



Message from the President

Aiming to strike a balance between solutions to social issues and sustainable growth so that we can transition “From a company making things, to a company making people smile”

Tomomi Nakamura

Representative Director of the Board, President and CEO

Speeding up CSR with a Focus on “Changing the Culture” and “Quality Reforms”

In July 2018, Subaru formulated “STEP”, our new mid-term management vision covering the period to 2025. STEP incorporates three aspirations for Subaru: to restore trust by cultivating our fundamental corporate strength as soon as possible; to stay true to the brand principle of providing “Enjoyment and Peace of Mind” to our customers; and to make Subaru more than just a company that is trusted by, and resonates with, our customers. In addition, STEP affirms that Subaru will contribute to the increasingly diverse range of social needs and fulfill our responsibility as a company, so that we can transition “From a company making things, to a company making people smile.”

We also established Subaru’s 6 Priority Areas for CSR: People-oriented car culture; Resonance and coexistence; Peace of mind; Diversity; Environment; and Compliance.

Amid a growing mountain of diverse social issues, both at home and overseas, companies face increasingly high expectations regarding the role they should play. Also in our business domains, we are now required to tackle a variety of social issues, not simply those directly linked to our main business, namely preventing traffic accidents and reducing the burden on the environment. Subaru’s 6 Priority Areas for CSR incorporate our own particular approach to CSR, which involves resolving social issues by tapping into our business strengths to provide value to customers and society, while building a sustainable society and working to achieve the sustainable growth of the Subaru Group.

In FYE2019, we undertook thorough efforts to realize “Change the Culture” and “Quality Reforms”, to speed up our initiatives in the 6 Priority Areas for CSR.

We believe that “Change the Culture” will lay the foundations for ensuring that each and every employee, starting with the senior executive management, regards CSR as something that concerns them, voices their ideas and opinions, and puts those into action.

I myself believe that the important thing in CSR is to engage sincerely with the views of society and leverage them in corporate management. I believe that, to engage with society’s views, we must first become more open to new ideas by ensuring that we ourselves can say whatever we want. Accordingly, declaring that we would progressively change the culture from the top, I took responsibility as president for spearheading efforts to enhance communication with the shop floor.

Although “Change the Culture” is not something that can be achieved overnight, we are starting to see steady progress in the realm of CSR, in such respects as promoting understanding of its importance and how CSR initiatives are linked to each business division and each person’s duties.

“Quality Reforms” will lead to achieving the “Peace of Mind” element of the 6 Priority Areas for CSR; we regard this as nothing other than engaging in CSR in the course of our core business. Accordingly, in FYE2019 we returned to our quality-first approach, tirelessly reviewing all quality-related processes, as well as stopping production lines and reviewing operating conditions. We have repeatedly told both senior executive management and front-line workers two things: “do not let it happen again” and “never forget, under any circumstances.”

To raise awareness of quality-first and ensure that this approach becomes prevalent throughout the workforce, we revised our quality policy in April 2019. We will ensure that executives and employees alike maintain a constant awareness of our quality-first approach and emphasize quality above all else so that we earn the trust of our customers.

Progress with the 6 Priority Areas for CSR in FYE2019

Our initiatives focused on the 6 Priority Areas for CSR are also making steady progress. The concept of “People-oriented Car Culture” runs right through our brand principle of providing customers with “Enjoyment and Peace of Mind”, which is one of the ideas incorporated into STEP. Subaru believes that a car is more than just a means of transport; it is a partner that enriches people’s lives and minds.

We believe that the value expected by customers is “Enjoyment and Peace of mind”; that is to say, the expectation that customers will not only gain the sense that their car is safe and reliable, but also experience the joy of driving.

Accordingly, we fitted the e-Boxer power unit, which combines a horizontally-opposed engine with electrification technology, to the Forester and the Subaru XV in FYE2019 for the first time. The electric motor power assistance offers acceleration performance more powerful than a gasoline engine vehicle, making even everyday driving a joy.

The new Outback (US model) launched in FYE2020 combines the value cultivated through previous models with the latest technology to provide drivers with an even greater sense of “Enjoyment and Peace of Mind.”

When it comes to “Resonance and Coexistence”, our job is to become a company that is trusted by and resonates with consumers, so that they opt to buy our cars. Coexistence with people in surrounding communities is also vital to business activities.

In 2008, at Subaru of America, Inc., the US sales company where I used to work, we launched the LOVE campaign, which was inspired by customers’ emotional attachment to their beloved cars. We subsequently expanded this into the Subaru Love Promise, a campaign linked into our social contribution activities.

This received tremendous support not only from customers, but also from dealerships and society as a whole. Indeed, it would be fair to say that the campaign truly embodied “Resonance and Coexistence.”

At the same time, we believe that regaining the trust that we have lost within Japan comes down to taking the views of all stakeholders seriously and responding to them with integrity. All Subaru Group executives and employees take seriously not only product quality, but also the quality of everything associated with our operations, including the business units, people, and mechanisms involved. Going forward, we will all work together single-mindedly to regain the trust of our stakeholders.

“Peace of Mind” is at the core of the Subaru brand and is an absolutely non-negotiable part of our corporate DNA. With a concentrated focus on protecting lives, we have set a target of achieving zero fatal road accidents* by 2030. We also aim to produce top-class cars with Level 2 autonomous driving capabilities (partial automation).

As well as Primary Safety, Active Safety, Preventive Safety, and Passive Safety, we will work on connected car technologies.

Our focus on “Peace of Mind” extends further than our products alone. We must achieve “Peace of Mind” in all aspects of our business, creating a safe workplace environment in which everyone employed by the Subaru Group can work with peace of mind and building relationships to ensure local communities know that they can rely on Subaru to offer peace of mind. In particular, we are striving to improve the workplace environment, based on the awareness that improving employee motivation will lead directly to quality reforms.

In the area of “Diversity”, companies increasingly bear a crucial responsibility to put in place an environment where a diverse array of personnel can demonstrate their particular abilities to the fullest and enable diverse ways of working. Subaru regards promoting active roles for female employees, employing people with disabilities, promoting employment of the elderly, and planning and promoting employment of non-Japanese as priority themes. Among them, Subaru has placed particular emphasis on efforts to promote active roles for female employees. Subaru has set the numerical target of increasing the number of female managers by five times the figure for 2014 by 2020 under the system of promotion through merit based on demonstrated ability and is on track to achieve this goal. We have now set a new target of at least 12 times the 2014 figure by 2025 and will further enhance initiatives aimed at training female managers.

At the same time, respecting various forms of market value and providing diverse products that increase options for our customers are also an important aspect of “Diversity” for us. We have sought to deliver diversity in products, bringing together the high levels of dynamic quality that Subaru has cultivated over the years and the outstanding environmental performance required today. In FYE2019, we progressively launched the new Forester and Subaru XV models fitted with the e-Boxer power unit, which combines a horizontally-opposed engine with electrification technology, while in the US, we launched the Crosstrek Hybrid, Subaru’s first plug-in hybrid.

It goes without saying that delivering diversity in products requires diversity in our employees’ viewpoints. We believe that striving to achieve diversity of employees and diversity in products is an approach to diversity unique to Subaru, which will lead to sustainable corporate growth. When it comes to the “Environment”, with the automotive and aerospace businesses as the pillars of Subaru’s operations, our fields of business are the earth, the sky and nature. As such, we are devoting our energies to initiatives aimed at coexistence with nature.

We regard initiatives to tackle the global challenge of climate change as one of the most important of these and will continue to contribute to the Paris Agreement’s goal of keeping the increase in global average temperature to well below 2°C above pre-industrial levels.

The Subaru Group has set a target of reducing direct CO₂ emissions (Scope 1, 2) by 30% compared with the FYE2017 level by FYE2031 and is in the process of formulating the Subaru Environmental Action Plan for initiatives to be implemented from FYE2022. In addition, we have begun work on achieving a reduction of approximately 20,000 tons of CO₂—equating to around 3% of annual emissions—by FYE2021 by implementing some initiatives ahead of schedule.

On the other hand, when looking at the overall life cycle of a motor vehicle, reducing CO₂ emissions from car use is extremely important. Vehicle electrification is therefore likely to progress further in the medium to long term. Subaru will continue to consider its technology and product strategies for addressing changing social expectations, customer needs, and environmental regulations, as well as earning appropriate profits, thereby ensuring the sustainable growth of both society and the Subaru Group. In June 2019, as part of these efforts, we announced an agreement with Toyota Motor Corporation for the joint development of both a dedicated platform for electric vehicles (EVs) and an EV SUV model. We will bring together both companies’ strengths to take on the challenge of developing products with the appeal that only EVs can offer.

“Compliance” is one of our most important tasks, as it is the prerequisite for our business activities in society. As a result of the incidents involving improper conduct of final vehicle inspection processes, all members of the Subaru Group have become painfully aware that neglecting compliance inconveniences our stakeholders—customers, shareholders and suppliers alike—and could even threaten the survival of our business.

We will dedicate the whole of the Group to promoting initiatives aimed at becoming a company trusted by all stakeholders. Taking to heart the instructions “do not let it happen again” and “never forget, under any circumstances,” each and every person will remain vigilant and continue their ceaseless efforts to ensure compliance.

* Elimination of accidents resulting in the death of drivers or passengers in Subaru vehicles and accidents resulting in the death of pedestrians, cyclists, or other persons due to collision with Subaru vehicles

Aiming to Transition “From a Company Making Things, to a Company Making People Smile”

Through our initiatives to date, I have come to feel that CSR means enhancing the quality of management and operations through our core business; in other words, it is nothing other than management itself.

Our aim in practicing CSR is to create a company at which each and every employee can feel proud to work. We will step up the pace of our initiatives as we aim to bring to fruition the 2025 goal set out in STEP: to transition “From a company making things, to a company making people smile.”

Naturally, the fruits of our labors will not appear overnight, but I believe that steady, ongoing efforts to engage sincerely with the views of society and leverage them in corporate management will bring us closer to being the kind of company that we aspire to be.

Our CSR initiatives in Japan and the US have features that reflect Subaru’s individuality and merits in those countries. Having experienced working in both countries, I want to blend the best of both and transform them into strengths for the Group as a whole.

Going forward, we will provide society with value that only Subaru can offer, contributing to the resolution of social issues and creating a sustainable society. In addition, in both our automotive and aerospace businesses, we will make swift, steady, and strong progress toward our goal of ensuring that the Subaru Group is trusted by all stakeholders, thereby laying solid foundations for sustainable growth.

Tomohiro Nakamura

Representative Director of the Board, President and CEO