million yen)						Contents	Effect (million yen)		
		FY2007	FY2008	FY2009	FY2007	FY2008	FY2009		FY2007	FY2008	FY2009
Environmental Burden Reduction (EBR) Costs (Manufacturing Stage)	Wastes disposal/recycle Wastes reduction [①-3]	55	54	44	1.7	0	0	Cost reduction by reducing wastes, changing disposal methods and income by selling recycled valuables	193	182	118
	Energy conservation/ Recution of CO_2 emission [①-2]	12	11	15	21	7	8	Reduction of enegy cost	33	38	21
	Polution control by treating waste wanter and gases [①-1]	6	7	7	74	7	0	–	0	0	0
	Total of EBR Cost	72	72	66	97	14	8	Total of EBR Effects	226	220	140
Invetment Costs	Education/ISO14001-related/ Environmental studies, etc. [③]	12	11	12	–	–	–	–	–	–	–
	Product R&D [④]	48	47	45	0.4	0.2	0				
	Total of Investment Cost	60	58	57	0	0	0	(Total of Invetment Effects) Not applicale at present	0	0	0
Other Costs	Social contribution/ Environmemtal measures /Others [②⑤⑥⑦]	12	5	3	–	–	–	–	1	0	0
	Total of Other Consts	12	5	3	0	0	0	Total of Other Effects	1	0	0
Grand Toactal		144	135	126	97	14	8		226	220	140

Environmental Performance (Qantitative Effects)					
Item	Unit	FY2007 Actual	FY2008 Actual	FY2009 Actual	Up/Down Year-on-year
Amount of Wastes Generation	ton	7,775	6,944	7,250	305
Amount of Landfill	ton	14	8	6	-1
Enegy Consumed(Oil equivalent)	1,000kl	14.1	13.8	13.6	-2.0
Energy per Production Output	kl/100million yen	39.43	38.55	1.39	-37.16
CO_2 Emission	ton-CO_2	24,757	24,198	24,024	-174
PRTR Chemical Substances※2					
Amount Treated	ton	2	0	0	0
Amount of Emisions Moved	ton	1	0	0	0

※1 Cost Categories per the Guidelines by the Ministry of the Environment
① Cost in the business area
①-1 Pollution prevention cost
①-2 Global environmental conservation cost
①-3 Resource circulation cost
② Upstream and downstream costs
③ Management activity cost
④ Research &Development cost
⑤ Social activity cost
⑥ Environmental damage remedial cost
⑦ Other costs

※2 Substances of which annual amount handled by each company weighs 1 ton or more (0.5 ton for the designated Type 1) are tallied.
No substance was subject to PRTR in FY2009

FY2009 Performance of 5 Overseas Affiliated Companies (in North America) [For reference]

We compiled the environmental accounts of the 5 affiliated companies in North America for FY2009 (From April, 2009 through March, 2010).

Trial summary of FY2009 performance.

- The total environmental cost was 811 million yen with 314 million yen for wastes disposal, 192 million yen for pollution prevention by treating waste water and others and 230 million yen for R&D.
- The total economic effect was 588 million yen, mainly due to the effect by reducing wastes disposal cost.
- The Environmental Performance (quantitative effect) showed an increase for the amount of wastes generation, but the amount of direct landfills was reduced. Particularly, there was no landfill or 0 ton for direct landfills again at SIA, the production site of automobiles.
- The energy consumption and CO_2 emission decreased over the preceding year thanks to reduction efforts. More efforts will be expended to reduce them further for prevention of global warming.

◆ Results of Environmental Cost and Trial Effect for FY2009

Notes: Due to the figures rounded off to the whole number, their adding does not match up with their corresponding total in some columns.
◇ Companies Tallied: 5 companies of the Overseas Affiliated Companies as follow;SIA, RMI, SOA, SCI, SRD
◇ Period for Result Summary: April, 2009 through March, 2010

◆ 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.
Please refer to the applicable page of the Fuji Heavy Industries Ltd. (non-consolidation) for the outline of the Guidelines.

Environmental Costs				Facility Investment (million yen)		Economic Effects		
Cost categories in [ ] right below in each box per the Guidelines by the Ministry of the Environment※1		Cost (million yen)				Contents	Effect (million yen)	
		FY2008	FY2009	FY2008	FY2009		FY2008	FY2009
Environmental Burden Reduction (EBR) Cost (manufacturing Stage)	Wastes disposal/recycle Wastes reduction [①-3]	259	314	0	4	Cost reduction by reducing wastes, changing disposal methods and income by selling valuables etc.	1,292	536
	Energy conservation/ Recution of CO_2 emission [①-2]	13	28	6	1	Reduction of enegy cost	17	51
	Polution control by treating waste wanter and gases [①-1]	167	192	0	2	–	0	1
	Total of EBR Cost	439	535	6	7	Total of EBR Effects	1,309	588
Investment Cost	Education/ISO14001-related/ Environmental studies, etc. [③]	32	33	0	0	–	–	–
	Product R&D [④]	229	230	0	0			
	Total of Investment Cost	261	262	0	0	(Total of Invetment Effects) Not applicale at present	0	0
Other Costs	Social contribution/ Environmemtal measures /Others [②⑤⑥⑦]	3	13	0	0	–	0	0
	Total of Other Consts	3	13	0	0	Total of Other Effects	0	0
Grand Total		703	811	6	7		1,309	588

Environmental Performance (Qantitative Effects)			
Item	Unit	FY2008 Actual	FY2009 Actual
Amount of Wastes Generation	ton	22,040	25,018
Amount of Landfill	ton	544	501
Enegy Consumed(Oil equivalent)	1,000kl	55.4	52.1
CO_2 Emission	ton-CO_2	110,721	101,926

Notes: Due to the figures rounded off to the whole number, their adding does not match up with their corresponding total in some columns.
※1 Cost Categories per the Guidelines by the Ministry of the Environment
① Cost in the business area
①-1 Pollution prevention cost
①-2 Global environmental conservation cost
①-3 Resource circulation cost
② Upstream and downstream costs
③ Management activity cost
④ Research &Development cost
⑤ Social activity cost
⑥ Environmental damage remedial cost
⑦ Other costs

Development of Environment-friendly Vehicles

SUBARU is involved in the technological development to improve fuel economy and reduce emissions and noise with an aim for “integration of driving and environmental responsibility.”
We are also engaged in the development of electric vehicles and next-generation batteries to contribute further to environmental preservation.

Improving Fuel Economy

Thought toward Improving Fuel Economy

Automobiles emit carbon dioxide (CO_2) proportional to the amount of fuel consumed. By improving fuel economy, CO_2 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 horizontally opposed engine, 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 over 15%, the target for gasoline vehicles.

Target of Improving Fuel Economy
Expand the scope of vehicles which meet the FY2010 Fuel Economy Standards over 15%

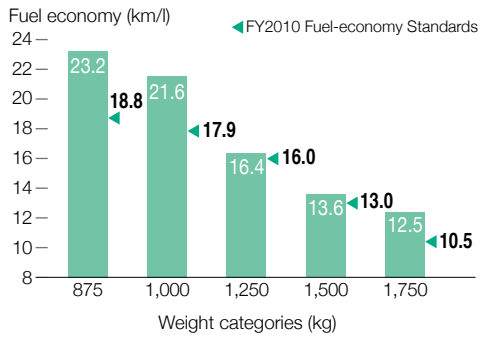
Current Status in Meeting FY2010 Fuel Economy Standards

Gasoline-powered passenger cars meeting the FY2010 Fuel Economy Standards accounted for 91% 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, and then all models met the Standards in FY2002 and thereafter.

The numbers of automobile which meet the FY2010 Fuel Economy Standard for Eco-car Tax Break System has accounted for 59.8% of the total, and increasing 18.6 points compare with FY2008. We are going to promote familiarizing environment-friendly cars.

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



Improving Engine

SUBARU has worked to improve the environmental performance of the New LEGACY by totally redesigning the specifications of its engine for better fuel economy and less emissions to reduce emissions down by 75% from the 2005 standards.

The displacement of the main engine was increased relative to the prior model for improvement of drivability making the car easy to drive. Accumulated improvements for friction reduction and performances enhanced on every detail including those of the electrical and cooling systems led to better actual fuel economy over the preceding model despite the increased engine displacement.


2.5-liter SOHC Engine

Improving the Drivetrain

SUBARU developed a longitudinally positioned new chain-type CVT “Lineartronic” for AWD passenger cars for its 2.5-liter NA model of the new LEGACY, the world’s first for application to mass production passenger cars. The new CVT is a next-generation automatic transmission which has both good environmental and driving performances. A chain-type variator which is more efficient and compact than a belt-type is used for the transmission mechanism. The CVT is integrated with the horizontally opposed engine and symmetrical AWD technology by devising an ingenious layout, which provides class-top fuel economy, pleasure and safe driving distinguishable from conventional CVT-equipped vehicles and better impact safety performance.

Also, a 5AT with internal friction reduced is mounted on the 2.5-liter turbo AT and 3.6-liter AT models, while a newly developed compact 6-speed MT is installed on the 2.5-liter turbo MT model as standard equipment for higher environmental performance.


New chain-type CVT “Lineartronic”

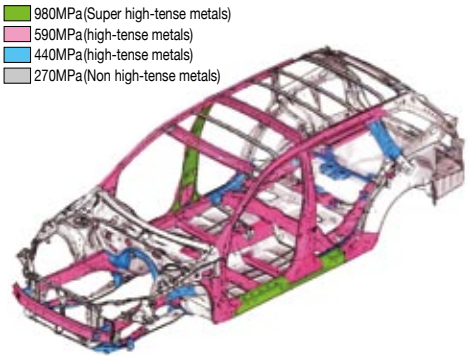
Approach to Fuel Economy Improvement of LEGACY

Light Weight Body

The New LEGACY was developed to have a larger but lighter body with class-leading impact energy absorption structure and the body rigidity to support good driving.

A newly used cradle in combination with the front body framework optimized for higher energy absorption in a frontal impact allows the base body framework to exhibit better impact performance. 980 MPa-class high tensile steel plates are used at vital locations which contribute to reducing interior deformation in a side impact.

Furthermore, balanced body rigidity was pursued by reviewing the joint structures of structural members and securing both strength and rigidity effectively by partial reinforcements, which resulted in holding weight increase, exhibiting agility and better fuel economy.

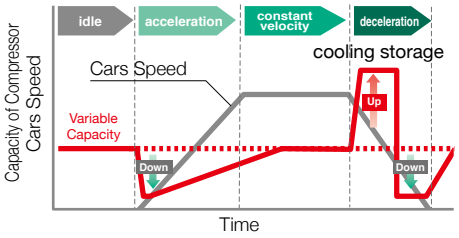


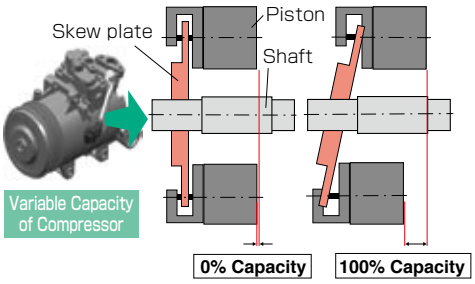
Approaches to Enhancement of Practical Fuel Economy

We are also working hard to improve the 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 an air conditioning system with a compressor of which displacement varies continuously in response to driving conditions and interior environment. Especially, both low fuel consumption and comfort were achieved by increasing the compressor capacity at less fuel consuming decelerations for cooling storage and reducing the capacity at fuel consuming accelerations. We will keep going for further improvement of actual fuel economy out of consideration for environmental conservation.

◆ Variable Air Conditioner System





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 spreading the Eco driving assist equipments, the Eco Gauge and Shift-up Indicator (for MT-equipped vehicles) as same as them added on the LEGACY marketed in 2006. The New LEGACY also has the Eco Gauge (for all models) and Shift-up Indicator (except North American models).

The further improvement will be continued for Eco driving assist equipments.

■ Eco Gauge

The needle of the Eco Gauge swaying to the "+" direction indicates an economic driving condition to the driver. About 5% saving in fuel economy (in-house testing) can be expected by consciously controlling the accelerator to keep that condition.

Eco Gauge for LEGACY

■ Shift-up Indicator

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

Shift-up Indicator for LEGACY

Cleaning Exhaust Gas

Basic Concept of Cleaning Exhaust Gas

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 clean gas vehicles (certified by the Ministry of Land, Infrastructure, Transport and Tourism) that meet standards stricter than the regulations.

▶Target of Cleaning Exhaust Gas

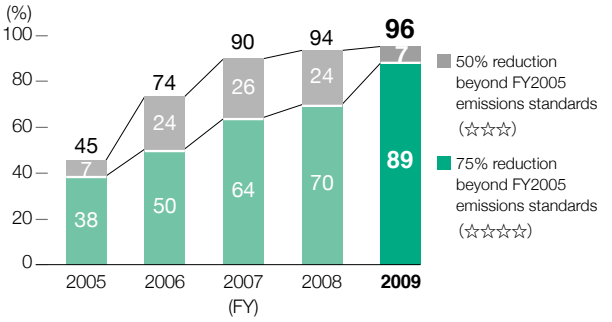
Low emission models which outperforms the FY2005 emission standards by 75% reduction to be expanded with further technical developments.

Improvement and Enhancement of Low Emission Vehicles

The New LEGACY is all certified as low emission vehicles which meet the FY2005 Standards by the Ministry of Land, Infrastructure, Transport and Tourism with at least 75% below the Standards (☆☆☆☆), while 89% of these production models achieved the Standards with at least 75% reduction (☆☆☆☆). Thus, the vehicles certified as low emitting totaled 96% of the whole non-mini production.

SUBARU will keep going forward for the dissemination of low emission vehicles.

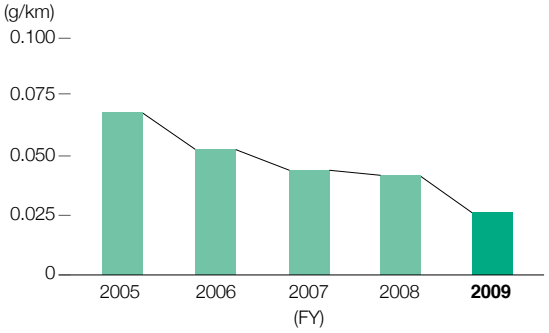
◆ Trends in Percentages of Low Emission Gasoline-powered Passenger Cars



The amount of 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.

◆ Trends in NOx Averages of SUBARU Vehicles



◆ Trends in Sales Numbers of Vehicles authorized as Low Fuel Economy in FY2009
The Sales number of Vehicles authorized as Low Economy and Low Emission Gasoline-powered※1

		Passenger vehicle		Truck		Total of Vehicle (rate)
		Standard-sized car Small-sized car	mini car	Standard-sized car Small-sized ca	mini car	
Low-emission car	Electric vehicle	0	161	0	0	161 (0.1%)
Vehicles authorized as Low Economy and Low Emission Gasoline-powered	75% reduction beyond FY2005 emissions standards☆☆☆☆	67,166	37,009	0	1	104,176 (59.3%)
	50% reduction beyond FY2005 emissions standards☆☆☆	4,463	2	0	629	5,094 (2.9%)
Total		71,629	37,172	0	630	109,431 (62.3%)
					Total of Sales	175,768 (100%)

※1 Vehicles which achieved in advance the FY2010 fuel economy standard based on the Energy Saving Act and were certified as low emission vehicles according to the low-emission vehicle certification procedure.

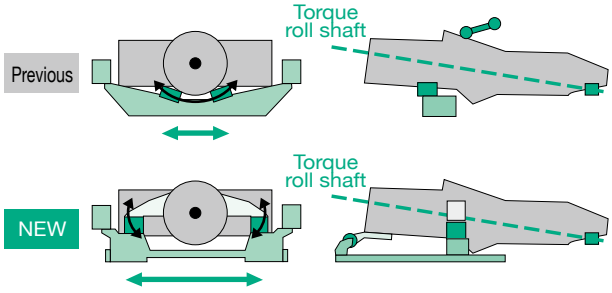
Noise Reduction

Reduction of noise and vibration in the New LEGACY

Another area SUBARU is actively involved is the development to effectively reduce vehicle noises from such prime sources as tires, engine and intake and exhaust systems.

The New LEGACY put on sale in May 2009 produces practically less traffic noise on city streets by the extended adoption of CVT with high environmental performance on its model line. Also, a new “Cradle-Structure Mount” was adopted for reduction of noise and vibration as well as improvement of ride comfort.

◆ Reduction of Noise and Vibration by the Cradle-Structure Mount



(Please refer page 54 below, a picture of Cradle-Structure Mount)

Clean Energy Vehicles

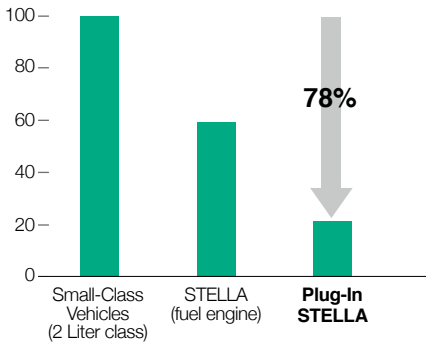
Start to sell Electric vehicle "Plug-in STELLA"

Clean energy vehicles have such features as emitting fewer Green House Gas (CO_2) and air pollutants (CO, HC, NOx, etc.) and have less environmental impact than gasoline engine vehicles. However, there are technical problems related to cost and driving distance. SUBARU has been developing clean energy vehicles such as electric vehicles that have the gasoline engine vehicle-level performance and utility. Also, we are positively working on developing next generation batteries.

Environmental-friendly electric vehicle "Plug-in STELLA" which has same level of safety compared with gasoline-powered car has started to sell in July, 2009. The environmental load-reducing product, Plug-in STELLA is an electric car optimally balanced as a city commuter. The sales was 161 in FY2009.

Electric vehicle Plug-in STELLA

◆ The CO_2 emission per 1Km run of Plug-In STELLA is compared to other type of vehicles supposing Small Class Vehicles' =100



Received "e-Nenpi (Good Fuel Economy) Award for the 4th Consecutive Year

■ Mini- Class Vehicles

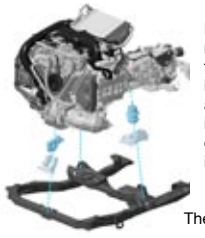
SUBARU were presented with the "e-Nenpi (Good Fuel Economy) Award 2009-2010" in honor of the fact that they were ranked first in the new vehicle category for average fuel economy ranking for the year (Jan. thru Dec. 2009) by IRI Commerce and Technology, Inc. which provides the "e-Nenpi (Good Fuel Economy)" service for managing information on personal vehicles via cellular phones. R2 has received the top Award for 4 times and R1& STELLA also were presented as the top 5 vehicles in this time. SUBARU's vehicles, such as the R1, the R2 and the STELLA, have been topping the list of the "Top 10 Fuel Economy Gasoline Powered Mini Cars" for 4-years since FY2006, (announced by the Ministry of Land, Infrastructure, Transport and Turlsm).

■ Small-Class Vehicle

The CVT (weighing 1,520 kg or over) of the EXIGA with a 2-litre DOHC engine performed 25 percent better than the FY2010 target fuel economy standards and ranked in the top 6th of "the most 10 fuel efficient cars in 2009" in the 1,516-1,765 kg weight category (excluding manual transmission models), which was announced by the Ministry of Land, Infrastructure, Transport and Tourism. The new LEGACY with the 2.5-liter SOHC engine and CVT (vehicle weighing 1,520kg or more) performed 15% and 20% better than the 2010 target fuel economy standards.

Trophy of Received "e-Nenpi (Good Fuel Economy) Award of Mini-class vehicles in 2009-2010


R2


Extension of the distance between the mount supports made it possible to effectively control engine vibration, especially in rolling direction. In particular, it shows an excellent effect on reducing vibration in idling and noise in acceleration. With these combined, the LEGACY boasts class leading quietness.

The Cradle-Structure Mount

Making Effective Use of Limited Resources

SUBARU has established the Automotive Recycle System of SUBARU (ARSS※3) as part of active efforts to recycle and properly dispose of End-of-Life Vehicles (ELVs※2), according to the Japanese End-of-Life Vehicles Recycling Law※1 (hereinafter referred to as the ELVs Recycling Law). The recycling ratio of ASR in FY2009 was 82.1%, satisfying the Japanese legal standard required for FY2015 (The recycling ratio of ASR: 70% or higher). The effective recycling ratio reached 97%, clearing 95% targeted for FY2015. Recycle-conscious design will be promoted for further improvement of effective recycling ratio.

※1 the Japanese End-of-Life Vehicles Recycling Law to recycle and properly dispose of end-of-life vehicles (Enforced in January 1, 2005)
※2 ELV (End of Life Vehicles)
※3 ARSS (Automotive Recycle System of SUBARU)

Efforts in the Design Stage

Emphasis on Design Allowing Easy Recycling

We will keep on producing automobiles considering recycling, in order to make good use of limited resources.

Advances in wire harness dismantling

■ 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 including to 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. Material identifications had been attached on the rear side of each part before. However, the position was changed, as we believed we could avoid such wasteful actions as dismantling a part to confirm the material type. SUBARU has changed the identification positions on all car models, including the LEGACY, the IMPREZA, the FORESTER and the EXIGA since 2001.

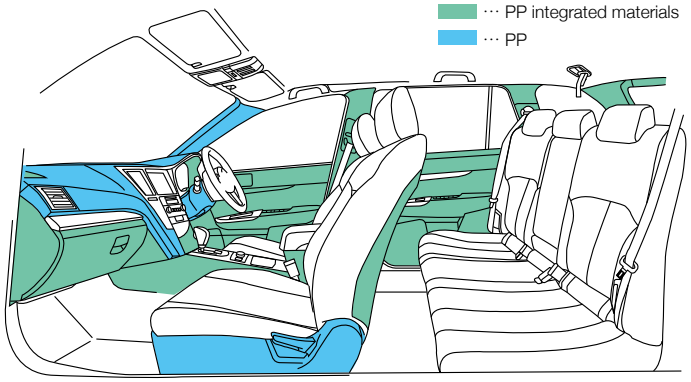
The material type is able be seen without dismantling the bumpers.

An example of the material indication: “PP” means polypropylene

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. In particular, we are using integrated materials dedicated for use with bumpers for bumpers and integrated materials dedicated for use with interiors for interior parts.

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



■ Efforts to Improve Proper Disposal

Particularly, since proper processing of CFC (air conditioner refrigerant) and airbags is regulated by the Act on Recycling, et. 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 the 4 substances of environmental concern (lead, mercury, cadmium and hexavalent chromium) and are partially moving ahead of schedule.

In FY 2009, we especially focused on lead-free solder and extended its application to switches and relays in and around the instrument panel and other electrical and electronic components such as sensors in the air-conditioner unit.

◆ 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 vehicle produced to less than 1/10 the 1996 levels
Mercury	Since Jan. of 2005	Use prohibited except in 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※1 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 New LEGACY of FY2009, we achieved the goals set by JAMA※2 by reducing the concentration of the 13 substances defined by the Ministry of Health, Labor and Welfare in Japan to levels below the figures set in the guidelines for interior concentration. We have achieved the goals ahead of schedule in the New EXIGA of FY2008 as well, and in the future, we will continue our efforts to reduce the levels of such substances to below the figures set in the guidelines to make the environment in vehicle interiors more comfortable.

※1 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.

※2 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.

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, which is open to the public in the website of ART※1.(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 an electric furnaces or the like to melt its iron contents for re-commercialization as construction materials and others. Parts, the source of ASR, are burned in the furnace to be used as heat source (thermal recycle), eliminating the landfill process.

Before implementing this "Total Recycling of Resources", minimizing the copper contents in the stripped vehicle scraps is required to keep quality in the resulting steel products. For this minimization, how to remove copper containing parts efficiently and thoroughly becomes the key point.

The focus of the "Information on Removal of Copper Containing Parts in End of Life Vehicles" is on the disclosure of information, where "the wiring harness" occupying major parts of copper is laid out on, on past production vehicles which currently constitute the most part of 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 FORESER (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.

※1 ART(Automobile shredder residue Recycling promotion Team)
Automobile Shredder residue Recycling promotion Team is separated 2 teams; one is ART team operated by Nissan, Matsuda, Mitsubishi, Fuji Heavy Industries, and other 12 companies. Another is TH team operated by Toyota, Honda, Daihatsu and others.

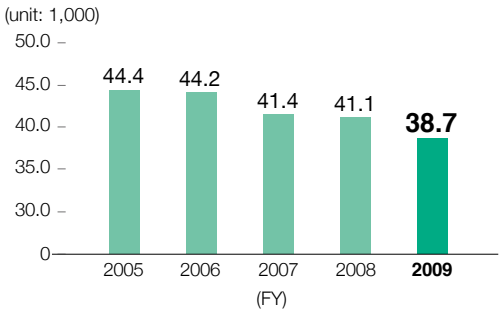
Collection of Used Bumpers

Recycle 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 bumpers which are used and changed for repairs to recycle for use in other parts of vehicles. In FY 2009, we collected 38,733 used bumpers from all over Japan, which is 94.5% toward the previous year (41,055).

The used bumpers were recycled for use in other parts of SUBARU as shown in the right graph.

◆ Trends in Number of the Scrapped Bumpers Collected



Issuance of "Monthly Recycle Communication"

The "Recycling Communication" which is a communication tool to promoted recycling between Fuji Heavy Industries Ltd. and SUBARU dealers has been in place since September, 2008.

It is issued once a month and covers useful topics such as why foreign substances need be removed from used bumpers collected from dealers. We are responding to inquiries from dealers which are prompted by such information. We will work to make it more active as a two-way communication tool.

◆ Parts Produced from Scrapped Bumpers

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

Promote Considering Environment in the Production Stages

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

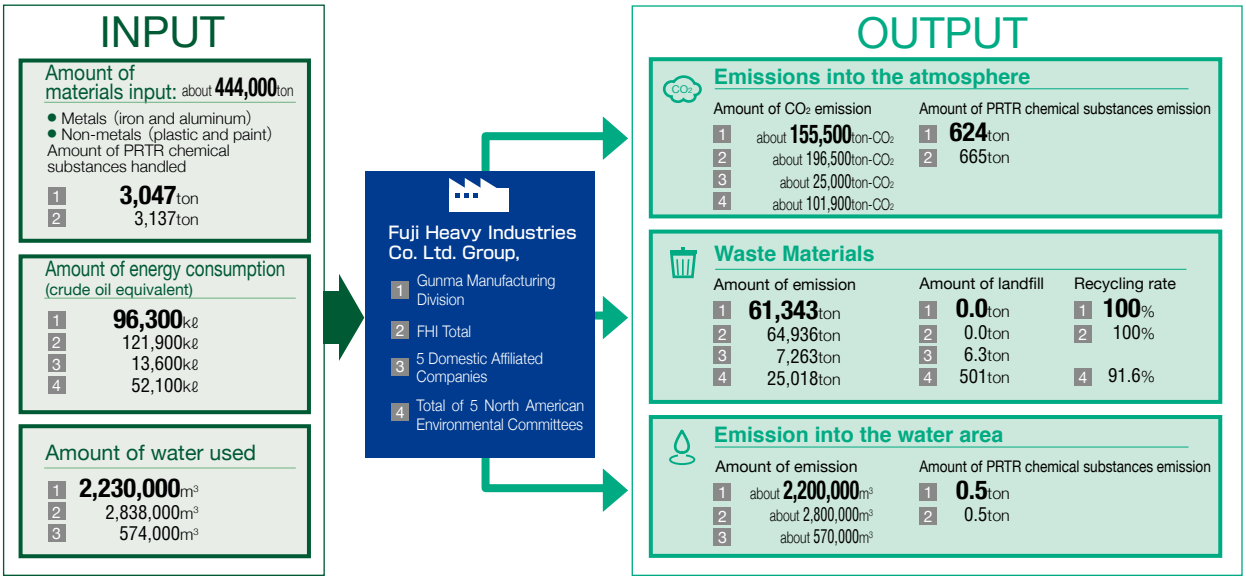
Effort in the Production Stage

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

This figure shows the amount of resources used and emissions in FY2009 at Gunma Manufacturing Division, SUBARU's main automobile production plant.

[Legends on the figure : 1 Gunma Manufacturing Division, 2 FHI Total, 3 5 Domestic Affiliated Companies , 4 Total of 5 North American Environmental Committees]

◆ Amount of Resources Input and Emissions



Approaches to Global Warming Prevention

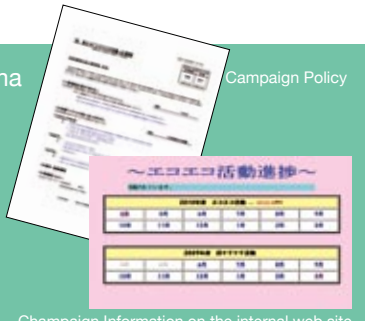
Activities for CO_2 Emission Reduction and Energy Saving

We have been engaged in various activities to reduce CO_2 emission and energy use by such energy saving measures as introduction of cogeneration system of natural gas, changeover from heavy oil to gas for boilers, reduction of standby electricity and taking energy cutting actions focused on energy intensive processes. Although the total emission volume varies from year to year due to the change in production volume, in FY2009, a total of about 196,500 tons of CO_2 was emitted, which was lower than the level of FY1990 by 28 %.

We are now working aggressively on a padded CO_2 reduction of 22 % against FY1990, while the 4th Voluntary Plan for the Environment set 15 % reduction for the total CO_2 emission volume as the target for FY2010 against FY1990.

Energy Saving Activity in Gunma Manufacturing Division

Gunma Manufacturing Division assigned with automobile production has a program to pick up items for improvement every month by each production section under the name of "Energy-pinch Campaign" and practice routine energy saving patrolling. Under the slogan of "Decide, Stop, Fix and Turn Down", all members are falling in line to push for energy saving. Since FY2010 this activity has changed name "Eco-Eco Campaign" and continued approaching.



Champaign Information on the internal web site

Reduction of Substitute CFC (HFC134a) Emitted to the Air

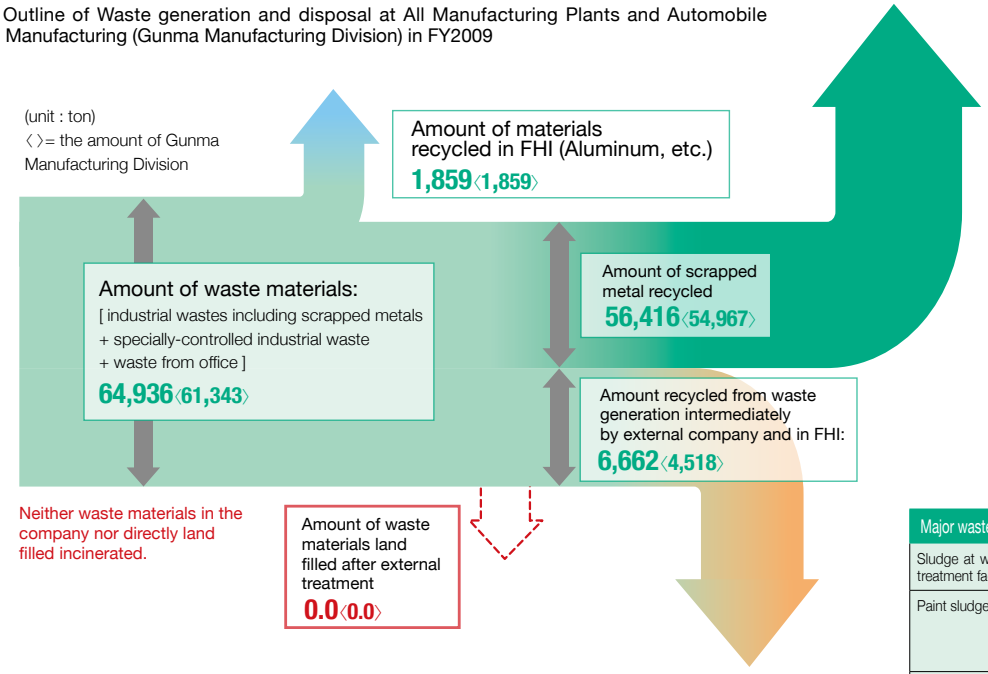
To reduce atmospheric emissions of HFC134a used as a coolant from the vehicle manufacturing line at Gunma Manufacturing Division, we have continued effort to minimize leakage while pumping and recovering gas in air conditioner. As a result, we have succeeded to reduce emissions by over 95% compared to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

Reduction of Waste Generation

Keeping on zero emissions for waste generations in all manufacturing plants

All manufacturing plants have maintained zero emissions for waste generations since FY2004. Outline of waste generation and disposal in FY2009 is as follows.

◆ Outline of Waste generation and disposal at All Manufacturing Plants and Automobile Manufacturing (Gunma Manufacturing Division) in FY2009



Major waste materials	Major recycling methods
Sludge at waste water treatment facilities	Conversion to cement material
Paint sludge	Reduction to powder at plants within SUBARU for use as material of anti-vibration sheet for vehicles
Waste plastic	Conversion to RPF (recycle plastic fuel), etc.
Waste paper	Recycling into recycled paper

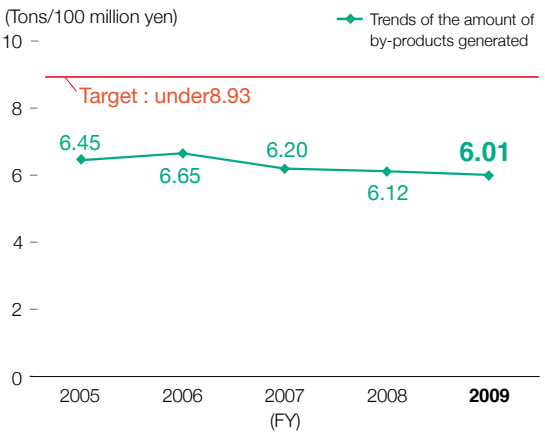
Efforts to Reduce Waste Generation

Since we consider that the generation of waste generation itself is a “waste”, we have been making a continuous effort to achieve “zero emissions” and to curb the generation of waste generation.

We have been striving to effectively utilize resources by improving the yield ratio of raw materials used in the production stages 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 FY2009, we got the best result ever; 6.01. 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 7 years since FY 2003.

◆ Trends of Amount of By-products Generated to outputs of Products



Efforts to Reduce Consumption of Water Resources

Water Resources Protection Activity

Total water consumption was about 2,838,000 m^3 at all our manufacturing plants in FY 2009 and this is a decrease of 15% compared with the previous year.

The effort of implementing due to strict measures such as checking for leakage from water pipes at each manufacturing plant or changing decrepit pipes have been done. The result is 54% decrease compared with FY1999, a point of view with output per unit.

＊About the trends of water consumption please refer page 46 in this report.

Approach the Reduction of Environment-unfriendly Substances

Management of Chemical Substances (the PRTR Law)

We use 18 chemical substances subject to the PRTR Law. Use of such chemicals at all our manufacturing plants totaled 665 tons in FY2009, achieving a big reduction of about 17 tons compared with the previous year. These achievements result from activities such as reducing paint used in the vehicle or refuse collection vehicle body painting process and reducing the amount of thinner for cleansing.

＊About the trends of excretion amounts in substances subject to the PRTR Law, please refer page 46 in this report.

Air Pollutants

Trends in total amount 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 46.

Periodical measurement results of both NOx and SOx in FY2009 show that our voluntary standards are satisfactory at all locations measured.

Water Pollutants Substances

Trends in the amount of nitrogen, phosphorous and BOD discharged into water at all our manufacturing plants are as shown in the graph of page 46.

In FY2009, the results of periodic measurements showed that 1 case has exceeded our voluntary standards. For cases of other substances in violation of limits including our voluntary standards, please see “The Number of Cases Where Limits Set in Environmental Laws and Regulation were Exceeded and Details” on page 45.

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

The amount of VOC emissions per unit paint area in FY2009 was 52.8 g/m^2, 42.2% 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.

Preventing Soil and Underground Water Pollution

We have voluntarily conducted soil and underground water surveys at all manufacturing plants since 1998 and has 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 notifies the authorities of possession of PCB in accordance with the related laws and regulations every year. Regarding the equipments (such as transformers and condensers) we store that contain a high concentration of PCB, we already applied and registered for their disposal with the Japan Environmental Safety Corporation (JESCO) in March 2006 and it will be started to disposed in FY2011.

＊For more characteristic information of each manufacturing, please refer our Site Report on page 63 to 92.

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, cooperative trunsports of finished vehicles with other companies in the same trade. Reduction of packing materials by their reuse is also actively being tackled with.

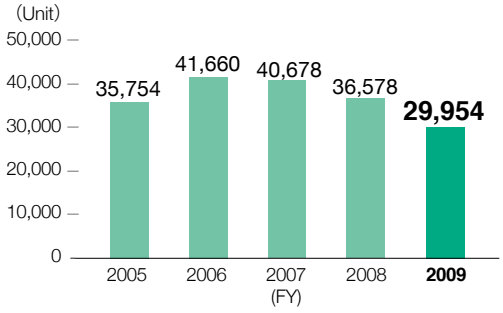
Reducing Environmental Burdens by the Completed Vehicles Transportation

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 FY2009, by promoting the cooperate transports of completed vehicles with other companies in the same industry, the total of consigned-to and consigned-from vehicles was 29,954.

In FY2009, 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 CO_2 emissions by collecting data on travel distances and fuel consumptions periodically from cooperative companies. As a result of these approaches, we have achieved at about 1% improvement compared to the previous year in fuel economy, and been continuing to reduce the energy consumption per sales by 1% or more annually.

◆ Trends in the Number of Vehicles Carried Through Cooperative Transports



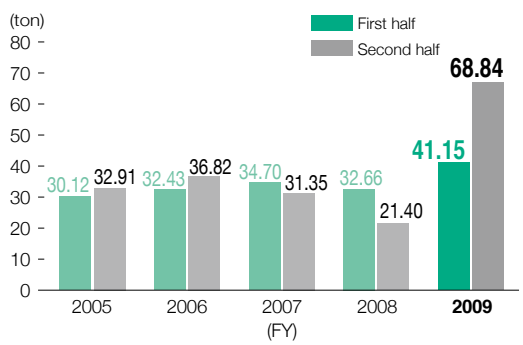
Reuse of Packaging Materials

Approaches to Reduction of Foam Materials for Packaging of Overseas Knockdown Parts by Reuse

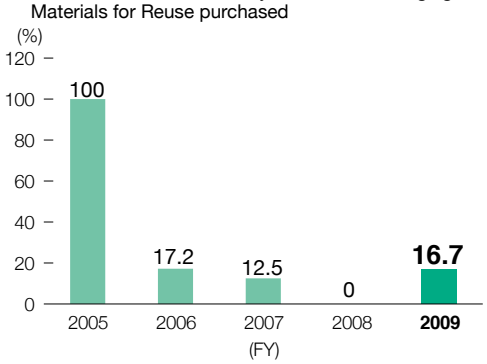
The Production Logistics Division of Subaru Logistics Co., Ltd, which handles packing designs for knockdown parts have been involved in activities to reduce environmental burdens primarily focusing on the reuse of packaging materials. Starting from March, 2006, Styrofoam packing materials and vacuum form packing materials have been reused and in FY 2008, we cut newly purchased materials to zero, shipping all goods with recycled materials. Also, the new type of Styrofoam packing materials introduced in FY2009 along with redesigned style of part packaging is now in use for shipment.

In order to a higher recycling rate, currently used packing materials will be thoroughly reviewed for expanded use of reused materials to minimize wastes.

◆ Trends in the Amount of Styrene Foam Packaging Materials for Reuse



◆ Trends in The Amount of Styrene Foam Packaging Materials for Reuse purchased



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.
In the midst of rising customers’ environmental awareness, we accelerate the activities to aim familiarized Eco-vehicle and “Green Dealer Outlets” at the same time.

Environmental Protection Activities in SUBARU Dealerships

Promoting acquisition of the Eco-Action21※1 certification

To beef up our approaches to the environmental protection, we began from September 2008 introducing the environment management systems “Eco-Action 21 (EA21)” which was mapped out by the Ministry of the Environment based on ISO14001※2. By the end of March 2010, 20 out of 45 domestic dealerships have acquired EA21 certification. We will keep working to expand the scope for acquisition of the EA21 certification.

※1 The following approaches are needed to acquire EA21 certification of;
· Establishment of the EMS
· Grasping the amount of CO_2 emissions, waste generation, water consumption and Setting the goal of reduction and its try
· Making and issuing the Environmental activities Report regularly

※2 The Following 2 dealerships have been keeping acquisition of the ISO14001certification.
·FUJI SUBARU INC. ·OSAKA SUBARU INC.

※3 In the Kyushu district, FUKUOKA SUBARU INC. and its five business units have the certification under the name of FUKUOKA SUBARU INC.

※4 Introducing the approach of acquisition of EA21 certification at TOCHIGI SUBARU, INC. on the page 15 as a feature article.

◆ The Status in Acquisition of the EA21 certification [As of April 1, 2010 with acquired order]

Company	Acquisition Date	Acquisition numbers	Number of the dealer which supply new automobile
TOKYO SUBARU INC.	Jan 27, 2009	0003261	32
SAITAMA SUBARU KK	Feb 25, 2009	0003347	18
NAGOYA SUBARU INC.	Apr 30, 2009	0003592	19
HIGASHI SHIKOKU SUBARU INC	May 29, 2009	0003691	10
SHIKOKU SUBARU INC	May 29, 2009	0003692	8
HIROSHIMA SUBARU INC.	Jun 23, 2009	0003777	8
GIFU SUBARU INC.	Jul 21, 2009	0003889	9
YAMAGUCHI SUBARU CO., LTD.	Jul 31, 2009	0003965	10
MIE SUBARU INC.	Aug 28, 2009	0004068	7
KANAGAWA SUBARU CO.	Aug 28, 2009	0004069	24
SAN-IN SUBARU INC.	Aug 28, 2009	0004070	9
OKAYAMA SUBARU INC.	Aug 28, 2009	0004071	7
NANSHIN SUBARU INC.	Sep 29, 2009	0004188	1
FUKUOKA SUBARU INC.	Mar 11, 2010	0004737※3	19
NISHIKYUSYU SUBARU INC.			12
KUMAMOTO SUBARU INC.			8
OOITA SUBARU INC.			5
MINAMIKYUSYU SUBARU INC.			12
SHIN OKINAWA SUBARU INC.			3
TOCHIGI SUBARU, INC.※4	Mar 18, 2010	0004739	12


Awarding ceremony of MIE SUBARU INC.


Awarding ceremony of SAN-IN SUBARU INC.


The certification of NANSHIN SUBARU INC.

Close Up

TOKYO SUBARU INC. introduced their EA21 activity

In June 2009, Mr.Soeno, Managing Director of TOKYO SUBARU INC. made a speech under the theme of “On Acquisition of the Eco-Action 21” to the audience from companies who are studying the introduction of the Eco-Action 21. The speech was made at a seminar on the introduction of the Eco-Action 21 which was hosted by Eco-Action 21 Regional Office Tokyo Central.

Fuji Heavy Industries Ltd.
2010 CSR Report

Site Report

Gunma Manufacturing Division

Main Plant

Location	1-1, Subaru-cho, Ota City, Gunma Prefecture ZIP : 373-8555
Site Area	585,521m²
Building Area	312,313m²
Number of Employees	3,071
Main Products Manufactured	STELLA and SAMBER models

Yajima Plant

Location	1-1, Shoya-machi, Ota City, Gunma Prefecture ZIP : 373-0822
Site Area	549,845m²
Building Area	255,466m²
Number of Employees	2,748
Main Products Manufactured	LEGACY, EXIGA, IMPREZA, and FORESTER models

Ota North Plant

Location	27-1, Kanayama-cho, Ota City, Gunma Prefecture ZIP : 373-0027
Site Area	43,750m²
Building Area	26,841m²
Number of Employees	63
Main Products Manufactured	Automotive parts

Oizumi Plant

Location	1-1-1, Izumi, Oizumi-machi, Ora-gun, Gunma Prefecture ZIP : 370-0531
Site Area	316,176m²
Building Area	227,823m²
Number of Employees	1,623
Main Products Manufactured	Automotive engines and transmission

Isesaki Plant

Location	100, Suehiro-cho, Isesaki City, Gunma Prefecture ZIP : 372-8508
Site Area	177,422m²
Building Area	58,866m²
Number of Employees	84
Main Products Manufactured	Automotive parts

SUBARU Test & Development Center

Location	Sano City, Tochigi Prefecture ZIP : 327-0512
Site Area	1,080,832m²
Building Area	24,378m²

Top Message

The Gunma Manufacturing Division 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.

We are well aware of the importance to live and prosper together with the communities around the site of Gunma Manufacturing Division and the society as a whole. We have been actively involved in setting exchange meetings for mutual understanding, cooperating for fund raisings and joining in environment-related events.

Let us count on your continued support to SUBARU.

Corporate Senior Vice President
Gunma Manufacturing Division Chief General Manager

Masahiro Kasai

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.

SUBARU Delivery Class on Environment

From June through December, Our employees visited all the elementary school (28 school altogether) in the Ota-City and Oizumi Town areas to deepen children's understanding of the environmental issues by explaining the reasons for global warming and its countermeasures with a bits of experiments under the theme "Let's Protect Irreplaceable Planet Earth."
The event started in 2004, marking its 6th anniversary this year, will be continued in years ahead.

Automobile Plant Tour Supported by FUJI SUBARU CO., LTD.

In July, FUJI SUBARU CO., LTD. held Automobile Plant Tour for children. FUJI SUBARU CO., LTD. invited about 200 children and their parents to Yajima Plant and SUBARU Visitor Center.

Clean-up Kanayama by the SUBARU Community Exchange Association

In May, Gunma Manufacturing Division carries out grass cutting and cleaning in the red pine forest of Mt. Kanayama together with people from companies and local communities. Beverages, towels and flower saplings were distributed to about 600 people who took part in this Campaign.

Participated in "Ota Summer Festival"

In July, about 580 SUBARU employees participated in "Ota Summer Festival".
Additionally, participated in "Oizumi Summer Festival", "Isesaki Summer Festival" and so on.

SUBARU Championship for Gunma Little Leagues

In October, SUBARU Championship for Little Leagues was held in Gunma Prefecture.
20 Little Leagues (about 400 kids) in Gunma participated in this Championship.

Participation in the Ota City Industry's Environmental Festival

In November, we took part in the Ota City Industry's Environmental Festival held at Nitta Culture Hall in Ota City. On that day, we exhibited an electric car, the Plug-in STELLA and responded to many questions from a multitude of people.

SUBARU Visitor Center and Plant Tour

We held Visitor Center and Plant Tour a year-round. In FY2009, 87,813 elementary school students (from 1,074 schools) and 10,256 people, total 98,069 people visited our Visitor Center and Plant Tour.

*About Plant Tour application and detailed information of SUBARU Visitor Center, please refer FHI HP. [Japanese only]

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

Education and Enlightenment Activities

In Gunma Manufacturing Division, in addition to education and training by type and skill level of work, employees are offered with various educational programs for various types of issues including traffic safety and environmental protection. Not limited to employees of the division, some education is provided as part of assisting affiliated companies and suppliers. We also are often invited to local schools for lectures as guest speakers.

Environmental Education to new employees of Affiliated Companies

In April, education on environmental protection was offered to new employees (about 100 people) of affiliated companies. They studied a wide range of topics from protection of global environment and our environmental management system.

Lecture at Training for Vice-principals

In January, Mr. Kozuka, Senior General Manager of Gunma Manufacturing Division was invited to the 2nd training course specially designed to support vice-principals in the east block elementary and junior high schools. He made a speech on the educational system of Fuji Heavy Industries Ltd. to the audience of about 130 vice-principals.

Approaches for Environmental Protection

Gunma Manufacturing Division as an automobile manufacturing work actively for environmental protection activities to provide “Greener SUBARU” from “Clean Plants”.

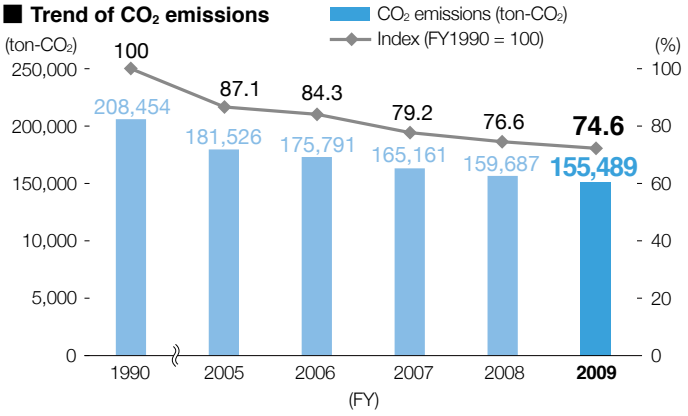
Curbing Global Warming Activities

CO_2 emission shows a declining trend over the last 5 years. 25.4 % reduction was achieved against actual performance in 1990.

In FY2009, Gunma Manufacturing Division had a program to pick up items for improvement every month by each production section under the name of “Energy-pinch Campaign” and practice routine energy saving patrolling. Under the slogan of “Decide, Stop, Fix and Turn Down”, all members are falling in line to push for energy saving.

We are committed to engaging in energy saving activities to curb global warming.

Trend of CO_2 emissions



Approach to Zero-Emissions

Gunma Manufacturing Division achieved Zero-Emissions in March, 2001 as advanced activity in Fuji Heavy Industries Ltd..

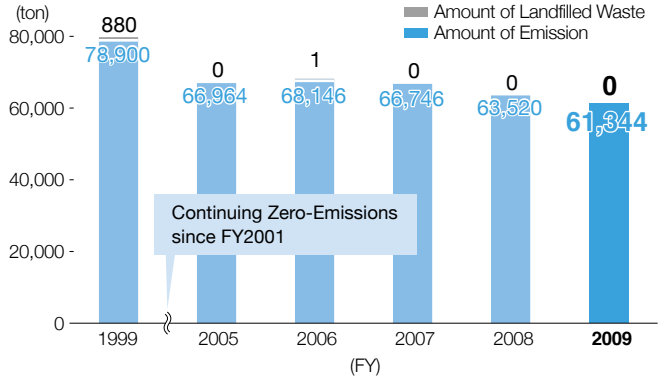
We will continue to improve recycling and reduce amount of wastes furthermore.

Response to Electronic Manifest

We initiated preparations for Electronic Manifest System on a trial basis.

The system was introduced in August, 2009, toward its full implementation, and as of March, 2010, more than 80 % was changed to electric manifests.

Trends in Amount of Waste Emission and Landfilled Waste



Preventing Environmental Pollution

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

In FY2009, however, we received 2 complaints about odor from residents who live near Main Plant in addition to an environmental accident of heavy oil flow-out into a water channel on the plant site. Please refer to page 45 of the 2010 CSR Report for some more detailed information and remedial actions taken.

We will strive not merely to prevent exceeding standard limits, but rather to achieve “zero” targets.

FY2009 Environmental 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 low or regulation.

Water Quality Data

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	7.3
BOD	25	20	6.1	0.4	2.7
SS	50	40	9.6	0.9	2.6
Oil Content (inorganic)	5	4	2.5	0.1	0.6
Fluorine	8	6.4	0.8	0.2	0.4
Zinc	5	4	0.3	0.0	0.2
Soluble Iron	10	8	0.1	0.1	0.1
Soluble Manganese	10	8	0.1	0.1	0.1
Total Phosphorus	16(8)	6.4	1.8	0.1	0.7
Total Nitrogen	120(60)	48	8.5	1.9	4.7
Bacillus Coli	3,000	2,400	440	0	145

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	8.0	7.1	7.4
BOD	10	8	7.7	0.5	3.1
SS	10	8	7.4	0.9	4.1
Oil Content (inorganic)	3	2.4	1.8	0	0.5
Fluorine	8	6.4	0.2	0.2	0.2
Zinc	2	1	0.3	0.1	0.2
Soluble Iron	5	4	0.1	0.1	0.1
Soluble Manganese	5	4	0.1	0.1	0.1
Total Phosphorus	16(8)	6.4	0.5	0.2	0.4
Total Nitrogen	120(60)	48	7.5	2.1	4.8
Bacillus Coli	1,000	800	16	0	8

[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 : 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	7.5	7.2	7.3
BOD	25	20	5.6	2.3	3.9
SS	50	40	4.8	0.9	2.3
Oil Content (inorganic)	5	4	2.8	0.2	1.4
Fluorine	8	6.4	1.2	0.5	0.9
Zinc	5	4	0.4	0.1	0.2
Soluble Iron	10	8	0.5	0.1	0.3
Soluble Manganese	10	8	0.6	0.1	0.35
Total Phosphorus	16(8)	6.4	0.4	0.2	0.3
Total Nitrogen	120(60)	48	5.7	2.5	4.1
Bacillus Coli	3,000	2,400	360	90	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	7.9	7.5	7.7
BOD	25	20	4.8	0.1	1.0
SS	50	40	7.2	0.9	2.9
Oil Content (inorganic)	5	4	1.4	0	0.4
Fluorine	8	6.4	0.2	0.2	0.2
Zinc	5	4	0.02	0.02	0.02
Soluble Iron	10	8	0.5	0.2	0.4
Soluble Manganese	10	8	0.1	0.1	0.1
Total Phosphorus	16(8)	6.4	4.9	1.8	3.4
Total Nitrogen	120(60)	48	1.5	1.4	1.5
Bacillus Coli	3,000	2,400	0	0	0

Isesaki Plant : Isesaki City Sewerage Law

substance	Regulated values (sewerage)	Voluntary Standard	Maximum values	Minimum Values	Average values
pH	5.7～8.7	6～8.4	7.9	7.4	7.6
BOD	300	240	150	3.7	59.1
SS	300	240	43.4	4	21.5
Oil Content (inorganic)	5	4	1.0	1.0	1.0
Fluorine	8	6.4	1.9	0.2	0.9
Zinc	5	4	1.3	0.0	0.4
Soluble Iron	10	8	0.1	0.1	0.1
Soluble Manganese	10	8	2.2	0.1	0.8
Total Phosphorus	20	16	1.7	0.2	0.9
Total Nitrogen	150	120	13	4	6

[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

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
Boiler (No. 5 & No.6)	NOx	150	120	93	68
	SOx	60.3	48.2	0.22	0.18
	PM	0.25	0.2	0.005	0.003
Dry-off furnace (electro coat, 2nd & final coat)	NOx	230	184	44	27
	PM	0.2, 0.3	0.16, 0.24	0.003	0.002

[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 : Air Pollution Data (Air Pollution Control Law)

Facilities	Substances	Regulated values	Voluntary standard	Maximum values	Average Values
Boiler (No. 2)	NOx	230	184	78	78
	SOx	62	50	0.5	0.5
	PM	0.25	0.2	0.004	0.004
Dry-off furnace (Electro coat, 2nd & final coat)	NOx	230	184	49	22
	PM	0.2, 0.35	0.16, 0.28	0.002	0.001

[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	0.0
Aluminum melting furnace	NOx	180	144	75	65
	PM	0.2	0.16	0.012	0.007

[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.

Other
Also at the specified facilities such as 3 heaters in North plant and 2 small boilers in Isesaki plant 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.

Noise [Unit : dB(A)]

Measurement area	Regulated values (night)	Voluntary Standard	Number of measurement	Actual values
Main Plant	55	54	40	32～46
Yajima Plant	55	54	32	43～54
Oizumi Plant	50	49	25	37～49
North Plant	50	49	30	32～41

Vibration [Unit : dB(Z)]

Measurement area	Regulated values (night)	Voluntary Standard	Number of measurement	Actual values
Main Plant	65	64	40	0～21
Yajima Plant	65	64	28	13～22
Oizumi Plant	60	59	25	12～26
North Plant	60	59	31	5～20

Measurement Result of Paint Facilities

We took measurement at 15 all facilities.

All the measured results were less than our voluntary standards.

[Units] ppm-C

Facility	Regulated values	Maximum values	Average values
Paint Facilities, etc	700	399	276
	400	160	96

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 Isesaki Plant for a total of 25 boundary locations. All the measured results were less than 10 for odor concentration and odor index, meeting requirements 21.

Amount of PRTR chemical materials and emission etc.

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

Code	CAS No.	Chemical Substances	Amount Handled	Air Release	Water Emissions	Transfer	Consumption	Solvent wiping Removal	Recycle
1	none	Zinc water-soluble compound	5,345		58	1,156	4,131		
16	141-43-5	2- Amino ethanol	1,043		84	318		642	0
30	25068-38-6	Polycondensation with 4,4'-isopropylidenediphenol and 1-chrolo-2,3-epoxypropane	19,679			1,604	18,004	71	
40	100-41-4	Ethyl benzene	269,126	131,602			42,403	21,820	73,301
43	107-21-1	Ethylene glycol	1,532,427				1,532,427		
63	1330-20-7	Xylene	550,640	251,487			192,366	45,304	61,483
224	108-67-8	1,3,5-Trimethylbenzene	27,554	19,561			146	3,602	4,245
227	108-88-3	Toluene	521,015	221,288			228,232	41,674	29,821
232	none	Compounds of nickel	1,238		56	935	248		
272	117-81-7	2-Ethylhexyl	8,774			243	8,531		
299	71-43-2	Benzene	14,916	51			14,866		
311	none	Manganese and its compounds	4,276		71	1,337	2,868		
		Total	2,956,034	623,990	268	5,594	2,044,221	113,112	168,850

Gunma Manufacturing Division [Isesaki Plant] [Unit : kg/year]

Code	CAS No.	Chemical Substances	Amount Handled	Air Release	Water Emissions	Transfer	Consumption	Solvent wiping Removal	Recycle
1	none	Zinc water-soluble compound	5,345		58	1,156	4,131		
63	1330-20-7	Xylene	2,138	60			2,078		
227	108-88-3	Toluene	2,485	6			2,480		
232	none	Compounds of nickel	1,238		56	935	248		
272	117-81-7	2-Ethylhexyl	2,216			111	2,106		
311	none	Manganese and its compounds	4,276		71	1,337	2,868		
		Total	17,699	66	184	3,539	13,910	0	0

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

Code	CAS No.	Chemical Substances	Amount Handled	Air Release	Water Emissions	Transfer	Consumption	Solvent wiping Removal	Recycle
63	1330-20-7	Xylene	25,144	34			25,110		
224	108-67-8	1,3,5-Trimethylbenzene	2,532	3			2,530		
227	108-88-3	Toluene	54,449	83			54,366		
299	71-43-2	Benzene	1,658	2			1,656		
		Total	83,784	122	0	0	83,662	0	0

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 Isesaki 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
February	1983	Oizumi Plant opened and started full-fledged operation
May	1987	SUBARU Test & Development Center conducted
March	1999	Gunma Manufacturing Division acquired ISO 14001 Certification
March	2001	Gunma Manufacturing Division achieved zero emission.
March	2010	Fuji Heavy Industries Ltd. acquired ISO14001 Corporate Integrated Certification

Contact:

Gunma Manufacturing Division
General Administration Dept.
General Affairs Sec.
TEL: 0276-26-2011 [Domestic]
+81-276-26-2001 [International]

FAX: 0276-26-3020 [Domestic]
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Site Report

Utsunomiya Manufacturing Division

Main Plant (Aerospace Company)

Location	1-1-11, Younan, Utsunomiya City, Tochigi Prefecture ZIP : 320-8564
Site Area	337,457m²
Building Area	176,895m²
Number of Employees	1,900
Main Products Manufactured	Aircraft, unmanned aircraft, space-related equipment

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

Main Plant (Eco Technologies Company)

Location	1-1-11, Younan, Utsunomiya City, Tochigi Prefecture ZIP : 320-8564
Site Area	171,816m²
Building Area	51,689m²
Number of Employees	199
Main Products Manufactured	Refuse collection vehicles, wind generation system, robots, etc

South Plant (Aerospace Company)

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

2nd South Plant (Aerospace Company)

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

Handa Plant (Aerospace Company)

Location	1-27, Shiohi-cho, Handa City, Aichi Prefecture ZIP : 475-0032
Site Area	49,041m²
Building Area	11,227m²
Number of Employees	364
Main Products Manufactured	Aircraft

Handa West Plant (Aerospace Company)

Location	102, Kamihama-cho, Handa City, Aichi Prefecture ZIP : 475-0804
Site Area	41,977m²
Building Area	13,809m²
Number of Employees	27
Main Products Manufactured	Aircraft

Top Message

Utsunomiya Manufacturing Division
Chief General Manager
Eiji Umehara

We advocate “A Company Fulfilling its Social Responsibilities” as one of management visions. This is the basic point to realize our long-term vision “A compelling Company with Strong Market Presence”. Under the basic policy of “Everything for Customers”, we will strive for contributing to sustainable social development and enhancing the corporate value by proactively committing ourselves to serving to the society and boosting compliance while caring for the environment to become a trusted company.

To materialize these, Utsunomiya Manufacturing Division will press forward with not only intensifying our approaches to the environmental issues including global warming, but also focusing on thoroughgoing compliance, stepping up traffic manners and sincerely addressing complaints because of our proximity to residential areas under the slogan “Company Endeared in the Community”. We will continue a program to make children deepen their understanding of science and environmental activities, leveraging our strength as a manufacturer.

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, we have been involved in supporting school education such as science or 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 experiment to deeply understand the environmental problems. In FY2009, 756 students in 5th grade from 26 classes took this lecture. (Accumulating total : 3,362 students from 112 classes)

Interactive Hands-on Plant Tour

In March, an interactive hands-on plant tour was offered to students at Utsunomiya Manufacturing Division in agreement with a program planned by Utsunomiya City to expose them to the fun of making things for their reference in choosing their future career path. In FY2009, 33 high school and university students took part in the program and came to realize how light aircraft materials were through the tour to the sites of development and manufacturing of aircraft.

Supported "Science Experience Event" by Teikyo University

In September, we joined a prep experience event held at the Utsunomiya campus of Teikyo University. We demonstrated experiment to show to children the mechanism for an airplane to fly by blowing wind to model wings to lift itself. They also experienced the lightness of aircraft materials by exhibits. About 650 children visited the campus to enjoy the event showing interest in science.

Plant Tour for Public

In August, we invited 92 people from nearby residents' associations for a plant tour to make them understand what kinds of products are made and what kinds of operations are performed inside the premise. Voices of surprise came from the participants when they were explained that our parts are used in many of aircraft flying all over the world.

Co-sponsored Cycle Load Race JAPAN CUP

We have been cosponsoring the Asia's top cycling race "the JAPAN CUP" since FY1990 which is hosted by Utsunomiya City in October every year, assisting to appeal Utsunomiya as the city of bicycles and cycling both to home and abroad. In FY2009, about 67,000 people, the highest number ever, came from both inside and outside the prefecture to enjoy the race.

Baseball Class for Children

In January, our rubber-ball baseball club opened a baseball class to coach children of local baseball teams to improve their skills. The class, being the 8th of this kind, has deeply taken root in the community and people can see the gleaming eyes of children in the ground every winter.

Approach for Traffic Safety, Environmental Protection Education, and Enlightening 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.

Traffic Safety Education (Night School)

We offered an education on night-time driving mainly to young people in March. There were motivated to be more conscious of traffic safety by leaning danger involved in driving at night through hand-on experience using actual cars to see the difference of how people and other vehicles look between at daytime and at night.

Crossing Guard for Local Community

We have provided crossing guard services at cross roads in the neighborhood of the division at commuting times to schools and offices, which also serves to make our employees be more conscious of traffic manners. Since there are many routes to schools in the vicinity of the division, we offered such services on 2 occasions in April when new pupils begin to attend and in September when they are likely to get too loosened after long summer holidays.

Environmental Fact Presentation

In October, an operation area was staged to report cases of environmental activities with the aim to understand the impact of our worksites on the environment and reduce environmental burdens through our line of duties for eventual contribution to profits. In this workshop, six working groups presented their cases to deepen understanding of the meaning of such activities.

Clean Campaign (Environmental Month Event)

In June, our 440 employees cooperated as volunteers in separate collection of garbage in the vicinity of the division. Through such work, we helped to develop a hands-on environment of community roads we use casually for commuting to work, taking environmental activities as things close to us.

Modal Shift Business Won the Director-General of the Marine Bureau of Ministry of Land, Infrastructure, Transport and Tourism Award

In November, out of consideration to environmental issues, the transportation method of "Fuji-mighty" was changed from self-running on the land to sea transport for promotion of modal shifting. This modal shift was credited with the Director-General of the Marine Bureau of Ministry of Land, Infrastructure, Transport and Tourism Award.

Right: Subaru Logistics Co., Led. President Mr. Okazaki (At that time)
Left: Eco Technologies Company President Mr. Arai (At that time)

Annual "Green Fund" Donation Campaign

In September, the money collected by all the employees of the division was donated to the Forestry Promotion Committees of Tochigi and Aichi Prefectures. This campaign started in FY2000 and this is the 10th occasion. The interest of people in division has become increasingly seated as we went through campaigns. (The amount donated in FY2009: about 330,000 yen)

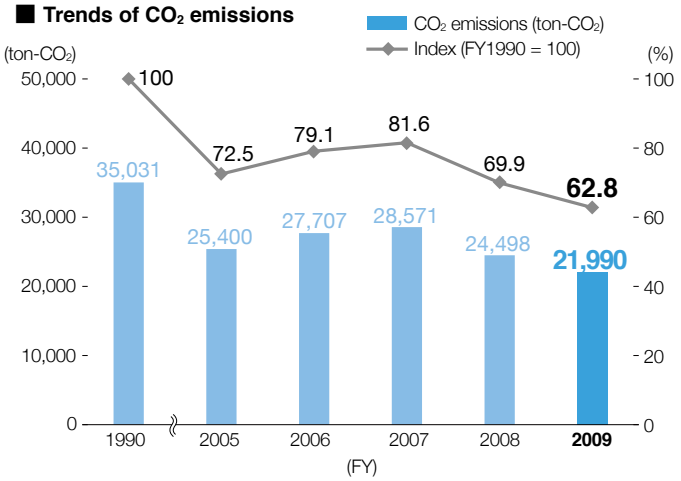
Approaches for Environmental Protection

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

Curbing Global Warming Activities

The CO_2 emissions have been reducing for recent 3 years. It was accomplished 37.2% of CO_2 emission reduction compare with actual performance in FY1990. We are committed to engaging in energy saving activities to curb global warming.

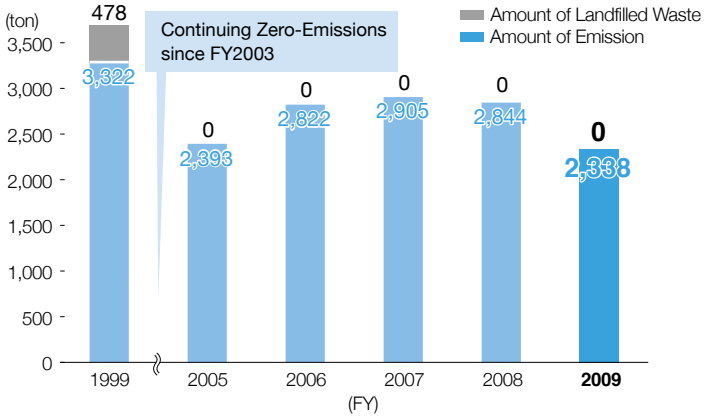
■ **Trends of CO_2 emissions**



Approach to Zero-Emissions

Utsunomiya Manufacturing Division achieved Zero-Emissions in FY2003. We will continue to improve recycling and reduce amount of wastes furthermore.

■ **Trends in Amount of Waste Emission and Landfilled Waste**



Preventing Environmental Pollution

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

In FY2009, however, we received 2 complaints about noise from residents who live near the Plant in addition to 2 internal environmental accidents of waste fluid flow-out into a water channel on the plant site. Please refer to page 45 of the 2010 CSR Report for some more detailed information and remedial actions taken.

We will strive not merely to prevent exceeding standard limits, but rather to achieve “zero” targets.

FY2009 Environmental Data

The measured results all comply with the Water Quality Pollution Control Act, and the Utsunomiya Sewerage Ordinance the Handa Pollution Prevention Agreement. 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, noise and vibration) which are 20% stricter than environmental low or regulation

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	7.7	6.1	7.2
BOD	600	480	281	0.5	48.0
SS	600	480	246	under 1	under 36.5
Oil Content (inorganic)	5	4	3.5	under 1	under 1.5
Fluorine	8	6.4	1.5	under 0.2	under 0.4
Cadmium	0.1	0.08	0.01	under 0.01	under 0.01
Syanide	1	0.8	0.1	under 0.1	under 0.1
Total chromium	2	1.6	0.5	under 0.01	under 0.05
Hexavalent chromium	0.1	0.08	0.02	under 0.02	under 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	8	6.8	7.3
BOD	600	480	92.9	7.6	31.9
SS	600	480	162	5.2	33.2
Oil Content (inorganic)	5	4	1.4	under 1	under 1
Fluorine	8	6.4	under 0.2	under 0.2	under 0.2
Cadmium	0.1	0.08	under 0.005	under 0.005	under 0.005
Syanide	1	0.8	under 0.01	under 0.01	under 0.01
Total chromium	2	1.6	0.03	under 0.01	under 0.01
Hexavalent chromium	0.1	0.08	0.02	under 0.02	under 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	8	6.9	7.3
BOD	600	480	94.9	0.9	21.6
SS	600	480	126	1	23.6
Oil Content (inorganic)	5	4	under 1	under 1	under 1
Fluorine	8	6.4	2	under 0.2	under 0.3
Cadmium	0.1	0.08	under 0.005	under 0.005	under 0.005
Syanide	1	0.8	under 0.01	under 0.01	under 0.01
Total chromium	2	1.6	0.27	under 0.01	under 0.07
Hexavalent chromium	0.1	0.08	0.02	under 0.02	under 0.02

Handa Plant : Water Pollution Control Law, Aichi Prefectural Ordinances

Substance	Regulated values (prefectural)	Voluntary Standard	Maximum values	Minimum Values	Average values
pH	6~8	6.2~7.8	7.8	6.6	7.4
BOD	25	20	11	0.5	8.3
SS	25	20	21	1	5.1
Oil Content (inorganic)	5	4	under 0.5	under 0.5	under 0.5
COD	25	20	11	2.2	5.8
Bacillus Coli	3,000	2,400	240	30	86.6

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

Substance	Regulated values (agreement)	Voluntary Standard	Maximum values	Minimum Values	Average values
pH	6~8	6.2~7.8	7.8	6.9	7.5
BOD	15	12	4.1	1	2.6
SS	15	12	8	1	4.3
Oil Content (inorganic)	2	1.6	under 0.5	under 0.5	under 0.5
Fluorine	5	4	under 0.02	under 0.02	under 0.02
cyanogens	0.5	0.4	under 0.02	under 0.02	under 0.02
Total chromium	0.2	0.16	under 0.04	under 0.04	under 0.04
Hexavalent chromium	0.3	0.24	under 0.04	under 0.04	under 0.04

[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

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
Co-generation system	NOx	600	480	157	156
Dry-off furnace	NOx	230	184	60	56
	PM	0.2	0.16	0.001	0.001

[Unit] NOx : ppm, PM : g/m^{3}N
Among the 9 facilities specified by Law, we present here data of co-generation system and dry-off furnaces. Also at the specified facilities not indicated here, measured values were in the range of values specified by Law.

Handa West Plant : Air Pollution Data (Aichi Prefectural Ordinances)

Facilities	Substances	Regulated values	Voluntary standard	Maximum values	Average Values
2ton boiler	SOx	1.5	1.2	0.01	0.01
	NOx	180	144	38	35
	PM	0.1	0.08	0.002	0.002

[Unit] SOx : g/m^{3}N/h, NOx : ppm, PM : g/m^{3}N
Among the 5 facilities specified by Law, we present here data of big boilers. Also at the specified facilities not indicated here, measured values were in the range of values specified by Law.

Handa Plant : Air Pollution Data (Aichi Prefectural Ordinances)

Facilities	Substances	Regulated values	Voluntary standard	Maximum values	Average Values
2ton boiler	SOx	1.5	1.2	0.05	0.05
	NOx	180	144	39	36
	PM	0.1	0.08	0.002	0.002

[Unit] SOx : g/m^{3}N/h, NOx : ppm, PM : g/m^{3}N
Among the 6 facilities specified by Law, we present here data of big boilers. 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.

Noise [Unit : dB(A)]

Measurement area	Regulated values (night)	Voluntary Standard	Number of measurement	Actual values
Main Plant	60	58	8	57
South Plant	50	48	3	39
2nd South Plant	50	48	3	47
Handa Plant	65	63	3	44
Handa West Plant	65	63	6	60

Vibration [Unit : dB(Z)]

Measurement area	Regulated values (night)	Voluntary Standard	Number of measurement	Actual values
Main Plant	65	63	8	32
South Plant	60	58	2	<30
2nd South Plant	60	58	3	<30
Handa Plant	70	68	3	37
Handa West Plant	70	68	5	<30

Amount of PRTR chemical materials and emission etc.

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

Code	CAS No.	Chemical Substances	Amount Handled	Air Release	Water Emissions	Transfer	Consumption	Solvent wiping Removal	Recycle
30	25068-38-6	Polycondensation with 4,4'-isopropylidenediphenol and 1-chrolo-2,3-epoxypropane	2,033			813			
40	100-41-4	Ethyl benzene	531	79		22	430		
63	1330-20-7	Xylene	4,882	1,835		647	2,400		
227	108-88-3	Toluene	22,368	14,551		4,055	3,762		
69	none	Compounds of Hexavalent chromium	2,010		3	976	647	384	
311	none	Manganese and its compounds	1,375			550	825		
Total			33,199	16,465	3	7,063	9,284	384	0

*In FY2009, the amount of chemical substance subject to PRTR handled at Handa Plant and Handa West Plant was less than 1 ton/year.

Utsunomiya Manufacturing Division [Eco Technologies Compay] [Unit : kg/year]

Code	CAS No.	Chemical Substances	Amount Handled	Air Release	Water Emissions	Transfer	Consumption	Solvent wiping Removal	Recycle
40	100-41-4	Ethyl benzene	7,897	4,847			1,919		1,131
63	1330-20-7	Xylene	22,433	13,922			5,451		3,060
227	108-88-3	Toluene	7,709	4,986			1,873		850
Total			38,039	23,755	0	0	9,243	0	5,041

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 Fright
	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
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
March	2010	Fuji Heavy Industries Ltd,. acquired ISO14001 Corporate Integrated Certification

Contact:

Utsunomiya Manufacturing Division
General Administration Dept.
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Fuji Heavy Industries Ltd.
2010 CSR Report

Site Report

Saitama Manufacturing Division
(Industrial Products Company)

Overview [As of March 31, 2010]

Location	4-410 Asahi, Kitamoto City, Saitama Prefecture ZIP : 364-8511
Site Area	143,438m²
Building Area	92,061m²
Number of Employees	527
Main Products Manufactured	General-purpose engines (Robin Engines), Engine Generators, etc

Top Message

We will pull together and strive for realization of rich future through promoting global environmental protection by energetically addressing prevention of global warming, energy saving, and reduction of wastes and environmental pollutants at all staged of business activities.

Corporate Vice President
Industrial Products Company President
Yasuo Ueno

Relationship with Local Community

Saitama Manufacturing Division is the newest production site of SUBARU which started its operations in 1995. We care for diversified communications through participating in local events and cleaning campaigns, accepting visitors to the plant and other programs. We also provide education on traffic safety annually, recognizing it as our social responsibility to take initiatives to eradicate traffic accidents.

Communication with Local Community

In our division, we now offer not only plant tours mainly focused on production process, but also environment-oriented educational plant tours and real-world learning classes.

Work Experience Learning of junior high school students in Kitamoto City

Training for 5th year teachers in local industrial high schools

In Saitama Manufacturing Division, employees become school crossing guards in the morning.
We also participated in the Kitamoto Cleanup Program, called “Flesh-clean Kitamoto, Leave it to Us Program” organized by Kitamoto City, and are conducting cleanup activities in the neighborhoods around our plants.
In December, the school crossing guards were greatly appreciated by the elementary school in Kitamoto City, and FHI employees were invited to the “Thank you Meeting”

In December, FHI employee received Thank you Letter and fancy Lei from elementary school students

Monthly clean up program “Flesh-clean Kitamoto, Leave it to Us Program”

Approaches for Child-care support and Traffic Safety Activities in Saitama Manufacturing Division.

In October, 3rd “Papa Support Program” was held and fathers learned about child rearing

In December, a lecture meeting on traffic safety was held with the help of Traffic Enforcement Division of Konosu Police Station.

Approaches for Environmental Protection

Green Procurement Activities

Industrial Products Company always tries to practice “Earth-friendly Parts Procurement” to produce and provide world top-level environment-conscious multi-purpose engines. To say nothing of reduction of environmentally hazardous substances, we are working with suppliers for green procurement activities tracing up to the design stage. As a recent example of such cooperative ventures, we cut down both CO_2 and costs by discontinuing heat treatment of forged parts. We are also concerned with making effective use of limited resources by making things lighter, less processing steps and aggressive use of recycled materials.

At present, feisty global cooperative ventures are unfolding with China emerging as a big player in the multi-purpose engine industry. We will keep falling in line to differentiate our Robin-brand engines with their outstanding durability and environmental performance and win patronage of customers for the values.

Curbing Global Warming and Energy Saving Activities

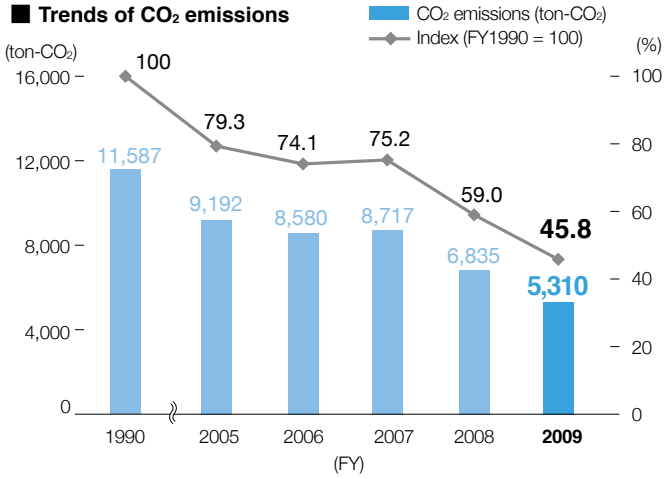
The CO_2 emission has been reducing over 50% compare with FY1990.

Electricity, gasoline and LPG are in use as energy sources at our site. We made a zero-base review in FY2009 and embarked on belated reduction of LPG. LPG is supplied to the gas carburizing furnaces at the quenching shop, the cafeteria kitchen and the steam boiler. The steam boiler is used for warming the trial run shop and central cleaning machines on the 2nd floor of the plant. Following a general rule for “saving by discontinuing, cutting down and/or changing,” we could verify that naturally gasified LPG was good enough through sufficient tests. This finding led to 20% reduction of LPG use in summer by banning use of the forced gasification equipment, optimizing boiler operation time and pasting heat insulating sheets onto the tank of the cleaning machines.

This improvement was presented at the FY2009 company-wide KAIZEN Presentation Contest for outstanding work improvements.

In FY2010, we will keep working to put into practice hybrid heat sourcing which involves use of LPG only under risen temperature and use of an electric heater for heat retention.

■ Trends of CO_2 emissions



A scene of FY2009 company-wide KAIZEN Presentation Contest

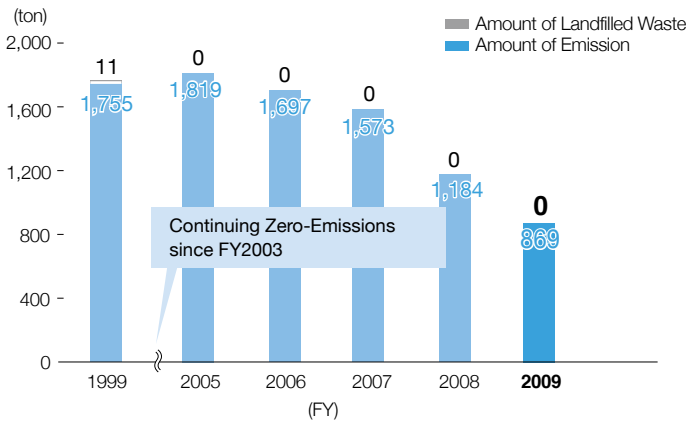
Approach to Zero-Emissions

■ Using Returnable Steel Pallet ~Ecological since long before~

Packaging materials for shipping products turn to be wastes when the products have been delivered to customers. As packaging materials need to be strong enough to protect the products inside from damages and shocks. As a result, cardboard packaging materials are widely used, which is the source of generating lots of wastes.

Half of our products are shipped using steel pallets. One such steel pallet can accommodate 4 to 9 products depending on their type for repeated use without being wasted like cardboards. Since these steel pallets are easy to pack and open, they are received favorably by customers. The steel pallets

■ Trends in Amount of Waste Emission and Landfilled Waste



have been in use for more than 30 years, cutting about 13,500 tons of wastes so far in a sense.

On the other hand, raising the turnover their use becomes an issue because of their shuttling between our plant and customers. Therefore, we now employ dual approaches: one approach is active use of steel pallets for customers who are relatively close and frequently receive shipments, and the other is higher use of concentrated cardboard packaging for customers relatively away from us, taking into account loading efficiency and workability.

In future, we will deal with steel pallets and cardboards for higher loading efficiency and less wastes generation.

Preventing Environmental Pollution

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

In FY2009, however, we once exceeded our voluntary standard※1 for oil content (organic) measurement value (It was not exceeded regulated values of Kitamoto City Prefectural Ordinances). Please refer to page 45 of the 2010 CSR Report for some more detailed information and remedial actions taken.

We will strive not merely to prevent exceeding standard limits, but rather to achieve “zero” targets.

※1
FHI established the voluntary standards (for air, water, noise and vibration) which are 20% stricter than environmental low or regulation

Water Quality Data

Kitamoto City Public Sewerage Law

Substance	Regulated values (sewerage)	Voluntary Standard	Maximum values	Minimum Values	Average values
pH	5～9	5.4～8.6	8.2	6.6	7.7
BOD	600	480	400	94	186.6
SS	600	480	240	54	153.4
Oil Content (organic)	30	24	28	3.9	10.7

[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 measurement	Actual values
Noise	Morning/Evening	50	49	1	41～49
	Day	55	54	2	47～54
	Night	45	44	1	41～44
Vibration	Day	60	59	1	32
	Night	55	54	1	<30

Amount of PRTR chemical materials and emission etc.

[Unit : kg/year]

Code	CAS No.	Chemical Substances	Amount Handled	Air Release	Water Emissions	Transfer	Consumption	Solvent wiping Removal	Recycle
40	100-41-4	Ethyl benzene	1,205	12			1,193		
43	107-21-1	Ethylene glycol	798	0			798		
63	1330-20-7	Xylene	6,457	42			6,415		
224	108-67-8	1,3,5-trimethylbenzene	855	3			852		
227	108-88-3	Toluene	9,575	166			9,409		
299	71-43-2	Benzene	430	19			411		
Total			19,320	242	0	0	19,078	0	0

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 and operated
May	1999	Saitama Manufacturing Division acquired ISO14001 certification
March	2002	Saitama Manufacturing Division achieved zero emission.
March	2010	Fuji Heavy Industries Ltd,. acquired ISO14001 Corporate Integrated Certification

Contact:
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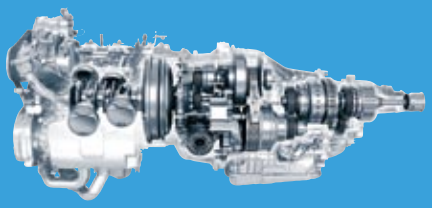
Fuji Heavy Industries Ltd.
2010 CSR Report

Site Report

Tokyo Office

Overview [As of March 31, 2010]

Location	3-9-6 Osawa, Mitaka City, Tokyo
Site Area	158,147m²
Building Area	69,173m²
Number of Employees	1,084
Main Products Manufactured	Research. Development and Experiment of automotive and transmissions



Top Message

Corporate Senior Vice President
Chief General Manager
Motohisa Miyawaki

In the midst of rising concerns of Corporate Social Responsibilities (CSR), we view the corporate social responsibilities exactly equate with our business activities and have been positively involved in environmental protectio, compliance and social contribution.

At Tokyo Office, as the site assigned to develop SUBARU's power units (engines and transmissions), we are making untiring efforts to have both running and environment/safety performances balanced at a high level.

While being thoroughly conscious of our important position which influences environmental burden of automobiles and our urban-type business unit adjacent to residential areas, we will focus on environment-conscious development and business activities and intensify our involvement in environmental preservation and pollution prevention.

As before, we are determined to make environment-friendly vehicles through improving fuel economy and emission performance as well as developing clean-energy vehicles, thus contributing to the society by offering clean power units.

Relationship with Local Society

We take it seriously to associate with people in the neighborhood as an “urban-type business unit” which operates near residential areas.

In order to create a rich society together, we have undertaken maintenance of safety and disaster prevention system and embraced activities for local events and cleaning. We also are supporting classes of social studies for elementary school pupils through offering them opportunities for plant tours as a way to develop human resources which will lead the next generation.

Communication with Local Community

In January, we invited local elementary school students (in total 456) for Social Study Plant Tour

In October, we held “SUBARU Delivery Class on Environment” as a part of social study support in Tama City elementary schools

In April, new 90 employees participated in Life-saving Lectures just in case

In January, we held baseball lesson class for neighboring elementary school students (about 200) supported by Fuji Heavy Industries Baseball Club members

In October, we introduced our Environment-related facilities to Mitaka City District Resident Conference members

In May and November, we held the safety bike driving class supported by Mitaka Police Office

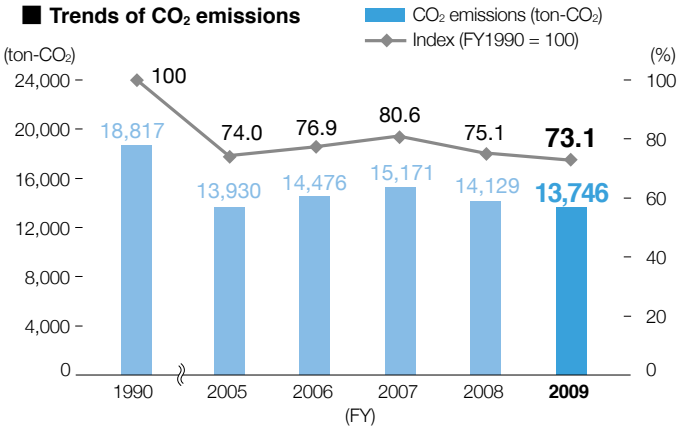
Approaches for Environmental Protection

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

Curbing Global Warming Activities

We are making an effort to accomplish CO_2 emissions 22% reduction by the end of FY2010 compare to actual performance in FY1990. We are committed to engaging in energy saving activities to curb global warming.

■ **Trends of CO_2 emissions**



Close Up

Environment-conscious Administration Building Completed

In November, a five-storied administration building was completed. This building is designed to incorporate considerations to the environment with solar-electric power generation and automatic window-side light adjustment. The rooftop is also structured to be suited for future gardening.

Solar-electric power generation on roof top

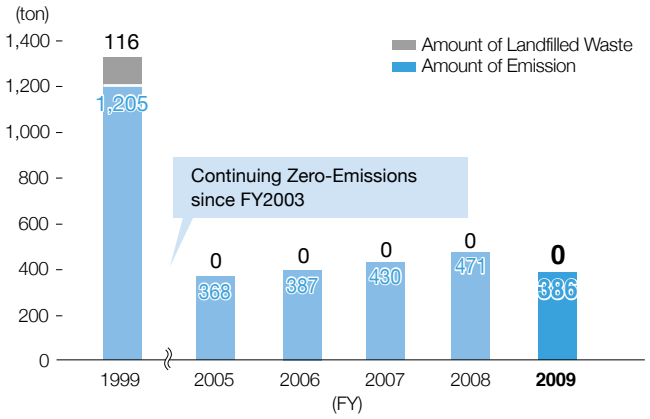
Appearance of new administration building

Approach to Zero-Emissions

Tokyo Office achieved Zero-Emissions in FY2003.

We will continue to improve recycling and reduce amount of wastes furthermore.

■ **Trends in Amount of Waste Emission and Landfilled Waste**



Preventing Environmental Pollution

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

In FY2009, however, we had 3 internal environmental accidents of small amount of oil flow-out. Please refer to page 45 of the 2010 CSR Report for some more detailed information and remedial actions taken.

We will strive not merely to prevent exceeding standard limits, but rather to achieve “zero” targets.

FY2009 Environmental Data

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

Water Quality Data (Mitaka City Public Sewerage Law)

Substance	Regulated values (prefectual)	Voluntary Standard	Maximum values	Minimum Values	Average values
pH	5.7~8.7	5.9~8.4	8.4	7.2	8.0
BOD	300	240	240	2.2	86.0
SS	300	240	240	5	62.4
Oil Content (inorganic)	5	4	under 4	under 4	under 4
Oil Content (organic)	30	24	19	4	5.4
Total phosphorus	16(8)	12.8	12.7	0.4	2.9
Total nitrogen	120(60)	96	70.3	4.8	24.9
Soluble manganese	10	8	0.03	0.01	0.02
cyanogens	1	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] ••••• all others except pH : mg/L

Air Pollution Data (the Air Pollution Control Act)

Facilities	Substances	Regulated values	Voluntary standard	Maximum values	Average Values
Boiler	NOx	65	52	45	45
	PM	0.3	0.24	0.001	0.001

NOx : Nitrogen Oxide
[Units] ••••• NOx: ppm, PM: g/m^{3}N

Amount of PRTR chemical materials and emission etc.

[Unit : kg/year]

Code	CAS No.	Chemical Substances	Amount Handled	Air Release	Water Emissions	Transfer	Consumption	Solvent wiping Removal	Recycle
40	100-41-4	Ethyl benzene	13,937	0.379			13,937		
43	107-21-1	Ethylene Glycol	2,912				2,912		
63	1330-20-7	Xylene	63,602	1.525			63,600		
224	108-67-8	1,3,5-trimethylbenzene	8,756	0.049			8,756		
227	108-88-3	Toluene	173,369	14.218			173,355		
299	71-43-2	Benzene	5,201	1.548			5,199		
Total			267,777	17.718	0	0	267,759	0	0

Division history

May	1941	Mitaka Research Institute of Nakajima Aircraft Co., Ltd. opened
April	1955	Changed to Fuji Heavy Industries Ltd. Mitaka Manufacturing Division
February	1958	Production of air-cooled engines for SABARU 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
March	2010	Fuji Heavy Industries Ltd. acquired ISO14001 Corporate Integrated Certification

Contact:
Tokyo Office
General Administration Dept.
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Fuji Heavy Industries Ltd.
2010 CSR Report

Site Report

Head Office※1

Shinjuku Business Site

Location	1-7-2, Nishi-shinjyuku, Shinjyuku-ku, Tokyo ZIP : 160-8316
Site Area	1,600m²
Building Area	7,254m²
Number of Employees	552
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 ZIP : 331-0812
Site Area	3,644m²
Building Area	4,267m²
Number of Employees	49

SUBARU Academy

Location	1460 Hazama Town, Hachiouji City, Tokyo ZIP : 193-0941
Site Area	10,397m²
Building Area	13,378m²
Number of Employees	42
Main Business	Multi-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 3sites as follows; 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 employees and dealerships education.

Relationship with Local Society

Communication with Local Community

Plastic Bottle Cap Collection Campaign

SUBARU has been participating in a campaign since FY2009 to donate polio vaccine to developing countries through NPO by collecting caps of plastic bottles.

In February, 2010, as a result of the first collection, we could donate about 46,000 caps which are worthy of polio vaccine for about 58 patients in developing countries. This collection of caps is translated to have reduced carbon dioxide by 363 kg as compared with the case of incinerating the same.

Installed plastic bottle caps collection box for each floor.

Result of the first collection, about 46,000 caps

Social Contribution with Motor Sports Business

In March, 2010, our employees made lectures to junior high school students. This event, being the 5th, consists of two parts: the first was an explanation on the environment surrounding automobiles and SUBARU's engineering and motor sports, followed by giving them opportunity to touch parts of rally cars in person, and the second part was a presentation of first-hand experience in development of rally cars and rally competitions by employees of SUBARU Technica International and drivers who run All Japan Rally Championships.

This event was held not for the sole purpose of image enhancement of the participating companies and motor sports, but was rather intended to promote correct understanding of motor sports and to attract young people whose shying away from cars is turning out to be an issue, through their firsthand touch of real motor sports cars. We think we could get the importance of working hard toward one's dream by talking about our real experience across through their eyes and feels.

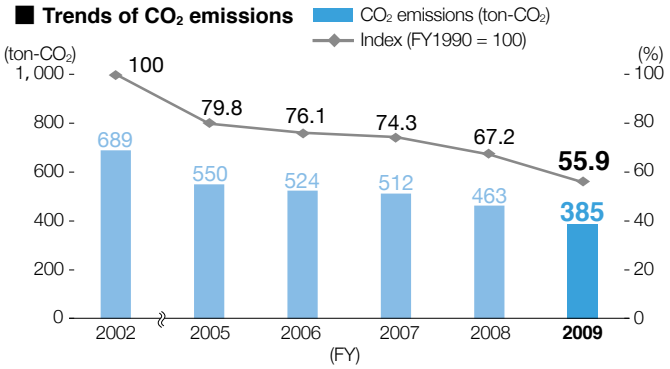
Approaches for Environmental Protection

Curbing Global Warming Activities

CO_2 emissions in FY2009 was about 385 tons, accomplished to reduce 17 % compared with the actual performance in FY2008. This is largely due to the pervasion of diligent energy-saving activities called “Eco Office Activities” by each employee and the reviewing of car demonstrations as part of cutting expenses.

We are committed to engaging in energy saving activities to curb global warming.

Trends of CO_2 emissions

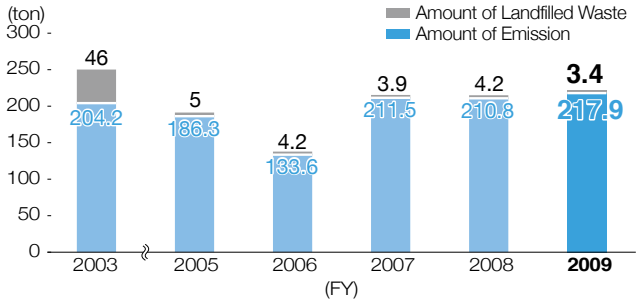


Approach to Zero-Emissions

In FY2009, the wastes generated totaled 217.9 tons, an increase of about 3% over FY2008. This increase was due to the large amount of obsolete sales promotional papers (12-ton increase over FY2008). However, the overall recycling rate showed more than 90% for 5 years in a row. The amount of the land-filled was 3.4 tons, the lowest ever recorded.

We will continue to improve recycling and reduce amount of wastes furthermore.

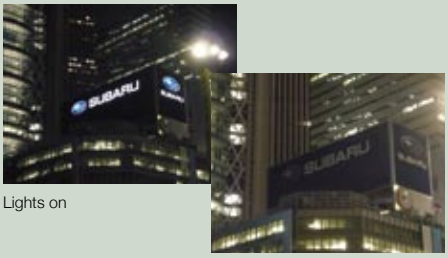
Trends in Amount of Waste Emission and Landfilled Waste



Close Up

Participated in Lights Down Campaign

We are taking part in the “CO_2 reduction/Lights Down Campaign” staged by the Ministry of the Environment. This campaign is intended to make people realize how much we are used to lives dependent on lights by encouraging them to turn off lights and think about the issue of global warming. This campaign has been held every year since FY2003 and we joined in FY2009. In FY2009, we turned off the roof lights for two hours from 8:00p.m. to 10:00p.m. on June 20 and July 7.



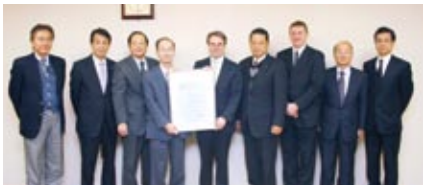
Lights on

Lights off

Environmental Management System

In FY2009, Head Office acquired ISO14001 corporate integrated certification as a promotion office. The SUBARU Academy was included to Environmental Management System application purview, and started activities 3 sites together.

In February, EMS KAIZEN case study presentation



In March, Integrated Certification award ceremony with the examining authority

Division history

July	1953	Fuji Heavy Industries Ltd. established Head Office: 2-73 Tsunohazu, Shinjyuku-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 Nishishinjyuku Shinjyuku-ku
March	2005	Head Office Site acquired ISO 14001 Certification
March	2010	Fuji Heavy Industries Ltd. acquired ISO14001 Corporate Integrated Certification

Contact:
Head Office
General Administration Dept.
TEL: 03-3347-2111 [Domestic]
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Site Report

Domestic Affiliated Companies

Yusoki Kogyo K.K.

Location	102, Kamihama-cho, Handa City, Aichi Prefecture ZIP : 475-8668
Number of Employees	117
Main Business	Production and sale of aerospace-related machinery components

Fuji Machinery Co., Ltd.

Location	2-24-3, Iwagami Town, Maebashi City, Gunma Prefecture ZIP : 371-0035
Number of Employees	356
Main Business	Production and sale of automotive parts, industrial machinery and agricultural transmissions

Ichitan Co., Ltd.

Location	74 Shindo Town, Ota City, Gunma Prefecture ZIP : 373-0037
Number of Employees	202
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 ZIP : 376-0011
Number of Employees	139
Main Business	Manufacture of specially equipped SUBARU automobiles and logistics control of SUBARU automotive parts, rebuilt of SUBARU engine and transmission

Subaru Logistics Co., Ltd.

Location	558-1, Asahi Town, Ota City, Gunma Prefecture ZIP : 373-0814
Number of Employees	159
Main Business	Packing, shipping, transportation, warehousing, maintenance and insurance brokerage of automobiles and parts

The Domestic Affiliated Company Subcommittee Activities

FHI set up a Domestic Affiliated Company Subcommittee for 5 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.
In FY2009, the subcommittee met twice on May 13 and October 28 to report and discuss the performance during FY2008 as well as plans for FY2009 and their progress. We outlined "the Law Regarding the Rationalization of Energy Use" and reported mainly the ISO 14001 integrated certification process we went through.

Relationship with Local Society

Each company conducts various internal/external communication activities, regular beatification and cleanup activities around its properties. Some of their activities in FY2008 are introduced here. The 3 companies of Ichitan Co., Ltd. Kiryu Industrial Co., Ltd. and Subaru Logistics Co., Ltd. are enrolled in activities of 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

Communication with Local Community

Each company periodically takes part in Clean Up activity neighboring region of their companies. The picture following is a scene of Kiryu Industrial Co., Ltd.'s Clean Up activity around their community,

Every year Yusoki Kogyo K.K. is participated in "Green fund-raising campaign". In October, they donated the collected fund to the Green Project Committee in Aichi Prefecture.

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

Close Up

～Environmental Management System Activities in Ichitan Co., Ltd.～
Credited by Japan Forging Association with "the Environmental Protection Excellent Enterprise Award"

Ichitan Co.,Ltd. was lauded with "the Environmental Protection Excellent Enterprise Award" by Japan Forging Association for its overall performance in environmental preservation including acquisition of ISO 14001 certification, strict observance of environment-related laws and regulations, energy saving and zero emission.

Left: President of Ichitan Co.,Ltd. Mr. Tamura (at that time)

Approaches for Environmental Protection

Environmental Management System

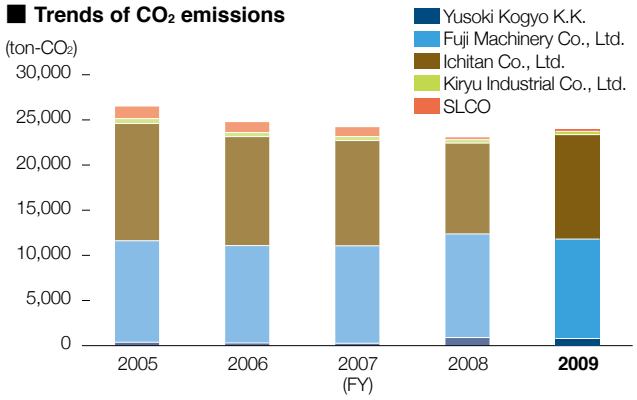
Each company's Environmental Management System status is as follows;

	Acquisition date of the first certification	FY2009 Assessment Date	Result
Fuji Machinery Co., Ltd.	June 2002	August 5 to 8, 2009	Minor Nonconformity: 3, Good Point: 2, Needs improvement: 53
Ichitan Co., Ltd.	March 2004	January 26 to 29, 2010	Nonconformity: 0, Good Point: 1, Needs improvement: 11
Kiryu Industrial Co., Ltd.	October 2004	August 19 to 20, 2009	Nonconformity: 0, Good Point: 2, Needs improvement: 21
Yusoki Kogyo K.K.	Yusoki Kogyo K.K. is included to FHI ISO14001 Corporate Integrated Certification application purview.		
Subaru Logistics Co., Ltd.	Subaru Logistics Co., Ltd. acquired external certification in February 2004. Now they are proceeding with its own voluntary EMS activities.		

Curbing Global Warming Activities

The total amount of CO_2 emission by the five companies in FY2009 reached 24,024 tons, showing an increase of 1,000 tons over the prior year. However, this was an 13% reduction of CO_2 by 1,500 tons against FY2001. We are committed to engaging in energy saving activities to curb global warming. Please find right graph for the trend of actual CO_2 emissions by FY2009.

■ Trends of CO_2 emissions



Close Up

～CO_2 emissions reduction in Subaru Logistic Co., Ltd.～

Modal Shift Business Won the Director-General of "the Marine Bureau of Ministry of Land, Infrastructure, Transport and Tourism Award"

Subaru Logistic Co., Ltd. had been promoting the modal shift in cooperation with our Eco Technologies Company to change the transportation method of "Fuji-mighty" refuse collection vehicles from self-running on the land to sea transport.

As a result, CO_2 emission was reduced by about 32% overall as compared with the preceding land transportation. Such effort was acclaimed with the Director-General of the Marine Bureau of Ministry of Land, Infrastructure, Transport and Tourism Award.

Right: Subaru Logistic Co., Ltd. President, Mr. Okazaki (at that time)
Left: FHI Eco Technologies Company President Mr. Arai (at that time)

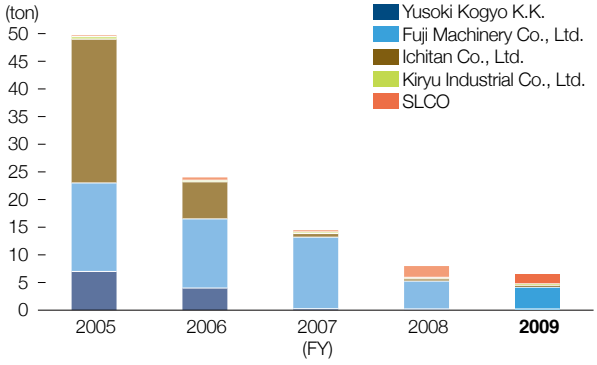
Approach to Zero-Emissions

The amount of wastage generated by the five companies in FY2009 reached 7,236 tons and 6.3 tons waste was land-filled. The ratio of the amount of the land-filled was less than 0.1% for the first time since the subcommittee began their activities in FY2001.

We will continue to improve recycling and reduce amount of wastes furthermore.

Please find right graph of the trends for actual amount of wastage generated by FY2009.

■ Trends of Amount of Waste Emission



Preventing Environmental Pollution

Each company proceeded with prevention of environmental accidents and public hazards through environmental patrols, management of exhaust gasses and discharged water and reduction of environmental risks for harmonious living with the community and preservation of the green-rich 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 and received any administrative advice and claim. We will keep achieving “Zero” targets.

A scene of emergency response training

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 FY2009, the amount of chemical substance subject to PRTR handled at 5 companies was less than 1 ton/year.

FY2009 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	6~8	8	7.3	7.6
BOD	25	20	3.7	1.1	2.1
SS	30	20	9	1	2.8
Oil Content (inorganic)	2	2	1.2	0.5	0.7
Total Nitrogen	120	60	16	0.4	2.2
Phosphorus	16	8	1.4	0.01	0.3

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

Substance	Regulated values (Sewerage Law)	Maximum values	Minimum Values	Average values
pH	5.7~8.7	7.7	7.3	7.5
BOD	300	1	1未満	1未満
SS	300	2未満	2未満	2未満
Oil Content (inorganic)	5	1	1未満	1未満

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

substance	Regulated values (Sewerage Law)	Maximum values	Minimum Values	Average values
pH	5.7~8.7	6.9	6.5	6.7
BOD	300	1	1未満	1未満
SS	300	5	2未満	3
Oil Content (inorganic)	5	1未満	1未満	1未満

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

Substance	Regulated values (prefectural)	Maximum values	Minimum Values	Average values
pH	5.8~8.6	6.9	6.7	6.8
BOD	20	2	1未満	1.2
SS	20	2未満	2未満	2未満
Oil Content (inorganic)	3	1未満	1未満	1未満

Ichitan Co., Ltd.: Water Pollution Control Law, Gunma Prefectural Ordinances

Substance	Regulated values (prefectural)	Voluntary Standard	Maximum values	Minimum Values	Average values
pH	5.8~8.6	6~8.4	7.7	6.7	7.2
BOD	25	20	4.4	0	2.6
SS	50	40	16	0	2.7
Oil Content (inorganic)	5	4	0	0	0.0
Bacillus Coli	3,000	2,000	32	0	5.3

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

Substance	Regulated values (prefectural)	Voluntary Standard	Maximum values	Minimum Values	Average values
pH	5.8~8.6	6.1~8.3	7.7	7.2	7.4
BOD	10	8	3	0.8	2.1
SS	10	8	1.4	0.4	0.9
Oil Content (inorganic)	3	2.4	1.3	0.1	0.4

[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	PM	0.1	0.1	0.006	0.003

Fuji Machinery Co., Ltd. Haga Plant

Facilities	Substances	Regulated values	Maximum values	Average Values
Boiler	NOx	–	72	84
	SOx	0.28	0.01未満	
	PM	–	0.003	0.003

Ichitan Co., Ltd.

Facilities	Substances	Regulated values	Voluntary standard	Maximum values	Average Values
Boiler	NOx	8	4	0.13	0.08
	SOx	180	126	36	35
	PM	0.25	0.15	0.006	0.004

【Unit】SOx : g/m³N/h, NOx: ppm, PM: g/m³N

Measurement Result of Noise and Vibration

The measured results of all companies in FY2009 comply with the Noise and Vibration Act.

Site Report

Overseas Affiliated Companies

SIA

Location	Lafayette, Indiana
Number of Employees	2,716 (As of March, 2010)
Main Business	Manufacture of SUBARU automobiles and contracted manufacture of Toyota automobiles in U.S.A

SOA

Location	Cherry Hill, New Jersey
Number of Employees	746 (As of March, 2010)
Main Business	Sales and maintenance of SUBARU automobiles and parts in U.S.A

SCI

Location	Mississauga, Ontario
Number of Employees	126 (As of March, 2010)
Main Business	Sales and maintenance of SUBARU automobiles and parts in Canada

SRD

Location	Ann Arbor, Michigan
Number of Employees	26 (As of March, 2010)
Main Business	Research and development of SUBARU automobiles on North American Market

RMI

Location	Hudson, Wisconsin
Number of Employees	22 (As of March, 2010)
Main Business	Manufacture and sale of engines for general-purpose use, four-wheel buggies and golf karts engines in U.S.A

Major Achievements by the Committee

Fuji Heavy Industries Ltd. organizes the North American Environmental Committee (NAEC) with 5 manufacture and sale affiliates companies 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. In addition to this Committee, new organization since FY2009, “North American CSR Committee (NACC)” met at the same time with NAEC. This Committee is to share the global information of SUBARU group related to CSR.

In 2009, the NAEC and NACC held in February 19 and November 5. In these Committees took part the chairman and a promotion office of the CSR and Environmental Committee from Japan. At the meetings, NAEC and NACC members companies reported their CSR and environmental activities and also we reported our environmental activities in Japan.

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

A scene of NAEC/NACC in FY2009 via TV conference system

Close Up

Affiliation of the Indiana Environmental Stewardship Program

SIA was formally announced SIA’s induction into the Indiana Environmental Stewardship Program by t h e Indiana Department of Environmental Management. It is because SIA is considered as one of the active participation on Environmental Activities. SIA is one of a handful of companies in Indiana admitted into this prestigious program.

Mr. Thomas Easterly, Representative of the Indiana Department of Environmental Management Commissioner

Relationship with Local Society

Social Contribution

SUBARU believe that building relationships of trust by valuing our involvement in local communities will lead to their recognition and acceptance of SUBARU. It is our intention to deploy energetic activities for reinforcement of our trustful relationship one step further by getting our employees and people in communities involved.

■ Charities for Community Service Activities

SIA hosted two charity walks: the Making Strides Against Brest Cancer walk and the Diabetes walk. These two topics are increasing an interest in today's Japan.

SOA participated in an event which is out of their concerns with a variety of issues in the US staged, called “Walks, runs, bowl-a-thons” to raise funds.

SCI sponsored “Golf Fore the Cure” fundraising event to raise donation for breast cancer.

Harvesting in SUBARU Share the Love Garden

■ Food Supporting

In SOA, it was created FY2009 as a way for employees to help support environmental initiatives while at the same time helping our community, SUBARU employees and local garden partners are created an urban farm “The SUBARU Share the Love Garden”. The harvest from the garden being donated through Food Bank in South Jersey and plays a part in eradication of hanger,

The season in FY2009, the garden donated about 270kg of produce.

■ Cleaning Champaign and Green Champaign

SOMI, an affiliate of SCI implemented a cleaning campaign called Mississauga Litternot Program in cooperation with a local dealer in October, 2009. In this campaign, their employees cleaned a street which stretched 2 kilometers around the dealer. They will clean the road 6 times for two consecutive years under this tri-annual campaign program.

RMI also became engaged in cleaning communities around its site on Earth Day.

They are pushing forward step by step what they can for coexistence with local communities.

A scene of Mississauga Litternot Program

Close Up

SIA Received CSR Award

In October, 2009, SIA receive the 2009 Greater Lafayette Commerce “Corporate Social Responsibility Award”. SIA was given credit for their various future promise social contribution activities in Lafayette. SIA is the first recipient of the award.

Close Up

SRD introduced a Japanese culture “Mochitsuki” performance in local university

In January 2009, SRD participated in an annual event held by the University of Michigan Center for Japanese Studies. SRD introduced a Japanese culture “Mochitsuki” performance and employees prepared mochi, a sticky rice cake, by pounding it with wooden hammers and fresh mochi was provided. Some of the participants were from long distances, and more than 600 people participated in this event. Because of great success the event was picked up on the local news web site. This event was a really good opportunity to introduce Japanese traditional culture as well as Calligraphy, Origami, Kamishibai, to the local community.

SRD's Mochitsuki performance on the local website

Traffic Safety Fair

SUBARU is actively involved in traffic safety activities, among them, we are guiding young drivers to be more self-conscious of taking responsibilities for their actions for prevention of accidents. We take it our mission to eradicate traffic accidents. All the North American companies have their own traffic safety education and guidance programs. In this issue, we will introduce their involvements at SIA and SOA.

SIA held Auto Safety Fair for less-experienced young drivers in May, 2009. At the fair, young drivers listened traffic safety guidance, and learned about maintenance of a vehicle and how to use the child seat latch system. Additionally, they could also try the seatbelt convincer and participate in the drunk driving challenges wearing a drunk driving experience goggle. This experiential program told them an importance of using seatbelt and a fear of the drunk driving.

SOA continued support of New Jersey Safety Council "Alive at 25" program as has happened in the past. In this program, there were traffic safety guidance and workshops to reduce the number of violation, injuries and fatalities incurred by young drivers between the ages 16 to 24. In addition, SOA have held a traffic safety guidance program at long-term partnership, Bryn Mawr Rehab Hospital. This effective program brings crash victims who were injured in alcohol- and drug-related accidents to speak with teenagers and adults at schools and community organizations.

Leaning the seatbelt effectiveness (SIA)

The drunk driving challenges wearing a drunk driving experience goggle (SIA)

A FORESTER which was used by the program president to deliver workshops at Alive at 25 (SOA)

Approaches for Environmental Protection

Environmental Management System

All the 5 NAEC member companies have acquired ISO14001 EMS certification and work on the activities such as education, training, 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 4 months before the Gunma Manufacturing Division, the Japan SUBARU production site did.

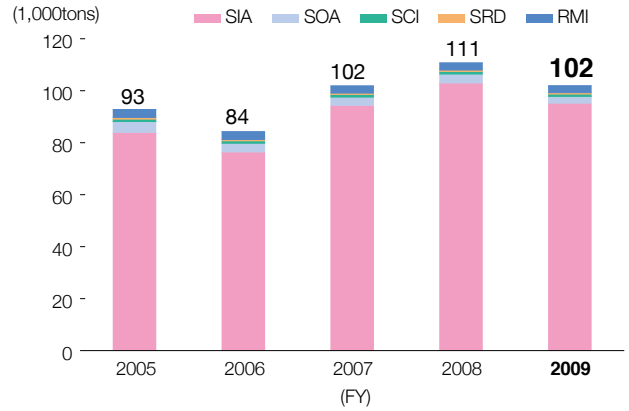
Also SIA, SOA and RMI achieved the integrated certification in December, 2006 as their further advanced activity.

Curbing Global Warming Activities

They are striving to reduce the total amount of CO_2 emission by various measures for prevention of serious global warming.

The total amount of CO_2 emission by the 5 North American companies in FY2009 was 101,926 tons, a decrease of about 8 % over 110,724 tons for FY2008. Particularly, despite of increased production, SIA succeeded in cutting CO_2 by about 8 % against FY2008 by implementing a number of attentive energy saving measures. The CO_2 emission rate per unit of 0.54 ton in FY2008 was reduced 0.49 ton in FY2009. See the change over the past 5 years in the chart below. Various measures will be promoted to reduce the total volume for prevention of global warming.

Trends of CO_2 emissions in 5 NAEC member companies



Close Up — SIA was awarded Waste Wise Award 4 consecutive years

SIA has awarded the Waste Wise Award from EPA (Environmental Protection Agency) for 4 consecutive years since FY2006. In FY2009, SIA received Waste Wise Gold Achievement Award for Community Involvement. (Waste Wise Gold Achievement Award for Climate change category in FY2008, Recycling category in FY2007, and New Partner category in FY2006)

Recommended Carpooling

To participate in a meeting which brings together In North America, sometimes use airplane because of a vast extent of land. SCI top management recommended carpooling instead of airplane to attend annual National Dealer Meeting in Quebec in June, 2009. In total 33 out of 47 participants chose carpooling to travel to the venue.

Participants of the meeting by car pooling

STARS program

Under the STARS program sponsored by SIA, children from local schools and clubs are invited to SIA for education on environmental protection including the need to reduce CO_2. They are encouraged to practice at home what they learned and compete among schools. More than 5,000 pupils and students took part in the program. SIA not only provides funds, but also serves as a judge, thus putting "education" into "practice" by giving opportunity to children who bear the future to get themselves positively involved in environment protection activities.

Participants of the STARS program (SIA)

Earth Day

The group companies in North America are taking part in the "Earth Days/Earth Hours" to get their employees motivated for protection of the environment and energy resources. Among them, SCI has their own "Earth Weekends" to encourage its employees to save energy by turning off computers and lights in their offices after Friday's work is over. Its affiliated SOMI stopped lighting at Earth Weekend nights.

Earth Days
Lightning on in a dealer (SOMI)

Earth Days
Lightning off in a dealer (SOMI)

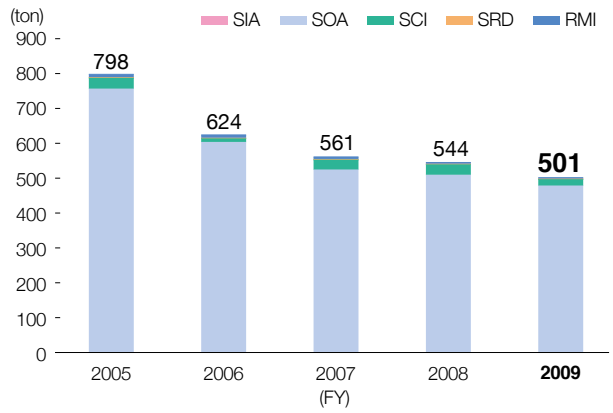
Approach to Waste Reduction

The landfill volume of the 5 North American companies for FY2009 was 501.4 tons, about 8 % less than 544 tons for FY2008. SIA which produces automobiles already achieved zero emission in FY2005 and stays that way up to today. See the chart below for the last 5-year change. Each company is promoting returnable packaging materials for shipments, reducing industrial wastes as well.

SCI began studying reusable containers for parts in cooperation with SOA and FHI.

SOA succeeded in reducing landfill wastes to 479 tons in FY2009 as a result of stepped up recycling inside its workshop, although wastes was generated somewhat more due to an increase of automobile sales. Folding-type returnable pallets are now in use for delivery shipments. These improvements combined contributed to an annual reduction of 40,000 cardboard boxes.

Trends of Amount of Waste Emission



Close Up

Speech Titled "SUBARU Identity/Practice at Japanese Company" at Local University

As a part of local contributions, Mr. Yano, Administrative Manager of SRD, made a speech at the University of Michigan. His speech titled "SUBARU Identity/Practice at Japanese Company" that was addressed to the Michigan Green Entrepreneur Group on SUBARU's recent environmental and CSR activities, Japanese view of work and ingenuity in shop-floor production was well-received by the audience.

Mr. Yano, Administrative Manager of SRD is making a speech

Chronology of FHI's Social and Environmental Activities

CSR

January 1995
Container houses and generators provided to support the area devastated by the Great Hanshin Earthquake,

September 2001
Monetary donation and generators provided to support victims of the terrorist attacks in the US on Sept,11.

November, 2004
Awarded as a Company with a Distinguished Record in Employment of the Disabled at Gunma Manufacturing Division

March 2005
"The Social Contribution Policy" established

July 2003
SUBARU Visitor Center opened inside the premise of Yajima Plant of Gunma Manufacturing Division

May 2005
The concept of corporate social responsibilities defined as "CSR Policy"

Environment

April 1998
"The Environmental Policy" established

March 2001
Zero emission achieved at Gunma Manufacturing Division

March 2005
Acquisition of ISO 14001 certification completed at all business sites including Head Office

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

November 1998
ISO 14001 certification .acquired at SIA

February 2002
The Third Voluntary Plan for the Environment (FY2002 through FY2006) made public

June 2005
"Environmental Logo" established for the FHI group

September 2000
The First Environmental Report issued

March 1999
ISO 14001 certification acquired at Gunma Manufacturing Division

April 1996
"The Environment Plan for 2000" formulated

May 1999
ISO 14001 certification acquired at Saitama Manufacturing Division

June 2004
"The Environmental Report" renamed "The Social & Environmental Report" and issued

July 1999
ISO 14001 certification acquired at Utsunomiya Manufacturing Division

1993 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005

2003 50th anniversary of the foundation of Fuji Heavy Industries Ltd.

Automobiles

October 1993
The 2nd-generation LEGACY released for sale

February 1997
The first FORESTER released for sale

August 2000
The 2nd-generation IMPREZA released for sale

May 2003
The 4th-generation LEGACY released for sale

April 1995
Electric vehicle SAMBER EV released for sale

January 1998
Mini car PLEO released for sale

December 2003
Mini car SUBARU R2 released for sale

January 2005
Mini car SUBARU R1 released for sale

October 1995
A hybrid car with a direct injection engine announced at Tokyo Motor Show

June 1998
The 3rd-generation LEGACY released for sale

February 2002
The 2nd-generation FORESTER released for sale

December 2004
Welfare vehicle SUBARU TRANSCARE newly set for the IMPREZA and new TRANSCARE models added to the SUBARU R2 and SAMBER series

Non-automotive

March 1993
The first Boeing 777 center wing delivered

November 2000
A SUBARU small wind power generation system made public

May 2001
Robin-brand general-purpose engine E-series released for sale

November 2000
New low-noise refuse collector vehicle "LPO" made public

CSR

June 2009
"The CSR Policy" revised based on the concept of fundamental and strategic CSR

August 2009
"The Social & Environmental Report" renamed "the CSR Report" and issued

Environment

January 2009
TOKYO SUBARU INC. acquired the Eco-Action 21 certification

August 2006
The Fourth Voluntary Plan for the Environment" (FY2007 through FY2011) made public

February 2010
ISO 14001 integrated certification acquired

March 2010
"The Environmental Policy" revised

December 2008
Products displayed for the first time at the environmental general exhibition "Eco-Products 2008"

2006 2007 2008 50th anniversary of the birth of SUBARU 2009 2010

Automobiles

May 2009
The 5th-generation LEGACY released for sale

June 2006
Next-generation electric vehicle SUBARU R1e2 delivered to the Tokyo Electric Power Company.

July 2007
The 3rd-generation IMPREZA released for sale

June 2008
EXIGA released for sale

July 2009
Electric vehicle with high-performance lithium ion batteries, the Plug-in STELLA, released for sale

June 2006
Mini car STELLA released for sale

December 2007
The 3rd-generation FORESTER released for sale

November 2008
DEX released for sale

April 2010
Mini cars LUCRA and PLEO released for sale

Non-automotive

March 2010
Service area cleaning robot system jointly developed

January 2007
The first Boeing 787 center wing delivered

February 2007
The rechargeable mower e-Cutter PRO released for sale

April 2010
Electric refuse collector vehicle Fuji-mighty Electra released for sale

Managing Director
So-Tech Consulting Inc.

Mizue Unno

This year I visited Fuji Heavy Industries Tokyo Office and SUBARU Dealership. I reviewed the automobile development at Tokyo Office and the activities related to environmental and the customer support system at SUBARU Dealership. I would advise to keep their on-going involvement in CSR to make all the employees of Fuji Heavy Industries Ltd. including its overseas affiliates.

Overview of CSR Initiatives

Following the revision of the CSR Policy in 2009, it is now required to work out a specific CSR voluntary plan based on this revised policy and identify how to orient CSR activities hereafter. As I understand it, the whole CSR activities are currently under review. I would recommend FHI to follow through with the review and to share material CSR issues company-wide.

As to the organizational aspect, the CSR Environmental Committee will be reviewed as well. Since CSR is a theme which involves environmental issues encompassing a wide range of business activities, an organizational setup is required to incorporate major activities with CSR as the governing concept.

In the reviewing process of these material issues, awareness of employees will be enhanced by working out a plan linked not only to the CSR's fundamental aspect, but also to the business plan taking its strategic aspect into account. For example, environmental and safety performances are already built in the development and design stages of automobiles. It is recommended to reflect these points in a future voluntary plan.

Activities by Topic

■ CSR Procurement

In view of common guidelines in the automotive industry, SUBARU is in the preparatory phase to upgrade from green purchasing to CSR purchasing. Before presenting guidelines to suppliers, you have acted to take the initiative by accelerating the formulation of a CSR voluntary plan and its implementation. Then, you can go ahead while paying due attention to the need to collaborate with other companies in the industry and the progress.

Recently, labor-management at plants in China has been focused. Although the automotive business of SUBARU has no plant in China, the plant of its Industrial Products Company and their suppliers in China are facing such issues. Since communication with employees is an issue at plants overseas, such situation has to be carefully reflected in CSR.

■ CSR Initiatives at Dealership

Dealers who have most close contacts with customers are working hard to be more environment-conscious and responsive to customers and their efforts have begun to be paid off. With acquisition of the Eco-Action 21 as a milestone, they are not only stepping up environmental activities, but also getting PDCA cycle-based management to take root. Getting such awareness rooted among sales people and service mechanics will present a base to make the CSR-oriented mindset reach every corner of a dealership, which cares compliance, customers and local communities one step further beyond environment. I would recommend starting the process with rather forward-looking dealers, and then expand the scope to include dealers and then all of their outlets nation-wide.

I could see the awareness expanding from the fact that the need to improve CS in the growing Chinese market is taken up as a topic. Activities in overseas should also be included in a CSR voluntary plan and their planning and promotion be taken in the company-wide management.

■ 3 pillars in CSR Initiatives

Regarding traffic safety, one of the 3 common areas of concern: environmental activities, traffic safety and contribution to local communities, I pointed out the need for specific approach last year. Since then, however, no satisfactory action has been taken yet. I would expect Fuji Heavy Industries Ltd. to view this as an issue which requires specific actions in future.

Media and Contents of the Reports

In every issue of the report, I can find clever attention paid to the medium and format as well as the content. Consideration for organized presentation of issues and easy to understand approach for readers are visible. The key to a successful digested report is how to narrow down main items, but it seems the policy is not settled yet. This also depends a lot on how a coming voluntary plan is formulated, and in this respect, keep such dependency in mind in working on a new report next fiscal year.

Regarding the information disclosure on a Web site, it will require a style which allows easy access with HTML instead of PDF format. The Web report will be allocated a space in the overall corporate information on the Web site. Therefore, disclosure of CSR information should be studied in cooperation with the Corporate Communications Division for access from the top page.

Profile

Mizue Unno
Managing Director So-Tech Consulting Inc.
http://www.sotech.co.jp/

Ms. Unno Established So-Tech Consulting Inc. in 1996 after working for management consulting firms.
Taking a global management standpoint, she offers management advices that support practical business solutions, to Japanese businesses in the environment and CSR field with detailed insights of her own.
She is also a lecturer in the graduate school of the University of Tokyo.
Publications include "Global CSR Procurement" (2006, in collaboration with another author) and "SRI and New Corporation/Finance" (2007,in collaboration with other authors). " The book for deep understanding of Corporate Social Responsibility (CSR)" (2008) etc.

Thoughts on the Independent Evaluation

This year again, Ms. Mizue Unno of So-Tech Consulting, Inc. provided us with her objective review on Fuji Heavy Industries Ltd.'s social aptitude and environmental activities through her interviews to our Deputy President, Okuhara as a Chairman of the CSR and Environmental Committee, Corporate Executive Vice President, Takahashi as a Vice Chairman of the Committee and also visits Tokyo Office and SUBARU Dealership besides Tokyo Office.

Taking her remarks to heart, we will be stepping up our activities.

(1) Overview of CSR Initiatives

We will identify vital CSR issues and work out a CSR voluntary Plan. At the same time, a system to manage such issues will be studied and the CSR and Environmental Committee will be review as recommended.

(2) Individual CSR issues

① CSR Procurement

Abreast with moves in industries and the progress of ISO 26000/SR (Guidelines for Social Responsibility of an Organization) and others, we will promote preparations toward setting our own FY2011 CSR procurement guidelines.

② CSR Activities at SUBARU dealerships

By the end of March 2010, 20 out of 45 domestic SUBARU Dealerships have acquired Eco-Action 21 certification. We will keep working to expand the scope for acquisition of the EA21 certification.

③ 3 pillars in CSR activities

As for traffic safety, one of the 3 pillars of CSR activities: environmental activities, traffic safety and contribution to local communities, we will do utmost effort to reduce traffic accidents, being conscious of our responsibilities as a manufacturer of transportation devices. Following the concept of working to reduce traffic rule violations and offending accidents to zero, we are staging a variety of activities including classes for safety driving. Fuji Heavy Industries Ltd. will review how reporting traffic safety activities should be like for more effective results.

(3) Media and Contents of the Report

There are two types of the CSR report; on Web and pamphlet versions. The on Web version is a full-fledged report which encompasses all CSR activities of the Fuji Heavy Industries Ltd. group including its divisions and manufacturing plants. The pamphlet as its digest provides some screened CSR activities of the group. We will make the screening process more clear.

Posting on Web will be addressed for more handy access.

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 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 the nature.

~Editors and Issuance~
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Please Give Us Your Opinions and Ideas

Thank you for reading Fuji Heavy Industries' 2010 CSR Report.
This report explains the measures for social actions and environmental conservation implemented in FY2009 focusing primarily on FHI.
We will continue to publish the report annually.
We believe that your opinions and ideas will help to make more complete report.
Please take a moment to fill in the questionnaire on the next page and fax or e-mail it to us at number and address shown.
Thank you for your cooperation.

※The use of personal information: Your personal information will not be used for other purposes other than improving the contents of our CSR Report. Furthermore, we will not disclose that information to any third party without due cause.

2010 CSR Report QUESTIONNAIRE FORM

Please fax or e-mail the form to the number or address below after filling it in.
We will report the result of this questionnaire in the next our FY2011 CSR Report.

Q1. How did you learn about this 2010 CSR Report? (Single choice)

(1) Newspaper / Magazine article (2) Questionnaire at the Shareholder general meeting (3) FHI Web site
(4) Other Web site (5) FHI employee (6) FHI business partners or suppliers (7) SUBARU dealers
(8) Friends, or acquaintances (9) Other (please specify:)

Q2. Which media did you select to read this Report?

(1) Pamphlet version [Japanese only] (2) Website version (3) Both versions of Pamphlet and Website.

Q3. Were the contents of this report sufficient and appropriate for a CSR report? (Single choice)

(1) Definitely (2) Very much (3) Fair (4) Not very much (5) Not at all

Please state your reasons.
Reasons:

_____

Q4. What do you think of FHI's CSR activities? (Single choice)

(1) Definitely sufficient (2) Sufficient (3) Acceptable (4) Not sufficient (5) Definitely not sufficient

Please state your reasons.
Reasons:

_____

Q5. What parts impressed you most? (Mark all that apply.)

(1) Top Message (2) Message from the Chairman of the CSR and Environmental Committee (3) Corporate Overview /Business Overview
(4) Feature article of 5th-generation LEGACY (5) Feature article of Wind Power Generation System
(6) Feature article of Eco Action 21 Certification (7) Feature article of Acquired ISO14001 Corporate Integrated Certification
(8) CSR Management (9) Corporate Governance/ Risk Management (10) Compliance (11) Everything We Do Is for Our Customers
(12) Together with employees (13) Social Contribution (14) Together with Suppliers (15) Together with Shareholders
(16) Environmental Management (17) The 4th Voluntary Plan for the Environment
(18) Environmental Accounting (19) Green Products (20) Automobile Recycling (21) Clean Plants
(22) Green Logistics, Sales and Services (23) Site Report (24) Independent Evaluation
(25) Other ( )

※(18), (21), (23) are appeared only Website version.

Q6. Please indicate which topics you would like to add more detailed information.

_____

_____

Q7.What is your frankly opinion of FHI's CSR activities?

_____

_____

Q8. What is your relationship with FHI? (Single choice)

(1) Customer (2) Neighboring resident of FHI business sites (3) Engaged in government administration (4) FHI shareholders
(5) News media-related (6) Related to an environmental NGO or NPO (7) Finance- or investment-related (8) Business partners/suppliers
(9) Employees or family member of employees
(10) Other (please specify:)

Q9. Could you tell us your gender and age? Male/Female _____ years old

Thank you for your cooperation. If you agree with the use of personal information, please provide some information about yourself (optional).

Name _____

Address 〒

Telephone ( ) -

Occupation _____

In case we might contact you to receive your opinion in detail, do you accept it? (1) Yes (2) No

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