

Logistics

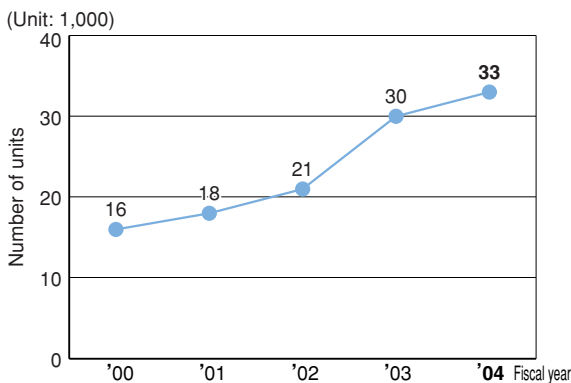
FHI is working to improve transportation efficiency, reduce packaging materials, and promote recycling, as well as reduce the environmental burden in all areas of logistics, including the transportation of completed automobiles, service parts, and overseas knockdown parts. Until recently the transportation of completed automobiles was mainly done by Subaru Physical Distribution Company, one of our affiliates, and the shipping of parts assembled in overseas plants was done by Subaru K.D. Logistics Co., Ltd., which is also one of our affiliates. These two companies merged on July 1, 2004, into a new company, Subaru Logistics Co., Ltd.

Reducing the Environmental Burden of Transporting Completed Automobiles

(The efforts of Subaru Logistics Co., Ltd.)

When the loading ratio of the car carrier increases and the number of car carrier trips decreases, the environmental burden of transporting completed cars can possibly be reduced. Subaru Logistics Co., Ltd., aimed at joint transportation of completed cars with other companies in the same trade. In 2004 the total number of cars carried by joint transportation (commissioned to and from other companies/our company) nearly doubled to 32,884 units compared with the figure in 2000.

Progress in joint Transportation Volume



Subaru Logistics Co., Ltd., is conducting questionnaires on future environmental issues along with other companies in the same trade, while encouraging affiliated transportation companies to mount idling-stop equipment on their car carriers and improving drivers' eco-driving awareness. In 2004 the number of cars transported to our domestic dealers increased by 4.2% compared with that of 2003 whereas CO₂ emissions increased by only 1.0% compared with the previous year.*1 Henceforward we will promote transporting a mixture of compact cars and standard-sized cars to enhance loading efficiency.

Reducing the Environmental Burden of Transporting Service Parts

(Efforts of the Subaru Parts Center)

Subaru Parts Center (Ohta, Gunma Pref.) obtained ISO 14001 certification in March of 2005. Packaging specifications for bulk transportation to overseas factories have been revised to reduce

the use of cardboard and wood. For example, the packaging material for splashguards was changed from cardboard to stretched film, thereby reducing the use of cardboard by 1,100 kg.



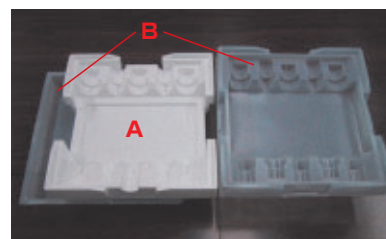
Before improvement (cardboard packaging) After improvement (stretched film packaging)

Also, the use of exclusive reusable cardboard boxes for parts transportation to domestic dealers has facilitated minimization of the amount of cardboard. In 2004, Ohta Distribution Center also began this practice, further reducing the use of cardboard material by 1,200 kg.

Reducing Packaging Materials for Overseas Knockdown Parts

(Efforts of Subaru Logistics Co., Ltd.)

The coverage of ISO 14001 certification accredited to Subaru Logistics Co., Ltd., was extended at the time of the ISO 14001 regular assessment in February, 2005 to cover the Parts Distribution Center (the former Subaru K.D. Logistics Co., Ltd., which was engaged in packaging and transporting knockdown parts to foreign factories). Here is an example of the packaging for one of the knockdown parts, camshafts, bound for North America. Camshafts require special packaging care because they are precision parts. We improved the packaging materials of these parts and succeeded in recycling and reuse by means of a combination of polystyrene molds (A) and foam-powder adhesive-proof trays (B); this method is now patent-pending. Until now, polypropylene-made packages were disposed of in landfills; however, polystyrene-made



Improved camshaft packaging material for transportation to North American factories

packages can be recycled to make lightweight concrete, etc., while trays, provided they are cleaned, can be reused after being returned to Japan.

*1. CO₂ emissions: This is calculated by multiplying the numerical value (in ton kilometers)—which is the distance to the dealer multiplied by the weight of the completed car—by the CO₂ emissions coefficient of the transport method.