

ACTIVITIES BY AFFILIATED COMPANIES

FHI holds an Environmental Problems Meeting periodically with seven affiliated companies that have significant environmental impact in their manufacturing or transporting businesses, to guide and support them to develop each company's environmental management system and reduce their environmental impact. In fiscal 2002, Fuji Machinery Co., Ltd and Fuji Robin Industries Ltd. completed ISO 14001 certification procedures. Other companies are maintaining activities to obtain ISO 14001 certificate in fiscal 2003.

In fiscal 2002, this Environmental Problems Meeting became a domestic affiliated company group in the Production Environment Committee, one of FHI's subcommittees in FHI Production Environment Committee, which strengthened cooperation with FHI. From fiscal 2002, this group's meetings have been held in respective affiliated companies so that employees of other companies can observe the company's activity and learn from each other. The group meeting was held in Fuji Machinery Co., Ltd. in November 2002, and Ichitan Co., Ltd. in March 2003, and they made presentations on each company's environmental preservation activities and observed their factories.



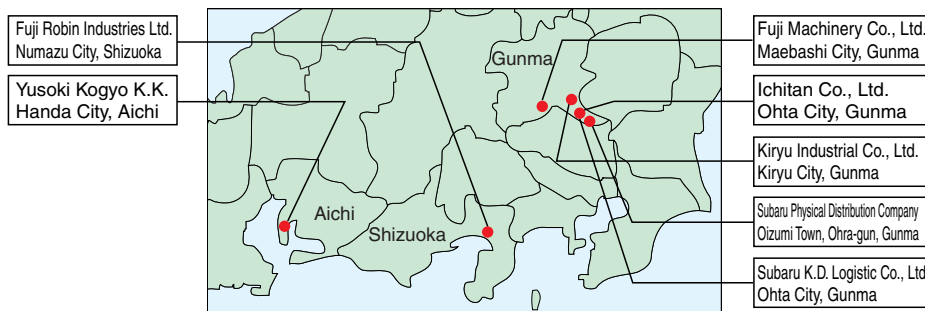
The meeting was held in Fuji Machinery Co., Ltd. (November 2002)



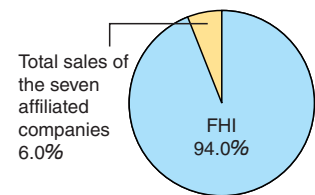
The meeting was held in Ichitan Co., Ltd. (March 2003)

Seven Affiliated Companies

Company Names	Description of business
Yusoki Kogyo K.K.	Manufacture and sales of parts for car trailers, crane trucks, construction materials and automobiles
Fuji Robin Industries Ltd.	Manufacture, service, and sales of agricultural/forestry equipment, engines, fire pumps, and related parts
Fuji Machinery Co., Ltd.	Manufacture and sales of automobile parts, industrial machinery, and agricultural transmissions
Ichitan Co., Ltd.	Precision forged and machined products for automobiles and industrial machinery
Kiryu Industrial Co., Ltd.	Manufacture of Subaru specially equipped automobiles and management of Subaru automobile parts distribution
Subaru Physical Distribution Company	Shipping and land freight for automobiles and their components
Subaru K.D. Logistic Co., Ltd.	Packaging and delivery for automobile parts, production machines, jigs, etc.



Sales Volume Breakdown



Total sales of FHI group: ¥970.5 billion.

An Example of Activities by Affiliated Companies (Fuji Robin Industries Ltd.)

Fuji Robin Industries Ltd. manufactures and sells various products from small general-purpose engines, agricultural/forestry equipment by applying the technology for engines, to emergency equipment. The company obtained the ISO 14001 certificate in November 2002. It is committed to environmental preservation activities through section meetings of recycling, energy-saving and pollution prevention. It also shut down incinerators through separating and recycling waste.

The section meeting of recycling is making efforts to separate waste completely and increase the amount recycled. To extend the life of cutting fluid used in the production process, it developed its unique oil separating system (it has already taken it patented) to get rid of oil mixed into the cutting fluid and also produced a cutting fluid purification system, which led to about a 20 percent reduction of the amount of cutting fluid used.



Separating Waste



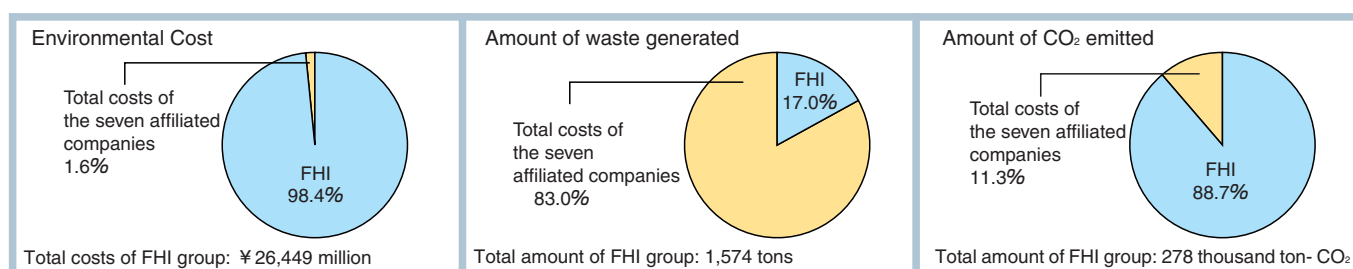
A cutting fluid purification system

Actual Achievements of Seven Affiliated Companies

Environmental Accounting and Environmental Performances

The following chart shows the seven affiliated companies' results of aggregation of environmental costs and effects in fiscal 2002 (April 2002 to march 2003) calculated based on FHI's environmental accounting guideline. See p.10-11 for FHI's environmental accounting.

Environmental costs			Economic effects		Environmental performance (quantitative effects)		
Cost category		Amount (¥ million)	Details	Amount (¥ million)	Category	Unit	Fiscal 2002
<input type="checkbox"/> Boxed text is a cost category in "Guidelines by Ministry of Environment"							
Costs for reducing environmental impacts (Production stage)	Incineration	140	Reduced costs through waste control and treatment method changes Profit from the sales of valued materials obtained through recycling	96	Amount of waste generated	ton	1,307
	Waste treatment and recycling				Amount of waste carried out	ton	1,307
	Waste reduction				Amount of landfill	ton	401
	<input type="checkbox"/> Resource circulation cost						
Business area costs	Energy conservation, CO ₂ emissions reduction	37	Reduced energy costs	29	Energy consumption per production	KL/¥ 100 million	43.5
	Global environmental conservation cost				CO ₂ discharge	1,000 ton-CO ₂	31.5
	Pollution control such as wastewater and exhaust gas treatment	79	Reduced costs by replacing cleaning agents (chemical agents)	0	Amount of PRTR chemicals handled ^{*1}	ton	106
<input type="checkbox"/> Pollution control cost					Amount of PRTR chemicals released and transferred	ton	61
Total costs to reduce environmental impacts		256	Total savings from environmental impact reduction effects	125	*1: Totaling the substances of Class I Designated chemicals, of which annual amounts handled are 5 tons or more (0.5 tons or more for Specified Class I Designated chemicals).		
Investment costs	Education, ISO 14001 related matters, investigation, and others	64	(N/A)	-			
	<input type="checkbox"/> Management activity cost						
	Product research and development	71	<input type="checkbox"/> Research and development cost				
Total investment costs		135	Total investment effects (N/A)	0			
Other costs	Cost increment for material changes	41	Reduced costs by changing raw materials Raw material procurement costs reduced by using recycled materials	0			
	Measures for end of life products, social contribution, environmental measures, and others						
	<input type="checkbox"/> Upstream and downstream cost						
	<input type="checkbox"/> Social activity cost						
	<input type="checkbox"/> Environmental damage cost						
<input type="checkbox"/> Other costs							
Total cost		432		125			



PRTR

The following chart shows figures about PRTR handled by five affiliated companies that have to report in fiscal 2002. See p.28 for FHI results. In 2002, Fuji Robin Industries Ltd. and Fuji Machinery Co., Ltd totally abolished usage of dichloromethane, which led the reduction of the amount of PRTR handled by 9% and the amount of PRTR removed by 38% compared with the previous year respectively.

(Substances marked with * are Specified Class 1 Designated Chemical Substances.)(Unit: Thousand tons per year)

Code	CAS Number	Name	Fiscal 2002		
			Amount handled	Amount released	Amount transferred
63	1330-20-7	Xylene	41.26	30.62	0.64
69*	none	Chromium (VI) compounds	4.63	0	0
227	108-88-3	Toluene	60.14	29.00	0.98
Total			106.03	59.61	1.62

Note: Only amounts handled in each company subject to the PRTR Law exceeding five tons a year are calculated (exceeding 0.5 tons a year for Specified Class 1 Designated Chemical Substances).

