



Sustainability Website 2022

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Message on Sustainability from the CEO



Seeking to achieve our vision while flexibly responding to changes in the business environment and social issues

Steadfast pursuit of business activities even amid times of future uncertainty

In FYE March 2022, the global economy showed an overall recovery trend, if varied from region to region, mainly due to progress in vaccination against COVID-19. At the same time, the outlook remains uncertain due to the resurgence of infections from mutated strains of the virus, disruption of logistics from the resumption of economic activities, the deteriorating situation between Russia and Ukraine, and other factors. Furthermore, shortages of procured parts, particularly semiconductors, continue to have a significant impact on the automotive industry. In order to allow the SUBARU Group to respond flexibly to rapid changes in society and industry and to provide stakeholders with the value of “Enjoyment and Peace of Mind,” in FYE March 2022 we continued to take preventive action against COVID-19 and the spread of the virus. Meanwhile, we focused on improvement initiatives in procurement, working to achieve flexible operational planning and execution and high efficiency in sales operations in the course of doing business.

In the market environment of late, we have received many back orders due to strong demand for SUBARU vehicles, especially in our most key market of North America. To meet these customers' expectations, we will be steadfast in advancing reforms to achieve SUBARU's growth, produce and sell as many vehicles as possible, and communicate these results to our stakeholders.

Contributing to a sustainable society through the promotion of CSR

With regard to the three priority items of the mid-term management vision “STEP”—corporate culture reforms, quality enhancement, and evolution of SUBARU-ness—we are working as a unified Group under the slogan of “change mindset, change behavior, change the company.” Furthermore, in order to fulfill corporate social responsibilities by contributing to diversifying social needs, which is one element of our Vision for 2025 in “STEP,” we at the SUBARU Group have established the Six Priority Areas for CSR and have been focusing on initiatives leveraging our business strengths to find solutions to social problems. In each of these initiatives, we are steadfastly marching forward in a way that embodies SUBARU-ness, with our first priority being to pursue SUBARU-ness that is unwavering amid changing times and changing external environments. Alongside our stakeholders, we will continue to work toward the achievement of an enjoyable and sustainable society and the sustainable growth of the SUBARU Group. We will do this by creating and providing SUBARU's unique value based on the three priority items in “STEP” and the Six Priority Areas for CSR.

Strengthening CSR promotion and management on a global and Group-wide basis

In order to contribute to solutions to social issues through our business activities, it is important to promote and instill CSR initiatives on a global and Group-wide basis. To this end, in April 2020 we established the SUBARU Global Sustainability Policy as a guideline to be shared by all Group employees and which clearly indicates the direction of our initiatives. In addition, in October 2021 we renamed the CSR Committee the Sustainability Committee to function as a forum for more proactive

discussions on sustainability and CSR initiatives.

Furthermore, we decided to reflect the results of employee satisfaction evaluations, a product of our engagement with employees, in a portion of the compensation for directors*1 of the Board and vice presidents starting in FYE March 2023. This restates the SUBARU Group's commitment to contribute to the achievement of an enjoyable and sustainable society by strengthening CSR initiatives and management on a Group-wide and global basis, while establishing a clearer integrated position with management than before.

*1 Excludes outside directors.

Strengthening initiatives for human rights

A number of human rights-related issues have been cropping up around the world. Based on the belief that respect for the rights and characteristics of individuals is an important management issue, we at the SUBARU Group established our Human Rights Policy in FYE March 2021. From FYE March 2021 to FYE March 2022, we carried out human rights due diligence in the domains of human resources and procurement to identify business-related human rights risks and formulate and implement measures to address them. If a company commits an act where human rights issues arise, it not only results in loss of trust from customers but also damages brand image, significantly affecting the business foundation. Therefore, SUBARU recognizes respecting human rights as a risk related to its industry and business operations. Going forward, the SUBARU Group will focus on mitigating human rights risks by steadily implementing measures to address risks in both of the aforementioned domains within each relevant department and by encouraging business partners and stakeholders, including those in the supply chain, to do the same based on our Human Rights Policy.

Progress in the Six Priority Areas for CSR

Among the Six Priority Areas for CSR is Peace of Mind; we are continuing to implement quality enhancement here, one of the most important topics of the mid-term management vision "STEP." This is because high quality is at the root of the SUBARU brand, and is a source of added value. In this phase where we can continue to show results from our quality enhancement initiatives, including adapting to new technologies, we are continuing to sustain these initiatives. Our specific activities in this area include taking steps to ensure thorough implementation of a "Quality-First" mindset and reinforcement of organizational efforts and structure. Activities also include "Execution Quality" enhancement, with the goal of preventing defects reaching the general public in domains after the production preparation stage, and "Innate Quality" enhancement, seeking to reform the process from initial exploratory stages to development and design. As part of our work in manufacturing quality reform, in January 2021 we established the "FAST*2" quality improvement team in the key market of North America to quickly resolve any defects that may have occurred there.

In FYE March 2023, we started operation of a new final vehicle inspection wing, physically separated from the production lines at our plants in Japan. While this series of measures has produced clear results, our reforms are still at the halfway stage, and we will work to achieve steady results so that our customers and dealers can feel the positive effects of reforms. We have also declared the goal of achieving zero fatal traffic accidents*3 by 2030. In April 2022, we announced that a wide-angle monocular camera for enhancing EyeSight's recognition capability will be newly adopted in the Outback for the North American market. We are currently considering expanding this system's application to more models and markets, and in the future we will integrate advanced sensing technology and artificial intelligence (AI) to further increase the intelligence of cars and improve safety in all situations.

*2 Fast Action & Solution Team

*3 Reducing to zero the number of fatal accidents occurring while a driver or passenger in a SUBARU vehicle and the number of fatalities among pedestrians, cyclists, and the like arising from collisions with a SUBARU vehicle.

At the SUBARU Group, we see Diversity, one of the Six Priority Areas for CSR, as a characteristic both of people and products, and we believe that respecting diversity in our employees also leads to diversity in our products. Within employee diversity, SUBARU's human resources need to be able to exert their unique talents informed by their own personal values and characteristics. This is why SUBARU values the differences in gender, nationality, culture, and lifestyle among its employees, and we as the SUBARU Group are proceeding with efforts to create workplace environments where everyone can make a meaningful contribution.

In FYE March 2022, we introduced a new personnel system and open-call job rotation. While establishing a mechanism letting employees take on challenges to realize their own career visions, we aim to generate human resources who will act independently and lead reforms, thereby encouraging the growth of the individual. Within diversity of products, in May 2022 SUBARU launched its first global BEV,*4 the SOLTERRA, in order to respond to the trend toward electrification. In parallel with electrification, we also see the utilization of internal-combustion engines as an option to contribute to a decarbonized society. To demonstrate this, in March 2022 we competed in Super Taikyu Series 2022 with a racing vehicle that uses carbon-neutral fuel. While responding to changes in society, we will reflect SUBARU's unique technologies in our products and maintain our competitiveness into the future.

*4 BEV: Battery electric vehicle

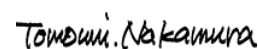
For the Environment, one of the Six Priority Areas for CSR, we consider protecting SUBARU's fields of business—the global environment comprising the earth, the sky and nature—as an important topic for ensuring the sustainability of both the SUBARU Group and society as a whole. In FYE March 2022, we formulated the medium-term Environment Action Plan 2030. This plan provides a roadmap for CO₂ reduction toward achieving carbon neutrality by 2050, and within this plan we are

currently promoting initiatives such as increasing the sales ratio of BEVs, introducing zero CO₂ emission electricity at plants, and resource recycling. Although it is not easy to determine the timing of the transition to BEVs, we will strategically reorganize our domestic production system to ensure that we can respond to this change. We are targeting around 2025 for the commencement of BEV production, and we will add a specialized BEV production line after 2027 to put in place a highly efficient and flexible production mechanism and improve business feasibility.

Aiming to be a company “delivering happiness to all” alongside our customers and society

In our Vision for 2025 within “STEP,” we declare that we will “Become a brand that is ‘different’ from others by enhancing distinctiveness.” In line with this vision, we will further evolve this deep relationship between SUBARU and our customers that makes us different from other brands. We do this because we see this relationship as the greatest asset for the SUBARU Group and the SUBARU brand.

It is my firm belief that we at SUBARU will strive to put smiles on our customers’ faces by polishing this SUBARU-ness they sense even further, and to bring those smiles to all our stakeholders, to society, and to the Earth itself. And so, we will continue to maintain dialogue with our stakeholders, aim to be a company “delivering happiness to all” alongside our customers and society, and strive to always make SUBARU a company you can love.



Representative Director of the Board, President and CEO

The SUBARU Group's Sustainability

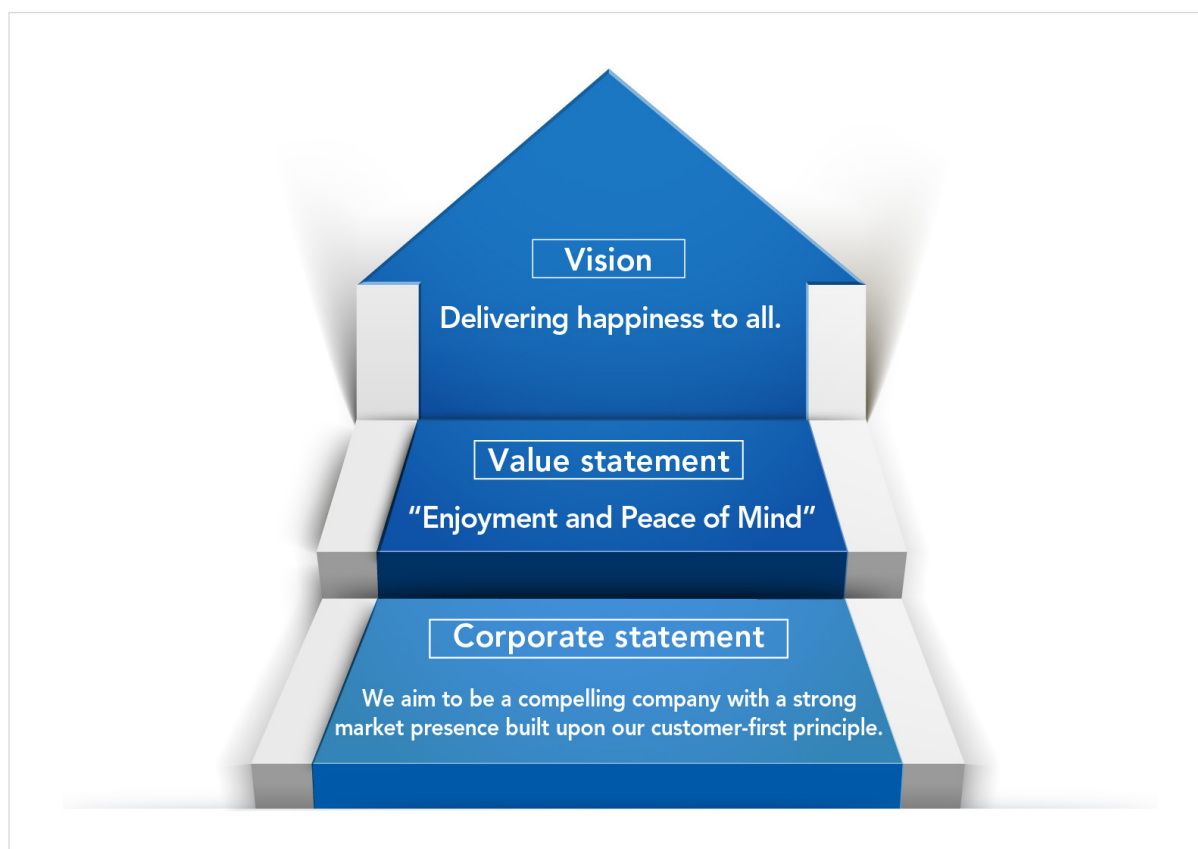
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SUBARU's Vision/policy

SUBARU's Vision —Delivering happiness to all—

In the May 2021 mid-term management vision progress briefing for "STEP," SUBARU consolidated the multiple corporate principles into three key pillars.



Our corporate statement is “We aim to be a compelling company with a strong market presence built upon our customer-first principle.”

The value we deliver to our customers is “Enjoyment and Peace of Mind.” This was established at the same time as the said corporate statement. We recognize that this is a value we must deliver to our customers to deepen our SUBARU-ness, not influenced by changes in the times or external environment, and further enhance our brand.

Our vision is “delivering happiness to all.” We established this vision when we changed our company name to SUBARU CORPORATION in 2017. This vision came to us from watching what our customers do: We learned what SUBARU should do from our customers.

Based on these, we will sustainably grow SUBARU as a global brand in the automotive and aerospace businesses and enhance its corporate value over the medium to long term.

SUBARU Global Sustainability Policy

Until recently, the SUBARU Group promoted various initiatives in line with its CSR Policy, revised in June 2009. However, to cope with changes in the social environment and in relationships with our stakeholders, we established the SUBARU Global Sustainability Policy in April 2020 as a guideline to be shared by all Group employees on a global basis.

This policy is applied to SUBARU CORPORATION and all its subsidiaries.

SUBARU Global Sustainability Policy

We, the SUBARU Group, are committed to sustainable business practices designed to promote harmony between people, society and the environment in the following ways:

1. Through our business activities, we will contribute to the resolution of various social issues, including the protection of the global environment, and to the creation of a sustainable society.
2. Respecting the quality and originality of our products, we will continue to provide SUBARU's unique value using advanced technologies, and enrich the lives of all those involved with the SUBARU Group.
3. As a good corporate citizen in the international community, we respect human rights, diverse values and individuality, and treat all stakeholders with sincerity in every interaction.
4. We strive to maintain and advance the workplace environment so that employees can work safely in peace, and with a sense of satisfaction.
5. We respect international rules and the laws and regulations of each country and region, as well as local culture and customs, and pursue fair and transparent corporate governance.
6. We make use of dialogue with stakeholders to make management decisions, and disclose corporate information in a timely and proper manner.

About the SUBARU Group's Sustainability

About the SUBARU Group's Sustainability

In the mid-term management vision "STEP," which was developed in 2018, we at SUBARU envision becoming a company "delivering happiness to all." To achieve this vision, we have adopted the Six Priority Areas for CSR and will promote initiatives based on the SUBARU Global Sustainability Policy and to fulfill our corporate social responsibilities, thereby providing "Enjoyment and Peace of Mind" to our customers and other stakeholders. The SUBARU Group aspires to be a truly global company with sustainable growth driven by each and every one of its employees, and to contribute to the realization of an enjoyable and sustainable society.



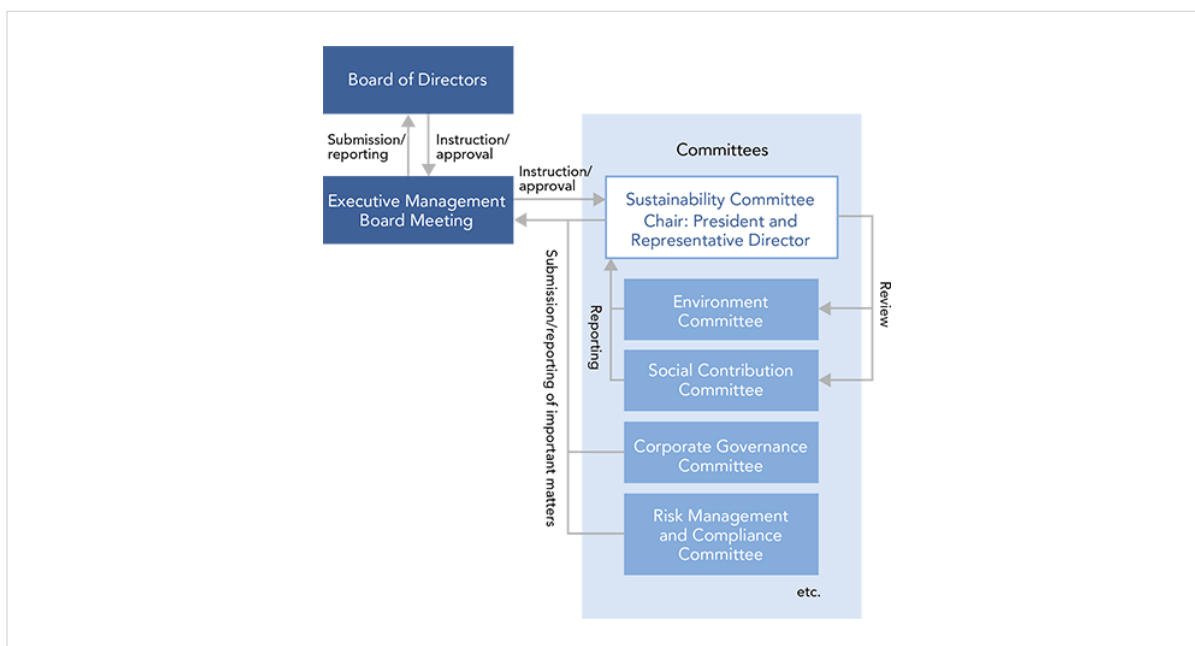
CSR Promotion System

CSR Promotion System

The Sustainability Committee* was established as a forum for discussing all kinds of CSR initiatives by the SUBARU Group, and meets twice a year. The Sustainability Committee is headed by the President and Representative Director, and all of our executives are members. The committee considers business issues from a social perspective and works to strengthen CSR efforts.

We comprehensively promote CSR initiatives as a unified SUBARU Group to realize our sustainability in cooperation with bases in Japan and overseas, and monitor the PDCA status of related committees and departments. The various activities we conduct in the Group are communicated and disclosed appropriately through channels such as the Sustainability & CSR section of our website, our integrated reports, and our in-house magazine, leading to further enhancement of the SUBARU Group's CSR initiatives.

* Renamed in FYE March 2022 from the CSR Committee.



Initiative for Widespread Adoption of CSR

Promoting Group-wide Understanding and Permeation

At the SUBARU Group, in FYE March 2019 we provided opportunities for executives and managers to think about CSR, hoping to give each of them a deeper understanding of CSR in order to promote initiatives in this area. In FYE March 2020, we expanded these opportunities, introducing them into rank-specific education for new managers, associate managers, and new recruits. In FYE March 2021, we created CSR promotion videos for each division, designed to encourage them to take the lead in promoting deeper understanding. In addition, we started sharing information about the initiative progress and issues in the Six Priority Areas for CSR for dealerships in Japan and Group companies overseas. As of FYE March 2022, we are providing opportunities for communication with dealerships in Japan and Group companies overseas, and promote efforts on a Group-wide and global basis.

Initiatives in FYE March 2022 and Beyond

Target	Description
SUBARU	In addition to new employee training and rank-specific training for new associate managers and new managers, conduct e-learning on the SUBARU Group's CSR for all managers and Head Office employees
Dealerships in Japan	Hold meetings of the CSR Promotion Conference and share CSR-related initiatives with dealerships

VOICE

Feedback from employees after CSR e-learning

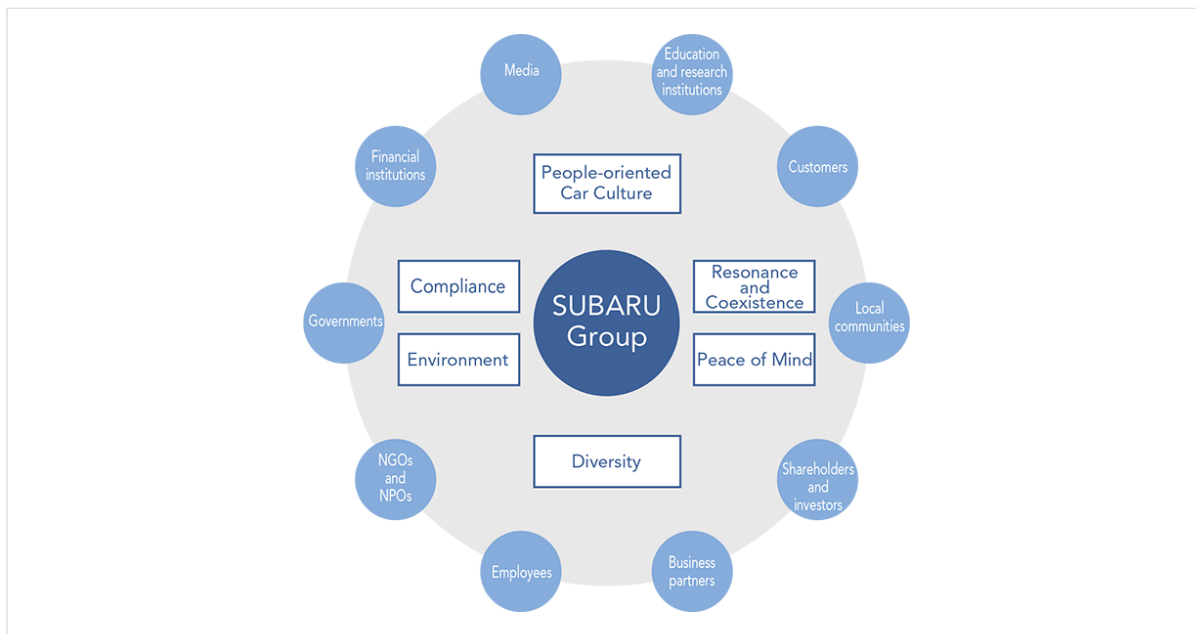
- I was able to consider CSR in a way that was linked to the SDGs and felt that the SDGs were closely tied to my own work.
- I was reminded that our efforts to create safer cars and for carbon neutrality are directly related to the SDGs.
- I felt that I could contribute to the SDGs by improving my knowledge of business operations for proper company management, and by carrying this management out in a manner that complies with laws and regulations.
- I came to understand that my own work contributes to the SDGs, such as promoting active roles for female employees and diversity.
- I felt that using e-learning to conduct training as a company-wide educational program, rather than just for employees in specific departments to understand, was extremely important for the company to work together to promote various initiatives.
- I would like to think about how I can contribute not only in my daily work but also in other small ways, such as being diligent in turning off lights, keeping in mind that I am also a member of society.

Stakeholder Engagement

Stakeholder Engagement

The SUBARU Group's CSR initiatives place importance on the relationship with stakeholders. The SUBARU Group believes that disclosing information to stakeholders, engaging in dialogue with them, and reflecting their opinions and requests in the management of the business are all important. In order to realize its vision of becoming "a compelling company with a strong market presence" as stated in the management philosophy, the SUBARU Group will continue to make efforts to gain trust from its stakeholders, and to provide meaningful community engagement while at the same time increasing its corporate value.

SUBARU Group's Stakeholders and Their Relationship with the Six Priority Areas for CSR



Methods to Communicate with Stakeholders at the SUBARU Group

Stakeholders	Communication Method
Customers	Establish SUBARU Customer Center, implement satisfaction surveys, and hold events.
Local communities	Encourage traffic safety through safety workshops and traffic guidance. Schedule cleanup activities by employees and hold exchanges with local residents.
Shareholders and investors	Hold shareholder meetings (annually), issue reports, and publish information online. Hold interviews with institutional investors and investor briefings. Hold factory tours.
Business partners	Hold procurement policy briefings, practice regular exchange of information, and recognize business partners that are making major contributions in technology, quality, etc.
Employees	Hold labor-management consultations, carry out stress checks and the employee attitudes survey, and conduct educational training by profession and rank.
NGOs and NPOs	Respond to questionnaires and surveys, implement regional and local community engagement activities, and make donations to support shared philosophies.
Governments	Participate in economic and industry associations' conference bodies, and have discussions and exchanges with local governments.
Financial institutions	Publish information online, provide explanations at account settlement, and hold monthly discussions.
Media	Hold financial reporting briefings for media and analysts (quarterly), and publish information online.
Education and research institutions	Implement workplace visits, implement school visit projects at elementary and middle schools, and hold plant tours (about 90,000 visitors annually).

Note: Some activities were not held in FYE March 2022.

Stakeholder Engagement Activities

Stakeholder Engagement Activities

Customers

The SUBARU Group strives to put the customer first in all of its business activities. By adopting precision, speed, relevance, fairness, impartiality, and kindness as our basic principles of conduct in dealing with customers, we seek to make SUBARU a brand that customers will continue to choose for “Enjoyment and Peace of Mind.” We also feed our customers’ valuable opinions, requests, and comments back to the relevant departments, and use such feedback to improve our quality and products, make proposals, and upgrade our after-sales service.



"cartopia"
customer magazine

Local Communities

SUBARU is promoting communication with people in the communities where it operates, and strives to develop local communities and build relationships of trust. In Ota City, Gunma Prefecture, SUBARU and its business partners joined forces with residents of Ota and its surrounding area to launch the SUBARU Community Exchange Association in 1995 with the aim of promoting regional development and creating a more livable community. The association has since engaged in volunteer, cultural, educational, and civic activities.

We also host exchange meetings and events in regions where SUBARU has business and manufacturing sites.

Building on these activities, we are continuing to conduct other community-based activities, focusing on “environmental activities” and “road safety activities” to respond to contemporary needs.



Gunma Plant: SUBARU Appreciation
Festival (FYE March 2020)



Utsunomiya Plant: Friendship Festival (FYE
March 2020)

Shareholders

SUBARU has conducted plant tours for shareholders since 2004, with the aim of giving shareholders a deeper understanding of our policies and business as well as production activities.

Our view is that these are important opportunities for shareholders to see what we do firsthand in places like our production plants and for us to communicate with them. These tours include time for question-and-answer sessions with Company executives. Opinions and comments received here are shared with the relevant internal stakeholders, including the management team, and utilized in our business and investor relations (IR) activities.

Although we had suspended tours from 2020 due to COVID-19, we held online briefings in FYE March 2022. Executives answered various questions from shareholders and engaged in active communication.



An online briefing



Dealerships

With the aim of unified support of the SUBARU brand alongside dealerships, a variety of initiatives are ongoing for dealerships both inside and outside Japan. Aiming to ensure that the customer-first mindset runs through our quality in particular, SUBARU attaches great importance to dialogue with dealerships, as they are responsible for dealing with customers across the globe. We work to take action that incorporates dealership views and improves customer satisfaction. These include twice-annual technical liaison meetings in Japan, while in overseas markets, we hold twice-annual major dealership service meetings, and block conferences in the Commonwealth of Independent States (CIS), Central Europe, Northern Europe, Southern Europe, Oceania, and Central and South America (in FYE March 2022, all meetings and conferences, domestic and overseas, were once again held online).

Note that in FYE March 2021, some domestic meetings were held online to help prevent the spread of COVID-19; new methods such as archive video distribution were also introduced. Going forward, we will continue to engage in awareness activities, while enhancing the program and extending the duration, among other improvements.



Dealerships newsletter
"SPICE magazine"

Employees

Every month, SUBARU publishes an in-house magazine for the purpose of sharing information on corporate policies and initiatives as well as boosting the motivation of employees and promoting communication.

In addition to the executive speech relay that has been ongoing since FYE March 2020, we have introduced the general manager dialogue relay for mid-career employees. Furthermore, we have launched the SUBARU Communication Park on our company network, offering a forum where employees of many different positions can communicate with each other.



In-house magazine
"Shuho"

SUBARU Group's Six Priority Areas for CSR

SUBARU Group's Six Priority Areas for CSR

Process of Identifying the Six Priority Areas for CSR

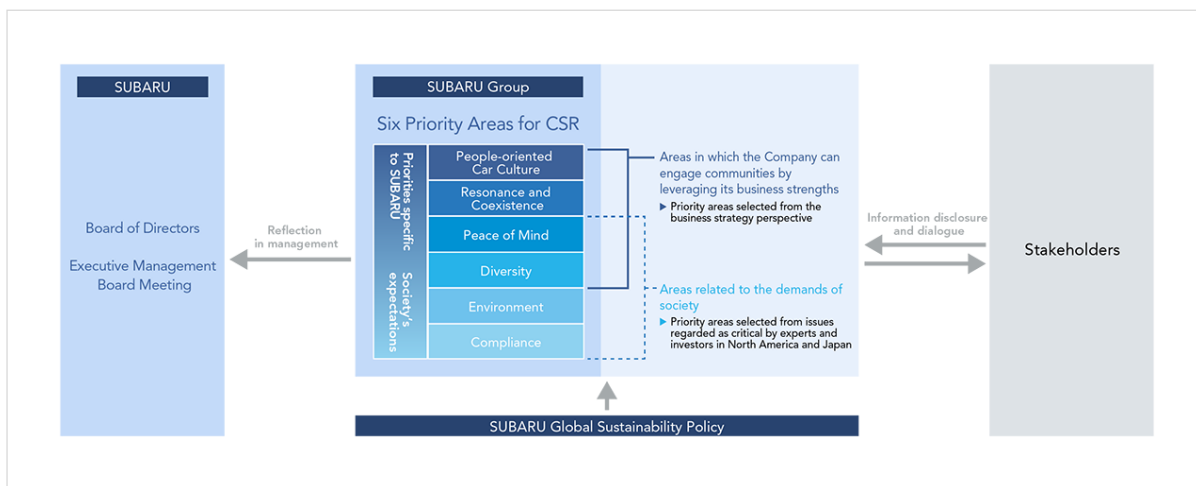
In accordance with SUBARU's mid-term management vision "STEP," the SUBARU Group established the Six Priority Areas for CSR: People-oriented Car Culture; Resonance and Coexistence; Peace of Mind; Diversity; Environment; and Compliance.

To select the priority areas, the SUBARU Group first identified 41 CSR priority topics for which social needs were high and then conducted a questionnaire among experts and investors in North America and Japan. The responses and opinions we received were used in an assessment and exploration of these areas from two perspectives: areas in which we can engage the community by leveraging our business strengths, and areas related to the demands of society. As a result, the SUBARU Group selected People-oriented Car Culture, Resonance and Coexistence, Peace of Mind, and Diversity as the four areas where SUBARU could engage our communities by leveraging our business strengths, and Peace of Mind, Diversity, Environment, and Compliance as the four areas where the SUBARU Group could work to meet the demands of society.

Peace of Mind and Diversity appear in both categories, because Peace of Mind is an area in which society's needs and the strengths of the SUBARU Group's business coincide, while Diversity refers not only to diversity in the community, but also to diversity in a broad sense, including in the products that the SUBARU Group offers to customers.

In May 2021, SUBARU announced its progress report for the mid-term management vision "STEP." Its priority areas in this vision are fundamentally unchanged. Based on the SUBARU Global Sustainability Policy, SUBARU will pursue value creation on a Group-wide and global basis with the goal of becoming a company "delivering happiness to all." We will also promote initiatives in the Six Priority Areas for CSR, recognizing issues of importance to society and the SUBARU Group, with the aim of creating greater social and economic value.

Reflecting the SUBARU Group's Six Priority Areas for CSR in Management



Six Priority Areas for CSR: Basic Concepts and Vision for 2025

Six Priority Areas for CSR	Basic Concepts	Vision for 2025	TOPICS
People-oriented Car Culture	SUBARU believes that a car is more than just a means of transport. SUBARU will foster a sustainable mobility culture by providing customers with added value in the form of products and services which make the car a partner that enriches people's lives and minds, while cherishing the human emotions of "Enjoyment and Peace of Mind."	Become a company that enriches people's lives and minds as a partner.	> People-oriented Car Culture
Resonance and Coexistence	SUBARU will become a company that is trusted by, and resonates and coexists with, both individual customers and society as a whole by engaging seriously with their voices through greater person-to-person communication.	Become a company that is widely trusted by, resonates and coexists with society.	> Resonance and Coexistence
Peace of Mind	SUBARU will become a company that provides all stakeholders with the utmost peace of mind.	Become a company that provides the utmost peace of mind to all stakeholders.	> Peace of Mind
Diversity	The SUBARU Group's approach to promoting diversity has two key elements: offering products that respect diverse forms of market value, and respecting and reflecting the diverse values of all those who work for the SUBARU Group.	Promote businesses that create diverse forms of market value while respecting the diverse values of all people.	> Diversity
Environment	In order to pass on "the earth, the sky and nature," SUBARU's fields of business, to future generations, we provide utmost care to the environment with our company-wide activities.	Cherish and protect the global environment—the earth, the sky and nature—through Group-wide activities.	> Environment
Compliance	SUBARU will become a company that operates in accordance with laws, regulations, and social norms, ensuring that our focus on compliance as a priority permeates throughout and is practiced by all those who work for the SUBARU Group.	Act in good faith and become a company that is trusted by and resonates with society.	> Compliance

Activities in the Six Priority Areas for CSR in Relation to SDGs



Activities in the Six Priority Areas for CSR in Relation to the SDGs

The SUBARU Group seeks to become an organization that is trusted by society by fulfilling its social responsibility as a corporate group, aiming for sustainable growth and contributing to the creation of an enjoyable and sustainable society. The Sustainable Development Goals (SDGs) for 2030 are development goals for achieving a sustainable future. By clarifying the Vision for 2025 regarding the Group's Six Priority Areas for CSR, including areas in which we can engage the community by leveraging our business strengths, and areas related to the demands of society, SUBARU will reinforce its efforts in each area and make positive contributions toward achieving the SDGs.



Specifically, we believe that the SUBARU Group's initiative to achieve a goal of zero fatal traffic accidents* by 2030 contributes to Target 3.6 of the SDGs: "By 2020, halve the number of global deaths and injuries from road traffic accidents." The SUBARU Group will continue to contribute to the achievement of the SDGs by leveraging its business strengths and responding to the demands of society while pursuing value creation unique to the SUBARU Group.

* Reducing to zero the number of fatal accidents occurring while a driver or passenger in a SUBARU vehicle and the number of fatalities among pedestrians, cyclists, and the like arising from collisions with a SUBARU vehicle.


People-oriented Car Culture

Six Priority Areas	Relevant Stakeholders	Themes	Initiatives			Vision/KPIs (FYE March 2026–FYE March 2031) Six Priority Areas for CSR	Relevant SDGs
			FYE March 2021	FYE March 2022	FYE March 2022–FYE March 2026		
People-oriented Car Culture	Customers	Enjoyment of driving a car	Evolution of SUBARU Global Platform and Integration with Intelligent Technology (Achieving safe and enjoyable driving with peace of mind like a skilled driver)			Become a company that enriches people's lives and minds as a partner. > KPI • Continue customer satisfaction surveys. (Improve customer evaluation results.)	 9.1  11.2
			Development of high-quality accessories matched with new models				
		Providing enjoyment of customization	Expansion of the lineup of high-performance, value-added items				
			Promotion of the brand strategy (SUBARU, the Beloved Brand: More than a Car Company)				
		Enhancing the brand image	Promotion of marketing activities that match the characteristics of each market				
			Promotion of motorsports and continuation of awareness-raising activities				
			Advancement of Subaru's "Dynamic x Solid" design identity to "bolder" expression	"Designing experiences" with a focus on resonance with customers under the vision of "Earth-tainment: Enjoying the Earth Together"			
			Proposing new forms of mobility	Proposing new forms of mobility and researching technology unique to SUBARU	Technology development toward realization		
	Local communities	Disseminating car culture	Dissemination of SUBARU's manufacturing practice and its endeavors for "Enjoyment and Peace of Mind"				


Resonance and Coexistence

Six Priority Areas	Relevant Stakeholders	Themes	Initiatives			Vision/KPIs (FYE March 2026–FYE March 2031) Six Priority Areas for CSR	Relevant SDGs
			FYE March 2021	FYE March 2022	FYE March 2022–FYE March 2026		
Resonance and Coexistence	Customers	Strengthening relationships with customers	Utilizing digital technologies to strengthen relationships with customers			Become a company that is widely trusted by, resonates and coexists with society. > KPI • Continue satisfaction surveys. (Improve customer satisfaction.) • Enhance connection with customers through the Internet of Things (IoT). (MySubaru, the next-generation system, telematics)	 11.2  17.16
			Enhancement of customer loyalty				
			Continuation of customer interaction programs				
			Providing products and services contributing to prosperous lifestyles				
		Establishing a new maintenance system	Development of a maintenance system for EVs	Enhancing the maintenance system for promoting EVs			
			Efficient vehicle maintenance by utilizing IT and digital transformation (DX)				
	Business partners	Coexistence and mutual prosperity with business partners	Building of relationships with business partners with CSR surveys, awareness-raising, and from CSR perspectives				
	Employees	Creating a safe working environment	Enhancing and strengthening the Group's telecommuting environment				
			Reinforcement of efforts for occupational health and safety, improvement of plant environments				
			Creation of a safe and rewarding workplace environment, building of a brand that is loved by employees				
			Continuation of production operations and maintenance of employment at each site				
	Local communities	Revitalizing relationships with local communities	Utilization of athletic teams, boosting of employee morale				
			Reinforcement of community exchange and partnership activities				
			Contribution and relationship-building through sporting activities				
Contributing to local communities through stronger cooperation with nonprofit organizations (NPOs)			Community support activities during disasters and pandemics				

Peace of Mind

Six Priority Areas	Relevant Stakeholders	Themes	Initiatives			Vision/KPIs (FYE March 2026–FYE March 2031) Six Priority Areas for CSR	Relevant SDGs
			FYE March 2021	FYE March 2022	FYE March 2022–FYE March 2026		
Peace of Mind	Customers	Improving safety functions	Advancement of Advanced Driver Assistance System (ADAS)			Become a company that provides the utmost peace of mind to all stakeholders.	 3.6
			Adoption of Advanced Automatic Collision Notification (AACN) system and expansion of its functions				
			Continuous enhancement of crash safety				
			Expanding enhanced safety functions since FYE March 2021				
		Developing autonomous flight control systems (collision avoidance technology, fault-tolerant system improvements)					
		Implementing and sustaining EyeSight test rides (awareness-raising for advanced safety technology), etc.					
		Contributing to safe driving	Establishment of a timely and efficient supply system of spare parts and accessories				
			Strengthening product supply capacity (parts center capacity increase plans/parts supply system improvements)				
		Establishing and strengthening a reliable product supply system	Promotion of accurate, high-quality inspection and maintenance				
			Global penetration of maintenance system with high and consistent quality				
		Improving inspection and maintenance quality	Promotion of initiatives to produce vehicles of choice in terms of quality as well				
			Improvement of quality in all processes, from product planning to production, sales, and service				
	Securing and improving quality	Placing of the highest priority on quality by implementing quality caravans and providing education for fostering quality awareness					
		Collaboration with business partners					
		Optimization of the span of management in manufacturing departments					
		Continuation and reinforcement of activities of the health and safety committees					
		Maintenance and enhancement of workplace health and safety, and promotion of a more comfortable workplace environment					
		Formulation and implementation of plans for health promotion initiatives					
Employees	Creating a safe workplace	Reinforcement of health promotion efforts					
		Secure and create employment					
		Promotion of plant environment improvement					
Local communities	Contributing to safety of local communities	Promotion of a sense of trust regarding stable operations					
		Implementing community safety awareness activities					
		Reduction of environmental impact and prevention of pollution					
Governments	Contributing to safe lives of people	Contribution to the creation of a society in which people's lives and property are protected and people can enjoy peace of mind					

Diversity

Six Priority Areas	Relevant Stakeholders	Themes	Initiatives			Vision/KPIs (FYE March 2026–FYE March 2031) Six Priority Areas for CSR	Relevant SDGs	
			FYE March 2021	FYE March 2022	FYE March 2022–FYE March 2026			
Diversity	Employees	Promoting active roles for female employees	Expanding the number of female managers (at least two times 2021 levels by 2025)			Promote businesses that create diverse forms of market value while respecting the diverse values of all people.	 5.5 5.5.2	
			Childcare support for female employees in direct departments		Creating workplaces where female employees in direct departments can thrive and play an active role			
		Utilizing diverse human resources	Respecting human rights and diversity for all					
			Review of the human resources system for senior employees		Operation of the human resources system for senior employees			
			Promotion of active roles for non-Japanese human resources					
			Examination and promotion of a workplace environment that pays due consideration to minorities in society					
	Promote diverse work styles	Compliance with the legally prescribed employment rate for persons with disabilities: 2.3% in and after FYE March 2021						
		Acquiring new knowledge through proactively recruiting external human resources						
	Business partners	Efforts in cooperation with business partners	Diverse work styles: Labor management via a new attendance management system and support for hybrid work leading to improved productivity					
			CSR surveys, awareness-raising, and stronger CSR initiatives in the supply chain with business partners					
	Customers	Providing a wide range of products	Enhancement of the understanding of employees, promotion of cooperation with minority organizations in the U.S.					
			Incorporation of feedback on diverse market needs					
			Design parts that can be used in multiple vehicle models					

Environment

Six Priority Areas	Relevant Stakeholders	Themes	Initiatives			Vision/KPIs (FYE March 2026–FYE March 2031) Six Priority Areas for CSR	Relevant SDGs	
			FYE March 2021	FYE March 2022	FYE March 2022–FYE March 2026			
			Environment	Customers	Popularizing vehicles that reduce environmental impact			Expansion of the sale of EVs (including models with e-BOXER)
Government	Business to help reduce environmental impact	Introduction of solar power generation for self-consumption	Introduction of hydroelectricity and green electricity	Energy conservation investment and effective utilization of facilities	Continuation of conservation efforts in cooperation with governments	Promotion of lighter, electric, and biofuel aircraft		
Business partners	Environmental activities in cooperation with business partners	Establishment and maintenance of an environmental management system	Efficient parts storage and transportation	Promotion of retailers' continuous efforts for energy saving, water quality conservation, and recycling	Optimization of logistics and complete knockdown (CKD) costs			

Compliance

Six Priority Areas	Relevant Stakeholders	Themes	Initiatives			Vision/KPIs (FYE March 2026–FYE March 2031) Six Priority Areas for CSR	Relevant SDGs	
			FYE March 2021	FYE March 2022	FYE March 2022–FYE March 2026			
			Compliance	Government	Ensuring comprehensive export control			Reinforcement of security and export control initiatives
Employees/Local Communities	Protecting human rights of workers	Prevention of harassment	Maintenance and improvement of the workplace environment by promoting work style reforms and complying with the Labor Standards Act	Implementing conflict mineral surveys	Establishment and dissemination of our Human Rights Policy, implementation of due diligence	Promoting initiatives to respect human rights		
Business partners	Maintaining fair relationships	CSR surveys, awareness-raising, and stronger CSR initiatives in the supply chain with business partners	Promotion of fair trade on a continuous basis	Appropriate management of software license				

* Development of products (vehicles) is based on a premise that they are equipped with the latest technologies yet affordably priced at the same time.

SUBARU Group's Six Priority Areas for CSR TOPIC: People-oriented Car Culture



Why It Is Important to Us

The SUBARU Group has contributed to increasing customers' options by respecting people's diverse values and offering distinctive products tailored to diverse forms of market value.

We believe that a car is more than just a means of transport, but rather a partner that enriches people's lives by understanding and meeting their expectations.

"Delivering Happiness to All"

Continuing to cherish the human emotions of "Enjoyment and Peace of Mind" experienced by each and every one of our customers, the SUBARU Group will develop and popularize a car culture that gives people the starring role by linking cars to changes in people's lifestyles and life stages.

Continuously Evolving SUBARU-ness

Electrification of Cars Offers an Opportunity to Express SUBARU-ness More Clearly

An "Unmistakably SUBARU" BEV

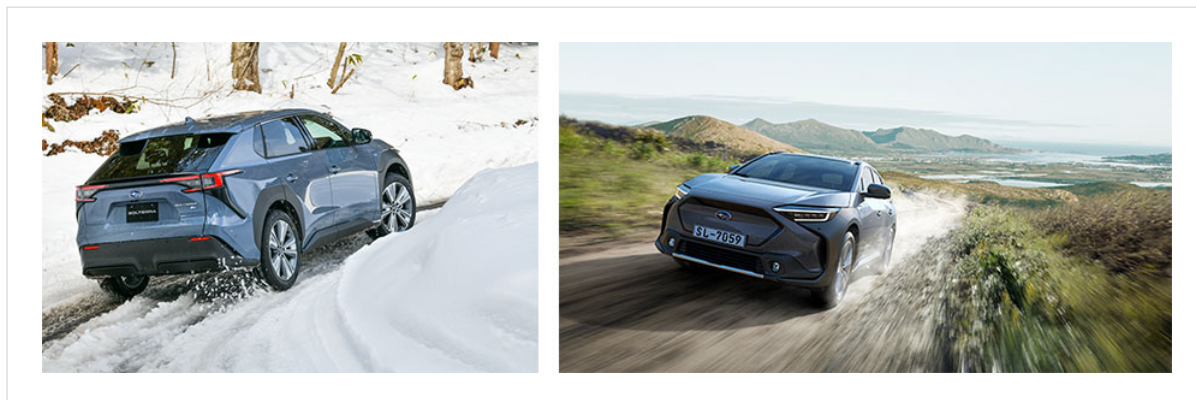
Customers and dealerships are increasingly telling us that "SUBARU is a different kind of brand" and about the SUBARU-ness they experience from our vehicles. Today, SUBARU is focusing its efforts on evolving SUBARU-ness, further enhancing its corporate distinctiveness to truly become a brand that is "different" from others for its customers.

A prominent example is SUBARU's first global BEV,*¹ the SOLTERRA, which launched in 2022. This newly designed EV platform, based on the SUBARU Global Platform concept offering a quieter, more comfortable ride, provides greater strength and rigidity than ever before and improved handling stability. In addition, by placing a large-capacity battery under the floor of the platform, we achieve a low center of gravity. Plus, the compact and highly efficient eAxle power unit offers excellent axle response and agile acceleration performance, resulting in a powerful and smooth driving performance unique to BEVs. The capabilities of our all-wheel drive (AWD) technology cultivated over many years are also on full display in the SOLTERRA BEV. It employs a new AWD system using separate motors to drive the front and rear tires, quickly and precisely distributing driving force. We have poured our expertise from SUBARU vehicles into these control mechanisms. As a result, we have succeeded in taking SUBARU's unique value of stable driving unaffected by road and driving conditions to a new level. At prototype test drive events held for media and journalists in Japan, the U.S., and Europe, we were able to help many people see firsthand that this electric motor AWD and other features are very much in keeping with our SUBARU-ness.

SUBARU's philosophy that the car is a partner that enriches people's lives by understanding and meeting their expectations, and that we should deliver "Enjoyment and Peace of Mind" to each of our customers, remains unchanged with BEVs. Rather, we see the electrification of cars as an opportunity to express SUBARU-ness more clearly. We at SUBARU believe that while we must of course respond to market and regulatory changes, the most important thing for our focus is advancing electrification while assessing the changing demands and values of our customers and the convenience of BEVs, including with regard to

infrastructure. Based on this concept, we will continue to build a system for developing products that will bring happiness to our customers and to build a flexible production system that incorporates the state of the market environment.

*1 BEV: Battery electric vehicle



SOLTERRA

AWD Technology Continues Its Evolution in EVs

SUBARU's first vehicle equipped with AWD technology was the Leone 4WD Estate Van, the first all-wheel drive passenger vehicle made in Japan, launched in September 1972. In June 2021—49 years later—the cumulative production of AWD vehicles reached 20 million units^{*2}. Currently, AWD vehicles account for 98%^{*3} of global SUBARU vehicles sold. All of these are SUBARU's unique symmetrical AWD vehicles featuring horizontally-opposed engines.

We have refined AWD over the past half century as a core technology underpinning SUBARU's approach to safety and driving pleasure, and we are continuing our efforts to improve the technologies and performance of EVs. For example, models equipped with e-BOXER^{*4} being rolled out in Japan and other regions around the world take advantage of the high responsiveness of the electric motor. With the resulting precision of AWD control, we have achieved even greater stability on slippery surfaces and rough-road capability. In addition, we plan to further enhance the driving performance of strong hybrid vehicles scheduled for launch in the mid-2020s by harmonizing electric motors and AWD control.

SUBARU aims to be not only a provider of technologies and products, like cars and aircraft, but also a company "delivering happiness to all." Regardless of the era, we want to maintain a people orientation, thoroughly thinking about what is important to people who use cars and being a good partner sincerely addressing our customers through our products and services.

Looking ahead, we at SUBARU will continue to provide the added value that only "different" cars can offer to our customers, the people who have made us a brand unlike any other.

*2 Including non-symmetrical AWD vehicles.

*3 Based on sales data from 2018 to 2020 (calendar years). Excludes OEM vehicles from other companies.

*4 e-BOXER: SUBARU's unique power unit that combines a horizontally-opposed engine and electrification technology. Based on a symmetrical AWD layout, a compact, high-performance motor and lithium-ion battery are arranged symmetrically and in a straight line (Chinese specification units are called "INTELLIGENT BOXER").

SUBARU Group's Six Priority Areas for CSR TOPIC: Resonance and Coexistence



Why It Is Important to Us

At SUBARU, when it comes to our business activities, we regard customers and local communities as some of our most important stakeholders.

Over the years, SUBARU has been sustained not only by our own efforts to put the customer first but also by the efforts of many people in the communities where we do business.

SUBARU will form communities of resonance and coexistence to secure our sustainable growth as a company through routine communication, ensuring that our products and services resonate with and are trusted by our customers, and that SUBARU's corporate activities resonate with and are trusted by the local communities in which they take place.

We will promote the SUBARU-ness of Resonance and Coexistence by sincerely addressing the views of society

We will work alongside our communities to be a SUBARU Group that is trusted by and resonates and coexists with society

Initiatives in Japan

At SUBARU, we believe that it is only with the understanding and cooperation of the local communities where our offices and plants are located that we can continue to conduct our business activities embodying SUBARU-ness. Based on this concept, we at SUBARU will contribute to local communities by maintaining daily communication and close cooperation with our customers and those in our local communities to create the society of the future.

Communication with Our Communities

The area around the Main Plant of SUBARU's Gunma Plant, located in Ota City, Gunma Prefecture, is called "SUBARU Town." This is not just a nickname, but the official name of the area as recognized by Ota City. This truly shows the deep relationship between Ota's residents and SUBARU. At the Gunma Plant, we send representatives to town council member homes every month to exchange information, including explaining SUBARU's current situation and its environmental activities. In the event of potential noise or vibration caused by construction work, we work to make neighbors aware of the situation in advance, visiting their homes to provide explanations and issuing postings in the area. Furthermore, we welcome general visitors to factory tours at the Gunma Plant, particularly as part of elementary school field trip programs. In FYE March 2022, as a countermeasure amid the COVID-19 pandemic, we conducted online factory tours with remote participation from over 30,000 children from elementary schools in various regions, mainly Kanto. Children were able to learn about SUBARU's automotive manufacturing through videos. These videos offered a view into our processes they could not get from an in-person tour, earning praise.

In addition, we maintain disaster supplies at our Head Office and plants as a countermeasure in the event of a disaster. Of these, we provide emergency-use food supplies that are to expire within a certain period to food banks in neighboring areas as part of our activities for community coexistence and engagement.

Employee-driven Social Contribution Initiatives

SUBARU employees engage in a variety of community engagement initiatives, one of which is regular cleanups in districts where our offices and plants are located. In FYE March 2022, due to the spread of COVID-19, these events were either canceled or held while reducing the scope with the utmost consideration for preventing the spread of the virus. At the Utsunomiya Plant, we continued our previous fiscal year's activities, picking up garbage and conducting cleanup activities at the employee dormitory and surrounding areas. Looking ahead, as a responsible community member, we will continue with these beautification activities to help conserve local environments.

SUBARU is also involved in local road traffic safety awareness activities. In December 2021, the SUBARU baseball team, together with a professional basketball team based in Ota City, Gunma Prefecture, conducted traffic safety awareness activities with the cooperation of Tobu Railway and the Ota Police Station. At Ota Station, under the theme that walking while using a smartphone is dangerous, they greeted commuters, calling on better road safety.



Employees engaged in cleanup activities (Utsunomiya Plant)

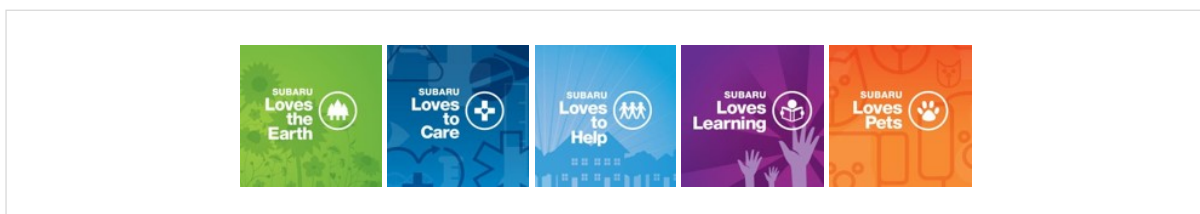


The SUBARU baseball team, the Gunma Crane Thunders, and Ota Station staff

Initiatives in the U.S.

Subaru of America, Inc. (SOA) views sustainability of society and of our SUBARU Group as showing love and respect to our stakeholders and acting accordingly. In SOA's vision to achieve this, The SUBARU Love Promise, they aim to become more than a car company. Here, SOA strives to earn the trust of its stakeholders by following through on its five promises, showing integrity and compassion with the goal of exceeding their expectations.

The Five Promises



Collaborative Activities in SOA's Hometown of Camden

In the U.S. city of Camden, in western New Jersey, SOA has built positive relationships with those in the local community, growing alongside them for 30 years. Today, in addition to supporting Camden through Subaru of America Foundation, Inc., which was established in 1984, SOA is regularly engaged in volunteer activities through various partnerships as it works with the community to resolve challenges for its future. SOA is proud to be a member of this community and will continue to work to support Camden.

SOA and the SOA Foundation's Impact in Camden in 2021

- \$1,054,000 donated to Camden charitable organizations
- \$5,577 donated in matching gifts by SOA colleagues
- 2,718 hours volunteered by SOA employees in Camden

Initiatives with Local NPOs

SOA and the SOA Foundation have provided support to Hopeworks for 17 years. Through this long-term partnership, they have donated grant funds for Hopeworks to expand its technical skills lectures and employment programs for the younger generations in Camden. The program is expected to place more than 100 applicants for jobs. In addition, their partnership with Girls, Inc. to provide education, support, counseling, and mentoring to girls and women aged 6–18 in Camden provides support programs to more than 2,000 women a year. Furthermore, they partner with Cathedral Kitchen, whose mission is to change lives through food. In this partnership, they support the organization's job training program, which aims to create food service jobs for students through cooking classes and other programs.

Initiatives for Educational Institutions

In 2021, SOA and the SOA Foundation partnered with Discovery Education to support an online curriculum for teachers. During the outbreak of COVID-19, teachers took advantage of capability-building programs to incorporate new digital resources into their lessons, providing more than 7,000 Camden students with the opportunity to learn with high-quality digital content.

SUBARU Group's Six Priority Areas for CSR TOPIC: Peace of Mind

TOPIC 03

Six Priority Areas for CSR Peace of Mind

Become a company that provides
the utmost peace of mind to all stakeholders.



Why It Is Important to Us

SUBARU will deliver the peace of mind that cars must offer by manufacturing vehicles and providing associated services. SUBARU will tirelessly review all quality-related processes in our aim to be the No. 1 company for quality, whose products customers can rely on for a long period. Attaching particular importance to protecting lives, SUBARU will work to achieve the goal of zero fatal traffic accidents* by 2030. In addition, we must ensure that the local communities where our plants are based know that they can rely on SUBARU to offer peace of mind in our manufacturing operations. Creating safe workplace environments that offer all SUBARU Group workers peace of mind is also essential. Furthermore, SUBARU will contribute to resolving the problem of traffic accidents and other social issues associated with cars. SUBARU will aspire to become a company that provides customers, local communities, employees, and all other stakeholders with the utmost peace of mind.

* Reducing to zero the number of fatal accidents occurring while a driver or passenger in a SUBARU and the number of fatalities among pedestrians, cyclists, and the like arising from collisions with a SUBARU vehicle.

Delivering utmost peace of mind and enjoyment by executing quality enhancement and improving safety performance levels

Creating a future with zero fatal traffic accidents with SUBARU's unique technologies and quality

Further Evolution of Preventive and Passive Safety Performance

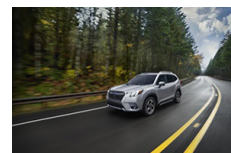
SUBARU is constantly evolving its preventive and passive safety performance in order to deliver utmost peace of mind. In the pursuit of preventive safety performance, we have further evolved SUBARU's unique EyeSight driving support system, which prevents accidents before they happen. The next-generation EyeSight released in 2020 further evolves the conventional recognition and control using stereo cameras, providing more advanced driving assistance in all situations. These stereo cameras always monitor the situation ahead, and can measure distance in the same way as the human eye. They can also distinguish between cars, pedestrians, and road lines. The system boasts high recognition performance with its wide viewing angle and viewing distance as well as color recognition capable of recognizing brake lights. The software, which functions as the "brain" of the system, takes this information and the state of the vehicle's operation to determine the necessary controls, enabling the execution of these in a manner that fits the situation like the "hands and feet" of each vehicle unit. This technology utilizes information such as the Quasi-



Achieving a new dimension of advanced safety technology with EyeSight X



2022 SUBARU BRZ (U.S.-specification model)



2022 Forester (U.S.-specification model)

Zenith Satellite System known as Michibiki, GPS, and 3D high-precision map data to strengthen driver assist system functionality. In 2022, we have added a new wide-angle monocular camera, and the information recognized by each camera will be processed in a coordinated manner to help avoid collisions with crossing bicycles and pedestrians. SUBARU's unique EyeSight X advanced safety technology achieves a new dimension, bringing us one large step closer to the future of zero fatal traffic accidents.

Furthermore, SUBARU is promoting multifaceted efforts to develop technologies for passive safety performance in order to achieve the goal of zero fatal traffic accidents*¹ by 2030. The SUBARU Global Platform has brought about driving dynamics lending enjoyment to operating its vehicles. This has been achieved by top-class passive safety performance as well as driving quality achieving new levels of comfort and maneuverability and top-class vibration reduction thanks to stability, as well as low noise. The new high-rigidity Ring-Shaped Reinforcement Frame provides high collision absorption performance against impacts from any direction. Dual SRS airbags, in combination with seat belts, mitigate harm to those in the front seats. In addition, SUBARU vehicles feature SRS side airbags and SRS curtain airbags to guard against side impacts. SUBARU's passive safety performance, which considers not only the driver and passengers but also pedestrians, has earned high evaluations around the world. This preventive and passive safety performance unique to SUBARU has been highly acclaimed by external organizations. In the U.S.-based IIHS's*² 2022 publication of vehicle safety information, the 2022 SUBARU BRZ (with optional EyeSight) and Forester (both U.S.-specification models) received the TOP SAFETY PICK+ (TSP+) Award, the highest rating. The SUBARU BRZ, newly equipped with EyeSight as standard equipment on models with the 6-speed automatic transmission, earned this highest rating for the first time. The Forester also received the highest rating in all evaluation criteria. With the SUBARU BRZ and Forester winning this year's awards, the total number of SUBARU models that have received the TSP+ award is now six.

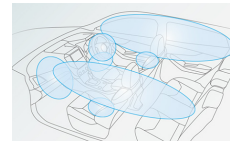


Illustration of airbag coverage



The Legacy Outback received the JNCAP Five Star Vehicle Safety Performance 2021 Award

Models Acquiring Top Safety Pick+ for 2022 (U.S.-specification Models)

- SUBARU BRZ (EyeSight-equipped vehicles): First TSP+ acquisition
- Forester: Acquired TSP rank or above for 16 consecutive years
- Crosstrek*³ Hybrid: Acquired TSP+ rank for 4 consecutive years
- Legacy: Acquired TSP rank or above for 17 consecutive years
- Outback: Acquired TSP rank or above for 14 consecutive years
- Ascent: Acquired TSP rank or above for 5 consecutive years

Furthermore, in Japan, the Legacy Outback received the Five Star Vehicle Safety Performance 2021 Award from JNCAP*⁴. This is the second consecutive year that we have received this award, following last year's win by the Levorg.

SUBARU believes that the enjoyment of a car is supported by the peace of mind it offers, and that a safe and reliable car allows customers to experience the joy of driving, transportation, and life with a car itself. Going forward, we aim to achieve the goal of zero fatal traffic accidents*¹ by 2030 while pursuing the world's highest standard of safety and peace of mind in all situations by integrating advanced sensing technologies, the judgment capability of AI, and connected safety.

*1 Reducing to zero the number of fatal accidents occurring while a driver or passenger in a SUBARU and the number of fatalities among pedestrians, cyclists, and the like arising from collisions with a SUBARU vehicle.

*2 IIHS: Insurance Institute for Highway Safety

*3 Name in Japan: SUBARU XV

*4 Japan New Car Assessment Program (JNCAP): An automotive assessment program operated by the Ministry of Land, Infrastructure, Transport and Tourism and the National Agency for Automotive Safety and Victims' Aid (NASVA) to compare and evaluate automobile safety performance. The Legacy Outback received the highest score in the overall assessment for passive safety performance and preventive safety performance in 2021.

A Trifecta of Quality Enhancement Approaches

High quality is a key element at the root of the SUBARU brand, and is a source of added value. Therefore, we are pursuing efforts for quality enhancement as a priority in our mid-term management vision "STEP." We are promoting quality enhancement in a trifecta of approaches, the first of which is thorough implementation of a "Quality-First" mindset and reinforcement of organizational efforts and structure. By redefining our goals through reviewing our Quality Policy and revamping our quality manual, and by implementing awareness activities Group-wide, we are encouraging our employees to alter their quality mindset. The second is "Execution Quality" enhancement, with the goal of preventing defects reaching the general public. In these reforms, in order to quickly resolve any defects that may have occurred in the market, we launched the quality improvement team, FAST,^{*5} to strengthen our quality assurance system in the key market of North America. Furthermore, in Japan, we started operation of a new final vehicle inspection wing in FYE March 2023. In addition, we will work to improve our quality improvement response speed by establishing a QA lab to enhance our ability to investigate defects and by strengthening parts traceability. The third is "Innate Quality" enhancement, reforming the process from product planning and study to development and design. The objective is to ensure quality throughout the entire process, including in production and logistics. These activities are still at the halfway stage. However, we will pursue initiatives in this phase where we can show results from our quality enhancement initiatives, including adapting to new technologies, and we will work to achieve steady results so that we can present sufficient results to our customers and dealers. Looking ahead, by continuing to pursue quality that our customers can use with peace of mind for many years to come, we will work to realize the SUBARU Group's goals of "delivering happiness to all" and a safe and happy car society.

*5 Fast Action & Solution Team

SUBARU Group's Six Priority Areas for CSR TOPIC: Diversity



Why It Is Important to Us

Most companies today face social demand for diversity among their employees and diverse ways of working. SUBARU believes that continuing to offer products that contribute to increasing options for our customers and respecting diverse forms of market value will lead to sustainable growth for the company. Achieving this requires diversity of perspective among those who work for the SUBARU Group.

Diversity for SUBARU therefore has two key meanings: diversity in products and diversity of employees. While pursuing diversity in products, SUBARU will promote diversity among all those who work for the SUBARU Group.

Two kinds of diversity promoted by SUBARU, respecting various personal values and characteristics

The diversity of the SUBARU Group's talent leads to diversity of product value

Employee Diversity

For each of the SUBARU Group's employees to be able to fully exert their unique talents leveraging their diverse personal values and characteristics, the Group values the gender, nationality, culture, and lifestyle of all its employees and strives to create a comfortable workplace environment. Furthermore, SUBARU's affiliated companies in Japan and overseas are working on reflecting their respective business domains and the characteristics of their regions.

Diversity in Japan

At SUBARU, we have been taking a range of actions toward Corporate Culture Reforms, one of our priority initiatives listed in the mid-term management vision "STEP." In human resource development, we have introduced a dual personnel system (for key management positions) to promote the success of human resources regardless of age or experience. Through this system, we promote human resource development through treatment and selection of outstanding employees based on results. The youngest of managers selected was 31 years old, showing appropriate selection and promotion in line with our aims. We are continuing to improve the operation of this system in order to further promote human resource development. At the same time, we introduced the specialist engineer system as a mechanism to properly evaluate the superior technical skills of our engineers who create new value and bring distinction to SUBARU-ness. Through this system, we will work to improve the technical capabilities that distinguish SUBARU-ness and increase the motivation of our engineers.

Specialist Engineer System Certification Criteria

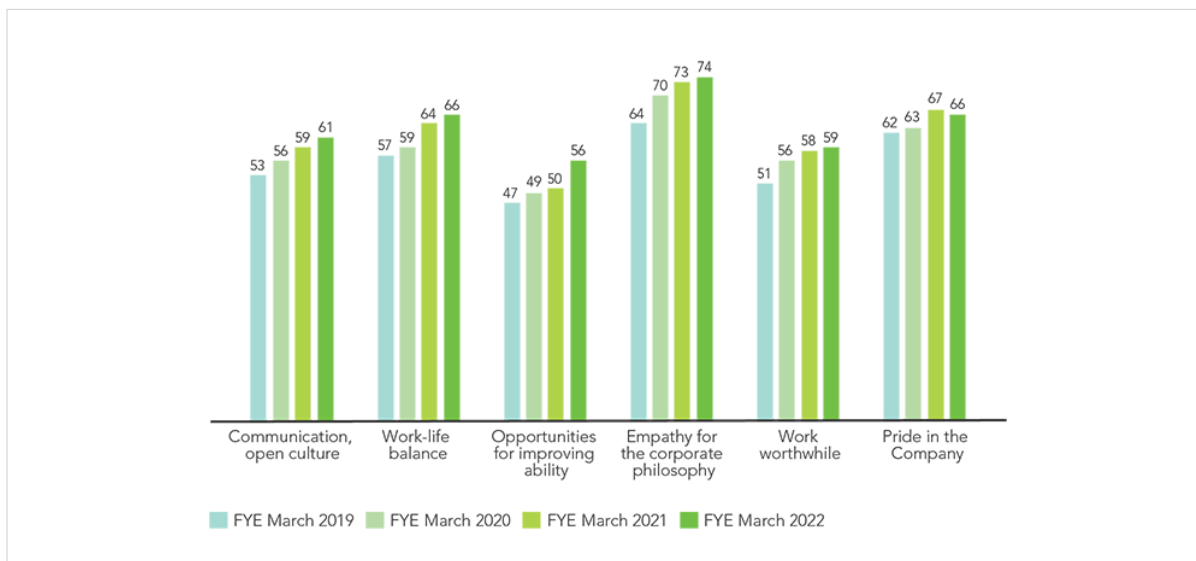
1. Possesses industry-leading technical capabilities
2. Utilizes their technical capabilities in operations, leading to tangible results
3. Engages in continuous self-improvement for the evolution (deepening) of their technical capabilities
4. Establishes and implements mechanisms for teaching to and communicating with younger generations
5. Capable of deriving the optimal method from those at hand based on limited information so as to achieve goals

In addition, we introduced the Career Development Support Program and autonomous skill development programs to develop human resources in a way that encourages autonomy and taking on challenges. We are transitioning our education systems from conventional controlled education to autonomous education, establishing an environment that supports autonomous career development and the growth of the individual.

Employee Attitudes Survey for Improving SUBARU's Corporate Value

SUBARU has conducted the employee attitudes survey since FYE March 2018. In FYE March 2022, 16,536 regular employees (94.7%) responded. There was an overall improvement trend versus the previous results from FYE March 2021, with a particularly significant improvement in scores related to opportunities for improving ability. We see these results as representative of the impact from our introduction of new personnel systems and educational programs. Furthermore, we recognize that steadily linking the growth and increased satisfaction of each and every employee to improved corporate value is required for SUBARU's sustainable growth. SUBARU will continue to closely monitor the results of the employee attitudes survey to better motivate each and every employee and revitalize the organization.

Rate of employees who gave positive responses (%)



* The above is a partial excerpt of questions asked in the employee attitudes survey.

Diversity in the U.S.

Diversity, Equity, Inclusion, and Belonging: Elements of SOA's Organizational Culture

Subaru of America, Inc. (SOA) operates in North America, a core SUBARU Group market. SOA believes that mutual learning and growth between employees with diverse experiences, perspectives, and values will lead to creation of the next generation of businesses, and in turn make the company stronger. In 2021, SOA further expanded its DEIB^{*1} program by promoting engagement activities through five employee groups: SUBARU Women's Network, BLENDS, Out + Ally, SARGE, and Evolve. This also includes joint recruitment activities with historically black colleges and universities (HBCUs)^{*2} in the region.

*1 DEIB: Diversity, Equity, Inclusion, and Belonging.

*2 Historically black colleges and universities: A generic name for institutions of higher education that have long sought the education of African American students.

Initiatives by SOA's Five Employee Groups

In 2021, SOA joined the city of Camden, New Jersey in celebrating the beginning of the school year there. The event was held for those vaccinated against COVID-19, featuring a variety of activities, including free haircuts. During the event's donation drive, more than 600 bags, 250 pairs of shoes, and 1,200 pairs of socks were provided to the community. SOA also supported the Gloucester County NAACP*³ Scholarship program in 2021, which provides scholarships to New Jersey students. SOA received the Corporate Excellence Game Changers Award from the NAACP. In addition, the organization donated more than 10,000 pieces of outdoor clothing to Afghan refugees at Joint Base McGuire-Dix-Lakehurst in New Jersey.

*3 NAACP: National Association for the Advancement of Colored People

Promoting Recruitment Activities

In 2021, SOA established strategic partnerships with two historically black universities, Delaware State University and Pennsylvania's Lincoln University, in order to recruit the best human resources. In addition, we collaborated with the National Association of Black Accountants, the Association of Latino Professionals for America, and the Minority Corporate Counsel Association to promote DEIB-based initiatives, such as holding rallies to recruit applicants from diverse backgrounds.

Diversity of Products

Product Diversity Respecting Diverse Forms of Market Value

SUBARU works to promote product diversity, respecting diverse forms of market value and contributing to increasing options for its customers. We are developing and launching products to market that offer both driving pleasure and sporty value, alongside environmental performance that meets the needs of the times, in rigorous pursuit of SUBARU-ness.

As one of our achievements and initiatives, we launched the SOLTERRA, which features a new AWD system unique to BEVs that drives the front and rear tires with separate motors. Furthermore, we launched the fully redesigned WRX S4, which fosters the ultimate sense of oneness between person and car. The WRX S4 is a refinement of SUBARU's unwavering policy of "Enjoyment and Peace of Mind." By improving the driving dynamics of the car, providing joy not only in exceptional driving but in day-to-day driving as well, we created a new sporty value proposal. The foundation of this technology is the SUBARU Global Platform, a platform featuring all of SUBARU's knowledge and technological capabilities developed thus far. By adding full inner frame construction to the SUBARU Global Platform, we deliver higher rigidity with less weight, dramatically improving handling performance that offers the driver unhindered control.

In addition, as one example of taking on the challenge of expanding options for the use of internal-combustion engines, SUBARU competed in Super Taikyu Series 2022 with a racing vehicle that uses carbon-neutral fuel. Through this activity, we are promoting the creation of better cars originating in motorsports, working to cultivate engineers, and actively seeking the realization of a carbon-neutral society.

Going forward, SUBARU will continue to accelerate its efforts to strengthen product diversity in a way that reflects SUBARU-ness.

SUBARU Group's Six Priority Areas for CSR TOPIC: Environment

TOPICS 05
Six Priority Areas for CSR Environment

Cherish and protect the global environment
—the earth, the sky and nature—through Group-wide activities.



Why It Is Important to Us

In FYE March 2018, SUBARU revised its Environmental Policy, declaring that “the earth, the sky and nature” are SUBARU’s fields of business, and made clear to strive for the coexistence with nature. These words encapsulate our desire to take the greatest possible care of “the earth, the sky and nature,” since they are the fields in which our automotive and aerospace businesses—the pillars of our enterprise—operate. With the concept that sustainability of both society and SUBARU only becomes possible with the existence of a rich global environment, that is “the earth, the sky and nature,” the entire SUBARU Group will make the greatest possible efforts to undertake global environmental conservation activities.

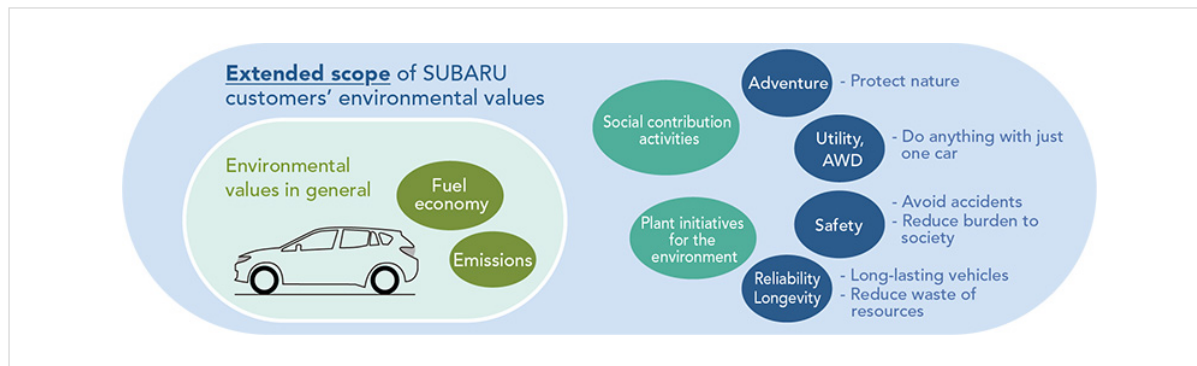
SUBARU Initiatives for the Era of the Electric Car

Efforts to reduce CO₂ emissions through distinctiveness and technological innovation
commensurate with SUBARU-ness

Strengthening SUBARU-ness and Manufacturing Environmentally Friendly Automobiles for the Realization of a Sustainable Society

In order to pass on “the earth, the sky and nature” to future generations, SUBARU is pursuing the manufacture of environmentally friendly automobiles. This is not only in brainstorming how to address the environment but also how we contribute as a company to the realization of a sustainable society.

In the U.S., one of SUBARU’s major markets, our customers tend to have a strong sense of ownership with regard to the global environment and society, along with interest in the safety and reliability of SUBARU’s vehicles. In addition, we have found that our customers do not see environmental value in general—a vehicle’s fuel efficiency, emissions, or size. Instead, they recognize this value in a broader sense, including the three elements of our “Enjoyment and Peace of Mind” value: that our utility and AWD vehicles allow them to do anything with just one car; that our safety causes fewer accidents and no problems for society; and that our reliability and longevity makes them useful over long periods of time and does not lead to wasted resources. SUBARU will contribute to the achievement of an enjoyable and sustainable society by working together with customers and other stakeholders who see the value SUBARU provides as environmental value in a broader sense, pursuing distinctiveness commensurate with SUBARU-ness and the manufacture of environmentally friendly automobiles through technological innovation.



SUBARU-ness Initiatives for the Environment toward Realizing Carbon Neutrality around 2050

SUBARU has set the direction of targeting carbon neutrality around 2050, and formulated a long-term target to reduce average well-to-wheel*1 CO2 emissions from new vehicles (in operation) sold worldwide by 90% or more*2 compared to 2010 levels. As a milestone toward this target, SUBARU set two medium-term targets: make at least 40% of SUBARU global sales EVs or HEVs by 2030, and apply electrification technologies*3 to all SUBARU vehicles*4 produced and sold by the first half of the 2030s. In addition, as a new initiative from FYE March 2022 in order to contribute to the realization of a decarbonized society through the reduction of CO2 emissions throughout the life cycle of our business activities, SUBARU has designated departments in charge of the five areas of “product use,” “materials and components,” “transportation,” “disposal,” and “manufacturing.”

Furthermore, in 2022 SUBARU launched the SOLTERRA, its first global BEV,*5 aimed at coexistence with nature as another step toward the era of the electric car. It utilizes the e-SUBARU Global Platform, a dedicated EV platform we jointly developed with Toyota Motor Corporation (“Toyota”), as well as the AWD technology we have developed for many years and Toyota’s outstanding electrification technology, thus bringing together the strengths of both companies and efficiently leveraging our development investments. Like with our existing vehicles, this SUV featuring the unique appeal of SUBARU’s BEVs will be added to our SUV lineup, aiming to further strengthen the value we offer with the goal of being a brand that is “different” from others. We will roll out this model in Japan, the U.S. and Canada, Europe, China, and other markets.

- *1 Well-to-wheel: Approach to calculating CO2 emissions including the emissions produced by the generation of electricity to be used by EVs and other vehicles.
- *2 Reduce total CO2 emissions calculated based on the fuel efficiency (notified value) of all SUBARU automobiles sold across the world by 90% or more compared to 2010 levels in 2050. Changes in the sales quantity due to changes in the market environment shall be taken into consideration, while minor changes in running distance shall not.
- *3 Excluding models supplied by OEMs
- *4 Refers to the technology used to foster the use of electricity for EVs, HEVs, and others.
- *5 BEV: Battery electric vehicle

Category	Target Year	Goal
Products (Scope 3)	2050	Reduce average CO2 emissions from new vehicles (in operation) on a well-to-wheel basis by at least 90%, compared to 2010 level
	Early 2030s	Apply electrification technologies to all SUBARU vehicles produced and sold worldwide
	Up to 2030	Make at least 40% of SUBARU global sales EVs or HEVs
Plants and offices (Scope 1 and 2)	FYE March 2051	Achieve carbon neutrality
	FYE March 2031	Reduce CO2 emissions by 30% compared with FYE March 2017 (total volume basis)

Strategic Restructuring of Domestic Production System from Expansion and Acceleration of EV Development

At SUBARU, we will strategically reorganize our domestic production system to accelerate electrification for further expansion of EVs and production of in-house BEVs. As our roadmap for this production system, we are planning to launch in-house production of BEVs with a target start date around 2025, and to gradually increase supply capacity thereafter by expanding the number and models of BEVs produced. Furthermore, we are exploring the addition of dedicated lines for BEVs from 2027, and will promote the steady installation of the next-generation e-BOXER, utilizing the Toyota Hybrid System, in several models.

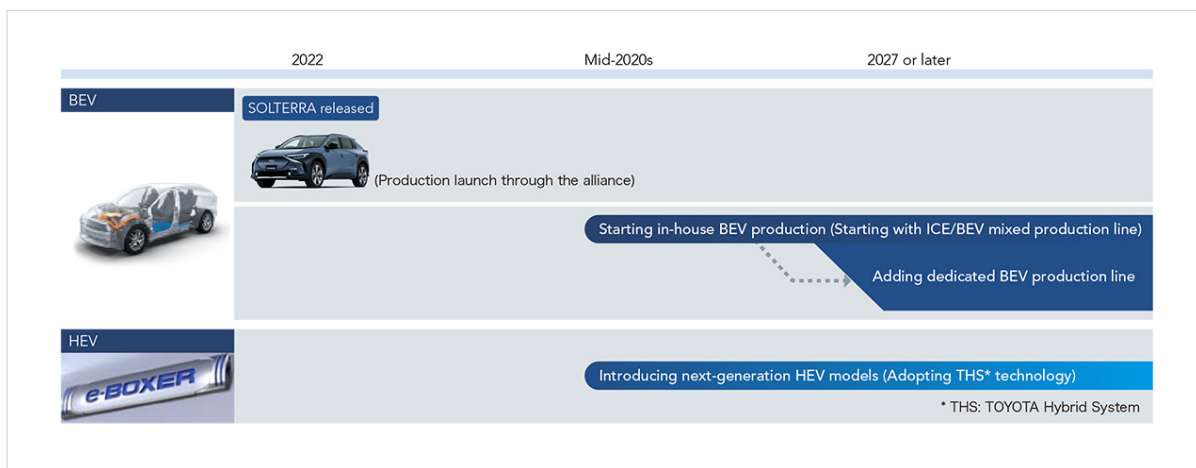
The two main goals of this reorganization of the production system are to build a flexible system that can ensure production

of gasoline-powered vehicles and HEVs as needed during the transition to BEVs and to achieve efficient BEV production in the BEV business, where there are still many issues of profitability, in order to improve business potential.

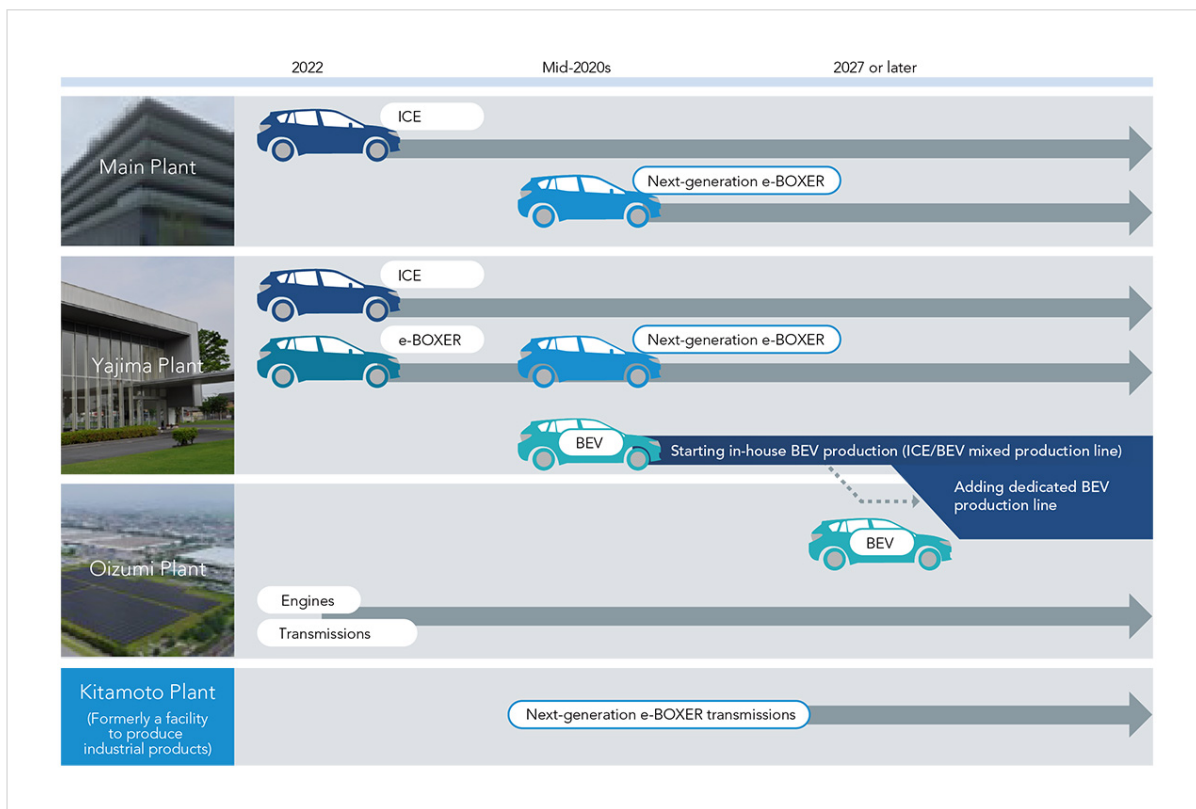
Goals for strategic restructuring of domestic production system with a view of expansion and acceleration of EV development:

- Build a flexible production system to address the period of transition to BEVs
- Improve BEV business feasibility through highly efficient production

Strategic Restructuring of Domestic Production System from Expansion and Acceleration of EV Development



Strategic Reorganization of Domestic Production



We believe that the key to promoting SUBARU's electrification strategy is to provide product value meeting the expectations of customers while assessing the convenience of BEVs, including customer requirements and changes in preferences and values, as well as for infrastructure. This not only includes changes in markets and regulations toward a decarbonized society but also for the purpose of nurturing the relationships with customers that our SUBARU Group has treasured for some time. Based on this concept, SUBARU will continue to develop products that satisfy customers and bring them happiness. We will also continue to develop a flexible production system that incorporates the state of the market environment.

SUBARU Group's Six Priority Areas for CSR TOPIC: Compliance

TOPIC 06

Six Priority Areas for CSR Compliance

Act in good faith and become a company that is trusted by and resonates with society.

Why It Is Important to Us

Having reflected on the previous lack of awareness of social norms in the execution of our duties, flaws in our internal rules, and the inadequate understanding of laws and regulations relevant to our operations, SUBARU is keenly aware of the need to change ways of thinking and completely change the culture. SUBARU will dedicate the whole of the SUBARU Group to promoting initiatives focused on compliance as a priority, with the aim of ensuring that SUBARU resonates with and inspires trust in our customers and all other stakeholders.

Compliance and human rights initiatives considered and implemented by each individual

We, the SUBARU Group, will act in good faith toward our aspiration to be a company "delivering happiness to all," aiming to be a corporate group that is trusted by and resonates with society

Each individual is responsible for practicing compliance

At the SUBARU Group, compliance is positioned as one of the most important management issues. Here, our initiative policy is to: (1) deepen dialogue with everyone and promote the Think Compliance initiative; (2) Maintain awareness of being one member of the SUBARU Group, unbound by organizational frameworks; and (3) Act with consideration for others and a positive attitude of doing good. In executing these, we establish and operate a compliance system and organization, as well as conduct activities such as providing various kinds of training.

Initiatives toward Deeper Compliance

SUBARU conducts compliance training, training for legal affairs in practical businesses, and other programs for Group employees in Japan to enforce thorough compliance across the Group. In particular, more than 15,000 employees have participated in video-based online training programs introduced to adapt to work format changes due to the COVID-19 pandemic. This is part of our work to improve compliance literacy for all employees working at SUBARU and Group companies in Japan, helping each employee to take ownership and execute the Think Compliance initiative.

In order to promote daily practice for each and every Group employee in Japan, we issue the Compliance Manual and have created guidelines specialized for affiliated companies, providing these and a range of other implementation support tools. Specifically, we have established guidelines on anti-bribery for the entire Group clarifying the conduct required of employees and executives. This includes the establishment of the company-wide Bribery Prevention Rules, which clarify prohibited and non-prohibited acts when dealing with public officials. Also, anti-bribery is identified as an important issue in the Compliance Manual (Japanese and English versions) issued to affiliated companies in Japan and overseas. We not only require proper conduct regarding bribery of public officials but also pursue thorough fairness in transactions with private-sector customers and partners.

Monitoring Mechanisms

The entire SUBARU Group collects information to ascertain the presence of cases that may constitute compliance violations through company-wide compliance activities, its whistleblowing system, and other channels. It also strives to use actions like the Internal Audit Department's business audits to detect cases early. High-risk cases are reported to the Risk Management and Compliance Committee and the Board of Directors, in efforts to further strengthen oversight. Specifically, SUBARU has established the Compliance Hotline system, where regular or temporary employees of the SUBARU Group who have detected a problem related to compliance within the Group can consult with the Hotline Desk. This Desk is where employees affiliated with the Risk Management and Compliance Office directly receive mail, telephone calls, and email, investigate facts, and provide response. In the Compliance Hotline system, we provide consultation services in four languages (English, Chinese, Portuguese, and Spanish) for foreign workers. In addition, to ensure thorough awareness, including among foreign workers, we distribute cards containing information on the framework of the system and the contact address for consulting services not only in Japanese but also English, Chinese, and other languages. We also put up posters in all workplaces. Actual consultations are handled swiftly and flexibly, primarily by the Risk Management and Compliance Office Manager, working toward preventive measures.

Subaru of America, Inc. (SOA) also operates a compliance hotline system. Like in Japan, a third-party organization is used for the reporting desk so that employees can consult and report with peace of mind. Reports are accepted through a number of channels, including in person, by phone, and by email.

Initiatives for Human Rights: Human Rights Due Diligence

At the SUBARU Group, we put people first and engage in people-oriented manufacturing. For us, respect for the rights and characteristics of individuals is an important management issue. From FYE March 2021 to FYE March 2022, we carried out human rights due diligence in accordance with the procedures stipulated in the United Nations Guiding Principles on Business and Human Rights. Specific initiatives included the identification and impact assessment of human rights risks in the domains of human resources and procurement, and the identification of particularly key risks for the SUBARU Group. The human rights risks identified in each of these areas include risks related to compliance, and we have formulated measures to prevent and mitigate these risks. These are agreed upon by the Sustainability Committee and reported to the Board of Directors. Going forward, we will continue to work toward risk mitigation by steadily implementing formulated measures to combat them, regularly providing progress reports on these to the Sustainability Committee, and through other actions.

Particularly key human rights risks

Human resources domain	Long working hours, occupational accidents, harassment of workers, forced labor among foreign workers
Procurement domain	Human rights violations among suppliers, responsible mineral procurement (e.g., conflict minerals, cobalt), harassment of suppliers

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Environmental Management

Our Approach

In its Environmental Policies, SUBARU states that our fields of business are “the earth, the sky and nature” and focuses on efforts aimed at coexistence with nature. In the mid-term management vision “STEP,” we are committed to making environmental contributions by enhancing the environmental performance of our products. We include Environment in the Six Priority Areas for CSR and deem it important to conduct environmental activities as a precondition to continue our business activities.

In order to foster environmental activities across the SUBARU Group, we have our Environment Committee as well as a cross-company integrated environmental management system, which covers all Group sites, domestic and overseas consolidated production companies, and SUBARU CORPORATION dealers in Japan and abroad.

Based on this system, we are fostering environmental management activities through an all-SUBARU approach, including formulating medium- to long-term environmental targets, implementing measures to achieve the targets, complying with environmental laws and regulations, managing chemical substances, and compiling environmental performance data.

SUBARU Environmental Policies

SUBARU Environmental Philosophy

“The earth, the sky and nature” are SUBARU’s fields of business.

With the automotive and aerospace businesses as the pillars of SUBARU’s operations, our fields of business are the earth, the sky and nature. Preservation of the ecosystem of our planet, the earth, the sky and nature, is of utmost importance to ensure the future sustainability of both society and our organization. We align our business strategy to enhance these global goals in all of our operations.

1. We develop and deliver products to meet social needs and contribute to the environment through advanced technologies.

By striving to create advanced technologies that put the environment and safety first, we will develop and deliver products that can contribute to protecting the earth’s environment.

2. We focus on efforts aimed at coexistence with nature.

Together with efforts to reduce CO₂ emissions in all of our operations, we will promote active engagement with nature by stressing forest conservation.

3. We take on challenges as one through an all-SUBARU approach.

Utilizing our unique organizational character that allows us to oversee the entire supply chain, all of us together will take on the challenges of environmental protection of our planet through an all-SUBARU approach.

Environmental Principles

SUBARU’s fields of business are the earth, the sky and nature. SUBARU understands that the health and preservation of biodiversity and controlling climate change are critical to ensuring a sustainable future for our planet earth, nature, communities, and businesses.

Products: We develop our products and conduct R&D in light of the life cycle environmental impacts of our products.

Purchasing: Our purchasing activities reflect consideration for biodiversity and other aspects of environmental protection.

Production: We strive to minimize our environmental impact through improving energy efficiency and waste management.

Logistics: We strive to minimize our environmental impact through enhancing energy efficiency and promoting pollution prevention.

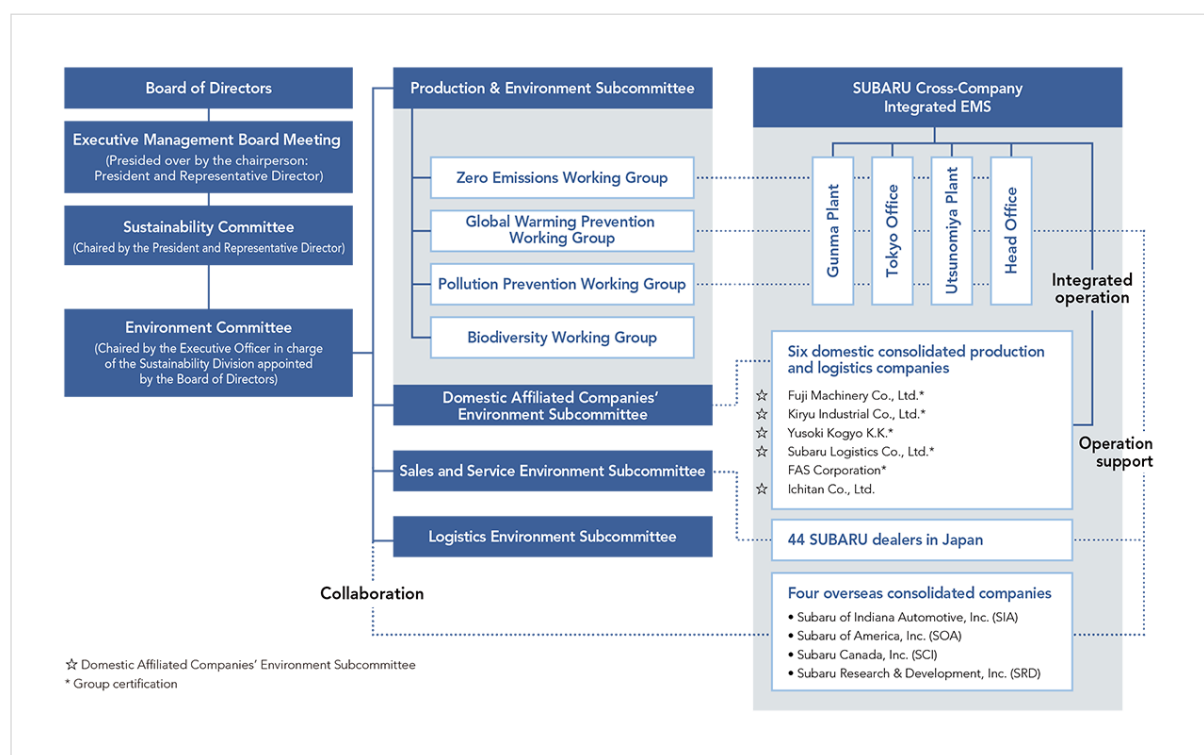
Sales: We endeavor to recycle resources efficiently and reduce waste.

Management: We will strive to improve our sustainability program through contributions that meet social needs and by publicizing our activities as Team SUBARU.

Management System

Environmental Management System

SUBARU comprehensively manages the entire progress and direction of its environmental management measures through the Environment Committee and based on the cross-company integrated environmental management system (EMS). The Executive Officer in charge of the Sustainability Division appointed by the Board of Directors oversees the integrated EMS and chairs the Environment Committee. In principle, the related issues are reviewed regularly, at least once a year, and details of discussions held by the Environment Committee are reported to the Sustainability Committee. Important issues are discussed and reported at the Executive Management Board Meeting and by the Board of Directors. In addition, four committees have been created under the Environment Committee, with participation from major Group companies and comprising the SUBARU Group's environmental management organization. In FYE March 2022, the Biodiversity Working Group was established under the Production & Environment Subcommittee, regularly conducting surveys on the objectives of biodiversity activities, as well as issues and planning, promoting biodiversity initiatives.



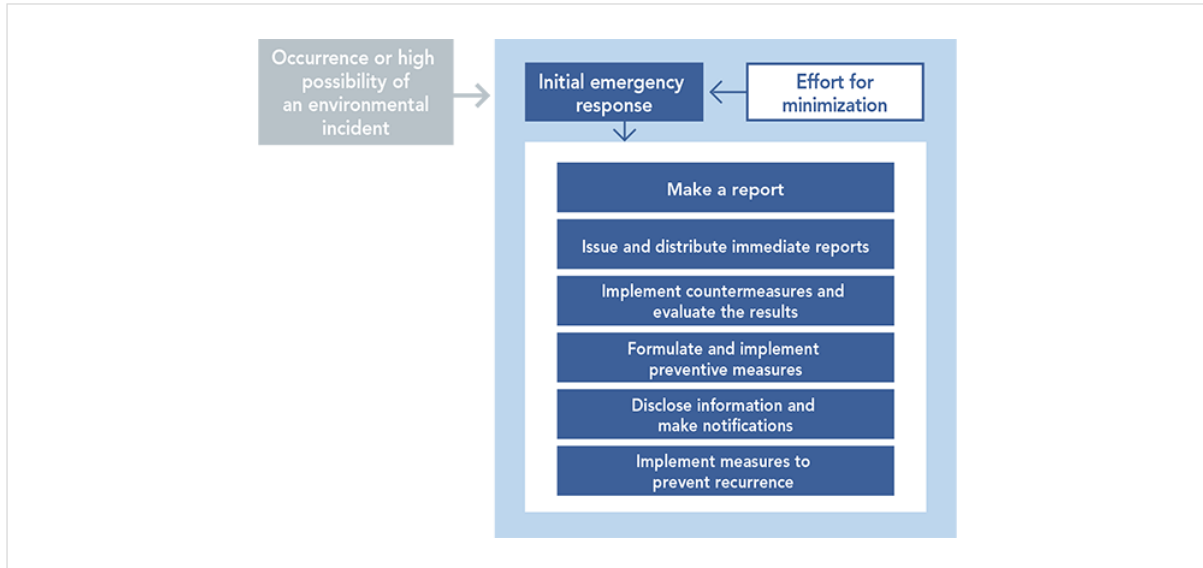
Environmental Risk Management System

SUBARU regularly identifies the environmental risks involved in its business activities (environmental accidents, pollution, noncompliance with laws and regulations, etc.) and fosters the management of the identified risks to prevent and minimize their materialization. As of FYE March 2022, we have established a liaison network between relevant SUBARU departments and those in charge of environmental laws and regulations within the Group in Japan. In the future, the entire SUBARU Group in Japan will have shared training on environmental laws and regulations, and the status of compliance with the same, to strengthen the system to prevent environmental risks before they occur. We also standardize the procedures to be followed when detecting an environmental risk and conduct drills in ordinary times so that we can promptly implement response measures in case of emergency and then take measures to prevent the recurrence of similar accidents, while preventing secondary risks from causing the spread of environmental pollution.

Implementation of Environmental Audits

1. Regular auditing based on the ISO 14001 environmental management system
2. On-site contractors audits to ensure proper collection, transportation, and disposal of industrial waste
3. On-site audits of compliance with environmental laws, regulations, and ordinances

Procedures to be Followed in Case of an Environmental Accident



Acquisition of External Certification for Environmental Management Systems

SUBARU has been working to build an environmental management system, and its sites, suppliers, domestic and overseas consolidated production companies, and dealers have had their environmental management systems certified by external organizations.

Major Certifications

ISO 14001

SUBARU CORPORATION and its six consolidated production and logistics subsidiaries in Japan and three consolidated production and sales subsidiaries in North America have obtained ISO 14001 certification for their environmental management systems.

Eco Action 21*1

In 2011, 44 SUBARU dealers obtained Eco Action 21 certification, becoming the first automaker-affiliated dealers in Japan to do so. We also began implementing an initiative under the Eco Action 21 value chain model project fostered by the Japanese Ministry of the Environment, which the Ministry certified in 2016 as the first initiative implemented under the project in recognition of its results. We will receive instructions and support from the Institute for Promoting Sustainable Societies (IPSuS),*2 which is the certification body for Eco Action 21, to expand the related activities across the SUBARU Group. At the same time, we will support our suppliers in achieving Eco Action 21 certification, thereby expanding the initiative across our value chain.

ISO 50001*3

In 2012, Subaru of Indiana Automotive, Inc., which is our production base in North America, became the first automobile production plant in the U.S. to acquire certification for ISO 50001, which is the international standard for energy management systems (EnMS).

ISO 39001*4

Subaru Logistics Co., Ltd. obtained certification for ISO 39001, the international standard for road traffic safety management systems, in 2015.

- *1 Environmental conservation activity promotion program formulated by Japan's Ministry of the Environment in which small and medium-sized enterprises (SME) work on three themes: environmental management systems, environmental measures and environmental reporting.
- *2 This organization examines, plans, and implements new initiatives to build sustainable societies by integrating initiatives related to businesses, such as Eco Action 21, with product- and service-related initiatives to be promoted via supply chains.
- *3 International standard applicable to all organizations that sets the requirements to be met by business operators when conducting activities to build an energy management system, including the formulation of policies, targets, and plans for their energy use and the determination of management procedures.
- *4 International standard for road traffic safety management systems. It requires organizations to appropriately manage the factors that could cause traffic accidents and reduce the related risks effectively and efficiently, thereby reducing the number of deaths and serious injuries caused by road traffic accidents.

> [CSR Procurement](#)

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Establishment of EMSs and EnMSs by the SUBARU Group

Category	Plants and offices			Retailers		Suppliers
	SUBARU CORPORATION Head Office	Domestic Consolidated Production and Logistics Companies	Overseas Consolidated Production Companies	Domestic Consolidated Automobile Sales Companies	Overseas Consolidated Automobile Sales Companies	
Certification obtained for EMSs/EnMSs	ISO 14001	ISO 14001	ISO 14001 ISO 50001	Eco Action 21	ISO 14001	ISO 14001, Eco Action 21 or self-certification
Target	Gunma Plant Tokyo Office Utsunomiya Plant Head Office	Fuji Machinery Co., Ltd.* Kiryu Industrial Co., Ltd.* Yusoki Kogyo K.K.* Subaru Logistics Co., Ltd.* FAS Corporation* Ichitan Co., Ltd. Six companies in total	Subaru of Indiana Automotive, Inc.	SUBARU dealers 33 companies in total	Subaru of America, Inc. Subaru Canada, Inc. Two companies in total	Green procurement Suppliers of materials

* Group certification SUBARU CORPORATION and its affiliated companies marked with an asterisk (*) carry out mutual internal audits on their EMSs within the scope required for ISO 14001 group certification.

Environmental Management Systems Established by Dealers in Japan

All consolidated dealers in Japan have acquired Eco Action 21 certification. Under the certification system, they promote their environmental management systems and carry out environmental audits on a regular basis for environmental conservation and compliance with environmental laws and regulations.

Moreover, we collect data about domestic dealers' energy use, CO₂ emissions, waste generation, and water use through the SUBARU Group's unique data system for environmental reporting and use the data to reduce our environmental impact.

Environmental Management Systems Established by Retailers in the U.S. (Subaru of America, Inc.)

Subaru of America, Inc. promotes the Eco-Friendly Retailer Program that encourages SUBARU retailers in the U.S. to reduce energy consumption, water usage, waste and other environmental impacts. To be certified under the Eco-Friendly Retailer Program, a company must meet criteria in five areas, including energy efficiency and recycling. At present, 205 companies, or more than 30% of dealers, are participating in the program.

Management of Chemical Substances

A range of chemical substances are regulated by laws and regulations, including the REACH regulation,^{*1} ELV Directive,^{*2} and the Chemical Substance Control Law,^{*3} under which we are required to disclose information and ensure the appropriate management of chemical substances.

SUBARU is strengthening the management of its supply chain by using the IMDS^{*4} in order to identify which chemical substances are used in what amount in each of the several tens of thousands of parts that comprise its automobiles. Furthermore, we use SUBARU's proprietary chemical substance management system (CSMS)^{*5} to implement management, aiming for prompt information disclosure.

Through this initiative, we are ensuring the non-use of prohibited substances (lead, mercury, cadmium, hexavalent chromium, etc.), promoting the replacement of newly regulated substances with alternatives, and establishing a management system that helps us promptly disclose information about the use of substances that we should appropriately manage under REACH and other regulations. We are thereby reducing the use of and managing environmentally hazardous substances.

*1 REACH regulation: European regulation on chemical substances requiring all chemical substances to be subject to management or restriction measures commensurate to the risk that they pose to humans and the environment.

*2 The End-of Life Vehicles (ELV) Directive: European Union (EU) directive brought into force in 2000 to reduce the environmental impact from the scrapping of end-of-life vehicles in the EU. It aims to prohibit the use of hazardous substances and reduce the generation of

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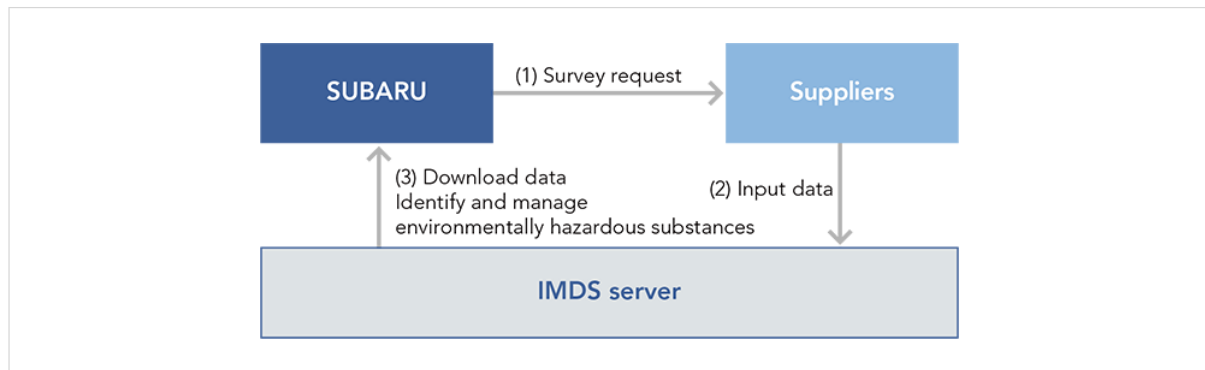
waste by encouraging the reuse and recycling of end-of-life vehicles and their parts.

- *3 The Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc. (Chemical Substance Control Law) is a law whose purpose is to prevent environmental pollution caused by chemical substances that could harm human health or interfere with the habitat or growth of flora and fauna.
- *4 IMDS: International Material Data System, an international materials database for the automobile industry.
- *5 A chemical substance management system is a system for the management of chemical substances contained in products.

[> Prevention of Pollution](#)

International Material Data System

Management of Environmentally Hazardous Substances through the IMDS



Targets and Results

Environment Action Plan 2030 and Other Key Environmental Initiatives

SUBARU initiated its new medium-term environmental plan in FYE March 2022. This plan is formulated around two timelines that are aligned with environmental issues.

Environment Action Plan 2030:

This is a Group-wide plan with a medium- to long-term perspective and initiatives that spiral upward to address future expectations.

Other key environmental initiatives:

These granular initiatives are from a short- to medium-term perspective and are designed to meet current expectations.

The two main features of Environment Action Plan 2030 are milestone goals to achieve by 2050 and moving targets that change according to the expectations of society.

Through initiatives based on the new environmental plan, SUBARU will sincerely address the expectations of current and future generations and further contribute to the realization of a sustainable society.

Key Initiatives of Environment Action Plan 2030

Climate Change

I. Key Initiatives of Environment Action Plan 2030

Field	Long-Term Vision	Environment Action Plan 2030					
		Medium-Term Goals (Primary Category)			Short-Term Initiatives (1-3 Years)	Major Results in FYE March 2022	
			Bases	Goals by Base	Components of Primary Initiatives		
Scope 1 and 2 (Plants and offices)	Target carbon neutrality by FYE March 2051.	Reduce CO ₂ emissions by 30% in FYE March 2031 compared with FYE March 2017 (total volume basis).	Plants	Reduce CO ₂ emissions from plants in Japan.	<ul style="list-style-type: none"> Reduce CO₂ emissions from parent company*1 in FYE March 2031 by 30% compared with FYE March 2017 (total volume basis). 	<ul style="list-style-type: none"> Upgrade cogeneration equipment. Switch to LED lighting. Expand solar power generation facilities. Upgrade equipment. Consolidate production lines. Improve the energy efficiency of existing facilities. Reduce standby power. Purchase CO₂-free electricity. 	<ul style="list-style-type: none"> Switch to LED lighting. Expand solar power generation facilities, use existing solar power generation facilities. Upgrade equipment. Improve the energy efficiency of existing facilities. Reduce standby power. Reduce business trips using company cars through the use of web conferencing. Purchase CO₂-free electricity.
					<ul style="list-style-type: none"> Reduce CO₂ emissions from Group plants in Japan*2 in FYE March 2031 by 10% compared with FYE March 2017 (total volume basis). 	<ul style="list-style-type: none"> Continue energy-saving activities. Share best practices. Initiate reduction strategy studies. 	<ul style="list-style-type: none"> Introduce or explore introduction of CO₂-free electricity. Continue energy-saving activities.
				Reduce CO ₂ emissions from plants overseas.	<ul style="list-style-type: none"> Reduce CO₂ emissions from overseas plants*3 in FYE March 2031 by 30% compared with FYE March 2017 (total volume basis). 	<ul style="list-style-type: none"> Switch to LED lighting. Expand solar power generation facilities. Improve the energy efficiency of existing facilities. Initiate additional reduction strategy studies. 	<ul style="list-style-type: none"> Understand energy consumption trends. Continue energy-saving activities.

Environmental Management

Environmentally Friendly Automobiles

Climate Change

Resource Recycling

Water Resources

Biodiversity

Prevention of Pollution

FYE March 2022 Environmental Performance Data for Plants and Offices

Field	Long-Term Vision	Environment Action Plan 2030					Major Results in FYE March 2022
		Medium-Term Goals (Primary Category)	Bases		Goals by Base	Short-Term Initiatives (1-3 Years)	
						Components of Primary Initiatives	
			Head Office	Reduce CO2 emissions from the Head Office building*4.	<ul style="list-style-type: none"> Reduce CO2 emissions to zero. 	<ul style="list-style-type: none"> Continue energy-saving activities. Purchase CO2-free electricity. Utilize power and heat certificates. 	<ul style="list-style-type: none"> Achieve zero CO2 emissions at the Subaru Building housing the Head Office. Convert all power at Takao Training Center to CO2-free electricity through use of certificates.
			Dealership	Reduce CO2 emissions from dealerships in Japan.	<ul style="list-style-type: none"> Aggregate information and upgrade systems to reduce CO2 emissions. 	<ul style="list-style-type: none"> Continue energy-saving activities. Share best practices. Initiate reduction strategy studies. 	<ul style="list-style-type: none"> Investigate the status of utilization of CO2-free electricity and understand the status of its introduction.
Scope 3 (Products)	On a well-to-wheel*5 basis, we will pursue our goal of reducing the average CO2 emissions from new vehicles (in operation) sold worldwide by at least 90% by 2050, compared with 2010.*6	<ul style="list-style-type: none"> By 2030, we will pursue our goal of [increasing the ratio of electric vehicles (EVs) and hybrid electric cars (HEVs) to at least up to 40% of the gross number of vehicles sold globally. In the early 2030s, all commercial SUBARU cars*7 will be equipped with electrification technology*8. 	Automobiles	Improve fuel economy and equip vehicles with electrification technology.	<ul style="list-style-type: none"> Begin marketing strong hybrid electric vehicles (SHEVs). Increase models equipped with electrification technology. Improve the fuel efficiency of internal combustion engines. 	<ul style="list-style-type: none"> Mass production of SHEVs. Conduct research to add EVs to lineup. Equip more vehicles with environmentally responsible engines. 	<ul style="list-style-type: none"> Decide on the launch of the next-generation e-BOXER. Decide on production bases.
				Clean energy use.	<ul style="list-style-type: none"> Conduct research and development to launch BEVs. Begin marketing BEVs. 	<ul style="list-style-type: none"> Mass production and marketing of BEVs. Research BEVs. 	<ul style="list-style-type: none"> Begin marketing the SOLTERRA. Decide to produce BEVs in-house around 2025.

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Field	Long-Term Vision	Environment Action Plan 2030					Major Results in FYE March 2022
		Medium-Term Goals (Primary Category)			Short-Term Initiatives (1-3 Years)		
			Bases	Goals by Base	Components of Primary Initiatives		
				Road traffic improvement – IT technology (Self-driving technology and preventive safety technology).	<ul style="list-style-type: none"> Develop driving assistance technology and preventive safety technology centered on the EyeSight Advanced Driver Assistance System and expand into more markets. 	<ul style="list-style-type: none"> Enhance recognition performance of next-generation EyeSight to alleviate traffic congestion and improve traffic flow. Begin marketing and expand use of highly functional driver assist controls. 	<ul style="list-style-type: none"> Expand deployment of next-generation EyeSight to the Forester and Outback.

*1 Gunma Plant, Tokyo Office, Utsunomiya Plant

*2 Fuji Machinery Co., Ltd., Ichitan Co., Ltd., Kiryu Industrial Co., Ltd., Subaru Logistics Co., Ltd., Yusoki Kogyo K.K.

*3 Subaru of Indiana Automotive, Inc.

*4 Head Office floors of the Ebisu Subaru Building (Shibuya-ku, Tokyo)

*5 Well-to-wheel: Approach to calculating CO2 emissions including the emissions produced by the generation of electricity to be used by EVs and other vehicles.

*6 Reduce total CO2 emissions calculated based on the fuel efficiency (notified value) of all SUBARU automobiles sold across the world by 90% or more relative to the 2010 levels in 2050. Changes in the sales quantity due to changes in the market environment shall be taken into consideration, while minor changes in running distance shall not.

*7 Excluding models supplied by OEMs.

*8 Refers to the technology used to foster the use of electricity for EVs, HEVs, and others.

II. Other key environmental initiatives

Field	Item	Short-Term Initiatives (1-3 Years)	Major Results in FYE March 2022
Distribution	Implement measures to reduce CO2 in line with the Energy Saving Law.	<ul style="list-style-type: none"> Reduce CO2 emission intensity by 1% every year, using FYE March 2007 as a benchmark. 	<ul style="list-style-type: none"> Continuously promote improvement activities, such as higher loading rates, review of transportation routes, and joint transportation. CO2 emissions for finished vehicles per unit for FYE March 2022 were 27.13 kg/unit, which was below the target of 28.01 kg/per unit (1% reduction every fiscal year from the FYE March 2007 benchmark).

Resource Recycling

I. Key Initiatives of Environment Action Plan 2030

Field	Long-Term Vision	Environment Action Plan 2030		
		Medium-Term Goals	Short-Term Initiatives (1-3 Years)	Major Results in FYE March 2022
			Components of Primary Initiatives	
Products (automobiles)	Contribute to resource recycling and carbon neutrality.	<ul style="list-style-type: none"> Target the use of recycled materials*1 for more than 25% of the plastic used in new models sold worldwide*2 by 2030. Adopt CO2-free materials such as biomass plastic. Proactively adopt plastic materials*3 that have less environmental impact. 	<ul style="list-style-type: none"> Establish milestones for SUBARU's 2030 goals, and determine outlook for achieving initial milestones. Further support achievement of goals with ongoing studies to expand scope of encompassed parts. 	<ul style="list-style-type: none"> Formulate stepwise targets for utilizing recycled plastic, sequentially introducing these in eligible development models.

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Field	Long-Term Vision	Environment Action Plan 2030		
		Medium-Term Goals	Short-Term Initiatives (1-3 Years)	Major Results in FYE March 2022
			Components of Primary Initiatives	
Production	Help create a recycling-oriented society with clean production plants.	Achieve zero emissions at production plants*4 in Japan and overseas (zero landfill waste either directly or indirectly).	Maintain zero emissions at production plants in Japan and overseas (zero landfill waste either directly or indirectly).	<ul style="list-style-type: none"> Maintain zero emissions at production plants in Japan and overseas (zero landfill waste either directly or indirectly). Study utilization of plastic recycling (simple incineration → expansion of thermal recycling and material recycling).
		Appropriately manage water use at both domestic and overseas production plants.*4	Maintain appropriate management of water use at production plants in Japan and overseas.*4	Maintain appropriate management of water use at both domestic and overseas production plants.*4

*1 Including material, chemical, and plastic recycling.

*2 Excluding models supplied by OEMs.

*3 Materials and suppliers with lower CO2 emissions and environmental pollution at the manufacturing stage.

*4 Parent company: Gunma Plant, Tokyo Office, Utsunomiya Plant; Subsidiaries: Fuji Machinery Co., Ltd., Kiryu Industrial Co., Ltd., Ichitan Co., Ltd., Subaru Logistics Co., Ltd., Yusoki Kogyo K.K., Subaru of Indiana Automotive, Inc.

II. Other key environmental initiatives

Field	Item	Short-Term Initiatives (1-3 Years)	Major Results in FYE March 2022
Products (automobiles)	Recyclability improvement	<ul style="list-style-type: none"> Continue to implement measures to comply with the Automobile Recycling Law. Continue to implement measures to make parts and materials more detachable, separable, and sortable. Contribute to a 95% recycling efficiency rate 	<ul style="list-style-type: none"> Conduct in-house education to permeate environmentally friendly and easy-to-dismantle design. Continue to promote the display of material information in accordance with in-house standards. Achieve a recyclability rate of more than 95%.
	Promotion of life-cycle assessment	Promote disclosure of life-cycle assessment (LCA) data.	
Production	Waste control and proper disposal	Continue to control waste generation through means such as improving yield and packing style, and properly dispose of waste.	Maintain proper disposal and conversion into valuable resources of waste through waste separation.

Pollution Prevention and Reduction of Hazardous Chemical Use

I. Key Initiatives of Environment Action Plan 2030

Field	Long-Term Vision	Environment Action Plan 2030		
		Medium-Term Goals	Short-Term Initiatives (1-3 Years)	Major Results in FYE March 2022
			Components of Primary Initiatives	
Production	Coexist with communities with production plants that are socially and environmentally responsible.	Target zero serious environmental accidents.*	<ul style="list-style-type: none"> Zero environmental accidents, complaints, or violations of statutory standards. Set voluntary standards above statutory levels. 	<ul style="list-style-type: none"> Conduct internal/external education. Conduct daily environmental inspections and environmental patrols.

* Zero emissions into the environment, accidents, complaints, or violations of statutory standards.

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II. Other key environmental initiatives

Field	Item	Short-Term Initiatives (1-3 Years)	Major Results in FYE March 2022
		Components of Primary Initiatives	
Products (automobiles)	Promote the introduction of low-emission vehicles to improve air quality.	<ul style="list-style-type: none"> Japan: Increase the number of WLTP low-emission standard certified models (vehicles produced by SUBARU). 	<ul style="list-style-type: none"> Increase the number of WLTP low-emission standard certified models.
		<ul style="list-style-type: none"> Overseas: Introduce low-emission vehicles to improve air quality in countries and regions. 	<ul style="list-style-type: none"> Launch advance development for the next LEV4 regulation in North America. Expand introduction of vehicles with gasoline particulate filter (GPF) for delivery to Europe.
	Promote the management and reduction in the use of environmentally hazardous substances.	<ul style="list-style-type: none"> Improve management of chemical substances contained in products. 	<ul style="list-style-type: none"> Maintain improvement of management of chemical substances contained in products.
		<ul style="list-style-type: none"> Promote switching to substances with lower environmental impact. 	<ul style="list-style-type: none"> Switching to phthalate esters, etc., in preparation for stricter regulations. Completed 40% of planned switching in the previous year's results.
Production	Further reduce per unit of volatile organic compound (VOC) emissions (g/m ²) at production lines.	<ul style="list-style-type: none"> Reduce unit VOC emissions. 	<ul style="list-style-type: none"> Actual: 49.2 g/m² vs. Target: 47.4 g/m²
	Continue to reduce emissions of Pollutant Release and Transfer Register (PRTR) substances into the environment.	<ul style="list-style-type: none"> Identify and manage the chemical substances regulated by the PRTR law and promote further reduction in the use of these substances. 	<ul style="list-style-type: none"> Manage with utilization of the PRTR system.

Disclosure and Discussion of Coexistence with Communities and Environmental Information

I. Key Initiatives of Environment Action Plan 2030

Field	Medium-Term Goals	Environment Action Plan 2030	
		Short-Term Initiatives (1-3 Years)	Major Results in FYE March 2022
		Components of Primary Initiatives	
Management	Coexist with communities through activities to preserve nature.	<ul style="list-style-type: none"> Build relationships with residents through means including plant opening events. Participate in local cleanup and greening activities, including biodiversity preservation. Collaborate with local governments and environmental preservation groups. 	<ul style="list-style-type: none"> Newly establish the Biodiversity Working Group. Gunma: Online factory tours at the Yajima Visitor Center. Tokyo: SDGs online classes for local elementary schools in Mitaka City. Utsunomiya: Remote teaching of school classes. SUBARU Forest (purchase of J-Credits for a forest owned by Bifuka Town, Hokkaido), etc.
	Earn greater trust from society through environmental information disclosure and dialogue.	<ul style="list-style-type: none"> Continuously improve disclosure information. Collaborate with external evaluation organizations. Promote constructive dialogue with investors, etc. 	<ul style="list-style-type: none"> Disclose environmental targets in integrated reports, sustainability reports, notices of convocation, securities reports, etc. Hold dialogues and briefings with analysts and institutional investors (SR investor engagements with 19 companies).

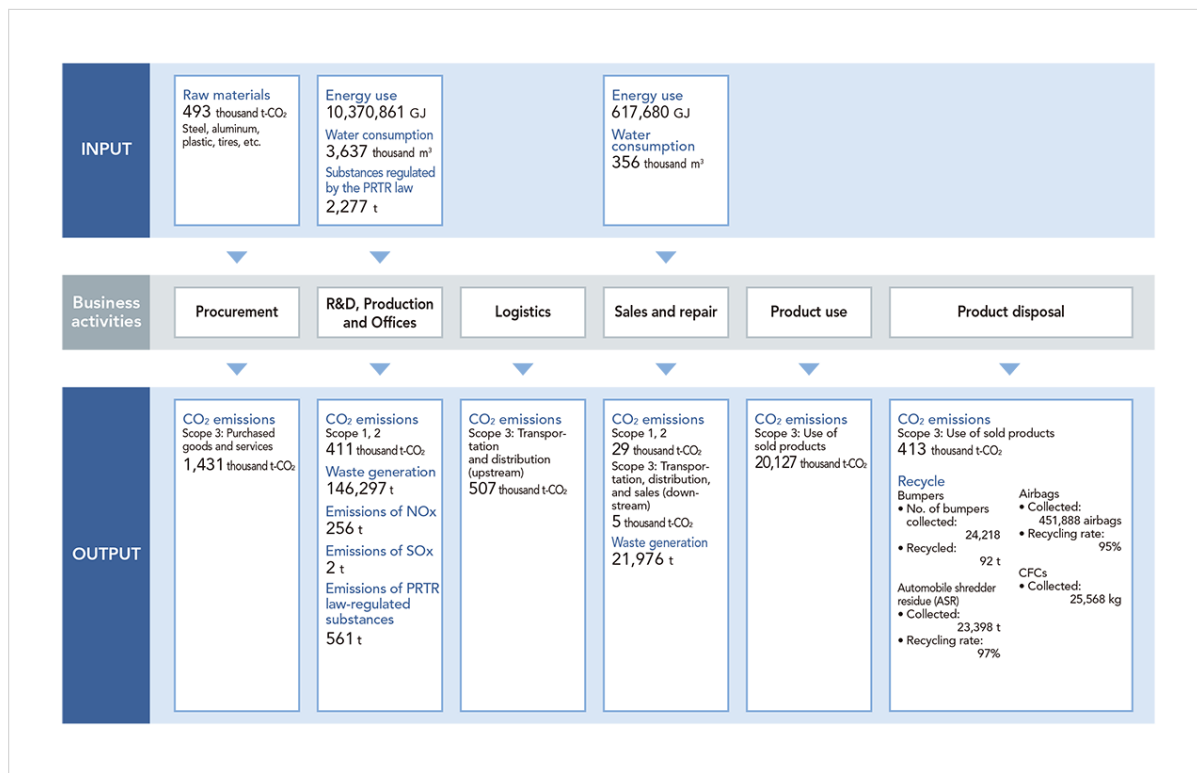
Collaborate with Customers and Promote Environmental Management

Other key environmental initiatives

Field	Item	Short-Term Initiatives (1-3 Years)	Major Results in FYE March 2022
Procurement	Request suppliers in Japan and overseas to build, maintain, and strengthen an environmental management system (EMS).	<ul style="list-style-type: none"> Continue to establish and maintain the EMS including with new suppliers. 	<ul style="list-style-type: none"> Confirm maintenance of EMS establishment by 356 mass production suppliers.
		<ul style="list-style-type: none"> Request that the entire supply chain improve environmental management throughout the product life cycle. 	<ul style="list-style-type: none"> As part of environmental management, hold interviews with major suppliers regarding issues and plans for the use of recycled resin materials.
	Reduce environmentally hazardous substances.	<ul style="list-style-type: none"> Expand management and promote reduction of environmentally hazardous substances contained in parts and raw materials at suppliers. 	<ul style="list-style-type: none"> Conduct online briefings by the technical department for major suppliers to enhance chemical substance management through the use of IMDS.
	Apply the supplier CSR guidelines and green procurement guidelines.	<ul style="list-style-type: none"> Revise the guidelines according to changes in the social environment and Company policy, and request suppliers to deploy, disseminate, and comply with the guidelines. 	<ul style="list-style-type: none"> Revise and publish guidelines incorporating the contents of Environment Action Plan 2030.
Sales (automobiles)	Provide support to SUBARU dealerships' environmental activities.	<ul style="list-style-type: none"> Support all dealerships for maintaining Eco Action 21* certification. 	<ul style="list-style-type: none"> Check certification renewal status. Conduct system maintenance.
		<ul style="list-style-type: none"> Support maintenance of voluntary environmental initiatives such as energy saving and waste reduction utilizing Eco Action 21. 	
Management	Operate and upgrade environmental management systems.	<ul style="list-style-type: none"> Maintain ISO 14001 integrated certification for all Company sites. 	<ul style="list-style-type: none"> Maintain ISO 14001 integrated certification.
		<ul style="list-style-type: none"> Make continuous improvements to the environmental management system. 	<ul style="list-style-type: none"> Make continuous improvements to the environmental management system.

* Environmental conservation activity promotion program formulated by Japan's Ministry of the Environment in which SMEs work on three themes: environmental management systems, **environmental initiatives**, and environmental reporting.

SUBARU Group Material Flow



Scope:

[Procurement] SUBARU: Gunma Plant, Utsunomiya Plant, Handa Plant, Handa West Plant

[R&D and Production] SUBARU: Gunma Plant, Utsunomiya Plant, Handa Plant, Handa West Plant, Tokyo Office, Ebusu Subaru Building, Accessory Center, Subaru Research and Experiment Center, Subaru Test & Development Center Bifuka Proving Ground, SUBARU Academy, Omiya Subaru Building
 Domestic Group companies: 19 domestic consolidated subsidiaries
 Overseas Group companies: Subaru of Indiana Automotive, Inc., Subaru Research & Development, Inc.
 However, NOx, SOx, and PRTR emissions exclude figures from non-production bases: Ebusu Subaru Building, Accessory Center, Subaru Research and Experiment Center, Subaru Test & Development Center Bifuka Proving Ground, SUBARU Academy, Omiya Subaru Building, 19 domestic consolidated subsidiaries, and Subaru Research & Development, Inc.

[Logistics] Land transport (in Japan) and marine transport

[Sales and Repair] 33 domestic dealerships who are consolidated subsidiaries, Subaru of America, Inc. and Subaru Canada, Inc.
 However, "Scope 3: Transportation, distribution, and sales (downstream)" is for 11 SUBARU domestic dealerships who are non-consolidated subsidiaries.

[Product use and Product disposal] Sold SUBARU vehicles

Environmental Investment

Calculation Method

SUBARU has its own guidelines for calculating and tabulating the amount of environmental investments made by the Company. These guidelines are aligned with SUBARU's environmental conservation organization.

Calculation Results

Environmental investment in FYE March 2022 decreased 388 million yen year on year to 3,271 million yen. Key factors included the recording of environmental investment in wastewater treatment and noise control at Subaru Indiana Automotive, Inc. in FYE March 2021.

SUBARU Group Environmental Investment

(Millions of yen)

Item	Category	Consolidated	
		FYE March 2021	FYE March 2022
(1) Cost in the business area	(i) Pollution prevention cost	898	259
	(ii) Global environment conservation cost	189	155
	(iii) Resource recycling cost	42	7
(2) R&D cost	R&D cost to reduce environmental impact	2,524	2,849
(3) Environmental remediation costs	Costs for remediating soil and groundwater pollution	6	0
Grand total		3,659	3,271

Note: Due to rounding, the sum may not exactly match the corresponding total. FYE March 2020 results have been revised because of the inclusion of overseas Group companies.

Scope

SUBARU: SUBARU CORPORATION

Domestic Group companies: Yusoki Kogyo K.K., Fuji Machinery Co., Ltd., Ichitan Co., Ltd., Kiryu Industrial Co., Ltd., Subaru Logistics Co., Ltd.

Overseas Group companies: Subaru of Indiana Automotive, Inc., Subaru of America, Inc., Subaru of Canada, Inc., Subaru Research & Development, Inc.

Environmental Education

SUBARU deems it important for employees to conduct business and environmental activities with a strong awareness of environmental issues and the importance of environmental efficiency. Based on this recognition, we provide employees with a range of environmental education according to rank and job type.

New Employee Environmental Education

We provided education online during FYE March 2022 to help prevent the spread of COVID-19. The program covered topics such as the SUBARU Group's Six Priority Areas for CSR to become a sustainable company and the SUBARU Global Sustainability Policy.

Training on Environmental Laws and Regulations

SUBARU provides training on environmental laws and regulations as necessary to ensure compliance with such laws and regulations. In FYE March 2022, general training on environmental laws and regulations was held for SUBARU personnel (349 participants) and on the Act on Rational Use and Appropriate Management of Fluorocarbons for SUBARU Group personnel in Japan (613 participants). After these trainings are carried out, we conduct a questionnaire, using the results as a reference for planning training on environmental laws and regulations in FYE March 2023, in order to make the training even more useful.

ISO 14001 New Internal Auditors Training Seminar

We also held the ISO 14001 New Internal Auditors Training Seminar, taught by invited external lecturers, to enhance the internal auditing system for our ISO 14001-certified environmental management systems and to strengthen environmental conservation activities conducted at our workplaces. In FYE March 2022, the 165 participants worked hard to gain the knowledge required of internal auditors.



ISO 14001 New Internal Auditors
Training Seminar

Dealers in Japan

In February 2021, we examined environmental laws and regulations related to the sales activities of dealers in Japan, and created and distributed an environmental law compliance manual for dealership use. In addition, we are developing materials as necessary regarding amendments made to laws and regulations. Through these efforts, we are deepening understanding of environmental laws and regulations at our dealerships in Japan.

Subaru Logistics Co., Ltd.

Subaru Logistics Co., Ltd. conducts in-house training on environmental laws and regulations in order to ensure compliance with environmental laws and regulations. In FYE March 2022, training was held the theme of "Relationship between Chemical Substances, Organic Compounds, and Laws and Regulations" for 13 people within the SUBARU Group with specific involvement in this area. We also conducted training on "Related Regulations and Improvement of Audit Capabilities," attended by 35 internal ISO auditors from within SUBARU.



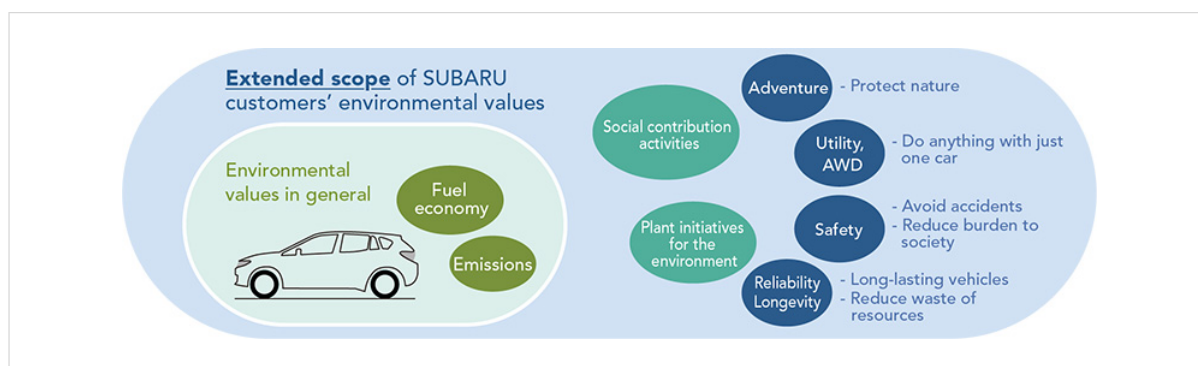
Training session

Environmentally Friendly Automobiles

Our Approach

The environment surrounding our business is rapidly changing, and we believe we have entered an era where stakeholders not only question our business performance but also our corporate posture and *raison d'être*, such as how we contribute as a company to decarbonization and the realization of a sustainable society. Particularly in the U.S., an important market for SUBARU, we have found that there is a generally high level of awareness about global resources and society among our customers. They do not see environmental value in the usual sense—a vehicle's fuel efficiency, emissions, or size—but instead recognize it in a broader sense, including the three elements of our "Enjoyment and Peace of Mind" value: that our utility and AWD vehicles allow them to do anything with just one car; that our safety causes fewer accidents and no problems for society; and that our reliability and longevity makes them useful over long periods of time and do not lead to wasted resources.

In promoting our electrification strategy, we at SUBARU believe that the most important thing is to assess the convenience of BEVs from a range of perspectives. This includes changes in markets and regulations, as well as changes in customer needs, preferences, and values, plus social infrastructure, while also striving to ensure a high level of financial soundness. Based on this concept, SUBARU will continue to develop products that satisfy customers and bring them happiness in order to meet their expectations and continue to be a brand that is "different." We will also develop a flexible production system that incorporates the state of the market environment and manufacture environmentally friendly vehicles.



In addition, "the earth, the sky and nature" are SUBARU's fields of business, and we truly do value the benefits nature provides. The SUBARU Group is committed to increasing the environmental performance of its products and also to protecting the global environment throughout the life cycle of its products, including product use, materials and components, transportation, disposal, and manufacturing.

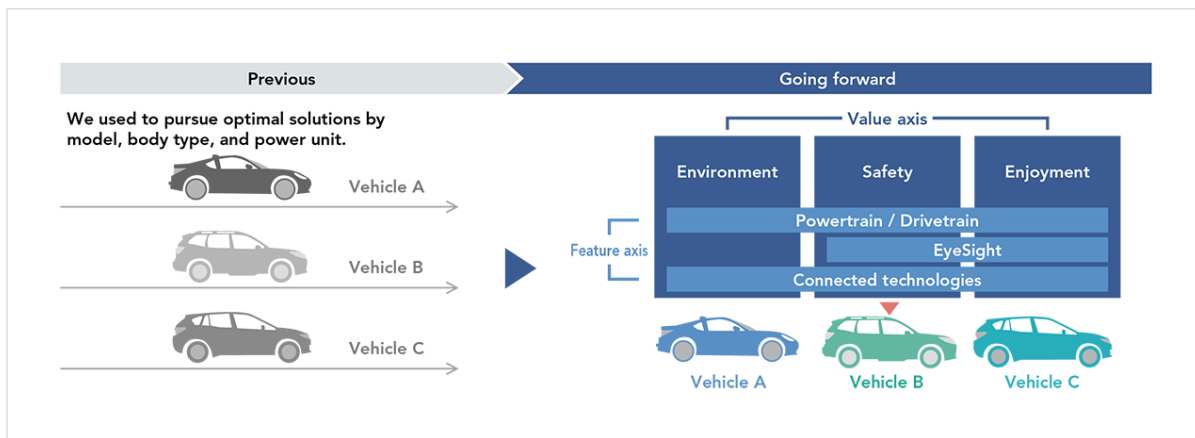
Management System

We need to effectively invest resources in the development of strategic technologies and link technology and management more comprehensively. This will enable us to address new technologies, as symbolized by the EVs that will be key to resolving environmental issues, autonomous driving, and connected car services, which in turn will enable us to deliver appealing products.

SUBARU has therefore transitioned to a development system that organically combines value and function from a development system based on functional units such as vehicle bodies and power units in order to accelerate the development of new technologies such as environmentally responsible EVs. In this system, we are integrating relevant departments and newly establishing departments connected to battery development. We have also created the CTO Office within the Engineering Division as an organization to discuss and decide the future direction of technology development, along with a system to incorporate its outcomes into Group-wide strategies including procurement and manufacturing.

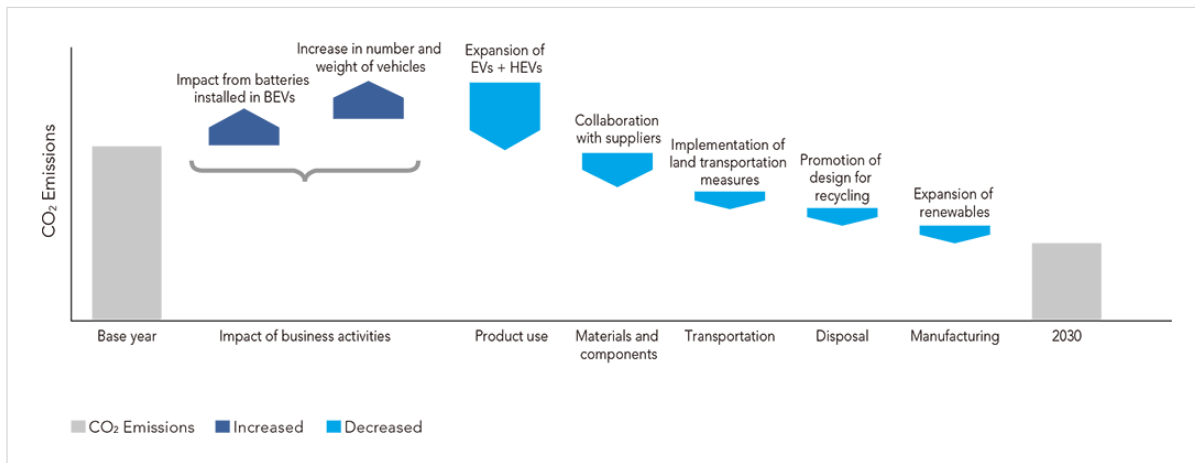
Our objective is to empower a transformation to a Group-wide optimization perspective over a division and vehicle optimization perspective within an organization that is flexibly able to address the technologies of the future. Our development system will evolve into a core platform for creating and delivering environmental and technological value that demonstrates SUBARU-ness.

Establishing a development system for cultivating, enhancing, and accumulating future-generation core technologies that will underpin SUBARU's future products

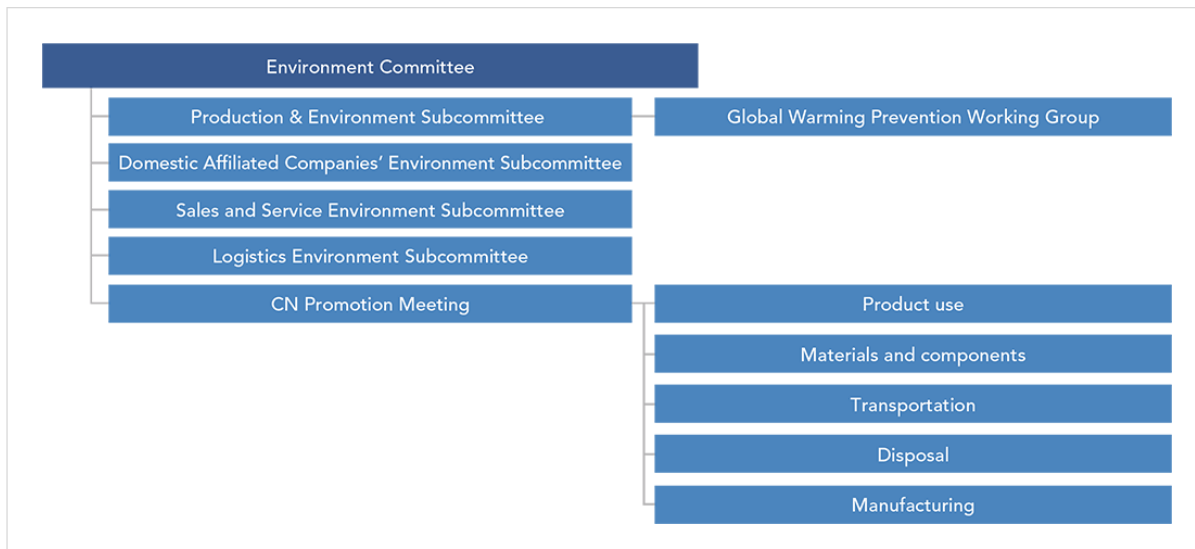


In addition, in order to contribute to the realization of a decarbonized society through the reduction of CO₂ emissions throughout the life cycle of our business activities, SUBARU has designated departments in charge of the five areas of "product use," "materials and components," "transportation," "disposal," and "manufacturing" as of FYE March 2022. We now also hold monthly CN Promotion Meetings, bringing together representatives from the relevant departments in each area. In these CN Promotion Meetings, members shared information from each area, formulated a master plan from a medium- to long-term perspective, and visualized the transition of emissions in each area. We will continue to implement reduction measures in accordance with this master plan to achieve carbon neutrality by 2050.

Approach to CO₂ emissions reduction from an LCA perspective



Governance Structure for Climate Change

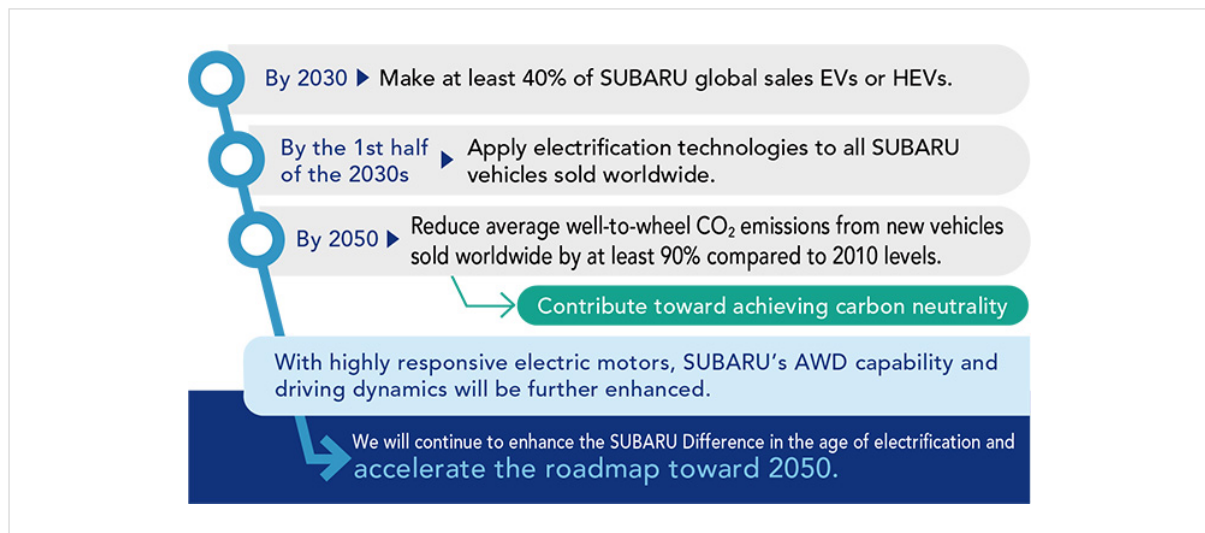


Medium- to Long-Term Goals (Long-Term Vision and Milestones)

In order to contribute to a decarbonized society, SUBARU has set long-term goals (long-term vision) for reducing CO₂ emissions and medium-term goals (milestones) to complement them.

Even in the EV era, we will strengthen SUBARU-ness and work to manufacture environmentally responsible automobiles in line with our medium- to long-term goals for 2030 and 2050. We also plan to revise our goals as needed to meet future demands for measures against climate change.

- On a well-to-wheel*¹ basis, we will pursue our goal of reducing the average CO₂ emissions from new vehicles (in operation) sold worldwide by at least 90%*² by 2050, compared with 2010.
- In the early 2030s, all commercial SUBARU cars*³ will be equipped with electrification technology*⁴.
- By 2030, we will pursue our goal of making at least 40% of SUBARU global sales EVs or HEVs.



Furthermore, we have set the target of proceeding with research and development with the goal of using recycled materials*⁵ for more than 25% of the plastics used in new models*⁴ released worldwide by 2030 to help address the global waste plastic problem. To achieve this target, we are working to establish quality standards for recycled plastics and a raw material recovery scheme.

- *1 Well-to-Wheel: Approach to calculating CO₂ emissions including the emissions produced by the generation of electricity to be used by EVs and other vehicles.
- *2 Reduce total CO₂ emissions calculated based on the fuel efficiency (notified value) of all SUBARU automobiles sold across the world by 90% or more compared 2010 levels by 2050. Changes in the sales quantity due to changes in the market environment shall be taken into consideration, while minor changes in running distance shall not.
- *3 Excluding models supplied by OEMs.
- *4 Refers to the technology used to foster the use of electricity for EVs, HEVs, and others.
- *5 Including material, chemical, and plastic recycling.

Strategic reorganization of domestic production

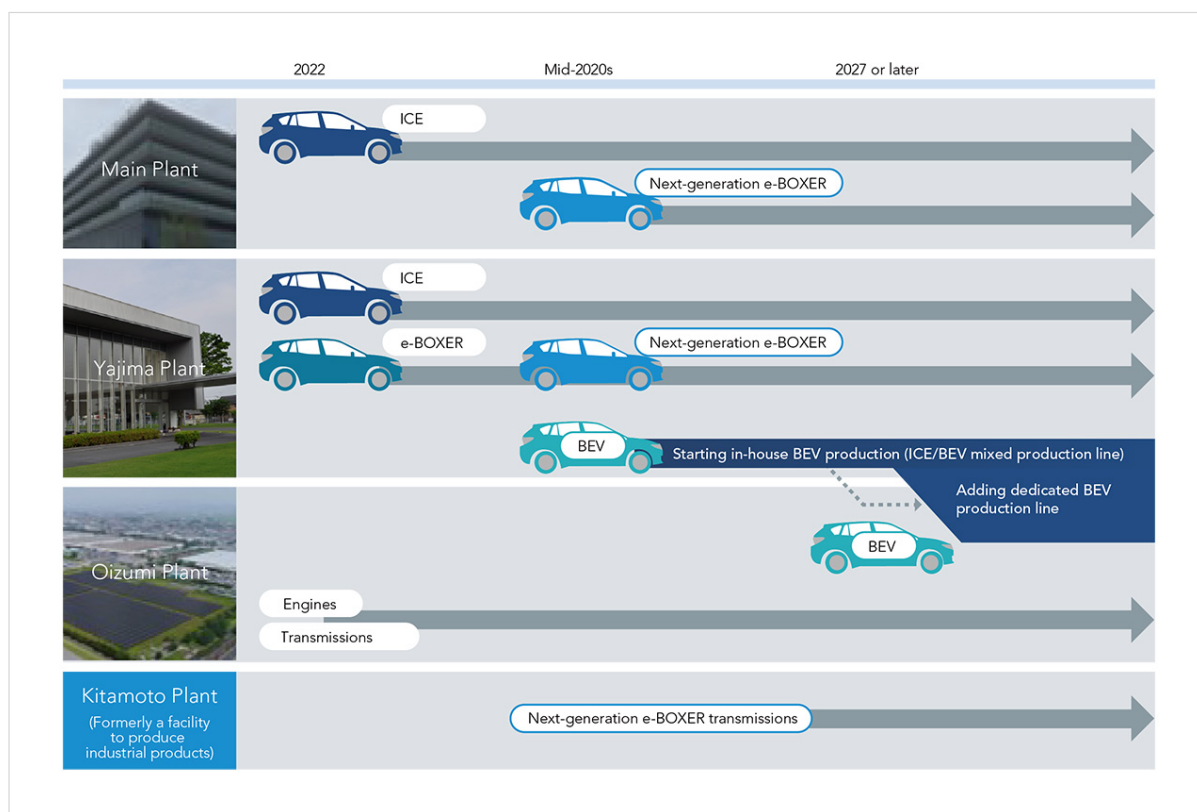
In order to accelerate our roadmap toward 2050, SUBARU is implementing a strategic reorganization of its domestic production system and plans to invest 250 billion yen over five years starting from FYE March 2024. The two main goals of the reorganization of the production system are to build a flexible system that can ensure production of internal combustion engine (ICE) vehicles and HEVs as needed during the transition to BEVs and to achieve efficient BEV production in the BEV business, where profitability remains an issue, in order to improve business potential.

As our roadmap for this production system, we are planning to launch in-house production of BEVs with a target start date around 2025, and to gradually increase the number and models of BEVs produced. Furthermore, we are exploring the restructuring of our domestic production system in a way that includes the addition of BEV-dedicated production lines on or after 2027. As part of the reorganization of our domestic production system, the production of the next-generation e-BOXER* will be transferred to the Kitamoto Plant as part of the reorganization of power unit plants. This will be done to steadily make progress in installing the next-generation e-BOXER to multiple models and to prepare for the transition to BEV production at the Oizumi Plant. Preparations for in-house production of BEVs, scheduled for around 2025, are focused on starting up mixed production at the Yajima Plant, and we are exploring the establishment of streamlined, dedicated BEV production lines on or after 2027 for the Oizumi Plant.

In promoting our electrification strategy, we at SUBARU believe that the most important thing is to assess the convenience of BEVs from a range of perspectives. This includes changes in markets and regulations, as well as changes in customer needs, preferences, and values, plus social infrastructure. Based on this concept, SUBARU will continue to develop products that satisfy customers and bring them happiness. We will also continue to develop a flexible production system that incorporates the state of the market environment.

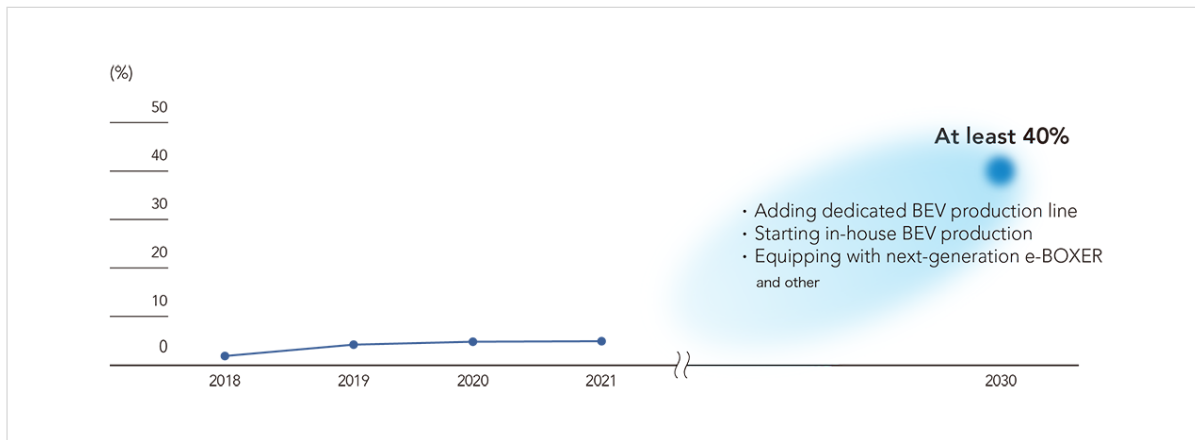
* Generic term used for "horizontally-opposed engine + electrification technology," which offers the unique driving pleasure of SUBARU while being environmentally friendly.

Strategic reorganization of domestic production



The percentage of SUBARU’s EVs as a share of global sales in FYE March 2022 was 4.9%. However, we will strengthen our earnings base in the BEV era by strengthening our supply capacity for EVs, including the start of in-house BEV production in the mid-2020s in conjunction with the reorganization of our domestic production system, the launch of the next-generation e-BOXER, and the addition of dedicated BEV production lines in the late 2020s. As we do this, we will work to ensure a high level of financial soundness, taking actions in a sustainable structure toward the achievement of our goal of making at least 40% of SUBARU global sales EVs or HEVs.

Results and future plan of percentage of EVs sold (retail sales basis)



Initiatives

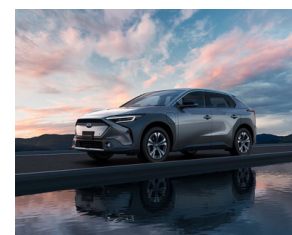
Efforts to Reduce CO2 Emissions for New Models

SUBARU is naturally working to improve the fuel efficiency of gasoline engine vehicles while turning its attention to expanding its lineup of EV models, especially the development and supply of BEVs. We believe it will be especially important to steadily promote the expansion of the above initiatives in order to reduce the amount of CO2 emitted from automobiles.

Battery Electric Vehicles (BEVs)

In May 2022, SUBARU launched the SOLTERRA as another step toward the era of the electric car. Its first global BEV, the SOLTERRA is designed to achieve coexistence with nature. It utilizes the e-SUBARU Global Platform, a dedicated EV platform we jointly developed with Toyota Motor Corporation (“Toyota”), as well as the AWD technology we have developed for many years and Toyota’s outstanding electrification technology, thus bringing together the strengths of both companies and efficiently leveraging our development investments. Like with our existing vehicles, we will add this SUV featuring the unique appeal of SUBARU’s BEVs to the SUBARU SUV lineup, aiming to further strengthen the value we offer with the goal of being a brand that is “different” from others. We will roll out this model in Japan, the U.S. and Canada, Europe, China, and other markets.

At SUBARU, we will continue to help protect the environment as we consider practical functions and customer preferences in enhancing our lineup in the markets we serve with environmentally friendly vehicles that are unique to SUBARU.



SUBARU name for the jointly developed EV: SOLTERRA
 “SOLTERRA” is a coined word that combines the Latin words “sol,” which means “sun,” and “terra,” which means “earth.”

EVs—HEVs, Plug-in Hybrid Vehicles (PHEVs), Strong Hybrid Electric Vehicles (SHEVs), and Other Electromotive Vehicles (xEVs)

SUBARU has been increasing the number of vehicles equipped with its mild hybrid e-BOXER engine that combines a horizontally-opposed engine and electrification technology, and to reduce CO2 emissions has implemented initiatives such as creating its own PHEV using HEV expertise from Toyota. In addition, we will launch SHEVs in the mid-2020s that incorporate THS*1 technology to deliver vehicles that feature SUBARU-ness while offering high-level environmental performance. By steadily expanding our product lineup of EVs, we will help reduce CO2 emissions for new models.

*1 THS: TOYOTA Hybrid System

The diagram illustrates the integration of Subaru's proprietary technologies with hybrid systems. At the top, four models are shown with e-BOXER labels: PHEV Crosstrek Hybrid, Forester Advance equipped with the e-BOXER power unit, SUBARU XV with the e-BOXER power unit, and IMPREZA with the e-BOXER power unit. Below this, a central diagram shows the 'SUBARU GLOBAL PLATFORM' with 'Symmetrical AWD' and 'Horizontally opposed engine' technologies. These are integrated into a 'Hybrid system'. To the right, a box titled 'Three Approaches' lists: Mild Hybrid (e-BOXER), Strong Hybrid with THS technology, and xEV. A cutaway image of a car chassis shows the 'MOTOR' and 'BATTERY' components.

Higher Fuel Efficiency

We will continue to meet demand for conventional gasoline-powered vehicles from customers. HEVs, which we are expanding to include more models, are made by combining gasoline engines with electrification technology, and engines need further technological improvements to boost fuel efficiency. The 1.8-liter BOXER DIT*² combines the unique driving pleasure of a SUBARU with outstanding environmental performance. Installed in the new Levorg, Forester, and new Outback models, it is a next-generation BOXER engine with a turbo system that generates high torque at low RPM. Its lean combustion technology produces more energy with less fuel. Combined with the expanded Lineartronic shift range, this engine offers even more powerful acceleration off the line and superb fuel efficiency when cruising at high speed.



New 1.8-liter DIT engine

*2 Direct injection turbo

Strategic reorganization of domestic production for acceleration of our roadmap to 2050

The timeline diagram shows production strategies from 2022 to 2050. In 2022, the 'SOLTERRA released' is shown. From the Mid-2020s, the strategy is to 'Starting in-house BEV production (Starting with ICE/BEV mixed production line)'. By 2027 or later, the plan is to 'Adding dedicated BEV production line'. For HEV, the strategy is to 'Introducing next-generation HEV models (Adopting THS* technology)'. A note at the bottom right states '* THS: TOYOTA Hybrid System'.

SUBARU BRZ with carbon-neutral fuel to compete in Super Taikyu Series 2022

In our work to take on the challenge of expanding fuel options while using internal combustion engines, SUBARU is not only conducting basic research on carbon-neutral fuel but also taking part in Super Taikyu Series 2022 with vehicles using carbon-neutral fuel. In cooperation and competition with Toyota, we will foster engineers through agile development, in which hypotheses and verifications are repeated in short cycles demanded in the field of motorsports, to promote the creation of better cars originating in motorsports and to realize a carbon-neutral society.



Team SDA Engineering BRZ CNF Concept

Life Cycle Assessment

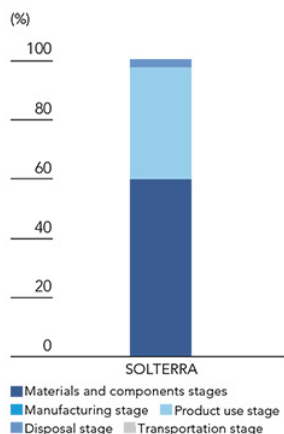
SUBARU conducts LCA*3 to evaluate CO₂ emissions during the entire life cycle of automobiles. We will quantify the environmental impact of automobiles and proactively develop automobiles taking into account the need for decarbonization from the design stage.

In addition, SUBARU has designated departments in charge of the five areas of “product use,” “materials and components,” “transportation,” “disposal,” and “manufacturing” as of FYE March 2022. We now also hold monthly CN Promotion Meetings, bringing together representatives from the relevant departments in each area. By operating a cross-organizational committee structure, SUBARU will further promote efforts to reduce CO₂ emissions throughout the life cycle of our business activities.

*3 Life Cycle Assessment (LCA) is an environmental impact assessment method that comprehensively evaluates environmental load at every stage of the life cycle of products and services from raw material procurement to production, use, disposal, and recycling.

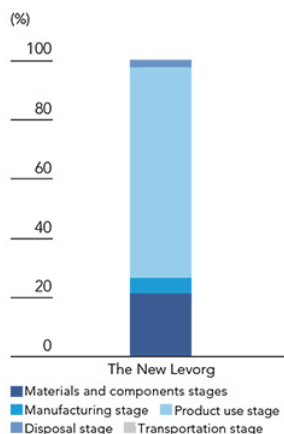
SOLTERRA

In May 2022, SUBARU launched the SOLTERRA, its first global BEV. The ratio of CO₂ emissions at each LCA stage is shown below.



Levorg

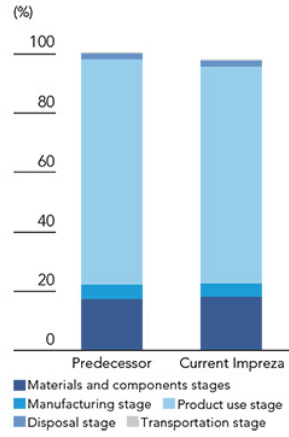
The displacement class of the new Levorg announced in October 2020 has changed. The ratio of CO₂ emissions at each LCA stage is shown below.



Impreza

LCA of the Impreza, which was fully redesigned in fall 2016, is shown below.

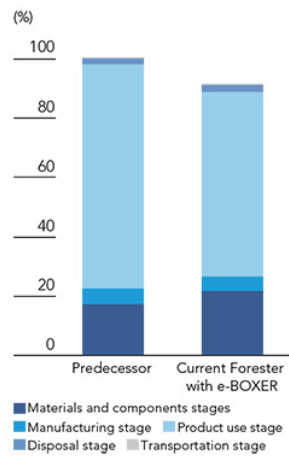
The new Impreza reduces CO₂ emissions by 2.3% over its life cycle compared with its predecessor.



Forester (e-BOXER)

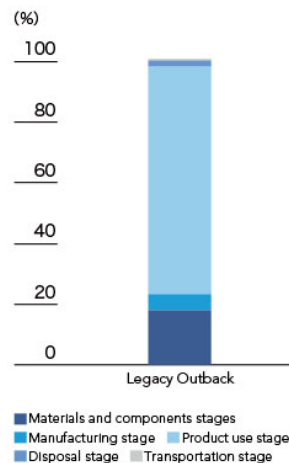
LCA of the Forester with e-BOXER announced in June 2018 is shown below.

It reduces CO₂ emissions by 8.7% over its life cycle compared with its gasoline-fueled predecessor.



Legacy Outback

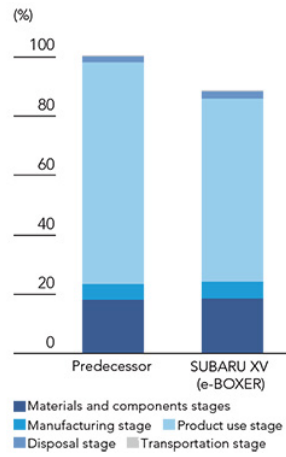
The ratio of CO₂ emissions at each stage of the LCA for the new Legacy Outback announced in October 2021 is shown below.



SUBARU XV (e-BOXER)

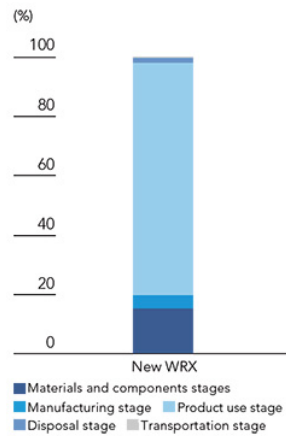
LCA of the SUBARU XV (e-BOXER) announced in October 2018 is shown below.

It reduces CO₂ emissions by 12% over its life cycle compared with its gasoline-fueled predecessor.



WRX S4

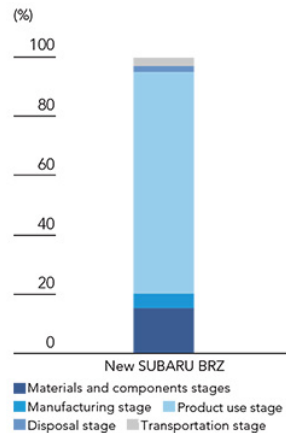
The ratio of CO₂ emissions at each stage of the LCA for the new WRX S4 announced in November 2021 is shown below.



SUBARU BRZ

The ratio of CO₂ emissions at each stage of the LCA for the new SUBARU BRZ announced in July 2021 is shown below.

The displacement class is different from the predecessor model, so only data for the new model is presented.



Design for Recycling

SUBARU incorporates recyclability into its automobile design process to make effective use of limited resources.

Increased ease of dismantling wiring harnesses
A harness layout and structure are designed in such a way as to enable quick and efficient recovery of wiring harnesses.



Use of easy-to-recycle materials
Olefin resin with superior recyclability is actively used for interior parts.

Made from an olefin resin material
 Made of olefin resin




Adoption of easy-to-dismantle structure
Trunk and rear gate opener switches are now clipped, rather than screwed, in place.



Improved material identification
Material identification is displayed for any resin parts of 100g or more and rubber parts of 200g or more. Displays not only on the inner surface of the bumper but also in an area visible without removing the bumper facilitate material separation.



Utilizing Recycled Resins

To contribute to realizing a resource-recycling society and a decarbonized society, SUBARU is working to develop technologies to utilize recycled resins and biomass materials in place of the resins currently used in automobiles.

Subaru of America, Inc. helped develop and launch environmentally friendly accessories in the form of floor mats made from used recycled materials for the 2021 Crosstrek Sport®. The surface and lining of these floor mats are made from 100% recycled materials such as trash removed from the ocean. In addition, the company has introduced and utilizes a new supplier assessment system using ISO 14001.



Floor mats made from recycled materials

Reducing Environmentally Hazardous Substances

SUBARU is also collaborating with suppliers in reducing the use of environmentally hazardous substances in automobiles. We achieved the environmentally hazardous substance reduction targets for lead, mercury, hexavalent chromium, and cadmium set by Japan Automobile Manufacturers Association, Inc. (JAMA) for all new models released in and after 2008. Furthermore, in order to ensure compliance with the REACH regulation, ELV Directive, Chemical Substance Control Law, and other regulations enforced across the world, we are further reducing the use of lead and replacing phthalic acid-based plasticizer and other hazardous chemical substances with alternatives.

Cleaner Exhaust Gas

To achieve and maintain clean air across the globe, SUBARU is developing technologies for cleaner exhaust gas, targeting not only conventional air pollutants such as hydrocarbon compounds and nitrogen oxides but also particulate matter, which is feared to have serious impacts on human health. At the product level, we are expanding our range of models that meet the latest regulations by country, while addressing emerging regulations at the development level.

Japan: 2018 low emissions standards

U.S.: State of California's SULEV standards

Europe: Euro 6 emission standards (final stage)

China: China 6 emission standards

We will develop and propose reasonable products for customers based on the results of research conducted to identify the optimal specifications in each country, including research on the components of exhaust gas that will be regulated in the future. To this end, we are designing materials on an atomic level to improve the performance of the catalyst, which plays a major role in producing cleaner exhaust gas, while also reducing the use of precious metals.

Reducing VOCs*4 in Vehicle Interiors

SUBARU is reviewing the components and adhesive agents used in vehicle interiors in order to reduce the use of volatile organic compounds (VOCs).

For the Legacy, Levorg, Impreza, Forester, and SUBARU BRZ, we achieved the voluntary target set by JAMA*5 by reducing the concentration of the 13 substances defined by the Japanese Ministry of Health, Labour and Welfare to levels below the indoor concentration guideline values. We will continue our efforts to reduce the levels of VOCs to make the in-vehicle environment even more comfortable.

*4 Organic compounds that easily volatilize at room temperature, such as formaldehyde and toluene, which are said to cause nose and throat irritation.

*5 Voluntary target set by JAMA in its "Voluntary Approach in Reducing Cabin VOC Concentration Levels," which was announced with the intention of reducing the in-vehicle concentrations of the 13 substances designated by the Ministry of Health, Labour and Welfare to levels equivalent to or lower than the values set in the guidelines, for new models produced and sold in Japan in and after FYE March 2008.

> [JAMA's "Voluntary Approach in Reducing Cabin VOC Concentration Levels" \(Japanese version only\)](#) 

Climate Change

Our Approach

SUBARU recognizes that climate change is one of the most pressing global issues. Toward its target of achieving carbon neutrality by 2050, SUBARU will reduce CO₂ emissions from its products, factories, and offices to help decarbonize society. Accordingly, it has set long-term goals, and is working to achieve them with medium-term goals as intermediate milestones.

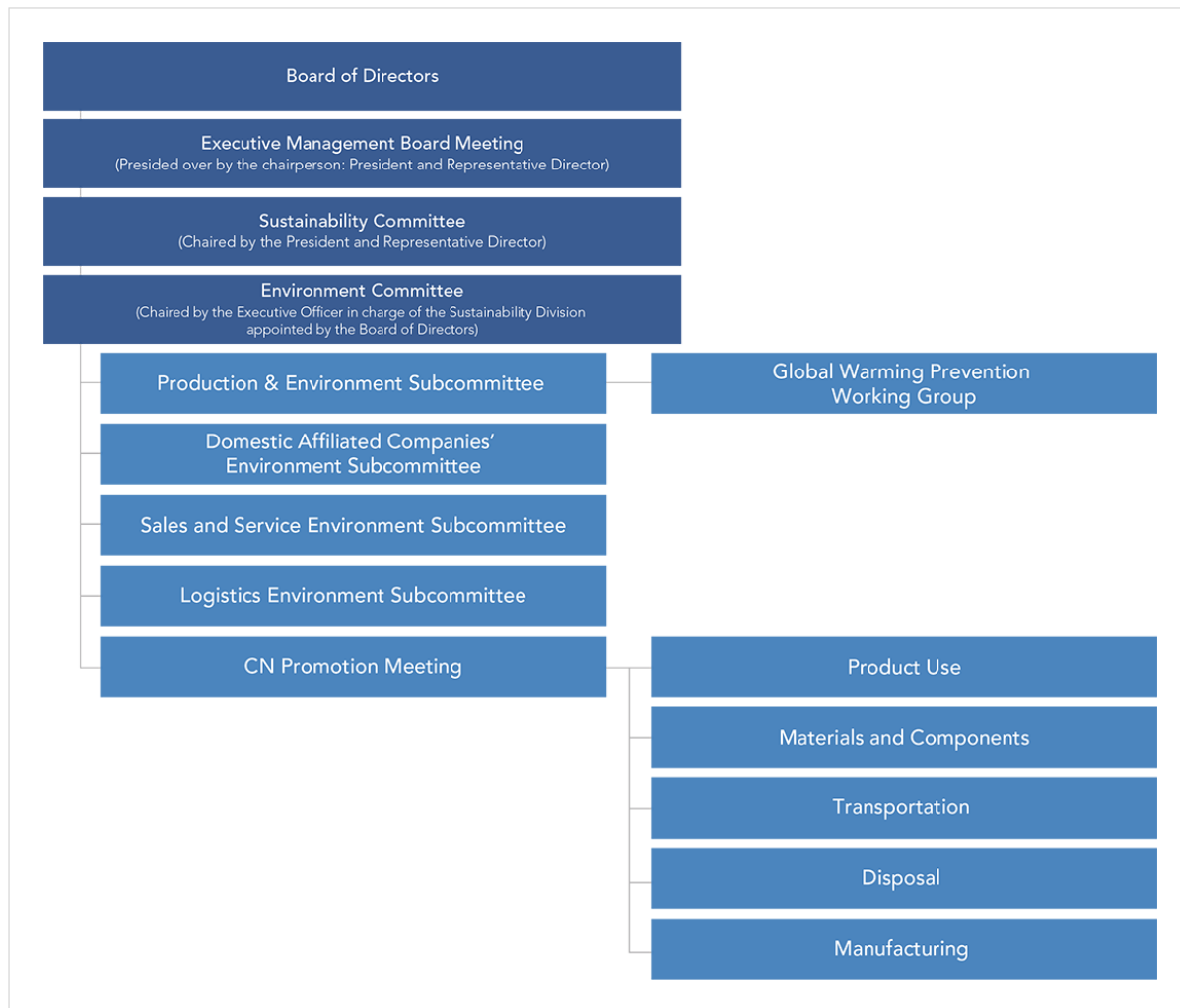
Management System

SUBARU has established the Environment Committee for the purpose of promoting the sustainable growth of both society and the Company, and thereby contributing to global environment conservation. The committee discusses targets and measures from broad as well as medium- to long-term perspectives that accommodate environmental standards required by future societies, and evaluates the progress of related implementations and achievements.

The Environment Committee is chaired by the Executive Officer in charge of the Sustainability Division appointed by the Board of Directors. Details of discussions by the Environment Committee are reported to the Sustainability Committee. We also have a system for escalation and reporting to the Executive Management Board Meeting and Board of Directors to be used as necessary. Management of climate change-related activities is included in the responsibilities of the environmental management structure. Environmental risks and opportunities associated with climate change are assessed and monitored, and undergo management review before major issues are reported to the Board of Directors. Each of the five bodies within the structure—Production & Environment Subcommittee, Global Warming Prevention Working Group, Domestic Affiliated Companies' Environment Subcommittee, Sales and Service Environment Subcommittee, and Logistics Environment Subcommittee—meet twice a year for the purpose of monitoring.

To help decarbonize society by reducing CO₂ emissions over the entire business life cycle, in FYE March 2022 SUBARU designated departments to take charge of each of the five areas of “product use,” “materials and components,” “transportation,” “disposal,” and “manufacturing.” Representatives of the departments involved in each of these areas come together at the monthly CN Promotion Meeting. This meeting is a forum for information sharing and putting together a master plan for achieving carbon neutrality by 2050. SUBARU operates cross-company forums whose aim is CO₂ reduction over the entire life cycle and whose activities are subject to the overall supervision of the Environment Committee as part of carbon neutrality initiatives.

Governance Structure for Climate Change



Risks and Opportunities Identified

SUBARU defines and identifies risks and opportunities associated with climate change to achieve sustainable business activities.

We have identified a number of risks associated with climate change. Initiatives to address climate change may be inadequate or abnormal weather may cause delays in procurement, production, and distribution. In addition, transition risks and physical risks may have impacts and outcomes that are currently extremely difficult to predict. Increased R&D expenses, lost sales opportunities due to reduced customer satisfaction and brand image, and delays in procurement, production, and distribution due to abnormal weather are among the potential impacts of these risks. These risks could have a material impact on the operating results and financial position of the SUBARU Group.

On the other hand, effective initiatives to address climate change could lead to opportunities to create new markets and employment and also use capital and energy more efficiently.

Main Risks Identified

Business Management in General

Reputational risk

- ① If SUBARU fails to implement adequate initiatives to achieve low-carbon/zero-carbon outcomes, its brand value could be harmed, which could affect the Company's sales and recruiting ability. Capital costs could also rise, due to increased difficulty in obtaining financing from medium- and long-term investors.

Regulatory risk

- ② There is an argument that nationally determined contributions (NDCs) need to be expanded to be able to achieve the Paris Agreement's "well below 2°C" target, and thus countries may revise their NDCs to set more stringent targets. Such revisions

could have a significant impact on SUBARU's business activities.

Acute physical risk

- ③ As an impact of climate change, extreme torrential rain will frequently cause floods in various locations, which could pose risks of SUBARU's operations being affected by disrupted supply of raw materials and submerged factories.

Products

Regulatory risk

- ① If SUBARU fails to meet fuel economy regulations imposed in Japan, the U.S., Europe, and China, the Company could incur additional costs or losses related to negative incentives, such as fines or non-penal fines for legal violation, and credit purchase for unmet standards. Also, some of our products could fail to satisfy certain fuel economy standards, resulting in restrained sales opportunities.

Market risk

- ② At present, it is difficult to predict technological progress and price optimization for electrification, which will likely cause a substantial gap with the real state of market needs. In such a situation, SUBARU could incur unnecessary and excessive R&D costs while facing a decline in customer satisfaction, resulting in unexpected losses and reduced sales opportunities as well as hampered advancement of the Company's electrification efforts.
- ③ SUBARU views electrification as a steady medium- to long-term trend, and also anticipates the possibility of its swift and sweeping penetration of the market at some stage. SUBARU could be unprepared for such prospect in terms of technology and timely product lineups, and thus suffer from a resultant loss of product sales opportunities.

Technology risk

- ④ To promote electrification, it is crucial to ensure profitability for the entire product cycle ranging from procurement and use to disposal. Thus, it is essential to involve SUBARU's upstream and downstream partners in exerting efforts toward this end. Failure to do this could render the Company unable to meet the profitability goal for the entire product life cycle.

Chronic physical risk

- ⑤ There is a possibility that SUBARU might suffer from shortages of natural resources used for tires and metal resources for electrification technologies.

Production Phase

Regulatory risk

- ① If SUBARU continues to use energy derived from fossil fuels, it could incur rising costs, due not only to geopolitical factors associated with petroleum and the like, but also to carbon taxes, emission quotas, and other government policies and regulations.

Technology risk

- ② If use of renewable energy does not grow as expected, SUBARU could face slower progress in achieving its Scope 1 and 2 emissions reduction goals.

Main Opportunities Identified

Market opportunity

- ① If SUBARU advances its efforts to make products more environmentally friendly as planned and global climate change mitigation/adaptation efforts progress adequately, the Company will be able to maintain its key markets while at the same time potentially expanding in markets receptive to its offer of "Enjoyment and Peace of Mind."
- ② Through contributing to addressing climate change issues, SUBARU could increase its brand value, thereby enhancing its sales and recruiting ability. This could make it easier for the Company to obtain financing from investors, thereby lowering capital costs.

Energy source opportunity

- ③ Regarding energy use during the production phase, by transitioning to renewable energy while at the same time giving due consideration to cost-effectiveness, SUBARU could overcome the risk of being exposed to price fluctuations involved in energy derived from fossil fuels, thereby preventing future cost increases.

Note: The risks and opportunities described above are based on past facts and currently available information, and may change significantly due to such factors as future economic trends and the business environment facing SUBARU. The opportunities described represent those for SUBARU's products to contribute to climate change adaptation and do not anticipate climate change-related deterioration.

Risk Management

The automotive industry is ushering in a major transformation, which only occurs once in a hundred years. The SUBARU Group, which operates businesses globally, is aiming to enhance the resilience of its management infrastructure by ensuring the sustainability of its businesses by quickly tackling changes in world affairs. At the same time, the Group must boost its measures to minimize its human, social, and economic losses. Amid this environment, it is essential to strategically conduct risk management throughout the Group to conduct business activities. We therefore believe it is important to create a SUBARU Group that has an infrastructure that is resilient to risk to enhance our corporate value.

To address climate change-related transition risks in policy and regulation, technology, markets, and other items, dedicated departments at SUBARU gather information from a wide range of sources and work to identify uncertain climate change-related risks from future projections. Such transition risks are presented and discussed at the Executive Meeting. The Executive Management Board Meeting and the Board of Directors, which are the relevant decision-making bodies, then determine measures in response.

The physical risks associated with climate change include flooding and other natural disasters. The Risk Management and Compliance Office plays a pivotal role in establishing regulations in response to these operational risks as part of the BCP*¹ system. During emergencies, the office centrally grasps Group-wide information, establishing a system to manage company-wide response.

*1 Business Continuity Plan.

[› Risk Management](#)

Medium- to Long-term Goals (Long-term Vision and Milestones)

In order to contribute to a decarbonized society, SUBARU has set long-term goals (long-term vision) for 2050 and medium-term goals (milestones) for around 2030, regarding the product (Scope 3) and production phases (Scope 1 and 2). SUBARU is investigating compliance with relevant policies including the fuel efficiency regulations of the countries it serves. We formulate our own scenarios and plans for achieving our medium- to long-term goals based on policy trends and scenario-specific information published by the International Energy Agency and others.

Category	Target Year	Goal
Products (Scope 3)	2050	Reduce average well-to-wheel CO ₂ emissions from new vehicles (in operation) by 90% or more compared to 2010 levels
	Early 2030s	Apply electrification technologies to all SUBARU vehicles produced and sold worldwide
	Up to 2030	Make at least 40% of SUBARU global sales EVs or HEVs
Plants and offices (Scope 1 and 2)	FYE March 2051	Achieve carbon neutrality
	FYE March 2031	Reduce CO ₂ emissions by 30% compared with FYE March 2017 (total volume basis)

Achievements

For FYE March 2022, SUBARU has reported a total of 23,351 thousand t-CO₂ of supply chain greenhouse gas emissions (Scope 1, 2, and 3). Out of the total amount, 98% is related to Scope 3, the majority of which stems from the use of sold products. Although our direct CO₂ emissions (Scope 1 and 2) constitute only a marginal portion of the total, we are making proactive efforts to diminish direct emissions, which we believe will encourage the entire SUBARU value chain to work as a team and in greater earnest.

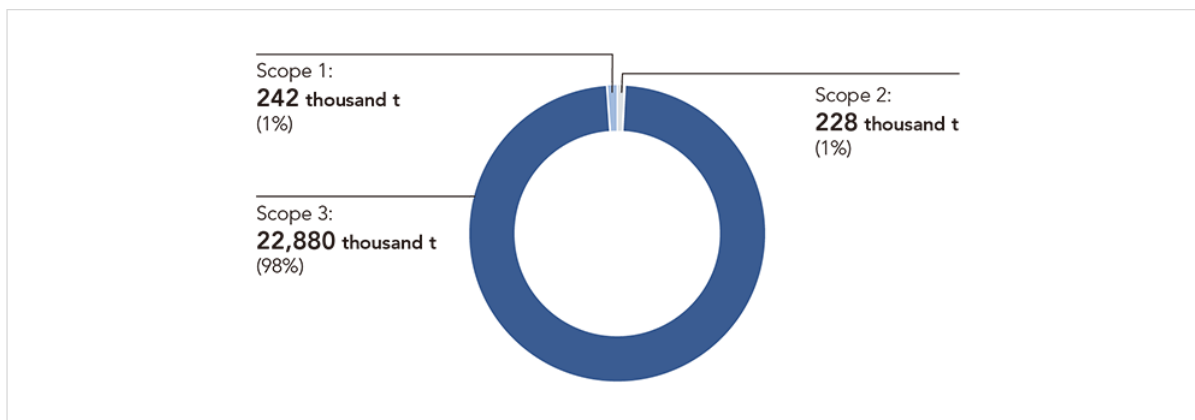
In FYE March 2022, Scope 1 and 2 emissions decreased by 34 thousand tons and energy consumption by 312 TJ compared to the previous fiscal year due to the use of renewable energy and the temporary suspension of factory operations due to COVID-19 and semiconductor shortages. Going forward, we will introduce cutting-edge energy conservation functions and renewable energy sources in order to further reduce CO₂ emissions and energy use.

To bring it into line with the basis for consolidation of the financial statements, the scope of data aggregation on Scope 1 and 2 emissions has been revised to cover SUBARU, its 52 domestic consolidated subsidiaries, and its four overseas consolidated subsidiaries. Data for FYE March 2017 and later periods have been adjusted accordingly. Certain non-manufacturing sites in Europe and China are not included. However, the revised scope of data aggregation covers 99% of the SUBARU Group's Scope 1 and 2 emissions (based on proportion of workforce covered).

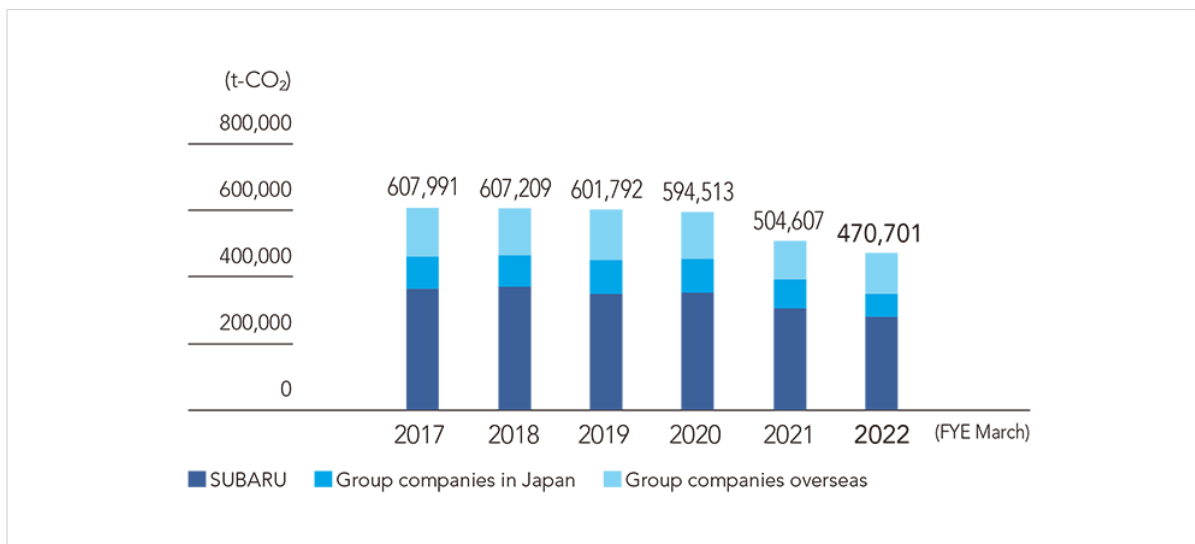
Scope 1: Direct emissions of greenhouse gases from a company's own facilities.

Scope 2: Indirect emissions of greenhouse gases from the use of purchased or acquired electricity, heat, and/or steam supplied by another company.

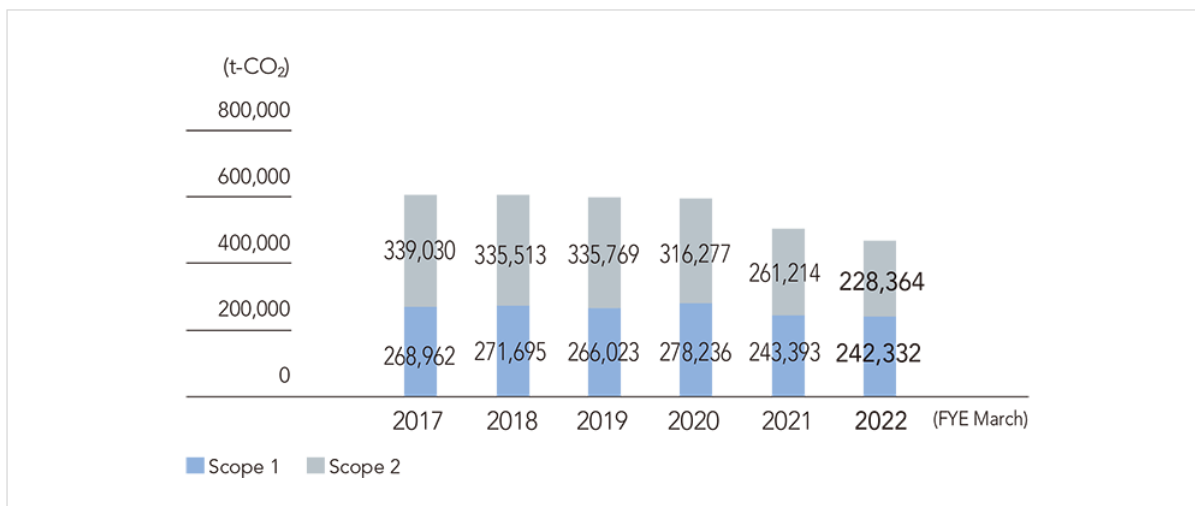
Scope 3: All indirect emissions other than Scope 1 and 2 emissions, including those arising from the procurement of raw materials, transport, product use, and the disposal process, as well as arising from employee commuting, business travel, etc.



CO2 Emissions by Organization



CO2 Emissions by Scope



Scope:

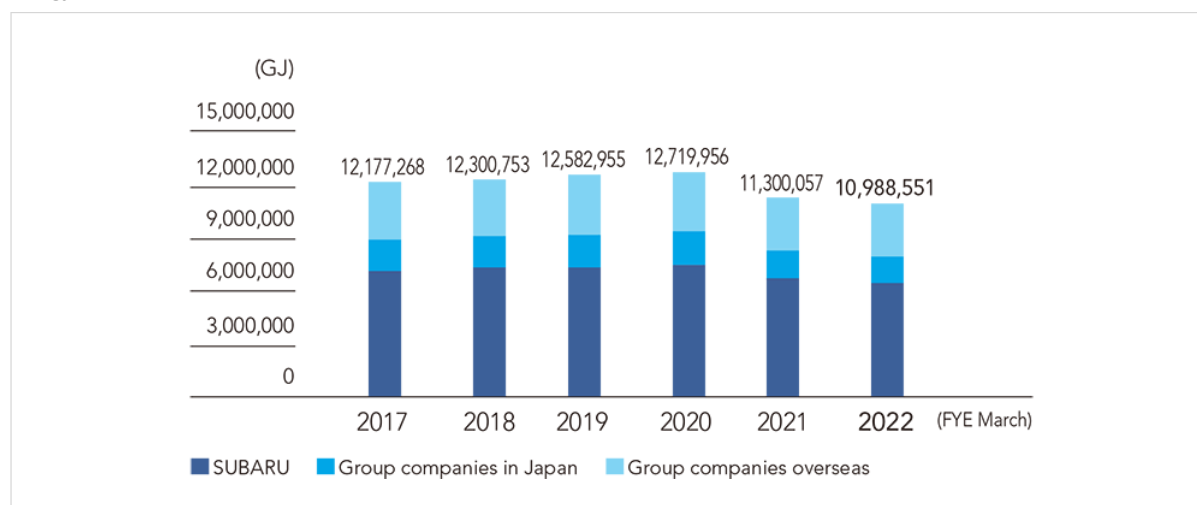
SUBARU: SUBARU CORPORATION

Group companies in Japan: 52 domestic consolidated subsidiaries (including 33 SUBARU domestic dealerships that are consolidated subsidiaries)

Group companies overseas: Subaru of Indiana Automotive, Inc., Subaru of America, Inc., Subaru of Canada, Inc., Subaru Research & Development, Inc.

SUBARU calculates CO2 emissions within Japan based on the Act on Promotion of Global Warming Countermeasures. However, emission factors for electricity at Group companies overseas are based on the most recent country-specific CO2 emission intensities for all power sources published annually by the International Energy Agency (IEA), while emission factors for fuel at Group companies overseas are based on CO2 emission intensities published by the U.S. Environmental Protection Agency (EPA). Changes have been made to the scope of aggregation for Group companies in Japan and emission factors for electricity at Group companies overseas. Therefore, results from the previous fiscal year have been revised.

Energy use



Scope:

SUBARU: SUBARU CORPORATION

Group companies in Japan: 52 domestic consolidated subsidiaries (including 33 SUBARU domestic dealerships that are consolidated subsidiaries)

Group companies overseas: Subaru of Indiana Automotive, Inc., Subaru of America, Inc., Subaru of Canada, Inc., Subaru Research & Development, Inc.

SUBARU calculates energy consumption (GJ) based on the Act on the Rational Use of Energy for consumption within Japan, and based on the EPA's published figures for consumption at Group companies overseas.

As the scope of data aggregation for the Group companies in Japan has been altered to bring it in line with the consolidated subsidiaries, the figures for previous fiscal years have been adjusted.

CO₂ Emissions (Scope 3)

Category	Greenhouse Gas Emissions (t-CO ₂)			
	FYE March 2019	FYE March 2020	FYE March 2021	FYE March 2022
1 Purchased goods and services	1,703,682	1,992,046	1,583,247	1,430,501
2 Capital goods	372,211	413,287	282,713	260,566
3 Fuel- and energy-related activities not included in Scope 1 or Scope 2	103,210	104,910	93,107	90,913
4 Transport and delivery (upstream)	658,268	737,817	601,167	506,604
5 Waste generated in operations	31,984	32,095	26,446	24,888
6 Business travel	4,446	4,554	4,689	4,798
7 Employee commuting	13,506	13,835	14,245	14,576
8 Leased assets (upstream)	N/A	N/A	N/A	N/A
9 Transportation, distribution, and sales (downstream)	13,283	6,049	3,893	4,750
10 Processing of sold products	N/A	N/A	N/A	N/A
11 Use of sold products	29,079,531	29,734,816	23,916,219	20,126,944
12 End-of-life treatment of sold products	556,139	575,107	484,440	413,368
13 Leased assets (downstream)	2,394	2,463	1,998	2,065
14 Franchises	N/A	N/A	N/A	N/A
15 Investments	N/A	N/A	N/A	N/A

Source: The calculation method for SUBARU Scope 3 emissions has been revised in reference to the Basic Guidelines on Accounting for Greenhouse Gas Emissions throughout the Supply Chain Ver. 2.3 (December 2017) by the Ministry of the Environment and the Ministry of Economy, Trade and Industry; Database on Emissions Unit Values for Accounting of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain Ver. 3.0 (March 2020) by the Ministry of the Environment and SUBARU's life cycle assessment (LCA) calculation standards.

The scope of Scope 1 and 2 emissions has been revised on a consolidated subsidiary basis. As a result, Scope 1 and 2 emissions of 11 SUBARU domestic dealerships that are non-consolidated subsidiaries, which were previously included in Scope 1 and 2 emissions, have been newly included as "Category 9: Transportation, distribution, and sales (downstream)."

Initiatives

SUBARU is reducing its CO₂ emissions by using renewable energy and upgrading to highly efficient machinery and equipment with the aim of achieving carbon neutrality by 2050.

Renewable energy in FYE March 2022 accounted for 5.0% of the energy consumption of the entire SUBARU Group and 14.7% of its total electricity consumption. All of the electricity purchased at the Gunma Main Plant, Utsunomiya South Plant and 2nd South Plant, the Ebisu Subaru Building, and the SUBARU Academy is carbon-neutral electric power.

In addition, Subaru Kohsan Co., Ltd. sells solar generated from solar power generation facilities in Gunma and Shiga prefectures.

CO₂ reduction impact of various measures in FYE March 2022

Measure	CO ₂ reduction impact (t-CO ₂)
Generation of renewable energy (solar power generation)	3,430
Purchase of carbon-neutral electricity	39,647
Introduction of high-efficiency air-conditioning systems	2,045
Replacement of cogeneration facilities	4,390
Energy conservation through information and communications technology (ICT)/IoT	500
Use of Green Power and Green Heat Certificates	3,961
Total	53,973

Gunma Plant

The Gunma Plant's West Building, completed in April 2016, has installed 20 kW of solar power generation equipment, and employed two key advanced environmental functions: a new-generation lighting system that has incorporated individual address control and image-pickup human-presence sensor technologies, and a high-efficiency air-cooling heat-pump chiller. As well as adding solar power generation capacity of 300 kW at its model facility and 105 kW at its trial production facility in FYE March 2022, the plant has also adopted a number of non-mechanical features that can help achieve energy conservation and workplace comfort, such as low-E double-pane windows, trench heating/cooling systems, and balconies that create an attractive recreation space while also serving as a sunlight blocker.

Purchase of Carbon-Neutral Electricity (Gunma Main Plant, Oizumi Plant)

The Gunma Main Plant had been purchasing a portion of its electricity through the Aqua Premium rate plan specifically for sales of hydropower, but switched to the Gunma Hydropower plan in November 2020. All of its electricity is now derived from hydropower, which reduced CO₂ emissions by approximately 25,000 tons in FYE March 2022.

We also reduced CO₂ emissions by approximately 2,474 tons by using non-fossil fuel certificates for the approximately 5,586 MWh of electricity the Oizumi Plant of Gunma Manufacturing Co., Ltd. purchased in FYE March 2022.

Introduction of High-efficiency Air-conditioning Systems (Gunma Yajima Plant)

The automobile painting process involves repeated heating and cooling steps, which consumes a huge amount of energy. To address this issue, the Gunma Yajima Plant adopted a heat pump-based highly efficient heat source system to replace the previous discrete heat source system, starting its operation in 2018. In FYE March 2022, the new technology reduced CO₂ emissions by 2,045 tons compared with the previous system.

We also replaced the aging cooling water supply system of the 3rd Paint Plant. In April 2022, the plant, which had previously used an absorption chiller with city gas as the heat source, introduced a centrifugal chiller with an electrically operated heat pump. In July, the plant began operation of a gas-fired absorption chiller with warm water from the cogeneration facility as the heat source. The replacement of the cooling water supply systems will enable us to further reduce CO₂ emissions.

Replacement of Cogeneration Facilities

At the Gunma Plant, we operate cogeneration facilities at the Main Plant, Oizumi Plant, and Yajima Plant to promote efficient energy use. The aging cogeneration facility of the Yajima Plant, the first to be installed, was replaced in 2019 after 15 years in service. For the replacement, we selected a model with specifications that make a greater contribution to energy savings in light of the most recent energy consumption profile. In FYE March 2022, the new facility achieved a CO₂ emissions reduction of 4,390 t-CO₂.

In FYE March 2022, we also replaced the cogeneration facility of the Oizumi Plant. The new system began operation in June 2022. By upgrading to more efficient facilities, we aim to enhance our CO₂ emissions reduction.

Solar Power Generation at the Gunma Oizumi Plant and the Gunma Yajima Plant

Solar power generation facilities are in operation at the Gunma Plant's three production sites and achieved a CO₂ emissions reduction of approximately 3,057 t-CO₂ in FYE March 2022.

At the Yajima Plant, June 2022 saw the start of operation for additional solar power generation facilities at the multi-story parking garage (solar panel capacity: 630 kW) and the final vehicle inspection wing (solar panel capacity: 853 kW).

Aerospace Company (Utsunomiya Plant and Handa Plant)

Carbon-Neutral Electricity Purchased through the Tochigi Furusato Denki Program for Regional Production and Consumption

In FYE March 2019, SUBARU's Aerospace Company adopted the Tochigi Furusato Denki program*¹ to provide electricity to its Utsunomiya South and 2nd South Plants. The program offers electricity from hydropower generation projects owned by Tochigi Prefecture, and represents Japan's first-ever power supply program themed on the "local production for local consumption" concept.

The above program enables the two plants to reduce emissions by an average of 4,000-plus t-CO₂ per year. This program also includes a scheme to spend part of the funds from bill payment, including from SUBARU, on environmental conservation projects promoted in Tochigi Prefecture.

*1 Electricity service program co-hosted by the Tochigi Public Enterprise Bureau and TEPCO Energy Partner, Inc. Supplies electricity generated by eight hydroelectric power stations run by the Tochigi prefectural government. Hydropower users can claim to be emitting no CO₂ from using the electricity, on the grounds of its CO₂-free generation process.

Replacement of Cogeneration Facilities

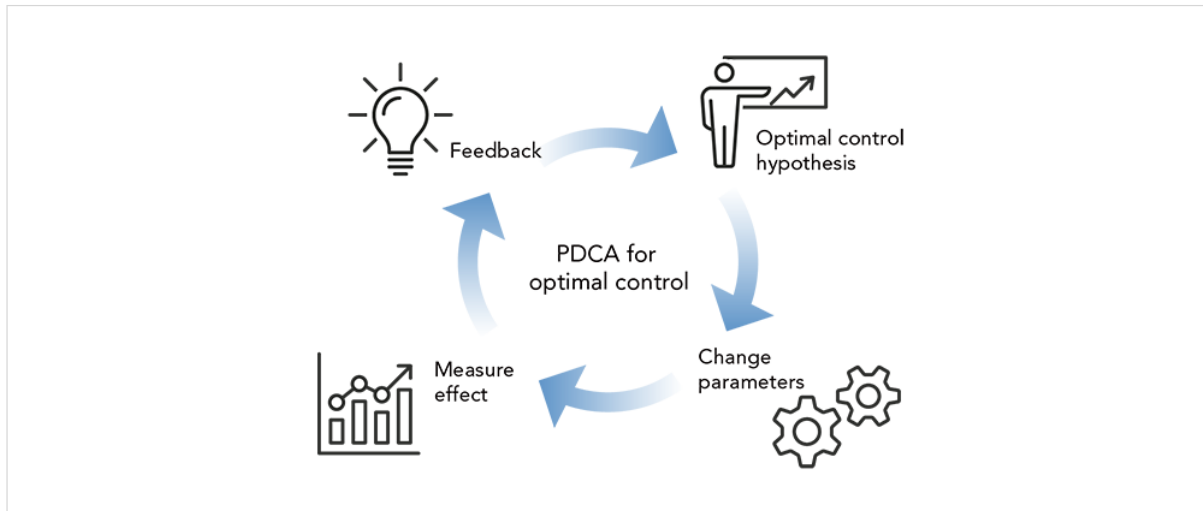
In addition to reducing CO₂ emissions, since March 2021 the cogeneration system has enhanced community and employee safety with its blackout start function that can initiate power generation if the power grid goes down for an extended period.

IoT Enables Stable Supply of Factory Air and Improved Energy Efficiency

SUBARU is moving forward with DX driven by ICT and the IoT beginning the systemization of air factory analysis, data analysis, and the introduction of countermeasures in November 2019. We have implemented three measures: investigating and repairing air leaks, restricting air supply, and improving operating efficiency. We expect energy savings to reduce CO₂ emissions by 500 tons per year.



Improve Compressor Operating Efficiency



Tokyo Office

The Tokyo Office is in Mitaka City, Tokyo. It is subject to the Tokyo Cap-and-Trade Program for large facilities as per the Tokyo Metropolitan Environmental Security Ordinance. The Tokyo Office is therefore reducing CO₂ emissions with two priority initiatives: promoting energy conservation by improving facilities and by proactively adopting energy-saving equipment. We are also working to utilize renewable energy, and have installed rooftop solar power generation equipment (total rated output of 30 kW) at our facilities. In FYE March 2022, the facilities generated 38 MWh of electricity for use in-house, achieving a CO₂ emissions reduction of 17 t-CO₂. We also purchased Green Power Certificates equivalent to 8,535 MWh of electric power, or CO₂ emissions of 3,781 t-CO₂, during the fiscal year.

Offices

Head Office (Ebisu Subaru Building) and SUBARU Academy

In FYE March 2022, by switching to a power contract with a zero coefficient and using the Green Heat Certificate system, the Head Office realized carbon neutrality on CO₂ emissions of 883 t-CO₂, thus achieving net zero emissions.

SUBARU Accessory Center

In FYE March 2022, the use of 459 MWh of electric power generated by solar power facilities installed in March 2020 resulted in a yearly CO₂ emissions reduction of 204 t-CO₂.

SUBARU Research and Experiment Center

The SUBARU Research and Experiment Center installed solar power generation equipment in FYE March 2018, and generated 81 MWh in FYE March 2022, resulting in a yearly CO₂ emissions reduction of 74 t-CO₂.



SUBARU Research and Experiment Center

Group companies in Japan

Fuji Machinery Co., Ltd.

The Oizumi Plant of Fuji Machinery Co., Ltd. installed solar power generation equipment in FYE March 2018, and generated 37 MWh.



Fuji Machinery Co., Ltd. Oizumi Plant

Ichitan Co., Ltd.

Ichitan Co., Ltd. has been reducing annual CO₂ emissions by 3,000 t-CO₂ by purchasing CO₂-free electricity.

Subaru Kohsan Co., Ltd.

Subaru Kohsan Co., Ltd. entered the business of marketing electricity from solar power generation operations. It sells electricity generated from solar power equipment with a rated output of 420 kW (equivalent to 100 detached houses) installed in Kiryu, Gunma Prefecture, and, as of March 2021, equipment with a rated output of 1,470 kW (equivalent to 350 detached houses) installed in Konan, Shiga Prefecture. The company has also promoted the use of renewable energy by installing solar power generation facilities at its Ota S Building and the new wing of its Higashi-Nagaoka company dormitory.

Group companies overseas

Subaru of Indiana Automotive, Inc.

Subaru of Indiana Automotive, Inc.'s Technical Training Center has solar power generation equipment on its roof and LED lighting with motion sensors for all indoor lighting. In addition, the company has reduced electricity use by replacing compressors and other air-conditioning equipment.

Subaru of America, Inc.

Subaru of America, Inc.'s new headquarters and National Service Training Center have acquired silver LEED certification,^{*2} which is higher than standard certification. By installing automated equipment at its headquarters building and National Service Training Center in 2021, the company established comprehensive air-conditioning systems with more efficient energy utilization.

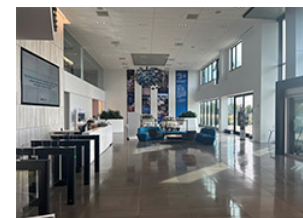
Among the notable features of the headquarters building are its use of 100% renewable energy, the installation of charging facilities ahead of the sales launch of the SOLTERRA BEV in 2022, and the operation of an efficient air-conditioning system and LED lighting. In April 2021, the company installed daylight harvesting technology in its headquarters foyer which achieves the appropriate level of brightness for the space by balancing natural light with just the required level of electric lighting, reducing energy consumption and CO₂ emissions.

To coincide with the relocation of its Southern California Regional Distribution Center, the company has added a further 2 MWh of solar power generation capacity, which it expects will reduce CO₂ emissions by approximately 1,400 t-CO₂ a year.

*2 Leadership in Energy and Environmental Design (LEED) certification is a green building certification system developed and operated by the U.S. Green Building Council (USGBC). It provides objective environmental performance data on buildings through evaluation of energy conservation and environmental impact reduction abilities for a range of project stages from overall planning and design to construction, management, and maintenance. Acquisition of the certification is becoming popular in the U.S. and in other countries.



Subaru of America, Inc.'s new headquarters and training center



Subaru of America, Inc.'s new headquarters foyer, which harnesses sunlight with new daylight harvesting technology

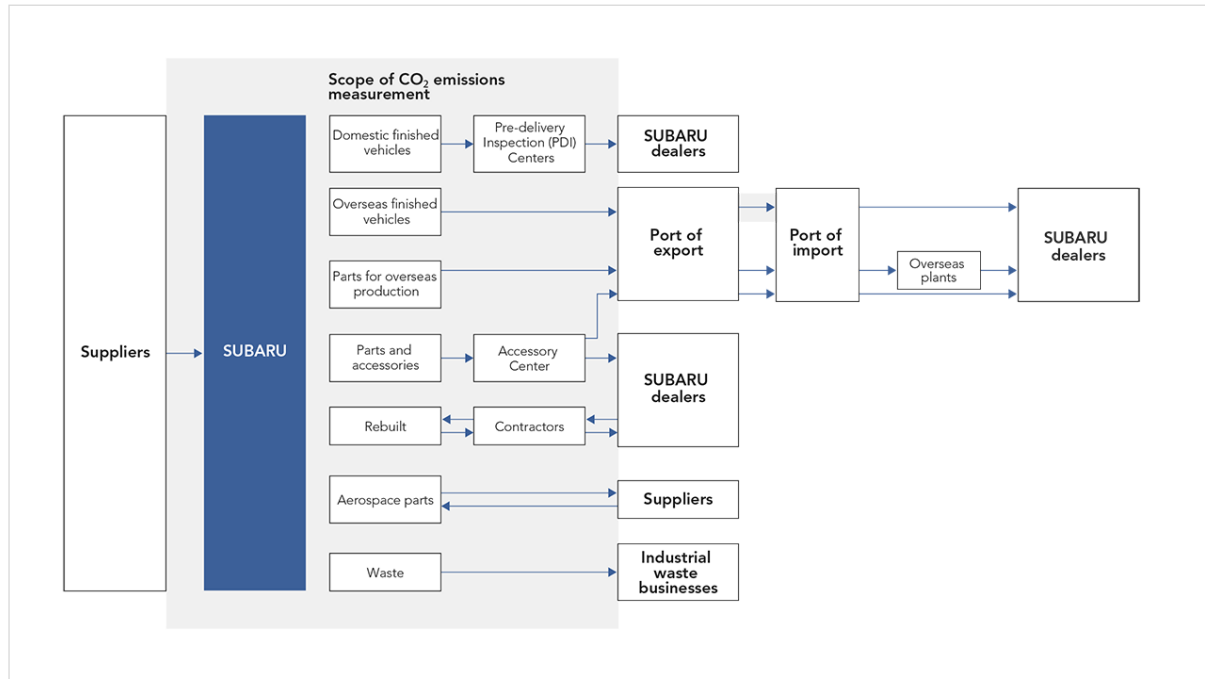
Subaru Canada, Inc.

The building that houses the relocated office of Scott Subaru, a retailer of Subaru Canada, Inc., from 2019 boasts a distinctive, highly energy-efficient design that enables comfort without an air-conditioning system. In recognition of this, the building is the world's first retail facility to obtain a passive house certification.

Distribution

SUBARU is collaborating across the entire Group, including with logistics companies, dealerships, as well as with other automotive industry players to reduce CO₂ emissions in logistics operations by an annual 1% through increased transport efficiency for finished vehicles and export parts. We will work to further enhance supply chain management, which will contribute to carbon neutrality by 2050.

SUBARU's logistics system



Transport of Finished Vehicles

SUBARU is establishing optimal standard routes for finished vehicles, flexibly accommodating shipping of a wide range of vehicle types and sizes (particularly large cars), improving loading efficiency, and promoting modal shift.^{*3} We also request that our logistics partners minimize the environmental impact of their transport operations, taking actions such as practicing eco-conscious driving by installing digital tachographs^{*4} and dash cams, as well as improving fuel efficiency by fitting aerodynamic panels and other devices.

As a result of expanded efforts for consolidated and standardized transportation routes, per unit CO₂ emissions from transportation of SUBARU vehicles in FYE March 2022 declined 20.7% from the FYE March 2007 level, against the target of a 14% reduction from the base year. We will continue with our efforts to pursue further reductions.

*3 For cargo transportation, switching transportation modes from trucks to those imposing less environmental burden, such as railway and seaborne systems.

*4 Fitted to a vehicle to automatically record its journey information, including driving time and speed, and store the information in the installed recording medium, such as a memory card. The device is employed broadly by industries involving the commercial operation of vehicles as a tool for driving management. As the system can present clear data of recorded events, including sudden acceleration and deceleration, fuel-wasting engine idling, and dangerous driving, it is expected to help drivers increase their awareness of safe driving and fuel economy.

Export Parts

In the transport of parts for overseas SUBARU vehicle production, we are making efforts to improve the container fill rate through measures such as utilizing unused upper space in high cube containers, improving packing modes, and employing lighter-weight packaging materials. As a result, we achieved a fill rate of 92% in FYE March 2022.

In FYE March 2018, we began using the container round use system,^{*5} which increases the efficiency of container transport. This enabled us to reduce emissions by 57 t-CO₂ year on year in FYE March 2022. The use of inland container depots^{*6} has reduced 3 t-CO₂, which is equivalent to 82 containers. In the second half of 2020, we launched an initiative in the Gunma region to make active reuse of export containers previously used by another company, which achieved a reduction of approximately 15 t-CO₂ in FYE March 2022. We will continue to implement initiatives to reduce CO₂ emissions.

*5 Using import containers for export instead of returning them empty to port, thereby reducing the transport of empty containers from ports.

*6 Depot located inland for consolidation of container cargo.

(FYE March)

	2018	2019	2020	2021	2022
Container fill rate	88%	79%	94%	85%	92%

Parts and Accessories

- Joint distribution initiative with Toyota Mobility Parts Co., Ltd.

To resolve complexities and inefficiencies in parts of our transport system, we began joint distribution of maintenance parts with Toyota Mobility Parts Co., Ltd. in FYE March 2021. As of the end of FYE March 2022, we had started joint distribution to eight dealers (14 locations and sales partners in some regions). We aim to expand the regions covered going forward.

By switching to joint distribution, we have in the case of some dealers achieved a reduction of lead time by one day and a cut in transport costs of approximately 25%.

Taking this opportunity, we will reorganize the domestic supply system and establish a stable supply network for the medium to long term.

- Switch to forklift trucks with electric drive option

The Accessory Center in Gunma is making a phased switch from liquefied petroleum gas (LPG)-operated forklift trucks to models that can be operated electrically. We will also equip the electric forklift trucks to make them available for use as storage batteries in the event of a disaster or power outage so that they can be used in times of emergency for instance to maintain telecommunications functions.

Distribution Center

Subaru of America, Inc.'s regional distribution center has participated in the Oregon Clean Fuel Program since 2020 and has begun switching to electric trucks. In addition, Subaru of America reduced CO₂ emissions by installing solar power generation equipment on the new building of the relocated regional distribution center.

Subaru of America, Inc.

The company is promoting the use of rail to reduce CO₂ emissions in the distribution process. By switching from truck to rail for transport from Oregon to Indiana and other destinations, it achieved a CO₂ emissions reduction of approximately 8,600 tons in 2021.

Sales

Dealers in Japan have switched to LED lighting and high-efficiency air-conditioning systems when replacing aging equipment. In addition, Tokyo Subaru Co., Ltd., Kanagawa Subaru Co., Ltd., and Chiba Subaru Inc. have reduced total CO₂ emissions by approximately 3,806 tons in FYE March 2022 by switching to purchases of carbon-neutral power.

We will continue to pivot to decoupling energy consumption and CO₂ emissions with initiatives to create environmentally responsible dealers that care about people.

Carbon Pricing

Emissions Trading Systems

As businesses operating in the jurisdictions of the Tokyo metropolitan and Saitama prefectural governments, our Tokyo Office and Saitama Logistics Center and Stellar Town Omiya are covered by the Tokyo Metropolitan Environmental Security Ordinance, which promotes greenhouse gas reduction and emissions trading for large businesses, and Saitama Prefecture's regulation on target-based emissions trading from its Ordinance on the Promotion of Global Warming Countermeasures. Our business sites are responding through compliance with the relevant emissions trading systems.

Internal Carbon Pricing

SUBARU introduced internal carbon pricing in FYE March 2023. In the internal consultative plan on capital expenditures at business sites, the monetary value of the CO₂ reduction accompanying the introduction of the relevant facilities is set at 6,000 yen/ton. By accounting for CO₂ reduction impact in terms of its cost reduction impact, we ensure its inclusion as a factor in assessing capital expenditures. The introduction of internal carbon pricing, which comes under the category of shadow pricing, is intended not only to raise awareness of CO₂ reduction among facility managers but also to promote investment in facilities with a high CO₂ reduction impact.

External Partnerships

SUBARU is tackling the climate change challenge through partnerships with suppliers, customers, and industry groups.

Alliance with Toyota Motor Corporation

SUBARU and Toyota Motor Corporation ("Toyota") have agreed to jointly develop EV platforms and vehicles applying SUBARU's AWD technologies and Toyota's electrification technologies. This agreement is designed to enable the two automakers to multiply their technical strengths with the goal of creating attractive EV products. As a dedicated BEV platform, they have jointly developed the e-SUBARU Global Platform.

Suppliers

We have set out a code of conduct that requires supplier selection and management mechanisms relating to climate change issues, and share the code with our suppliers, asking them to take appropriate actions when providing orientation sessions. This measure has encouraged suppliers to voluntarily work to obtain ISO 14001 certification, resulting in a decline in environmental accidents and mismanagement events. We have also created and run a system to assist voluntary Tier 2 suppliers*7 in seeking Eco Action 21 certification.

Meanwhile, the suppliers of Subaru of America, Inc. have agreed to participate in Science Based Targets activity to reduce CO₂ emissions in the production process by 2030. The suppliers achieved 100% renewable energy utilization in 2021, which resulted in a yearly saving of approximately 500 barrels of petroleum and approximately 7 million gallons of water.

*7 Secondary subcontractor that supplies parts to motor vehicle manufacturers.

Industry Groups

SUBARU is a member of the climate change committee of Japan Automobile Manufacturers Association, Inc. (JAMA). Also, the President and Executive Vice Presidents are JAMA directors responsible for the body's executive decision making, and decisions made by JAMA are reflected in SUBARU's mid-term management vision.

Customers

Carter Subaru Ballard, a U.S. dealer, runs regional forest conservation campaigns involving its customers. Specifically, for each test drive in a SUBARU car, the dealer donates one tree to be planted in areas along national highways, and an additional three trees for each purchase. This forestation initiative engages customers and local residents and helps them become more aware of environmental issues, including climate change.

Resource Recycling

Our Approach

The SUBARU Group considers it very important for manufacturing companies to help realize a society where materials are recycled continuously and the sustainability of business is assured through recycling to maximize resource efficiency. The SUBARU Group will help create a society that recycles with the goals of efficient resource recycling throughout the product life cycle, maintaining zero landfill at production bases in Japan and abroad, and taking the 3Rs—reduce, reuse, and recycle—to the next level.

SUBARU is also incorporating recyclability into its automobile design process to make effective use of limited resources throughout the automotive life cycle from raw material procurement to disposal.

> [Environmentally Friendly Automobiles](#)

Achievements and Initiatives

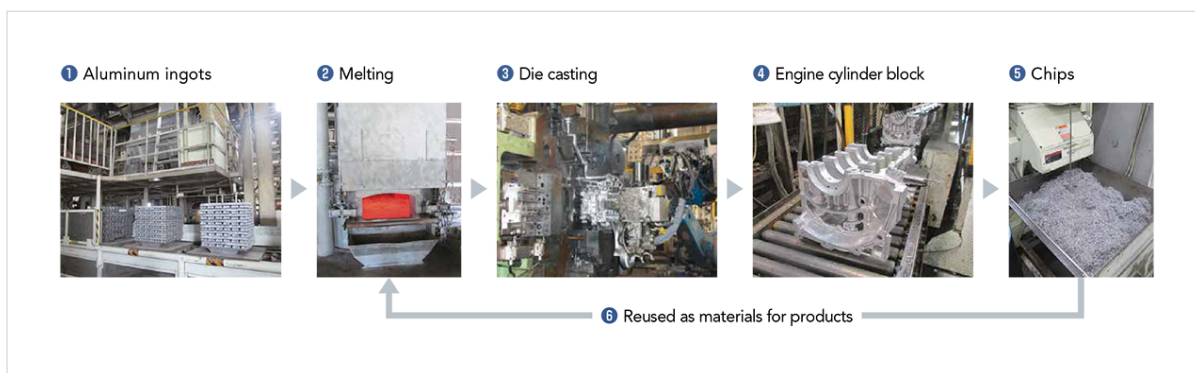
Raw Materials

SUBARU reuses remnant materials and scrap generated during the production of automobiles as well as end-of-life products that have been collected and other reusables as resources for materials, such as iron, aluminum, and plastics, which account for a large proportion of materials used in making an automobile. Through these efforts, we are promoting closed-loop recycling*1 to reduce natural resource consumption and waste generation.

*1 A method by which waste and scrap generated during production along with end-of-life products are recycled as materials for parts of the same quality and then reused to make products of the same kind.

Raw Materials Used in Automobiles in FYE March 2022		Recycling Method
Iron	467,142 tons	Delivered to dealers in the form of iron scrap for reuse
Aluminum	25,288 tons	Re-melted at plants and reused almost entirely
Plastics	18,732 tons	Crushed again at plants and reused partially

Recycling of aluminum chips



Zero Emissions of Waste from Production

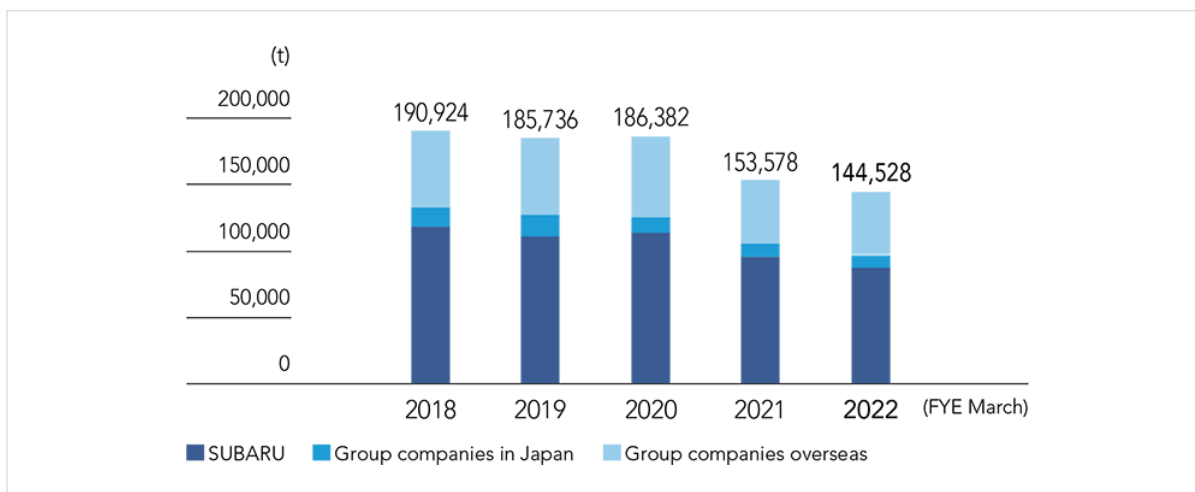
Waste emissions in FYE March 2022 decreased by 9,050 tons year on year due to factors including a decrease in automobile production. As waste is also an important resource, we have maintained zero emissions^{*2} of waste since FYE March 2015 through maximum recovery and recycling and proper treatment of waste generated. As part of its measures to deal with waste plastic, SUBARU has begun exploring waste plastic material recycling, including the reuse in automotive parts and other applications of reject bumpers from the manufacturing process.

*2 A system in which waste and by-products generated in one industry are utilized as resources by other industries, resulting in no waste discharge. This concept was proposed by the United Nations University in 1994.

Primary waste products and their recycled products

Primary Waste Product	Primary Recycled Product
Wastewater treatment plant sludge	Raw material for cement
Paint sludge	Iron-making reducer
Waste plastics	Refuse paper and plastic fuel (RPF) (solid fuels, etc.)
Paper waste	Recycled paper, RPF, etc.

Waste Generation



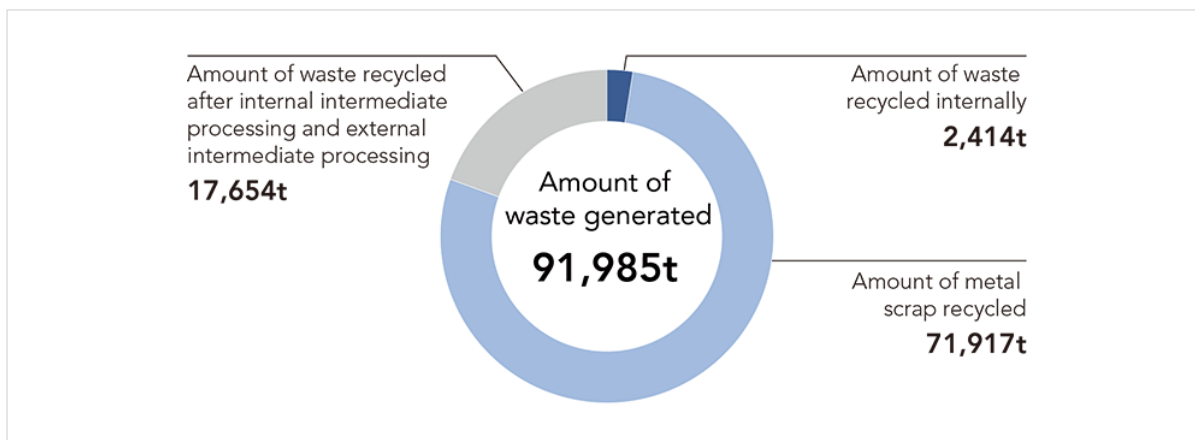
Scope:

SUBARU: Gunma Plant, Tokyo Office, Utsunomiya Plant, Handa Plant, Handa West Plant

Group companies in Japan: Yusoki Kogyo K.K., Fuji Machinery Co., Ltd., Ichitan Co., Ltd., Kiryu Industrial Co., Ltd., Subaru Logistics Co., Ltd.

Overseas Group companies: Subaru of Indiana Automotive, Inc., Subaru of America, Inc., Subaru Canada, Inc., Subaru Research & Development, Inc.

Amount of Waste Generated and Processed



Based on aggregation of data from Gunma Plant, Tokyo Office, Utsunomiya Plant

* Waste is not disposed of in a landfill after external intermediate processing.

Logistics

Reuse of Packaging Materials

Subaru Logistics Co., Ltd., which handles packaging and transport for complete knockdown (CKD) parts of SUBARU automobiles, has been actively working on reducing its environmental impact, focusing on the reuse of packaging materials. In FYE March 2022, the amount of packaging materials reused increased due to the adoption of a reusable material for the aluminum wheel packaging on the Outback Wilderness model. The amount reused in FYE March 2022 increased year on year by 19.0% to 786 tons, an intensity per vehicle of 2.7 kg.

(FYE March)

	2018	2019	2020	2021	2022
Amount reused (t)	699	776	1,020	661	786
Intensity (kg/vehicle)	2.0	2.1	2.8	2.4	2.7

Reduction of Wrapping Materials on Bumpers for U.S. Market

At Subaru of America, Inc., non-colored bumpers imported from Japan are re-wrapped for protection during transport within the U.S. In FYE March 2021, we launched an initiative to remove the need for re-wrapping in the U.S. by applying high-strength wrapping material with high shape stability before export from Japan. This initiative targets high-demand parts and thereby also promotes transport efficiency. In FYE March 2022, rollout to 60% of all parts was completed. The company will progress with the initiative to contribute to reducing the amount of plastic material used in wrapping.

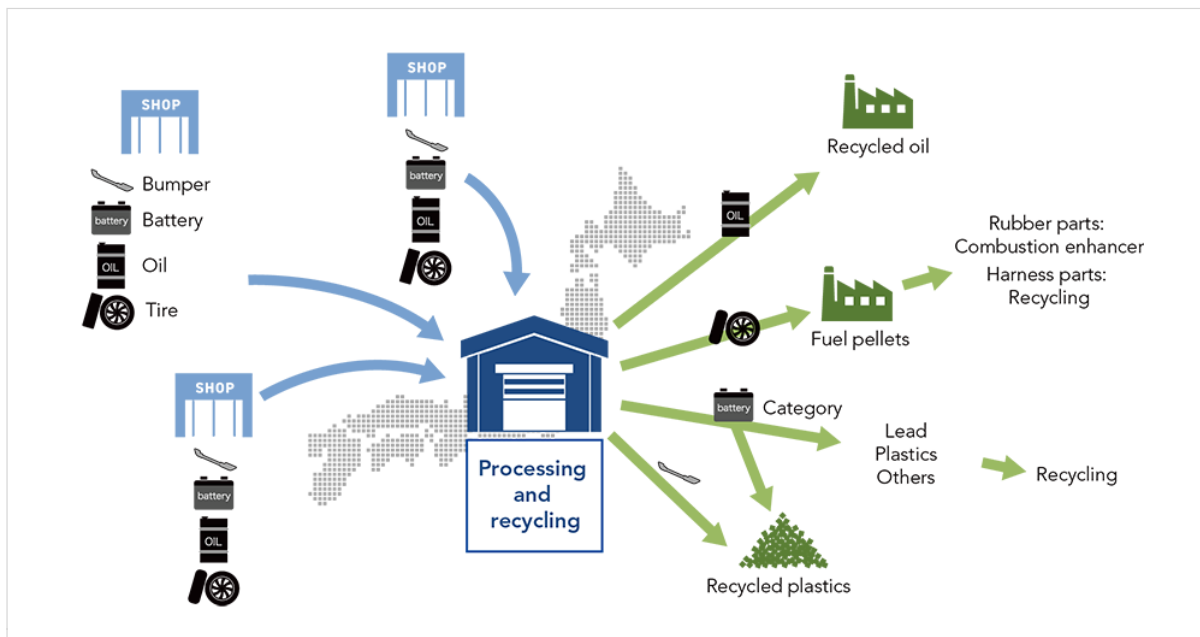
Promoting Environmentally Friendly Packaging Materials

The company's Parts Logistics Center is progressing with environmentally friendly initiatives on packaging materials and began exploring a range of measures in FYE March 2022, namely switching from cardboard to paper packaging for improved transport efficiency, use of packaging materials with 10% content of biomass plastic material, and switching from resin to cardboard pallets.

Sales

Zero Emissions of Waste from SUBARU Dealers in Japan

Dealers in Japan are committed to the proper management of waste generated from their business activities and to recycling to achieve zero emissions in Japan. In FYE March 2022, these initiatives resulted in the collection of 24,218 used bumpers, 143,311 lead batteries (containing 1,921 tons of lead material), 5,312 kL of oil, and 145,742 tires. Zero emission initiatives led by dealers, which work most closely with customers, are activities that will contribute more directly to environmental conservation in local communities. The initiatives are expected to help promote proper processing, recycling, and the effective use of resources.



Recycling of used bumpers



Recycling of Waste Oil

Waste oil generated at SUBARU dealers in Japan during oil changes is recycled as recycled fuel oil through SUBARU's zero waste emissions scheme. Flower farmers in Yamagata Prefecture grow beautiful poinsettia and cyclamen every year using this recycled fuel oil to heat their greenhouses.

Proper Processing of End-of-life Vehicles Based on Act on Recycling, etc. of End-of-Life Vehicles

Act on Recycling, etc. of End-of-Life Vehicles

Under the Act on Recycling, etc. of End-of-Life Vehicles of Japan, car manufacturers are required to fully recover and properly recycle automotive shredder residue (ASR), airbags, and chlorofluorocarbons (CFCs) from their end-of-life vehicles. SUBARU has been promoting the smooth, proper, and efficient recycling of ASR by establishing, together with 12 other automakers and other companies, the Automobile shredder residue Recycling Promotion Team (ART).^{*3} We also ensure proper processing of airbags and CFCs through operations of Japan Auto Recycling Partnership Ltd., established jointly with Japanese automakers and importers.

*3 A team to promote the recycling of ASR, organized by 13 automobile manufacturers in December 2003. The team plans the smooth, proper, and efficient recycling of ASR, a waste product that is classified as one of the Parts Specified for Recycling as defined by the Act on Recycling, etc. of End-of-Life Vehicles and required to be recycled under the law.

Proper Processing of End-of-life Vehicles

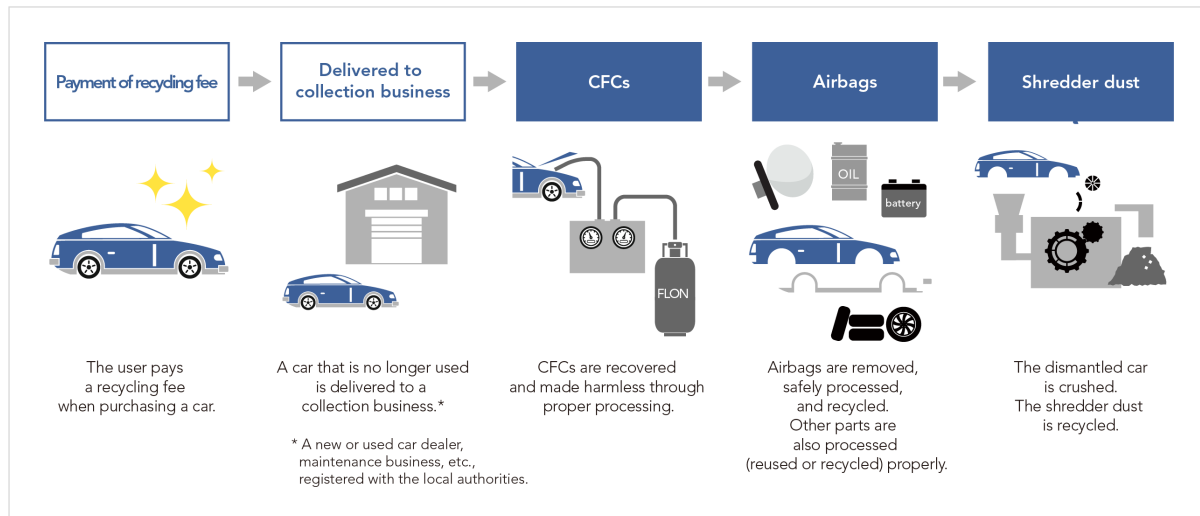
SUBARU is participating and collaborating actively in the building of an automotive recycling system to reduce the environmental impact of end-of-life vehicles. SUBARU is also focusing on promoting the development of easy-to-recycle vehicles, and collaborates with its dealers nationwide by jointly operating an automotive recycling system aimed at promoting the proper processing and raising the recycling rate of ASR, airbags, and CFCs.

In FYE March 2022, the ASR recycling rate was 96.6%, achieving the legal target of 70% for FYE March 2016 and thereafter. The airbag recycling rate was 95.4%, exceeding the legal target of 85%, and all CFCs recovered were processed properly. Detailed information on the level of progress with these recycling initiatives and SUBARU's other activities based on the Act on Recycling, etc. of End-of-Life Vehicles is disclosed separately on the web page indicated below.

> [About the Act on Recycling, etc. of End-of-Life Vehicles \(Japanese version only\)](#)

> [Automobile shredder residue Recycling Promotion Team \(ART\) \(Japanese version only\)](#) ☐

Automobile Recycling Process



Overseas Initiatives

Use of Rebuilt Items

Toward realizing a recycling-oriented society, the SUBARU Group in the U.S. is promoting a way to reduce the environmental impact of replacing engines, transmissions, and other large parts that also eases the cost burden on customers. This is the use of rebuilt items,^{*4} made by salvaging reusable parts.

^{*4} Repair parts such as engines, etc., for which consumable parts are replaced and usable parts are reused in accordance with inspection standards.

Distribution Centers

Subaru of America, Inc.'s regional distribution centers use returnable containers to reduce the amount of cardboard and wood used when transporting parts. Distribution centers in New Jersey and neighboring areas achieved 100% use of returnable packaging materials in 2021.

Collaboration with TerraCycle® (Subaru of America, Inc.)

Since 2018, Subaru of America, Inc. has partnered with U.S. recycling firm TerraCycle® to enable recycling in products where it is normally difficult, such as park benches and vases. The program is part of the SUBARU Loves the Earth™ initiative aimed at improving waste recycling rates.

Under the TerraCycle® Zero Waste Box™ program, which promotes the recycling of a wide range of waste products, TerraCycle® Zero Waste Boxes™ have been distributed to SUBARU dealers in the U.S. to collect recyclables. Customers, employees, and community partner organizations are encouraged to deposit snack packages, used paper cups, and plastic containers. In FYE March 2022, the program also began the recycling of personal protective equipment (PPE) such as face masks through Zero Waste Boxes™, and since the launch of this initiative a cumulative total of more than 6 million items of waste have been diverted from landfill sites.



Zero Waste Box™ program



Zero Landfill Waste Joint Initiative in U.S. National Parks (Subaru of America, Inc.)

Subaru of Indiana Automotive, Inc. (SIA), SUBARU's production base in the U.S., has achieved and maintains zero landfill waste status. Subaru of America, Inc. has been leveraging SIA's expertise to advance a joint initiative with suppliers, the National Parks Conservation Association, the National Park Service, and others since 2015 to reduce landfill waste generated from three national parks: Yosemite National Park (California), Denali National Park and Preserve (Alaska), and Grand Teton National Park (Wyoming). Subaru of America, Inc. received the Silver Halo Award and the Corporate Stewardship Award in 2020 in recognition of zero landfill initiatives in national parks. In FYE March 2022, these activities achieved environmental impact reductions that included the reuse of more than 90,000 pounds of food waste from the Yosemite National Park, the

saving of a year's worth of landfill space through cardboard recycling at the Denali National Park and Preserve, and a saving of more than 132,000 gallons of water at the Grand Teton National Park.

On another positive note, we became the official vehicle sponsor of 2021 garbage cleanup events in green spaces and parks. These events are co-sponsored by the Yosemite Climbing Association and The North Face®.

In 2021, the U.S. subsidiary participated in three further initiatives in partnership with the National Park Foundation: Outdoor Exploration, Parks of the Future, and Resilience and Sustainability.

Subaru Park Zero Landfill (Subaru of America, Inc.)

Since 2020, Subaru of America, Inc. has operated a partnership with Philadelphia Union, a team participating in Major League Soccer in the U.S. The team's stadium, named Subaru Park, has set the target of becoming the first in Major League Soccer to achieve zero landfill waste. It plans to meet the target in 2022 to coincide with its reopening after a makeover. In one of the related sustainability initiatives, more than 70 volunteers participated in the Subaru Park Garden for Good organic cultivation program at the stadium in Chester, Pennsylvania. In 2021, the program donated around 2,000 pounds of fruit and vegetables, equivalent to 8,000 servings, to local foodbanks.



Subaru Park Zero Landfill

Cafeteria Waste Reduction

(Subaru of America, Inc.)

Subaru of America, Inc. is engaged in initiatives to minimize the cost and environmental impact of food waste by reducing the amount of food waste generated and operating collection and recycling programs. This program has recycled more than 100,000 pounds of food waste and cut CO₂ emissions by around 25,000 tons.

Employees Education about Waste Separation

(Subaru of China Ltd.)

In October 2021, Subaru of China, Ltd.'s labor union facilitated a donation program to collect unused clothing and send it to people living in economically disadvantaged regions. A total of 674 items were collected.

Subaru of Mississauga (SOMI) Towards Zero Landfill (Subaru Canada, Inc.)

Subaru Canada, Inc. is engaged in an initiative aimed at zero landfill in collaboration with local business U-PAK DISPOSALS. Between January 1, 2021 and March 31, 2022, 35,000 tons of waste destined for landfill treatment was instead collected and recycled.

Water Resources

Our Approach

Water is an indispensable resource for the SUBARU Group's business activities. The risk of droughts, floods, and other disasters is increasing, however, due to climate change, while global population growth and economic development are increasing demand for water and raising the risk of water shortages and pollution.

To help alleviate these risks, the SUBARU Group is committed to the proper management of water consumption, as well as to minimizing the environmental impact of its discharged water. We are also actively engaging in activities to conserve forests that have a water storage function.

Water Management

The Production & Environment Subcommittee manages the SUBARU Group's water usage at each site, and both the total amount and amount used per unit of sales are maintained at a constant level.

The share of each water source in the total freshwater consumption at major locations of the SUBARU Group is as follows: industrial water 50%, tap water 40%, and groundwater 10%. As we are well aware of the risks involved in using the valuable resource of fresh water, we carefully monitor water consumption by conducting water risk assessments at major locations. Although the current assessment results show that the water risk is not high, we will continue to regularly assess our water risk levels and work to reduce water consumption in order to ensure a continuous water supply.

Water Risk Assessment

The SUBARU Group uses a third-party expert to implement water risk assessments* to ensure the sustainable use of water. These assessments estimate, among other things, the water supply and demand risk in the river basins in which the production bases are located, the probability of water-related disasters occurring, and the impact on public health and ecosystems on a five-point scale. These assessments showed that water risk at the Gunma Plant, Utsunomiya Plant, and Subaru of Indiana Automotive, Inc. is generally evaluated as moderate or lower.

Gunma Plant and Subaru of Indiana Automotive, Inc.

According to an assessment in FYE March 2017, the water supply and demand risk at the Gunma Plant and Subaru of Indiana Automotive, Inc., both of which are automobile manufacturing bases, is moderate. It is expected that the current risk level will be maintained for the medium to long term, even when the impact of climate change is taken into account. No biodiversity conservation areas are identified at the lower reaches of the rivers. The vulnerability to water pollution is low.

Utsunomiya Plant

According to an assessment in FYE March 2018, the water supply and demand risk at the Utsunomiya Plant, which is our base for aerospace manufacturing, is moderate. This risk level is expected to drop in the future as an increase in the river flow rate and decrease in water demand are likely to take place. The plant is not located in an area at high risk of flood inundation or landslides. No biodiversity conservation areas or habitats for rare aquatic life are identified in the areas within 10 km downstream from the site. Going forward, we will continue to accurately monitor our water risk based on the assessments, ensure optimum water consumption in relation to local water demand, and help conserve the environment along the river.

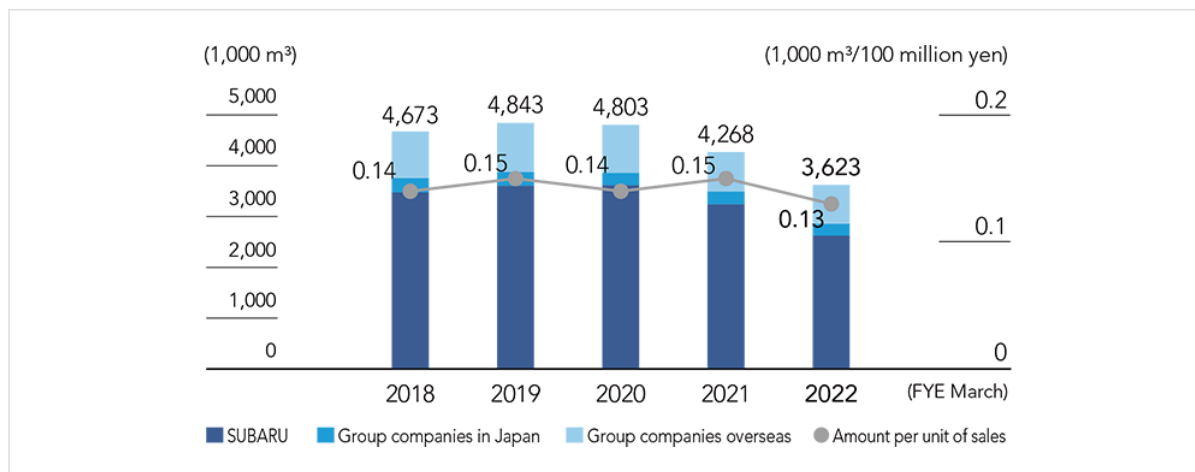
* Reference databases WRI Aqueduct water risk atlas, WWF-DEG Water Risk Filter, PREVIEW Global Risk Data Platform, Climate Change Knowledge Portal, Integrated Biodiversity Assessment Tool, National Land Numerical Information: Possible Inundation Area Data and Sediment Disaster Hazard Area Data (Ministry of Land, Infrastructure, Transport and Tourism), NCD-VfU-GIZ Water Scarcity Valuation Tool (Version 1.0), Costing Nature/Water World, (Only for Gunma Plant and Utsunomiya Plant)

Achievements and Initiatives

Water Consumption

The total amount used is monitored and compiled for each location, and reported and verified at biannual meetings. Necessary measures are then taken as appropriate.

Water Consumption



Scope:

SUBARU:Gunma Plant, Tokyo Office, Utsunomiya Plant, Handa Plant, Handa West Plant

Group companies in Japan:Yusoki Kogyo K.K., Fuji Machinery Co., Ltd., Ichitan Co., Ltd., Kiryu Industrial Co., Ltd., Subaru Logistics Co., Ltd.

Overseas Group companies:Subaru of Indiana Automotive, Inc., Subaru of America, Inc., Subaru Canada, Inc., Subaru Research & Development, Inc.

FYE March 2022 Breakdown of Water Consumption by Water Source at Major Production Bases (1,000 m³)

Region	Tap Water	Industrial Water	Groundwater	Source of Water Intake
Japan	217	1,400	235	Tone River, Watarase River
North America	767	0	0	Groundwater from the Teays Valley aquifer
Total	985	1,400	235	

Scope:

Japan:Gunma Plant, Tokyo Office, Utsunomiya Plant, Handa Plant, Handa West Plant, Yusoki Kogyo K.K., Fuji Machinery Co., Ltd., Ichitan Co., Ltd., Kiryu Industrial Co., Ltd.

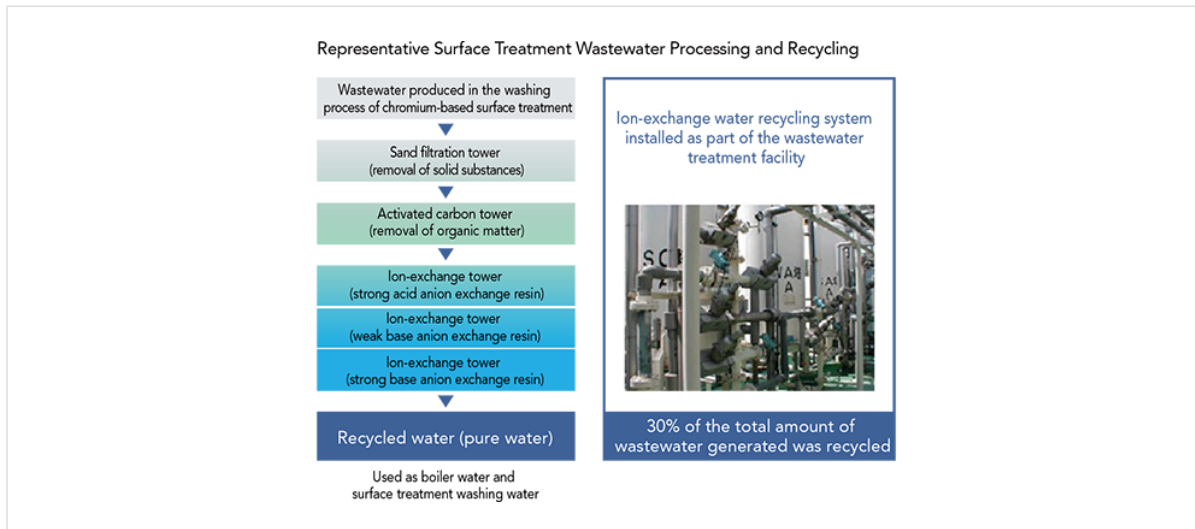
North America:Subaru of Indiana Automotive, Inc.

Water Reuse

Utsunomiya Plant

The Utsunomiya Plant has introduced a surface treatment facility equipped with an ion-exchange water recycling system that converts wastewater into pure water. In FYE March 2022, 23,669 m³ (30%) of the total of 78,656 m³ of water used in the surface treatment facility was recycled and utilized at the plant as washing water for the facility.

Representative Surface Treatment Wastewater Processing and Recycling



Subaru of Indiana Automotive, Inc.

Subaru of Indiana Automotive, Inc. added filters to its water tanks equipped with electrodeposition apparatus that are used to clean the car body prior to the painting process. Water is also reused.

Water Discharge

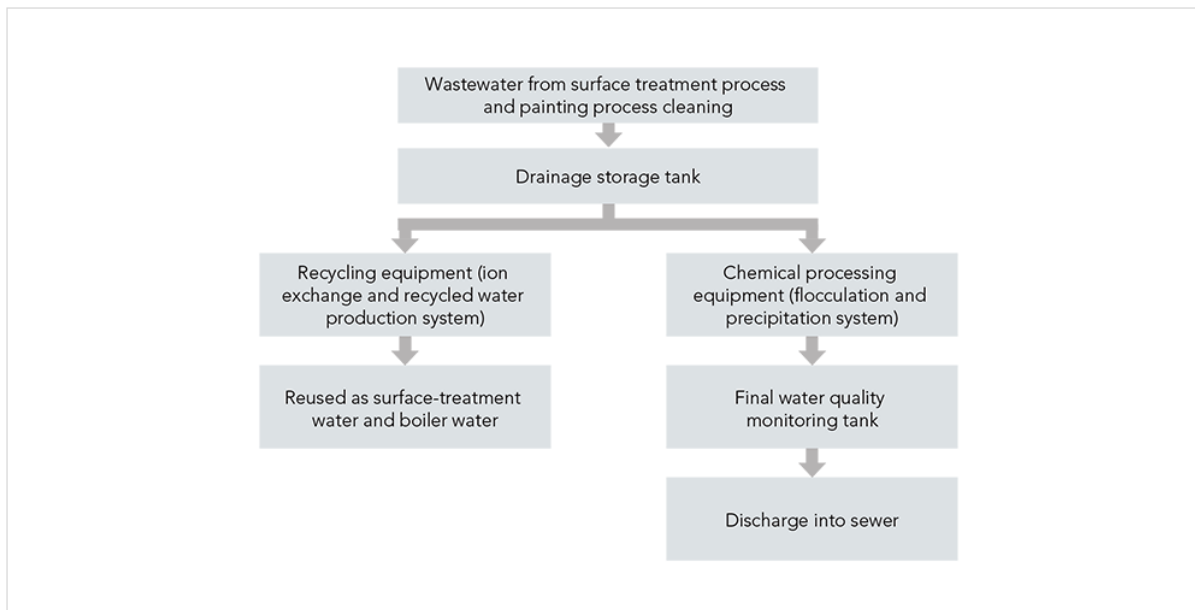
Gunma Plant

The wastewater from the Yajima Plant passes down the Ikoi River and into the Tone River. The water of the Tone River is used to irrigate fields and for fish farming. Households downstream also use the water. We treat wastewater from the Gunma Plant appropriately with the awareness that it touches the lives of many people. In addition, we keep crucian carp and koi carp in the oil-water separation tanks at the Yajima Plant, and release them after confirming that the water quality can sustain fish.

Utsunomiya Plant

In the Utsunomiya area, after treating wastewater from surface treatment processes we discharge it into the sewer system, and discharge rainwater and cooling water into the river after checking its quality in the final water quality monitoring tank. In addition, we dispose of wastewater from the painting process in the Handa area as industrial waste, and treat domestic wastewater in septic tanks prior to discharging it into Kinuura Port and the Agui River.

Utsunomiya Area Wastewater Treatment Process



Biodiversity

Our Approach

With the automotive and aerospace businesses as the pillars of SUBARU's operations, our fields of business are the earth, the sky and nature. We promote biodiversity preservation through our business activities, aiming to achieve coexistence with nature.

We support the Declaration of Biodiversity by Keidanren (Japan Business Federation) and participate in the Japan Business and Biodiversity Partnership. We also ensure ongoing, biodiversity-friendly business activities through the SUBARU Guidelines on Biodiversity, while also committing ourselves to the SUBARU Forest Project for biodiversity conservation and organizing various events in and outside our business locations aimed at raising people's awareness of biodiversity.

In FYE March 2022, we established the Biodiversity Working Group. SUBARU will continue to drive biodiversity-related initiatives through the working group's activity.

Guidelines on Biodiversity

The SUBARU Group instituted the SUBARU Guidelines on Biodiversity in April 2019, which serve as the basis for its approach to biodiversity. The guidelines were formulated with reference to the government's Guidelines for Private Sector Engagement in Biodiversity (Ministry of the Environment) and the Declaration of Biodiversity by Keidanren: Guide to Action Policy, as well as by taking into account international trends in biodiversity management. They are consistent with the Six Priority Areas for CSR and the SUBARU Environmental Policies and are designed to ensure that their effectiveness and continuity can be guaranteed.

SUBARU Guidelines on Biodiversity

Our society is supported by biodiversity, which is the source of various blessings from nature.

On the other hand, "biodiversity" is rapidly being lost on a global scale.

We promote biodiversity preservation through our business activities and contribute to the environmental protection of our planet while aiming to coexist with the earth, the sky and nature.

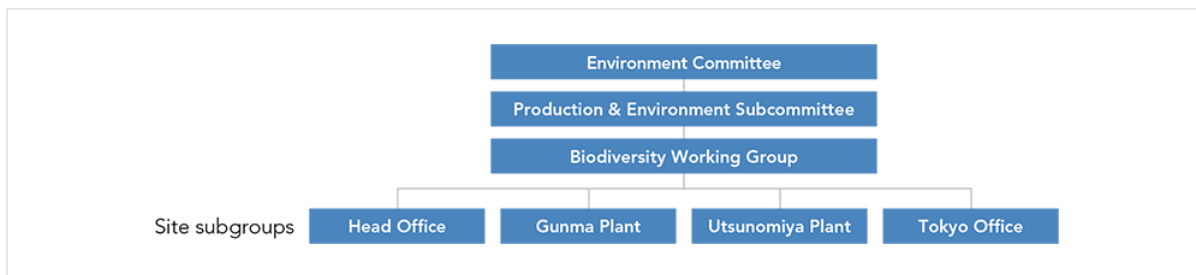
1. We grasp the impact of business activities on biodiversity and reduce their impact. We also promote initiatives leading to further recovery.
2. We strive to raise awareness of biodiversity.
3. We respect international rules concerning biodiversity.
4. We cooperate with stakeholders and strive for preservation of biodiversity.
5. We proactively disclose information on activities regarding biodiversity.

Established in April 2019

Management System

In FYE March 2022, we established the Biodiversity Working Group as a body to drive biodiversity initiatives subordinate to the Production & Environment Subcommittee. Its role is to regularly update on the goals and issues of SUBARU's biodiversity activities, provide survey findings to support the formulation of plans, and undertake other information-sharing activities. Under the control of the Biodiversity Working Group, we have set up four further site subgroups at the Gunma Plant, Tokyo Office, Utsunomiya Plant, and Head Office. Their role is to inform on initiatives at their respective sites, liaise on biodiversity-related matters with the Purchasing Committee, Social Contribution Committee, and other bodies, and formulate a roadmap for biodiversity initiatives. As with other working groups, the Biodiversity Working Group reports regularly on its initiatives to the Environment Committee, which undertakes overall management of the progress and direction of the initiatives.

SUBARU's Biodiversity Management Organization



Initiatives

SUBARU Forest Project

Since FYE March 2018, SUBARU has been working on the SUBARU Forest Project, an initiative that is directly linked to biodiversity conservation and embodies the idea of coexistence with nature included in the SUBARU Environmental Policies.

SUBARU Forest Bifuka in Hokkaido

In a forest of approximately 100 hectares located on the premises of SUBARU Test & Development Center Bifuka Proving Ground, SUBARU started forest management and conservation activities in FYE March 2018, including tree-planting, thinning, and nature conservation. We aim to carry out these activities in collaboration with local communities such as Bifuka Town with a long-term plan to create a forest through artificial afforestation in 50 years. Furthermore, we purchased J-Credit in FYE March 2022 as a measure against climate change.

Wood from thinning during forest maintenance projects at SUBARU Forest Bifuka is used as biomass fuel. Meanwhile, wild animals such as Ezo red foxes and brown bears that live in the surrounding area have been spotted on the premises, and we are considering measures aimed at coexistence with these animals in cooperation with local governments.



SUBARU Test & Development Center Bifuka Proving Ground and its surrounding forests



Ezo red foxes have been spotted on the premises

Sponsorship of a tree-planting ceremony at Bifuka Town

A tree spirit ceremony and a tree-planting ceremony, which had been organized by Bifuka Town annually, were held in May 2022. A total of about 70 administrative staff people from local forestry associations attended. Although the event was scaled back to prevent the spread of COVID-19, the participants planted 240 Mongolian oak fir trees, a variety chosen for its biodiversity-friendliness, on the 0.7-hectare site in the hope of passing on healthy and abundant forests to the next generation. These Mongolian oak trees will be ready for felling in around 750 years' time.



About 70 people participated in the tree planting

Donations to fund environmental conservation activities at Matsuyama Marsh

SUBARU, Bifuka Town, and the Hokkaido Government Kamikawa General Subprefectural Bureau signed an agreement to promote conservation of the forest environment in Bifuka Town in 2019. SUBARU has been utilizing the corporate version of a hometown tax donation program—the government's tax incentive scheme to encourage companies to support regional revitalization—to donate three million yen to the Hokkaido government's Matsuyama Marsh* Forest Project over three years starting from FYE March 2020. The donations are used, among others, for



A beautiful Matsuyama Marsh landscape



A renewed signpost

boardwalk improvements in Matsuyama Marsh. The initial donation was made and used to replace the old signpost and maintain trails so that the trekking route is properly demarcated to preserve valuable vegetation and ensure safety of visitors.

* Matsuyama Marsh (Bifuka Town): Japan's northernmost high-altitude wetland situated 797 meters above sea level. As the marsh is home to around 200 distinctive plant species, including ferns and mosses, the Ministry of the Environment has selected it as one of Japan's 500 most important wetlands.

SUBARU Friendship Forest Akagi (Gunma Prefectural Forest Park)

In April 2018, SUBARU obtained the naming rights to a prefectural forest park in Gunma Prefecture, where its automotive plants are located. The park's name, "SUBARU Friendship Forest Akagi," will be used for the five years through 2023. Donations in FYE March 2021 and FYE March 2022 are part of the 9.8 million yen we will donate over the five-year period to the prefectural government to support forest park conservation and management.

SUBARU Forest Utsunomiya (Utsunomiya City Forest Park in Tochigi Prefecture)

Utsunomiya City, Tochigi Prefecture, is where our aerospace business is located. We support the conservation and management of part of a city-owned forest named "SUBARU Forest Utsunomiya" in collaboration with the city. We support thinning and the use of thinned wood for benches and bike racks.



A bench made of thinned wood



A bike rack made of thinned wood

> [Social Contribution: SUBARU Forest Project](#)

Greenery Conservation and Creation

Since the SUBARU Group's business locations are closely linked to the neighboring natural environments and ecosystems, we make a variety of contributions to the conservation of biodiversity in each area.

Saitama Logistics Center

The Saitama Logistics Center in Kitamoto City has been nurturing and taking care of cherry trees growing on the site since they were received from the city in 2003. The trees are descendants of the Ishito Kabazakura cherry tree, estimated to be 800 years old, at Tokoji Temple in the city. Ishito Kabazakura was designated as a natural monument of Japan in 1922 and is classified as one of Japan's five great cherry trees.



A cherry tree at Saitama Logistics Center



Tokyo Office

Located in Musashino City, the Tokyo Office has been planting bamboo-leaf oak, East Asian beautyberry, and other species native to the area within the office's premises to enhance the landscape and biodiversity. We also participate in activities to protect the natural features of the region and share opinions with industry, government, academia, and the private sector.



Bamboo-leaf oak



East Asian beautyberry

Biodiversity Initiatives Based on Community Exchange

With the aim of conducting biodiversity initiatives at each business site, we emphasize communication between SUBARU employees and the local communities and local governments, as they are our closest stakeholders. By participating in and organizing locally based events and by joining with members of the local community and local government in biodiversity initiatives, we want to work together to contribute to global environmental protection and achieve coexistence with nature.

Gunma Plant

Flower distribution

We distribute flower seedlings to member companies of the SUBARU Community Exchange Association on request basis three times a year. We chose varieties that contribute to biodiversity in 2015. With these seedlings, each company promotes greenery conservation.

[> SUBARU Community Exchange Association \(Japanese version only\)](#)

Elementary school flowerbed contest

This contest provides children in the community with an opportunity to realize the importance of life through the experience of planting flower seedlings donated by SUBARU and creating flowerbeds. We have been holding this flowerbed contest for elementary schools in Ota City and Oizumi Town since 2015. The event was canceled in FYE March 2021, but resumed in FYE March 2022 with due measures taken to prevent infection.

Participation in Ota City Environmental Creation Council

SUBARU is a sponsor of the Ota City Environmental Creation Council and takes part in a wide range of environmental activities through interaction with the local community. In FYE March 2022, events were held on a reduced scale due to the COVID-19 pandemic, but in FYE March 2023 we are considering resumption of activities and participation in line with the extent to which the pandemic is resolved going forward.

Activity	Timing	Outline
Firefly watching	June 2022	Held an event in Nishi-Nagaoka to watch fireflies in their natural habitat with explanation of the kind of environment that they need in order to thrive in terms of biodiversity and other environmental considerations.
Investigation and removal of invasive species and plants	August 2022	Investigate the habits of the red-necked longhorn beetle (<i>Aromia bungii</i>), an invasive species that has become a pest in urban areas, and execute a removal program.
Next-generation automobile test drive event	September 2022	Participate in exhibition booths at test drive events to make the public aware of the Cool Choice campaign. Raise awareness and introduce activities with signage and build interest in the environment among residents.
Ishida River Rediscovery Project	October 2022	Survey the water quality of the Ishida River, which flows through the Ota City area, from its headwaters to its mouth, explain what is necessary to maintain good water quality, and be environmentally proactive.
Exhibition at the Ota City Environmental Fair	November 2022	Set up a panel display at the Ota City Environmental Fair to inform people about the activities of the Ota City Environmental Creation Council and to attract new members.

Procurement with Consideration for Biodiversity

SUBARU surveys the use of biological resources, including cowhide and plant-derived materials, to ensure no negative impact on the ecosystem during procurement of raw materials.

SUBARU also uses copy paper made with 100% recycled paper pulp not derived from new plant resources and has switched to envelopes made from Forest Stewardship Council (FSC)-certified paper for mailing payment guides to customers. As additional initiatives in the drive toward paperless operation, we switched to online payment guides for business partners and, for the standard forms used in office procedures related to maintenance parts and vehicle accessories, we began phasing out paper printouts from January 2022. We are now developing an electronic system for some functions with the target of going completely paperless from January 2023.

U.S. dealerships likewise introduced paperless systems in November 2021, which is expected to save more than 7,000 sheets of paper annually.

Overseas

Initiatives Aiming at Coexistence with Nature (Subaru of Indiana Automotive, Inc.)

Subaru of Indiana Automotive, Inc. (SIA) worked to protect the ecosystem of its plant site and provide a friendly habitat for local wildlife by improving water retention and enhancing the

surrounding greenspace. As a result, the National Wildlife Foundation designated the site as a supportive wildlife habitat in 2003, the first such designation of an automotive production plant in the U.S. The plant is surrounded by a rich natural environment home to many wild deer, where wild Canadian geese and herons also feed and rest.



Wild Canadian geese



SIA's rich natural surroundings

Support for Wildlife and Nature Conservation (Subaru of Indiana Automotive, Inc.)

SIA has been supporting Wolf Park since 2020. This organization is engaged in wildlife education, conservation, and research into protecting wolves and foxes. SIA also sponsors the cleanup program of a nature conservation organization called NICHES Land Trust. It thus not only protects the local environment itself but also provides support to other organizations that do so. In addition, every year SIA joins with the NPO Tree Lafayette to mark Earth Day. In 2021, it supported a project to plant 15 trees in the local downtown area.

Afforestation in Wildfire-burned Areas (Subaru of America, Inc.)

In collaboration with the National Forest Foundation, Subaru of America, Inc. (SOA) has been involved in reforestation in areas severely damaged by record forest fires since 2019. So far, a total of 500,000 trees have been planted in national parks in California, with the planting of a further 500,000 planned in the states of Idaho, Oregon, and Washington.

Participation in the Philadelphia Flower Show (SOA)

In partnership with the Pennsylvania Horticultural Society, SOA participated in the Philadelphia Flower Show in 2021. As well as donating 15 pairs of binoculars for birdwatching and posters, SOA held a "potting party" where more than 2,000 participants created a decoratively planted pot to take home.



At the Philadelphia Flower Show



A pot taken home by participants

PrintReleaf's Tree-Planting Program (SOA)

Through partnership with Allied Printing, SOA takes part in the PrintReleaf program, whereby its consumption of paper is measured and a corresponding number of trees automatically planted at a reforestation site of its choice, thus achieving a zero-paper footprint for the company. In 2021, 1,000 trees were planted through the program.

Prevention of Pollution

Our Approach

For the development of a sustainable society as well as its own business continuity, the SUBARU Group considers it essential to prevent the pollution of public water resources, soil, and the atmosphere. The Group endeavors to accurately measure its environmental impact and reduce it to a minimum by making the best use of its environmental management system.

Management System

The SUBARU Group has worked through its environmental management system to comply with environmental laws and regulations. However, in view of the status of legal violations in FYE March 2022, we have taken steps to strengthen the system in order to prevent recurrence.

Among the specific measures to be rolled out across the SUBARU Group are enhanced sharing of information on environmental laws and regulations through creation of a network of officers in charge of this area within the SUBARU Group; provision of training in environmental laws and regulations to these officers; and review of the procedures and practice of internal audit relating to compliance with environmental laws and regulations. In implementing these initiatives, we will emulate the PDCA cycle of the environmental management system, identifying issues in each fiscal year as the basis for improvement in the next, thus taking continuous action to ensure comprehensive compliance with environmental laws and regulations.

Achievements and Initiatives

Compliance with Environmental Laws and Regulations and Related Initiatives

In addition to complying with environmental laws and regulations, SUBARU has set its own voluntary environmental standard values, which are 20% stricter than the regulatory values set by law. We are committed to never exceeding the regulatory and voluntary thresholds and striving to achieve the goal of zero environmental complaints and zero environmental accidents. In FYE March 2022, one incident related to noise and two incidents related to water quality exceeded relevant regulations at the Gunma Plant and the Tokyo Office. In response, we identified the causes and took appropriate measures to prevent recurrence.

Name of the Site	Number of Cases
Gunma Plant	2
Tokyo Office	1

> [FYE March 2022 Environmental Performance Data for Plants and Offices](#)

Environmental Accidents

We are committed to achieving the goal of zero accidents, both on-site and off-site. In FYE March 2022, two incidents occurred off-site and 10 incidents occurred on-site. Regarding the two off-site incidents specifically, we have identified the causes and, to prevent recurrence, are considering the implementation of an immediate response system, such as one that issues alert notifications.

Name of the Site	Number of Cases
Gunma Plant	Off-site incidents 1 On-site incidents 5
Utsunomiya Plant	On-site incidents 3
Tokyo Office	Off-site incidents 1 On-site incidents 1
Accessory Center	On-site incidents 1

Environmental Complaints

We are committed to achieving the goal of zero environmental complaints, but in FYE March 2022 we received three. We intend to prevent recurrence by uncovering the causes of the complaints.

Name of the Site	Number of Cases
Gunma Plant	1
Utsunomiya Plant	2

Noise, Vibration, and Offensive Odors

The Gunma Plant conducts daily patrols premised on the fact that people and measuring instruments respond to odors and noise very differently. In addition, we use hotlines, discussion meetings, and factory tours as a means of communicating with local residents and use their valuable feedback to improve production facilities when appropriate.

Soil and Groundwater

We started our voluntary soil and groundwater tests at our locations in 1998 and have since implemented purification measures and groundwater monitoring as required. Since the Soil Contamination Countermeasures Act came into effect in 2003, we have also filed reports and conducted tests in accordance with the law.

PCB Waste

SUBARU is auditing and treating polychlorinated biphenyl (PCB) waste as planned.

We are currently conducting a final survey of the status of PCB waste treatment at each SUBARU base and at Group companies and dealers in Japan, and the SUBARU Group plans to complete the disposal of high-concentration PCB waste by the end of FYE March 2023.

Hazardous Waste

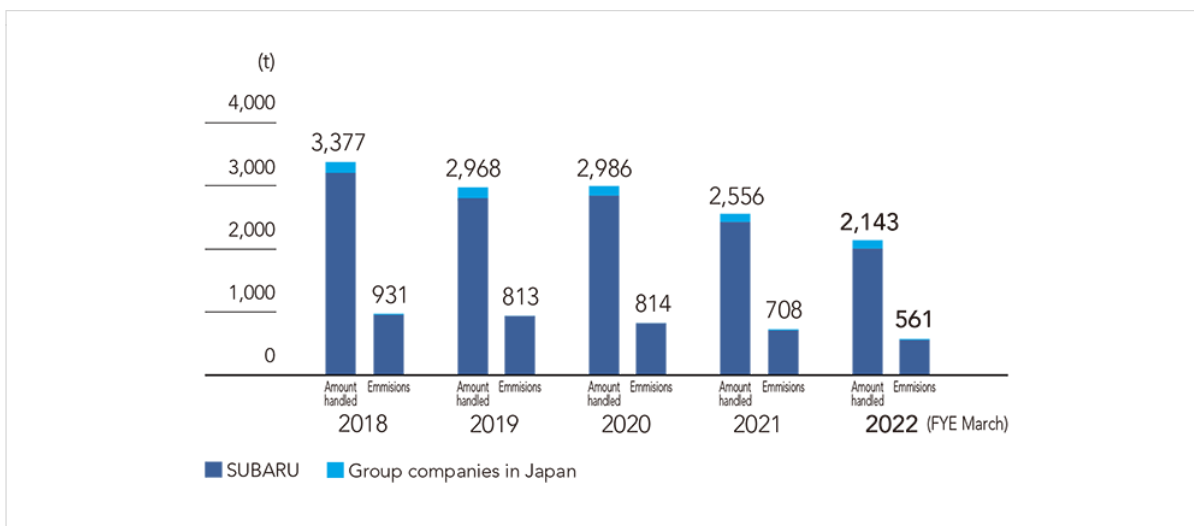
SUBARU has had no significant spillage, nor has it transported waste deemed hazardous under the terms of Annex I, II, III, and IV of the Basel Convention*.

* International treaty on the control of movements of hazardous wastes between nations and their disposal procedures.

VOC

SUBARU manages volatile organic compounds (VOCs) emissions during the automobile painting process using an emissions per unit coating area calculation method. We are reducing the amount of cleaning thinner used in the automobile painting process and increasing recovery to reduce VOC emissions during painting. However, FYE March 2022 emissions increased 3.8% compared with the previous fiscal year to 49.2g/m².

Chemical Substances Regulated by Japan's Pollutant Release and Transfer Register (PRTR) Act

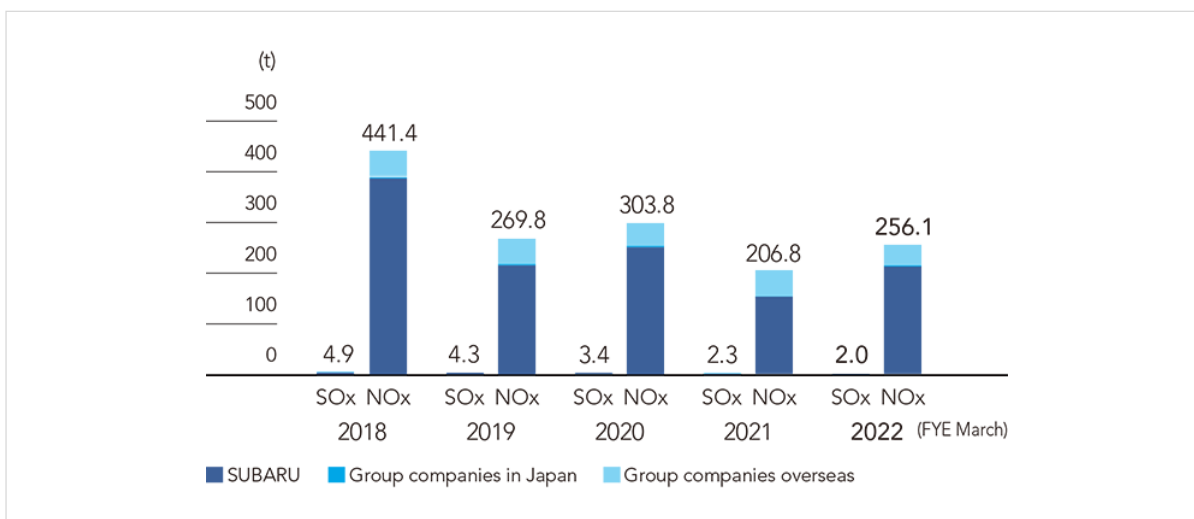


Scope:

SUBARU:Gunma Plant, Tokyo Office, Utsunomiya Plant, Handa Plant, Handa West Plant

Group companies in Japan:Yusoki Kogyo K.K., Fuji Machinery Co., Ltd., Ichitan Co., Ltd., Kiryu Industrial Co., Ltd., Subaru Logistics Co., Ltd.

NOx and SOx Emissions



Scope:

SUBARU:Gunma Plant, Tokyo Office, Utsunomiya Plant, Handa Plant, Handa West Plant

Group companies in Japan:Yusoki Kogyo K.K., Fuji Machinery Co., Ltd., Ichitan Co., Ltd., Kiryu Industrial Co., Ltd., Subaru Logistics Co., Ltd.

Group companies overseas:Subaru of Indiana Automotive, Inc.

FYE March 2022 Environmental Performance Data for Plants and Offices

In addition to complying with the laws and regulations, SUBARU sets voluntary standards that are 20% stricter than the legal regulation values to manage the controlled substances.

The following shows the regulation values and measured performance data for our plants and offices regarding the main substances.

Atmosphere (Air Pollution Control Act, Prefectural Regulations)

Automotive Business

Gunma Plant

Main Plant

Substance	Equipment / Facility	Unit	Regulation	Voluntary Standard	Maximum	Average
NOx	Paint drying oven	ppm	230	184	44	34
Particulate matter		g/Nm ³	0.2	0.16	0.005	0.003
VOC	Paint booth, etc.	ppm-C	700	-	588	176

Yajima Plant

Substance	Equipment / Facility	Unit	Regulation	Voluntary Standard	Maximum	Average
NOx	Paint drying oven	ppm	230	184	77	53
Particulate matter		g/Nm ³	0.2	0.16	< 0.005	0.003
VOC	Paint booth, etc.	ppm-C	700	-	362	59
VOC		ppm-C	400	-	315	89

Oizumi Plant

Substance	Equipment / Facility	Unit	Regulation	Voluntary Standard	Maximum	Average
NOx	Aluminum melting furnace	ppm	180	144	100	44
Particulate matter		g/Nm ³	0.3	0.24	0.029	0.008

Ota North Plant

No applicable equipment / facility

Tokyo Office

No applicable equipment / facility

Aerospace Company

Utsunomiya Plant

Main Plant

Substance	Equipment / Facility	Unit	Regulation	Voluntary Standard	Maximum	Average
NOx	Cogeneration	ppm	600	480	139	121.5
NOx	Drying oven	ppm	230	184	< 100	< 100
Particulate matter		g/Nm ³	0.2	0.16	< 0.010	< 0.010

South Plant and 2nd South Plant

No applicable equipment / facility

Handa Plant

Substance	Equipment / Facility	Unit	Regulation	Voluntary Standard	Maximum	Average
SOx	2-ton boiler	ppm	1.5	1.2	< 0.02	< 0.02
NOx		ppm	180	144	35	27.1
Particulate matter		g/Nm ³	0.1	0.08	< 0.002	< 0.002

Handa West Plant

Substance	Equipment / Facility	Unit	Regulation	Voluntary Standard	Maximum	Average
SOx	2-ton boiler	ppm	1.5	1.2	< 0.02	< 0.02
NOx		ppm	180	144	30	23.7
Particulate matter		g/Nm ³	0.1	0.08	0.003	0.002

Water Quality (Water Pollution Prevention Act, Sewerage Act, Prefectural/Municipal Regulations)

Automotive Business

Gunma Plant

Main Plant (Effluent is discharged into public rivers.)

Item	Unit	Regulation (Prefectural Regulation)	Voluntary Standard	Maximum	Minimum	Average
Hydrogen ion concentration (pH)	-	5.8~8.6	6.1~8.3	7.8	6.6	7.2
Biochemical oxygen demand (BOD)	mg/L	25	20	7.8	1.0	3.1
Suspended solids (SS)	mg/L	50	40	3.6	1.0	1.3
n-Hexane extract content (Mineral oil content)	mg/L	5	4	1.0	1.0	1.0
n-Hexane extract content (Animal and plant oil and fat content)	mg/L	30	24	1.0	1.0	1.0
Fluorine and its compounds	mg/L	8	6.4	2.3	0.2	0.8
Zinc content	mg/L	2	1.6	0.300	0.000	0.156

Item	Unit	Regulation (Prefectural Regulation)	Voluntary Standard	Maximum	Minimum	Average
Soluble iron content	mg/L	10	8	0.2	0.1	0.1
Soluble manganese content	mg/L	10	8	3.5	0.1	0.4
Phosphorus content	mg/L	16 (8)	6.4	3.1	0.1	1.1
Nitrogen content	mg/L	120 (60)	48	14.2	1.8	8.1

Measured at two drainage outlets (New No. 2 and No. 5 waterways). Values for total phosphorus content and total nitrogen content are daily averages.

Yajima Plant (Effluent is discharged into public rivers.)

Item	Unit	Regulation (Prefectural Regulation)	Voluntary Standard	Maximum	Minimum	Average
Hydrogen ion concentration (pH)	-	5.8~8.6	6.1~8.3	7.5	6.9	7.3
Biochemical oxygen demand (BOD)	mg/L	25	20	15.8	1.0	5.1
Suspended solids (SS)	mg/L	50	40	4.0	1.0	1.7
n-Hexane extract content (Mineral oil content)	mg/L	5	4	1.0	1.0	1.0
n-Hexane extract content (Animal and plant oil and fat content)	mg/L	30	24	1.0	1.0	1.0
Fluorine and its compounds	mg/L	8	6.4	2.3	0.8	1.6
Zinc content	mg/L	2	1.6	0.646	0.220	0.484
Soluble iron content	mg/L	10	8	0.1	0.1	0.1
Soluble manganese content	mg/L	10	8	0.1	0.1	0.1
Phosphorus content	mg/L	16 (8)	6.4	0.9	0.3	0.6
Nitrogen content	mg/L	120 (60)	48	7.3	2.8	5.5

Values for total phosphorus content and total nitrogen content are daily averages.

Oizumi Plant (Effluent is discharged into public rivers.)

Item	Unit	Regulation (Prefectural Regulation)	Voluntary Standard	Maximum	Minimum	Average
Hydrogen ion concentration (pH)	-	5.8~8.6	6.1~8.3	7.5	6.8	7.2
Biochemical oxygen demand (BOD)	mg/L	10	8	7.7	1.0	3.2
Suspended solids (SS)	mg/L	10	8	6.0	1.0	1.4
n-Hexane extract content (Mineral oil content)	mg/L	3	2.4	1.0	1.0	1.0
n-Hexane extract content (Animal and plant oil and fat content)	mg/L	30	24	1.0	1.0	1.0
Fluorine and its compounds	mg/L	8	6.4	0.2	0.2	0.2
Zinc content	mg/L	2	1.6	0.288	0.067	0.169
Soluble iron content	mg/L	5	4	0.1	0.1	0.1
Soluble manganese content	mg/L	5	4	0.1	0.1	0.1
Phosphorus content	mg/L	16 (8)	6.4	0.2	0.1	0.1
Nitrogen content	mg/L	120 (60)	48	14.9	4.2	9.6

Values for total phosphorus content and total nitrogen content are daily averages.

* Regulation values were changed on April 1, 2021 due to the signing of an environmental challenge agreement with Oizumi Town in accordance with Gunma Prefecture ordinances.

Ota North Plant (Effluent is discharged into public rivers.)

Item	Unit	Regulation (Prefectural Regulation)	Voluntary Standard	Maximum	Minimum	Average
Hydrogen ion concentration (pH)	-	5.8~8.6	6.1~8.3	8.0	7.9	8.0
Biochemical oxygen demand (BOD)	mg/L	25	20	2.3	1.0	1.7
Suspended solids (SS)	mg/L	50	40	5.6	1.0	3.3
n-Hexane extract content (Mineral oil content)	mg/L	5	4	1.0	1.0	1.0
n-Hexane extract content (Animal and plant oil and fat content)	mg/L	30	24	1.0	1.0	1.0
Fluorine and its compounds	mg/L	8	6.4	0.2	0.2	0.2
Zinc content	mg/L	2	1.6	0.026	0.018	0.022
Soluble iron content	mg/L	10	8	0.1	0.1	0.1
Soluble manganese content	mg/L	10	8	0.2	0.1	0.2
Phosphorus content	mg/L	16 (8)	6.4	0.1	0.1	0.1
Nitrogen content	mg/L	120 (60)	48	1.1	0.8	1.0

Values for total phosphorus content and total nitrogen content are daily averages.

Tokyo Office (Discharged into sewage.)

Item	Unit	Regulation*	Voluntary Standard	Maximum	Minimum	Average
Hydrogen ion concentration (pH)	-	5~9	5.4~8.6	8.9	7.4	8.4
Biochemical oxygen demand (BOD)	mg/L	600	480	370	42	144
Suspended solids (SS)	mg/L	600	480	560	35	136
n-Hexane extract content (Mineral oil content)	mg/L	5	4	0	0	0
n-Hexane extract content (Animal and plant oil and fat content)	mg/L	30	24	22.0	1.0	9.0
Total phosphorus	mg/L	16	12.8	9.4	0.4	4.8
Total nitrogen	mg/L	120	96	110	9	60
Soluble manganese	mg/L	10	8	0.03	0.01	0.02
Cyanogen	mg/L	1	0.8	0	0	0

* An on-site inspection by Mitaka City revealed that BOD and total nitrogen exceeded the discharge standards of the city's sewage ordinance. Investigations were conducted to determine the cause of the problem, including surveys of high-concentration hours, and remedial measures were implemented.

Aerospace Company

Utsunomiya Plant

Main Plant (Discharged into sewage.)

Item	Unit	Regulation	Voluntary Standard	Maximum	Minimum	Average
Hydrogen ion concentration (pH)	-	5~9	5.4~8.6	8.6	6.7	7.6
Suspended solids (SS)	mg/L	600	480	390	< 1.0	79

Item	Unit	Regulation	Voluntary Standard	Maximum	Minimum	Average
Biochemical oxygen demand (BOD)	mg/L	600	480	344	0.5	85
n-Hexane extract content (Mineral oil content)	mg/L	5	4	< 1.0	< 1.0	< 1.0
n-Hexane extract content (Animal and plant oil and fat content)	mg/L	30	24	22.4	< 1.0	7.7
Fluorine compounds	mg/L	8	6.4	1.4	< 0.2	0.3
Cyanogen	mg/L	1	0.8	< 0.1	< 0.1	< 0.1
Cadmium	mg/L	0.03	0.024	< 0.003	< 0.003	< 0.003
Total chromium	mg/L	2	1.6	0.09	< 0.01	0.02
Hexavalent chromium	mg/L	0.1	0.08	< 0.02	< 0.02	< 0.02

Main Plant (Effluent is discharged into public rivers.)

Item	Unit	Regulation	Voluntary Standard	Maximum	Minimum	Average
Hydrogen ion concentration (pH)	-	5.8~8.6	6.0~8.3	8.3	6.8	7.7
Suspended solids (SS)	mg/L	50	40	6.4	< 1.0	2.5
Biochemical oxygen demand (BOD)	mg/L	30	24	8.1	0.6	1.3
n-Hexane extract content (Mineral oil content)	mg/L	5	4	< 1.0	< 1.0	< 1.0
n-Hexane extract content (Animal and plant oil and fat content)	mg/L	30	24	< 1.0	< 1.0	< 1.0
Cyanogen	mg/L	1	0.8	< 0.1	< 0.1	< 0.1
Cadmium	mg/L	0.03	0.024	< 0.003	< 0.003	< 0.003
Total chromium	mg/L	2	1.6	< 0.01	< 0.01	< 0.01
Hexavalent chromium	mg/L	0.5	0.4	< 0.02	< 0.02	< 0.02

South Plant (Discharged into sewage.)

Item	Unit	Regulation	Voluntary Standard	Maximum	Minimum	Average
Hydrogen ion concentration (pH)	-	5~9	5.4~8.6	8.3	6.8	7.4
Suspended solids (SS)	mg/L	600	480	478	1.8	62.3
Biochemical oxygen demand (BOD)	mg/L	600	480	95.7	3.2	93.1
n-Hexane extract content (Mineral oil content)	mg/L	5	4	< 0.1	< 0.1	< 0.1
n-Hexane extract content (Animal and plant oil and fat content)	mg/L	30	24	9	< 0.1	2.4
Cyanogen	mg/L	1	0.8	< 0.1	< 0.1	< 0.1
Cadmium	mg/L	0.03	0.024	< 0.003	< 0.003	< 0.003
Total chromium	mg/L	2	1.6	< 0.01	< 0.01	< 0.01
Hexavalent chromium	mg/L	0.1	0.08	< 0.02	< 0.02	< 0.02

South Plant (Effluent is discharged into public rivers.)

Item	Unit	Regulation	Voluntary Standard	Maximum	Minimum	Average
Hydrogen ion concentration (pH)	-	5.8~8.6	6.0~8.3	7.9	6.9	7.2
Suspended solids (SS)	mg/L	50	40	5.6	1.2	2.5
Biochemical oxygen demand (BOD)	mg/L	30	24	12	0.6	1.6
n-Hexane extract content (Mineral oil content)	mg/L	5	4	< 0.1	< 0.1	< 0.1
Cyanogen	mg/L	1	0.8	< 0.1	< 0.1	< 0.1
Cadmium	mg/L	0.03	0.024	< 0.003	< 0.003	< 0.003
Total chromium	mg/L	2	1.6	< 0.01	< 0.01	< 0.01
Hexavalent chromium	mg/L	0.5	0.4	< 0.02	< 0.02	< 0.02

2nd South Plant (Discharged into sewage.)

Item	Unit	Regulation	Voluntary Standard	Maximum	Minimum	Average
Hydrogen ion concentration (pH)	-	5~9	5.4~8.6	8.3	7.1	7.0
Suspended solids (SS)	mg/L	600	480	85	1.2	26.8
Biochemical oxygen demand (BOD)	mg/L	600	480	145	1.1	30.5
n-Hexane extract content (Mineral oil content)	mg/L	5	4	< 0.1	< 0.1	< 0.1
n-Hexane extract content (Animal and plant oil and fat content)	mg/L	30	24	4.7	< 1.0	2.0
Fluorine compounds	mg/L	8	6.4	0.7	< 0.2	0.2
Cyanogen	mg/L	1	0.8	< 0.1	< 0.1	< 0.1
Cadmium	mg/L	0.03	0.024	< 0.003	< 0.003	< 0.003
Total chromium	mg/L	2	1.6	1.1	< 0.01	0.08
Hexavalent chromium	mg/L	0.1	0.08	< 0.02	< 0.02	< 0.02

2nd South Plant (Effluent is discharged into public rivers.)

Item	Unit	Regulation	Voluntary Standard	Maximum	Minimum	Average
Hydrogen ion concentration (pH)	-	5.8~8.6	6.0~8.3	7.4	6.5	6.9
Suspended solids (SS)	mg/L	50	40	2.8	1.6	2.2
Biochemical oxygen demand (BOD)	mg/L	30	24	3.9	0.7	1.5
n-Hexane extract content (Mineral oil content)	mg/L	5	4	< 0.1	< 0.1	< 0.1
Cyanogen	mg/L	1	0.8	< 0.1	< 0.1	< 0.1
Cadmium	mg/L	0.03	0.024	< 0.003	< 0.003	< 0.003
Total chromium	mg/L	2	1.6	< 0.01	< 0.01	< 0.01
Hexavalent chromium	mg/L	0.5	0.4	< 0.02	< 0.02	< 0.02

Handa Plant (Effluent is discharged into public rivers.)

Item	Unit	Regulation	Voluntary Standard	Maximum	Minimum	Average
Hydrogen ion concentration (pH)	-	6~8	6~8	8.0	6.0	6.9
Suspended solids (SS)	mg/L	25	20	10	1.0	1.6
Biochemical oxygen demand (BOD)	mg/L	25	20	18	0.5	2.7
Chemical oxygen demand (COD)	mg/L	25	20	15	0.9	4.3
n-Hexane extract content (Mineral oil content)	mg/L	2	1.6	< 0.5	< 0.5	< 0.5
Cyanogen	mg/L	10	8	< 0.1	< 0.1	< 0.1
Cadmium	mg/L	0.03	0.024	< 0.005	< 0.005	< 0.005
Total chromium	mg/L	2	1.6	< 0.04	< 0.04	< 0.04
Hexavalent chromium	mg/L	0.5	0.4	< 0.04	< 0.04	< 0.04

Handa West Plant (Effluent is discharged into public rivers.)

Item	Unit	Regulation	Voluntary Standard	Maximum	Minimum	Average
Hydrogen ion concentration (pH)	-	6~8	6~8	7.8	7.0	7.4
Suspended solids (SS)	mg/L	15	12	9.0	1.0	2.8
Biochemical oxygen demand (BOD)	mg/L	15	12	6.4	1.6	3.1
Chemical oxygen demand (COD)	mg/L	15	12	7.1	0.5	5.1
n-Hexane extract content (Mineral oil content)	mg/L	2	1.6	< 0.5	< 0.5	< 0.5
Cyanogen	mg/L	2	1.6	< 0.1	< 0.1	< 0.1
Cadmium	mg/L	0.5	0.4	< 0.005	< 0.005	< 0.005
Total chromium	mg/L	0.2	0.16	< 0.04	< 0.04	< 0.04
Hexavalent chromium	mg/L	0.3	0.3	< 0.04	< 0.04	< 0.04

Noise (Noise Regulation Act, Prefectural Regulations, Agreements)**Automotive Business****Gunma Plant**

Measurement Location	Unit	Regulation* (Night)	Voluntary Standard	Number of Measurement Sites	Maximum
Main Plant	dB(A)	55	54	8	54
Yajima Plant	dB(A)	55	54	10	50
Oizumi Plant	dB(A)	50	49	10	49

* The Oizumi Plant exceeded regulatory levels due to intermittent noise. We have confirmed that this intermittent noise is no longer occurring.

Aerospace Company

Utsunomiya Plant

Measurement Location	Unit	Regulation (Night)	Voluntary Standard	Number of Measurement Sites	Maximum
Main Plant	dB(A)	60	58	8	49
South Plant	dB(A)	50	48	3	38
2nd South Plant	dB(A)	50	48	3	42

Handa Plant

Measurement Location	Unit	Regulation (Night)	Voluntary Standard	Number of Measurement Sites	Maximum
Handa Plant	dB(A)	65	63	3	50

Handa West Plant

Measurement Location	Unit	Regulation (Night)	Voluntary Standard	Number of Measurement Sites	Maximum
Handa West Plant	dB(A)	65	63	6	46

Kisarazu Office

Measurement Location	Unit	Regulation (Night)	Voluntary Standard	Number of Measurement Sites	Maximum
Kisarazu Office	dB(Z)	50	48	2	34

Vibration (Vibration Regulation Act, Prefectural Regulations, Agreements)

Automotive Business

Gunma Plant

Measurement Location	Unit	Regulation (Night)	Voluntary Standard	Number of Measurement Sites	Maximum
Main Plant	dB(A)	65	64	8	42
Yajima Plant	dB(A)	65	64	10	43
Oizumi Plant	dB(A)	60	59	10	37

Aerospace Company

Utsunomiya Plant

Measurement Location	Unit	Regulation (Night)	Voluntary Standard	Number of Measurement Sites	Maximum
Main Plant	dB(Z)	65	63	8	32
South Plant	dB(Z)	60	58	2	<30
2nd South Plant	dB(Z)	60	58	3	<30

Handa Plant and Handa West Plant

Measurement Location	Unit	Regulation (Night)	Voluntary Standard	Number of Measurement Sites	Maximum
Handa Plant	dB(Z)	70	68	3	<32
Handa West Plant	dB(Z)	70	68	5	<30

Kisarazu Office

Measurement Location	Unit	Regulation (Night)	Voluntary Standard	Number of Measurement Sites	Maximum
Kisarazu Office	dB(Z)	55	53	2	<30

Odor (Offensive Odor Control Act)

Automotive Business

Gunma Plant

Measurement Location	Regulation	Voluntary Standard	Number of Measurement Sites	Maximum
Main Plant	21	20	6	<10
Yajima Plant	21	20	8	<10
Oizumi Plant	21	20	6	<10

[Odor index]

Chemical Substances Subject to Japan's Pollutant Release and Transfer Register (PRTR) System: Amount Handled and Emissions

Automotive Business

Gunma Plant (Main Plant, Yajima Plant, Oizumi Plant, Subaru Test & Development Center (SKC))

Chemical Substance	Amount Handled	Emissions		Amount Transferred		Amount Consumed	Amount Removed through Processing	Amount Recycled
		Atmosphere	Water	Sewer	Waste			
Water-soluble zinc compounds	10,268	0	147	0	0	10,121	0	0
Ethylbenzene	336,575	182,098	0	0	0	30,432	45,731	78,314
Xylene	413,747	170,729	0	0	0	127,537	63,085	52,396

Environmental
ManagementEnvironmentally
Friendly AutomobilesClimate
ChangeResource
RecyclingWater
Resources

Biodiversity

Prevention
of PollutionFYE March 2022 Environmental
Performance Data for Plants and Offices

Chemical Substance	Amount Handled	Emissions		Amount Transferred		Amount Consumed	Amount Removed through Processing	Amount Recycled
		Atmosphere	Water	Sewer	Waste			
1,2,4-Trimethylbenzene	206,182	1,020	0	0	0	205,163	0	0
1,3,5-Trimethylbenzene	22,387	12,746	0	0	0	1,357	4,918	3,366
Toluene	526,112	171,900	0	0	0	259,486	44,730	49,995
Naphthalene	7,466	5,080	0	0	0	0	1,355	1,031
Nickel compounds	612	0	17	0	290	306	0	0
Bis(2-ethylhexyl) phthalate	4,965	0	0	0	96	4,868	0	0
Hydrogen fluoride and its water-soluble salts	5,160	0	4,696	0	0	464	0	0
n-Hexane	89,727	301	0	0	0	89,426	0	0
Benzene	15,897	53	0	0	0	15,843	0	0
Formaldehyde	9,337	4,380	0	0	1,209	0	2,035	1,712
Manganese and its compounds	4,040	0	106	0	1,864	2,071	0	0
Dioxins Unit: mg-TEQ/year	0	0	0	0	0	0	0	0
Cumene	1,696	1,046	0	0	0	0	402	248
Methylnaphthalene	8,813	46	0	0	0	8,767	0	0
Total	1,662,985	549,401	4,965	0	3,459	755,843	162,255	187,062
		554,366						

[Unit: kg/year, excluding dioxins (mg-TEQ/year)]

Tokyo Office

Chemical Substance	Amount Handled	Emissions		Amount Transferred		Amount Consumed	Amount Removed through Processing	Amount Recycled
		Atmosphere	Water	Sewer	Waste			
Ethylbenzene	11,401	0.12	0	0	536	0	0	0
Ethylene glycol	2,002	0	0	0		0	0	0
Xylene	49,650	0.47	0	0	2,321	0	0	0
1,3,5-Trimethylbenzene	7,702	0.02	0	0	536	0	0	0
Toluene	185,605	5.76	0	0	10,714	0	0	0
1,2,4-Trimethylbenzene	37,626	0.13	0	0	1,920	0	0	0
Benzene	6,329	0.72	0	0	268	0	0	0
n-Hexane	20,563	5.38	0	0	446	0	0	0
Total	320,878	12.60	0	0	16,740	0	0	0
		12.60						

[Unit: kg/year]

Aerospace Company

Chemical Substance	Amount Handled	Emissions		Amount Transferred		Amount Consumed	Amount Removed through Processing	Amount Recycled
		Atmosphere	Water	Sewer	Waste			
Toluene	22,527	5,412	0	0	1,521	15,594		0
Xylene	2,031	218	0	0	71	1,742		0
Total	24,558	5,630	0	0	1,592	17,336	0	0

[Unit: kg/year]

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Respect for Human Rights

Our Approach

The SUBARU Group puts people first and engages in people-oriented manufacturing. Based on the belief that respect for the rights and characteristics of individuals is an important management issue for SUBARU, the SUBARU Group established its Human Rights Policy in April 2020. In this policy, the Group respects the human rights stipulated in international norms such as the Universal Declaration of Human Rights (UDHR), International Bill on Human Rights, and the ILO Declaration on Fundamental Principles and Rights at Work. It also applies to SUBARU CORPORATION and all its subsidiaries, as well as to business partners, including those in the supply chain, and other stakeholders. The policy states that we do not tolerate any discrimination based on race, age, sex, gender identification or expression, sexual orientation, national origin, ethnicity, religion, creed, profession, disability, family relations, or any other status protected by applicable law.

This policy was formulated with full consideration to stakeholders' expectations, incorporating discussions with outside experts and overseas subsidiaries. It was officially established after approval by the second meeting of the CSR Committee for FYE March 2020 and reported to the Board of Directors in March 2020. This policy is run globally and appropriately, being ready to address future environmental changes.

If a company commits an act where human rights issues arise, it not only results in loss of trust from customers but also damages brand image, significantly affecting the business foundation. Therefore, SUBARU recognizes respecting human rights as a risk related to its industry and business operations.

Human Rights Policy

Principle of Respect for Human Rights

The SUBARU Group, through its automotive and aerospace businesses, puts people first and engages in people-oriented manufacturing.

The Group considers respect for the rights and characteristics of individuals as an important management issue for SUBARU. Based on this policy, the SUBARU Group clarifies its responsibilities to respect human rights based on the United Nations Guiding Principles on Business and Human Rights.

1. Compliance with Laws and Regulations to Respect Human Rights

(Scope and Management Structure)

- This policy applies to the SUBARU Group worldwide—SUBARU CORPORATION and its all subsidiaries, expects and encourages our business partners and other stakeholders associated with our operations, including those in the supply chain, to respect human rights in accordance with this policy. To realize these goals, we have appointed the Representative Director, President and CEO as a director who is responsible for leading the process of developing this policy and assigning resources as needed for its implementation and continued improvement.

(Related Laws and International Norms)

- We will comply with the relevant laws and regulations of each country, and respect the human rights stipulated in international norms such as The Universal Declaration of Human Rights (UDHR), International Bill on Human Rights (International Covenant on Economic, Social and Cultural Rights, and International Covenant on Civil and Political Rights), and the ILO Declaration on Fundamental Principles and Rights at Work. If the standards set forth in the international norms exceed those set forth in applicable law, we will aim to adhere to the international norms.

2. Implementation of Human Rights Due Diligence

(Response to Human Rights Risks)

- We will identify potential or actual human rights risks linked to our business and establish and continuously operate mechanisms to prevent or mitigate such risks.

(Corrective Actions)

- We will strive to remedy any adverse human rights impact that we have caused or are involved in. We will also establish and maintain our grievance mechanism to do so.

(Training)

- To ensure that this policy is understood and practiced by all the members of the SUBARU Group, we conduct regular training and awareness-raising programs for executives, employees, and other stakeholders to respect human rights.

(Dialogue and Consultation)

- We engage in dialogue and consultation with relevant stakeholders in order to improve our commitment to respect for human rights.

(Information Disclosure)

- We will annually report on our commitments and the actions we have taken to respect and promote human rights pursuant to this policy.

Revised in March 2022

Human Rights Policy Appendix**Priority Human Rights Issues in SUBARU Group's Businesses**

The SUBARU Group's manufacturing is supported not only by our own factories, but also by an extremely large number of people working in the multilayered supply chains. We also have contact with a variety of people in areas such as marketing, sales, and after-sales service through distributors and dealerships all over the world. In order to respect human rights, and the numerous irreplaceable lives of all those involved in the SUBARU Group, we will actively address the following as priority issues identified so far.

We will regularly review the priority issues in this Appendix based on changes in social demands, including laws and regulations, technical progress, and the business operations of the SUBARU Group.

(Respect for Rights to Human Life and Property)

- In order to protect the basic rights of people and their families who interact with SUBARU Group's products and services, such as drivers, passengers, and pedestrians, we aim to eliminate all traffic accident deaths that involve SUBARU vehicles.
- We will promote the humanitarian use of the SUBARU Group's various products and services, including disaster relief, and strive to avoid nonhumane use.

(Respect for Individuals, Diversity and Inclusion)

- We value the unique characteristics of our employees, our business partners, and the members of the communities in which we operate and strive to create an environment of diversity and inclusion.
- We will conduct our business activities with full respect for privacy, including protecting the personal information of not only our customers and employees, but also those involved with the SUBARU Group.

(Zero Tolerance for Discrimination and Harassment)

- We do not tolerate any discrimination based on race, age, sex, gender identification or expression, sexual orientation, national origin, ethnicity, religion, creed, profession, disability, family relations, or any other status protected by applicable law among all persons involved in the SUBARU Group. Moreover, we do not tolerate any harassment that harms human dignity.
- We will carefully consider potential human rights risks in our marketing and other communication activities, and do not tolerate expressions that are discriminatory or may adversely affect children.

(Respect for the Workers' Rights in SUBARU Group and Encouraging Our Supply Chains)

- We do not tolerate child labor, forced labor, slave labor, and human trafficking.
- We do not expose young workers to hazardous work.
- We will give due consideration to the human rights of foreign workers and migrant workers.
- We respect freedom of association and the right to collective bargaining, which are fundamental workers' rights. We are committed to engagement with employees to ensure a positive working environment.
- We will maintain a worthwhile, safe, and hygienic working environment.
- In order to promote the well-being of workers, we will pay appropriate wages more than the minimum and living wages, and manage working hours appropriately.
- We expect and encourage our supply chains to respect the rights of workers.

(Respect for the Rights of Vulnerable People in Local Communities)

- We engage in responsible procurement practices including those related to conflict minerals.
- We will give special consideration to respect for the human rights of women, children, people with disabilities, social minorities, ethnic minorities, indigenous peoples, and other vulnerable groups.

(Contributions to Respect for Human Rights)

- We will actively contribute to human rights protection worldwide through the SUBARU Group's corporate citizenship activities.

Established in April 2020

> [SUBARU Supplier CSR Guidelines](#) 

Management System

We have appointed the Representative Director, President and CEO as a director who is responsible for leading the process of developing the policy and assigning resources as needed for its implementation and continued improvement. Specifically, at the Sustainability Committee,* chaired by the Representative Director, President and CEO, we regularly hold discussions on global human rights issues and initiatives, monitoring impact on the SUBARU Group's business. The results of these discussions are used in submissions and reports to the Board of Directors in order to take appropriate measures.

* Renamed in FYE March 2022 from the CSR Committee.

Initiatives

Based on the belief that respect for the rights and characteristics of individuals is an important management issue for SUBARU, the CSR Committee decided to form the Human Rights Task Team in March 2019. The team was created in April 2019 and is comprised of members from the Human Resources Department, IR Department, Sustainability Promotion Department, and Procurement Planning Department*.

As a result of multiple discussions with outside experts and specialists, the Task Team formulated the Human Rights Policy in April 2020. It sets forth that the SUBARU Group's universal sense of purpose in acting for the good of people not only applies to our customers and employees but also extends across the entire value chain.

Based on the Human Rights Policy, the SUBARU Group, in order to fulfill its social responsibility in its global business activities, will respect the human rights of all stakeholders and continue managing its operations in line with respect for human rights, working to prevent and mitigate potential negative impacts on human rights.

* Renamed the Global Purchasing Planning Department in October 2020.

Activities to Raise Awareness of Human Rights

We have been conducting SUBARU's new employee training and manager training on the theme of diversity. Since FYE March 2021, we have held seminars with the purpose of helping employees obtain knowledge about business and human rights. In FYE March 2022, we held sessions for all SUBARU employees. All participants responded that they gained an understanding or a strong understanding.

Seminars on business and human rights

	Eligible participants	Program period
FYE March 2021	SUBARU human resource departments' manager-class employees	September 2020
	All SUBARU procurement departments' employees	September 2020
FYE March 2022	All SUBARU executives	January 2022

Human Rights Due Diligence

The SUBARU Group carries out human rights due diligence in accordance with the procedures stipulated in the United Nations Guiding Principles on Business and Human Rights.

From FYE March 2021 to FYE March 2022, with cooperation from LRQA Sustainability Co., Ltd. (formerly Lloyd's Register Japan K.K.), we identified and conducted impact assessments for human rights risks in the domains of human resources and procurement, identifying particularly key risks for the SUBARU Group. We have also formulated measures to address each of these risks. These are agreed upon by the Sustainability Committee and reported to the Board of Directors.

Identifying human rights risks

We held study groups on business and human rights for employees in each of the domains of human resources and procurement as well as workshops with representatives from hands-on teams. Through these workshops, we identified potential human rights issues, and based on these issues, we conducted interviews and factory inspections with stakeholders in each domain, identifying human rights risks.

Conducting impact assessments and identifying particularly key risks

Human rights risks identified in each domain were considered mainly along the axes of magnitude of impact and likelihood of occurrence, and particularly key risks for the SUBARU Group were identified.

Particularly key human rights risks

Human resources domain	Long working hours, occupational accidents, harassment of workers, forced labor among foreign workers
Procurement domain	Human rights violations among suppliers, responsible mineral procurement (e.g., conflict minerals, cobalt), harassment of suppliers

Formulating measures to address risks

For each of the human rights risks identified in each domain, we formulated measures to prevent and mitigate potential negative impacts.

We will continue to mitigate risks by steadily implementing formulated measures to combat them, regularly monitoring these at the Sustainability Committee, and through other actions.

Example measures implemented

	Human rights risks	Example measures implemented
Human resources domain	Harassment of workers	• Conducting harassment prevention workshops for management
		• Issuing the Harassment Explanatory Booklet for foreign workers in four languages
Procurement domain	Human rights violations among suppliers	• Beginning regular questionnaires about non-Japanese employees
		• Newly adding questionnaire on human rights initiatives
	Responsible mineral procurement (e.g., conflict minerals, cobalt)	• Formulating the Responsible Mineral Procurement Policy
		• Expanding the scope of conflict minerals procurement rules
Harassment of suppliers	• Partnership Formation Oath (Japanese version only)	
	• Compliance with the JAMA Voluntary Action Plan	

Preventing Harassment

The SUBARU Group has reidentified harassment of workers as a particularly key risk, and in our Human Rights Policy, we clearly state that there is "zero tolerance for discrimination and harassment." Seeking to prevent all forms of harassment, we prohibit such behavior in our work regulations, and it is also mentioned in the Compliance Guidelines and the Compliance Manual. We have prepared the Power Harassment Explanatory Booklet, and ensure that all SUBARU employees, including foreign workers, are aware of its contents.

In addition, we distribute the Power Harassment Prevention Handbook to all managers and supervisors, and make efforts to prevent harassment.

Contact for opinions and consultation services

The SUBARU Group has established a system for hearing voices from a range of stakeholders.

There shall be absolutely no retaliation for any kind of complaint that may be made through this system.

- **For employees**

We have set up a Compliance Hotline and a Harassment Advice Line internally and externally, creating an environment in which all employees, including those at Group companies, can receive advice. By creating a management system in which it is easy to seek advice, we encourage carefree consultations, and attempt to detect and resolve problems at an early stage. In particular, the Compliance Hotline provides consultation services in four languages (English, Chinese, Portuguese, and Spanish) for foreign workers.

> [Compliance Hotline](#)

- **For customers**

SUBARU Customer Center: SUBARU Call has been established as a system for promptly sharing information on customer opinions and comments with relevant departments and utilizing this information to make improvements.

> [SUBARU Call for Japanese customer](#)

- **For business partners (suppliers)**

At SUBARU, we are taking actions to promote fair trade based on the Automobile Industry Fair Trade Guidelines. As part of this effort, we have established a consultation service for promoting fair trade for business partners in SUBARU's supply chain, with the aim of early detection, prevention, corrective measures, and preventing recurrence of compliance issues.

We also participate in the Japan Platform for Migrant Workers towards Responsible and Inclusive Society (JP-MIRAI)

Consultation and Relief Pilot Project for Migrant Workers, and are striving to establish a consultation service for foreign workers in the supply chain in Japan.

> [Consultation service for promoting fair trade \(Japanese version only\)](#) 

> [JP-MIRAI](#) 

Quality: Automotive Business

Our Approach

Quality is the foundation of "Enjoyment and Peace of Mind," SUBARU's core value, and delivering quality is one of our most fundamental responsibilities to our customers. Quality enhancement is the most important theme in the mid-term management vision "STEP," and we are reviewing all business processes, from product planning and parts procurement by suppliers, to production and shipping at our plants, to after-sales service, and implementing reforms. For the SUBARU Group, quality enhancement serves as an essential foundation for our sustainable growth. This is because it enables us to remain sensitive to changes in customers' expectations of the quality they expect from SUBARU, as well as to help us overcome this once-in-a-century period of major transformation in automobile manufacturing and become the brand that customers continue to choose for "Enjoyment and Peace of Mind."

To ensure that we become a company that resonates with and inspires trust in our customers, under the banner of our new quality policy, all employees are making "quality first" their slogan. This instills a quality-first awareness as they work hard to provide high-quality products and services that will impress customers. SUBARU has also established quality policies at affiliated companies in Japan and overseas in accordance with the business content of each company and regional characteristics, and affiliated companies practice quality control based on these policies.

In FYE March 2021, we established the Quality Assurance Management Office to supervise quality assurance across the entire SUBARU Group, including the Aerospace Company. The roles of the office will include developing and managing the SUBARU Group's organizational structure and systems required to assure quality, maintaining their effectiveness, and continually improving them. By pursuing quality that our customers can use with peace of mind for many years to come, we will work to realize the SUBARU Group's goal of an enjoyable and sustainable society.

Quality Policy

At SUBARU, quality is our highest priority as we earn the trust of our customers.

1. We will deliver long-lasting products that our customers can use with peace of mind.
2. We will continually improve our products and services by always listening closely to our customers' voice.
3. We will be a good corporate citizen in all markets where we do business by ensuring compliance with all internal rules, local laws, regulations and social norms.

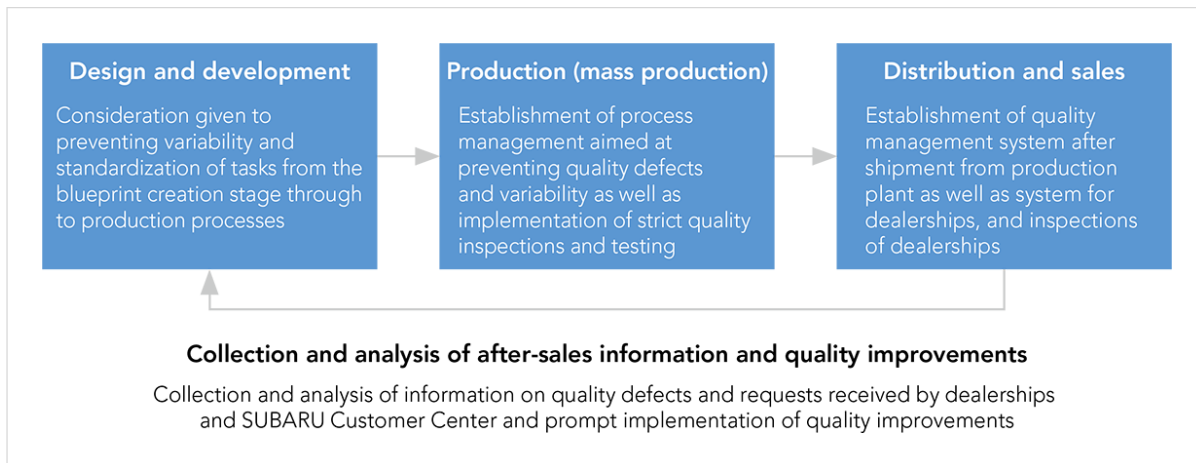
Revised in April 2019

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. Aim to improve customer satisfaction by assuring that products will comply with both customer requirements and applicable statutory and regulatory requirements.
3. Strive to continually improve the QMS through operational improvements.

With its QMS, SUBARU works to assure quality in each process from design and development to sales as well as creating a cycle to create even higher quality products. In addition, SUBARU strives to work through this cycle swiftly in order to meet customer needs without any delay.

Quality Management Cycle

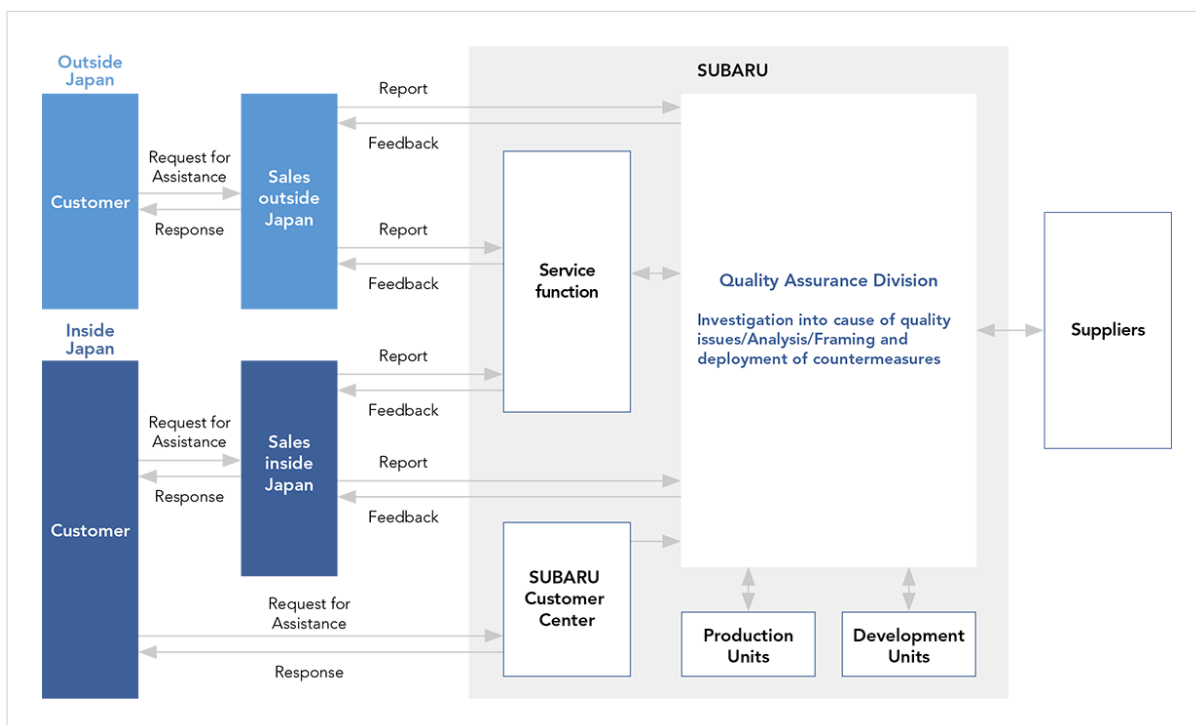


Management System

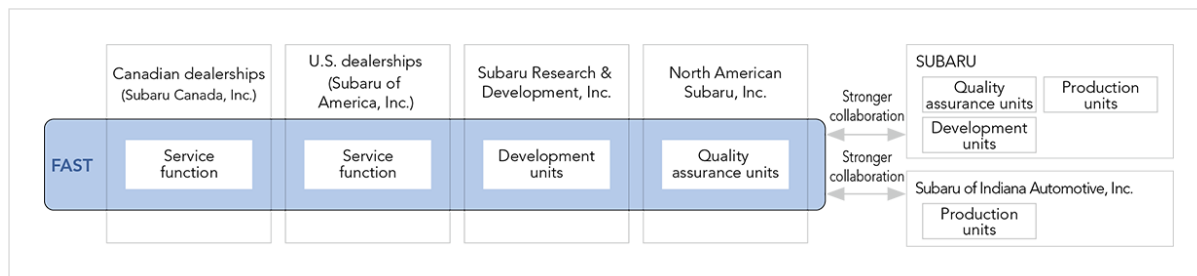
The SUBARU Group has established a quality improvement system with the Quality Assurance Division at the heart of efforts in order to analyze after-sales quality defects and customer requests to realize higher-quality development and production. Based on customers' opinions collected from around the world, SUBARU works with the relevant in-house departments and suppliers in identifying quality issues, investigating their cause, and planning countermeasures.

In January 2021, we established FAST (Fast Action & Solution Team), a North American quality improvement team where quality assurance and development units at local affiliated companies in the U.S. work together with service units at dealerships in the U.S. and Canada. By strengthening cooperation between departments, immediate decisions can be made on-site, and market demands can be met more speedily.

Quality Improvement System



Structure of the FAST North American Quality Improvement Team



Initiatives

Quality Control Training

Since quality enhancement is one of the priority initiatives in our mid-term management vision, we provide in-house education on quality to all employees. Quality education is provided on an ongoing and regular basis tailored to employee knowledge and experience levels, including their year of entry into the Company and their position. This instills a customer-centric, quality-first awareness, educating each and every employee so that they put quality first in their actions.

Our quality improvement initiatives are also generating steady results. In the February 2022 issue of the U.S.-based “Consumer Reports” magazine, SUBARU ranked No. 1 among other brands, up from No. 3 the previous year, and the Forester was ranked No. 1 in the small SUV category. In the 2021 Axios Harris Poll 100, a ranking of U.S. brands, SUBARU received a number of very highly favorable ratings. It was ranked No. 14 out of 100 companies, and especially among the millennial generation, aged 25–34, it was ranked No. 2. When only compared to automobile manufacturers, it was ranked No. 1.

All SUBARU models have received extremely high evaluations in Japan and overseas for their safety performance, which is a particular focus for us. One example is the Legacy Outback, which won the JNCAP Five Star Vehicle Safety Performance 2021 Award, and the Levorg, which won the JNCAP Five Star Vehicle Safety Performance 2020 Award the year prior.

Awards for Safety Performance

Award	Vehicle	Note
JNCAP*1 Five Star Vehicle Safety Performance 2021 Award	Legacy Outback	
IIHS*2 2022 TOP SAFETY PICK+*3 Winners (U.S.-specification Models)	SUBARU BRZ	(with optional EyeSight): (TSP+ for the first time)
	Forester	(TSP for 16 consecutive years)
	Crosstrek*4 Hybrid	(TSP+ for four consecutive years)
	Legacy	(TSP for 17 consecutive years)
	Outback	(TSP for 14 consecutive years)
IIHS 2022 TOP SAFETY PICK*3 Winners (U.S.-specification Models)	Impreza five-door (with optional EyeSight and specific headlights)	(TSP for 15 consecutive years)
	Crosstrek (with optional EyeSight and specific headlights)	(TSP for 11 consecutive years)

*1 Japan New Car Assessment Program (JNCAP): An automotive assessment program operated by the Ministry of Land, Infrastructure, Transport and Tourism and the National Agency for Automotive Safety and Victims’ Aid (NASVA) to compare and evaluate automobile safety performance.

*2 IIHS: Insurance Institute for Highway Safety

*3 Acquired for U.S.-specification models.

*4 Name in Japan: SUBARU XV

Global Quality Meeting

At the SUBARU Group, in order to instill a quality-first awareness, we attach great importance to dialogue with dealerships, as they are responsible for dealing with customers across the globe. We participate in technical liaison meetings held twice a year for the Japanese market, while in overseas markets, we take part in twice-yearly main dealerships (G8) service meetings and block conferences held in six regions.* We take in the views of dealerships expressed at these meetings to make decisions on the optimum means of addressing quality problems that inconvenience our customers. (In FYE March 2022, these were once again held as web conferences both for Japan and overseas.)

In addition, in order to listen to the voice of the market and speed up quality improvement, the Quality Improvement Committee, chaired by the Chief Quality Officer (CQO) and Chief General Manager of the Quality Assurance Division, holds monthly meetings to discuss quality at the executive level in all departments. Furthermore, the North America Quality Improvement Committee, which is comprised of the North America CQO and heads of North American subsidiaries, focuses on quality in the North American market and is held several times a year.

* Block conferences are held in a country in each of the six regions—the CIS, Central Europe, Northern Europe, Southern Europe, Oceania, and Central and South America. Their participants include representatives from dealerships and expatriates working in the region.



Global Quality Meeting

Quality Caravan

Since FYE March 2019, we have been holding an annual event called the Quality Caravan at all our business sites to inform participants of customer feedback and the quality status of SUBARU products. Our aim in doing so is to provide all employees with an accurate understanding of the current state of SUBARU and create an environment in which they are conscious of putting quality first at all times and approach their work in that mindset. In FYE March 2022, the caravan was held for all employees and Group company employees, revising content so as to take into account the most recent information and to prevent them from losing alertness about quality problems that inconvenienced our customers. This helps them to be constantly aware that their work is ultimately connected to the customer, and to instill a customer-centric, quality-first awareness. Not only are we engaging more business partners in these events, but Subaru of Indiana Automotive, Inc., SUBARU's production base in the U.S., has also been organizing events to raise global awareness of quality across the entire SUBARU Group. Going forward, we will continue to engage in awareness activities, while enhancing the program and extending the duration, among other improvements.



Quality Caravan

Initiatives with Business Partners

In order to maintain and improve the quality of SUBARU vehicles, we consider it extremely important to ensure the quality of all externally purchased parts. To this end, SUBARU has been carrying out various activities to promote voluntary improvements by business partners and to maintain and improve quality together with all business partners.

As part of its regular activities, SUBARU has taken a number of actions to build a foundation on which SUBARU and its business partners can work together based on a common awareness of concepts regarding quality maintenance and improvement. This includes developing a manual for all business partners that summarizes the standards and rules for built-in quality and ensuring stable quality.

In addition, in order to address the ever-changing environment, we hold briefing sessions on our Quality Policy for all business partners at the beginning of each fiscal year to share information about a range of quality-related situations. KPIs are set for quality targets and key quality indicators to be achieved in the short and medium term, and we present quality improvement measures, key points for enhancing quality, and other information as concretely as possible. Through direct communication from SUBARU, we deepen business partners' understanding and build a system that can flexibly respond to changes in the environment. This common awareness of our Quality Policy enables close cooperation between business partners and SUBARU at all stages, from development to mass production, promoting integrated quality assurance activities. As an example of our activities, we support regular voluntary audits of quality assurance systems and quality management systems at our business partners and provide advice from a third-party perspective. In addition to regular audits, SUBARU directly observes business partners' manufacturing processes and production sites. Here, we conduct audits and process checkups on an ad-hoc basis, offer proposals for productivity improvement, and otherwise engage collaboratively to further improve quality. Furthermore, by following the Advanced Product Quality Planning (APQP) process, our activities also help our business partners improve their own capabilities, contributing to overall quality improvement. These unified efforts between SUBARU and its business partners ensure the quality of externally manufactured parts.

In recent years, where the external environment has become extremely uncertain, parts supplies issues have arisen due to large-scale natural disasters and shifting world affairs. Amid this situation, we have also established support systems for our business partners in order to help quickly restore parts supplies in the event of an emergency.

Response to Recalls

The SUBARU Group takes measures to cope with recalls in order to prevent accidents, in accordance with our highest priority placed on customer safety.

We have established the Recall Committee to determine specific measures to be taken in the event of product defects that can infringe on safety or laws and regulations. This committee is chaired by the CQO and Chief General Manager of the Quality Assurance Division, and was established based on customer suggestions and defect information from around the world and in accordance with internal regulations. Regional representatives from our customers also participate in this decision-making process to determine what action we will take so as to incorporate not only legal and regulatory aspects in each country, but also the mindset of placing the highest priority on customer safety. Once determined, we promptly notify the relevant authorities of the recall. Affected customers are contacted by direct mail and other methods from our dealerships to encourage them to promptly have their car repaired free of charge, with their safety and peace of mind as our top priority. This information is also posted on our website on the recall notification date. The ratio of the number of vehicles for which improvement measures have been completed to the number of vehicles subject to recall is aggregated and reported to government agencies.

As of April 2022, SUBARU had no cases of violating laws and in-house regulations in regard to information provision on quality and safety.

Recalls of SUBARU Cars

Number of Recalls and Improvements

(FYE March)

Number of Cases	2018	2019	2020	2021	2022
Recalls*1	9*4	11	13*4	8	9
Corrective Action*2	1	1	1	0	1
Service Campaigns*3	3	6	3	6	3
Total	13	18	17	14	13

*1 Corrective action implemented by automobile manufacturers, etc., for a specific range of automobiles, or tires or child car seats, of a similar type to bring the product in question into compliance with the Safety Regulations for Road Vehicles when vehicles, etc., are in a condition that suggests that they may cease to conform or do not conform to those safety regulations, and when the cause for such non-conformity lies in the design of the vehicles, etc., or their manufacturing process.

*2 Corrective action implemented by automobile manufacturers, etc., in respect of matters which, although not specified in the Safety Regulations for Road Vehicles, cannot be overlooked from a safety or environmental conservation perspective in the event that a defect should arise, where the cause lies in the design or manufacturing process.

*3 Corrective action relating to merchantability/quality in respect of a defect that is not subject to a notification of recall or corrective action.

*4 The figure includes one recall relating to Takata airbags, in which a recall notification was submitted on the basis of individual model.

Recalls in FYE March 2022 (Global)*1

Country/Region	Number of Cases
Japan	9
North America	6
Others	5
Global	13*2

*1 Information presented is internal data and may differ from data published by the respective authorities.

*2 Identical recalls conducted across multiple countries/regions are combined to count as one recall. Therefore, the global total number of recalls from all countries/regions may not equal the total number of recalls from each country/region.

Takata Airbag Recall Progress

SUBARU's progress in responding to the Takata airbag recall in the U.S. (as of May 2022) is among the highest in the industry, as shown in the table below.

Takata airbag recall progress in the U.S.

No.	Automobile manufacturer	Progress rate
1	U.S. company A	98%
2	European company B	94%
3	Japanese company C	91%
4	SUBARU	89%
5	European company D	89%

	Industry average	79%

* From National Highway Traffic Safety Administration (NHTSA) data published May 2022

Quality: Aerospace Business

Our Approach

The Aerospace Company conducts SUBARU's aerospace business and its production activities are based on its policy of "Giving Safety and Quality Top Priority."

Quality Management System

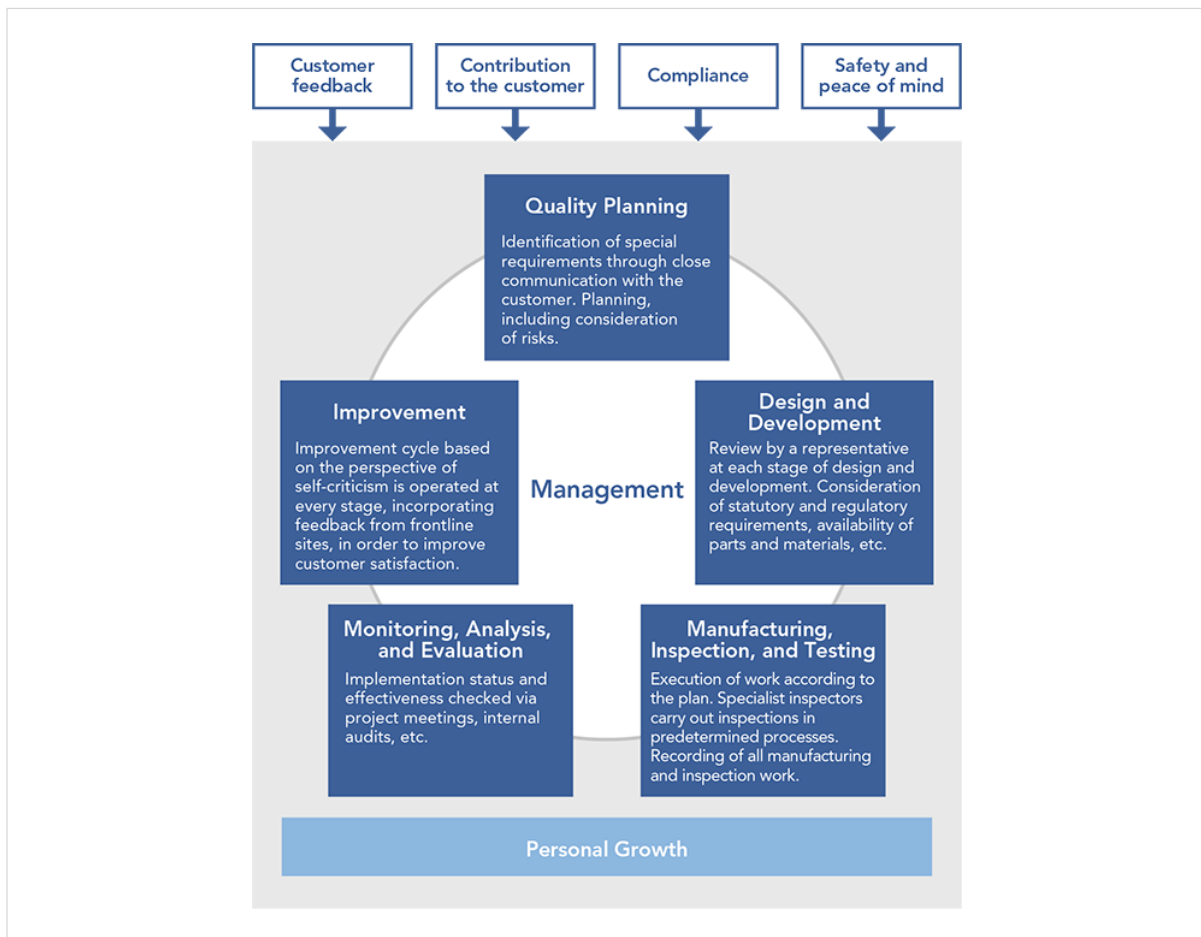
Based on its policy of "Giving Safety and Quality Top Priority," the Aerospace Company has built and acts under the quality management system that conforms to the latest JIS Q 9100:2016 quality management system requirements for aviation, space and defense organizations.

In addition, it incorporated the Supplements to JIS Q 9100 (SJAC 9068) that are independently and jointly established by the Japanese aerospace and defense industries in order to prevent improper occurrences related to quality.

Quality Management Cycle

SUBARU's Aerospace Company strives for quality assurance in every process from the clarification of requirements through to manufacturing in order to create safe, reliable products. In addition, it has established and operates a quality management cycle to enhance customer satisfaction.

Quality Management Cycle



Management System

At SUBARU's Aerospace Company, the QMS Promotion Office maintains and promotes the quality management system (QMS), and also works on improving the system to enhance quality.

The Quality Assurance Department promotes the following quality assurance activities covering product manufacture, repair, sales, and service, and rolls them out to relevant company departments and suppliers.

- Gather customer feedback
- Identify quality-related issues
- Investigate the root causes
- Formulate measures to deal with them

Initiatives

Quality Assurance Training

We provide quality assurance training in each department as part of our employee training program. We also hold training programs aimed at cultivating experts in quality assurance.

Major Education Training Programs

	Course Topic	Target	Frequency
Quality Education	Basic manners training for inspectors Techno-school	Inspectors	Once a year
	Quality refresher training	Mainly manufacturing employees	Twice a year
	Human factor training	Mainly Employees in Civil Aeronautics Act-certified workplaces	Once a year
	Aeronautical safety training	Mainly Employees in Civil Aeronautics Act-certified workplaces	Once a year
	Education for employees in certified workplaces	Mainly Employees in Civil Aeronautics Act-certified workplaces	Once a year
	QMS consolidation training	All employees	Twice a year
Basic Training for Inspectors	New accreditation/periodic renewal training	Inspectors	Upon accreditation / every three years
	Skills enhancement training for inspectors	Inspectors	Once a month
Skills Training for Inspectors	Techno-school	Inspectors	Ten times a year

Four Rules Activity

To bring happiness to our customers, to carry out our social responsibilities, and to achieve growth, each member of the Aerospace Company remains aware of our work rules (procedures, basics). When we find that the rules are difficult to follow, unclear, or out of step with the times, we all work together to improve them, rather than leaving the burden to one person. Through this activity, we strive to increase the quality of our work.

The four rules

In the work you are doing today

1. Are there any rules (procedures, basics)?
2. Are you following the rules?
3. Is there any room for improvement?
4. Are you discussing with someone about workplace improvements?

Quality Month Events

The Aerospace Company holds periodic quality meetings. They hold discussions regarding customer satisfaction and product quality from various aspects. In addition, every November is designated as Quality Month. There are awards for employees who have contributed to improving quality, and distribution of pamphlets to educate all employees on quality.

We have also established many kinds of systems such as the Improvement Proposal System, which aims to allow employees to display their creative abilities and build a culture of making improvements.

Making Safe Vehicles

Our Approach

The SUBARU Group believes that a car is more than just a means of transport, but rather a partner that enriches people's lives by understanding and meeting their expectations.

SUBARU's DNA comes from our origin as an aircraft manufacturer, and has a focus on people. We think about what is important to people who use cars, and develop products with the necessary functions and performance.

"Focus on people. Think about what is important to people who use cars. And create new value with cars." We believe that this is what SUBARU-ness means.

Having roots in the aircraft industry, we have, for more than half a century, consistently engaged in automotive manufacturing with maximum emphasis on safety performance, attaching particular importance to protecting lives in order to ensure that each and every one of our customers experiences "Enjoyment and Peace of Mind." In our pursuit of vehicle safety performance from all perspectives, we are honing our unique safety technologies in the four areas of Primary Safety, Active Safety, Preventive Safety, and Passive Safety, plus Connected Safety, based on SUBARU's overall safety philosophy, which focuses on delivering the world's highest standard of safety and peace of mind for all passengers. In the future, we will further evolve this intelligence and combine advanced sensing technologies with the judgment capability of AI, improving safety in all situations.

The SUBARU Group's goal of Making Safe Vehicles will be achieved through an advanced fusion of our initiatives for Peace of Mind and People-oriented Car Culture, two of our Six Priority Areas for CSR. Our mid-term management vision "STEP" describes our efforts to enhance safety and peace of mind by setting a target of achieving zero fatal traffic accidents by 2030.* As such, we are engaged in the development of vehicles that will enable us to eliminate traffic accident deaths.

* Reducing to zero the number of fatal accidents occurring while a driver or passenger in a SUBARU vehicle and the number of fatalities among pedestrians, cyclists, and the like arising from collisions with a SUBARU vehicle.

Management System

In order to further accelerate its new technology development, including safety technology and electrification for making products more environmentally friendly, SUBARU has changed its development systems based on SUBARU's overall safety philosophy, which focuses on delivering the world's highest standard of safety and peace of mind for all passengers. In this change, it has pivoted from a system based on functional organizations (e.g., vehicle bodies and power units) to an organic combination along value and functional axes.

* For more details regarding SUBARU's car manufacturing systems, please see Environmentally Friendly Automobiles: Management System.

[> Environmentally Friendly Automobiles: Management System](#)

Aiming for Zero Fatal Traffic Accidents by 2030

SUBARU has four safety areas. Primary Safety involves design that allows for a good field of vision and does not make the driver or passengers feel tired. Active Safety is controllability that allows a driver to avoid an obstacle that is in front of them, and to continue driving after avoiding it. Preventive Safety refers to pre-crash braking, as represented by EyeSight. And Passive Safety involves damage mitigation to protect the driver and passengers in the event that an accident does occur. By polishing these four safety areas, we intend to achieve a low rate of fatal traffic accidents in the real world.

SUBARU's intention does not lie in changing everything to automatic, but rather in "Respect of what humans are good at and leave what humans are not good at to automobiles for safe transportation." With this idea, SUBARU has polished our driver assist technology.

Going forward, the evolution of Advanced Driver Assistance System (ADAS) will make it possible to slow down and avoid collisions in high-speed zones and on large bends, which is expected to be of further assistance in preventing and mitigating

accidents. At the same time, we still face an issue that around 30% of fatal accidents primarily caused by the no-fault accidents are expected to remain under the current situation. Facing these problems, SUBARU is aiming to achieve zero fatal traffic accidents by 2030 by applying our intelligence technologies in the fields of Primary Safety, Active Safety, Preventive Safety, and Passive Safety, plus Connected Safety.

Achieving a Low Rate of Fatal Traffic Accidents in the U.S. and Japan

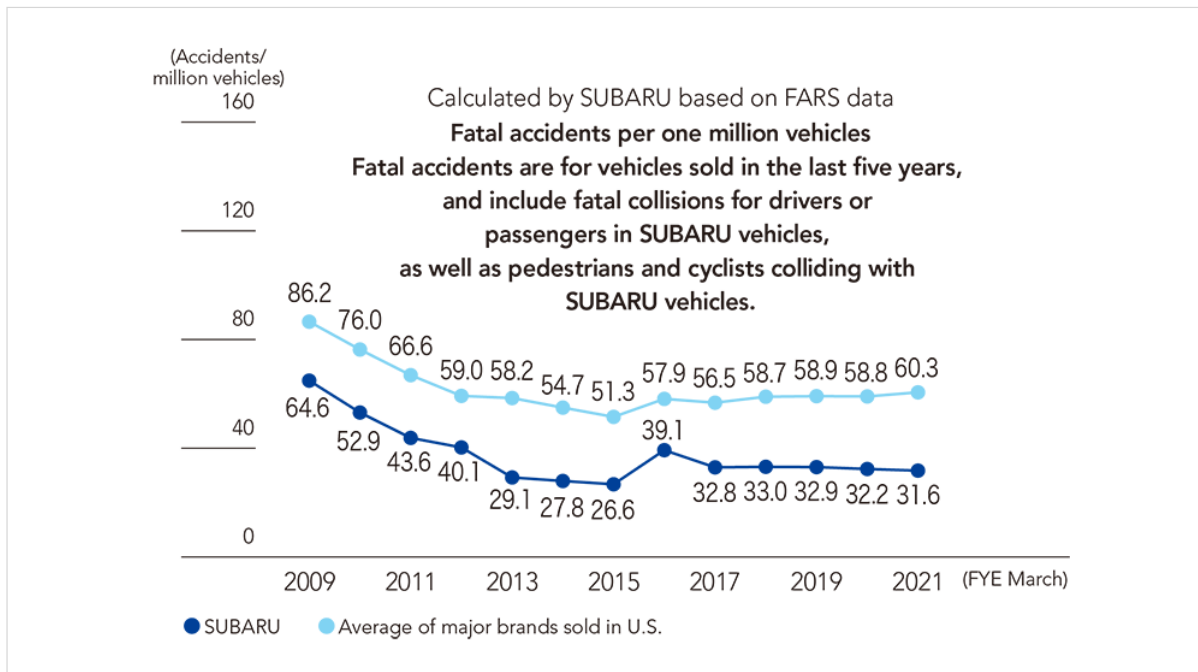
From FYE March 2009 to FYE March 2021, we carried out an investigation on the number of fatal traffic accidents involving SUBARU cars sold in the U.S., a major market, and those sold in Japan. In the U.S., SUBARU cars have maintained a rate of fatal traffic accidents that is lower than the average for major selling brands in the U.S. for 13 consecutive years*. In Japan, SUBARU cars also show a rate of fatal traffic accidents that is lower than the average for other auto manufacturers in the country for 13 consecutive years.

* These calculations were made independently based on data from the Fatality Analysis Reporting System (FARS) of the U.S. and the Institute for Traffic Accident Research and Data Analysis (ITARDA) of Japan.

> [EyeSight for 2030 \(Japanese version only\)](#) 

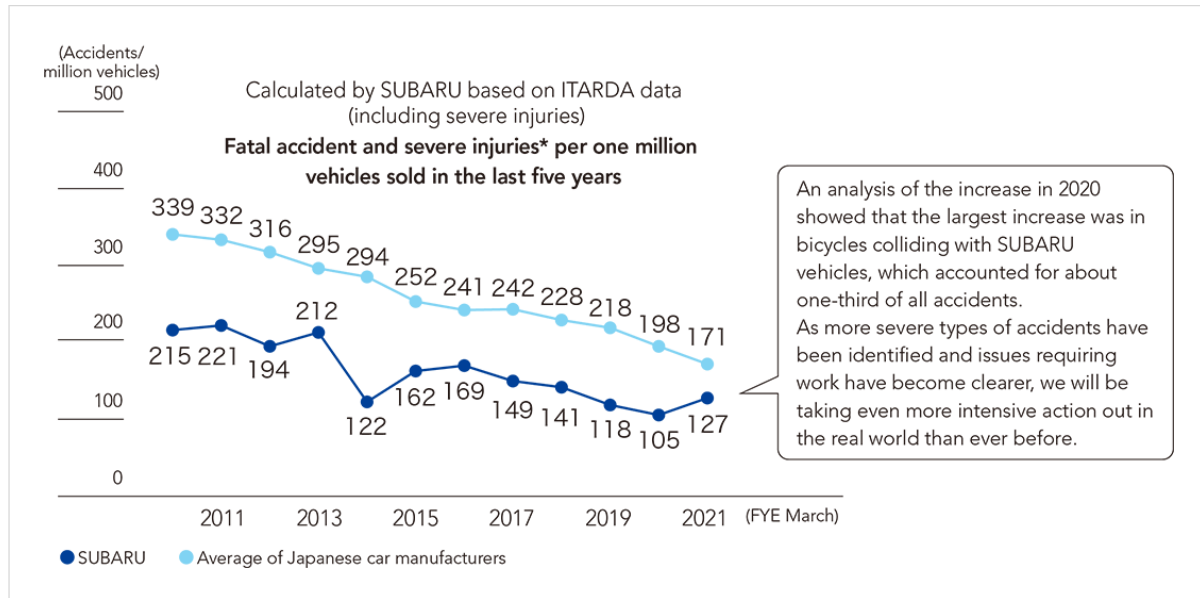
> [Six Priority Areas for CSR: TOPIC 03 Peace of Mind](#)

Facts about Fatal Traffic Accidents in the U.S.



Calculated by SUBARU based on FARS data
 Fatal accidents per one million vehicles sold in the last five years
 Average of 13 major brands sold in U.S., including SUBARU (excluding trucks and large SUVs)

Facts about Fatal Traffic Accidents in Japan



Calculated by SUBARU based on ITARDA data (including severe injuries)
Fatal accidents and severe injuries* per one million vehicles sold in the last five years
Average of eight Japanese car manufacturers, including SUBARU (including light vehicles but not trucks)

* Fatal accidents: Incidences where the victim died within 24 hours of the initial event.
Severe injuries: Includes general cases of severe injury.

Initiatives

Primary Safety

SUBARU's predecessor was an aircraft manufacturer. With aircraft, it is necessary to pursue "accident-free vehicle" design, as even a slight error in operation or judgment can cause a severe accident. Inheriting the philosophy of safety, SUBARU focuses on the primary design such as surface and operation, thereby we pursue clear, useful, and comfortable space where the driver can concentrate on driving easily.

Visibility Optimized for Every Condition

Early detection of danger can help avoid accidents. SUBARU has concentrated efforts on minimizing blind spots and improving visibility even under difficult conditions such as driving in rain or at night.

Optimal Driving Position

Optimal driving position allows drivers to move naturally, reducing fatigue and helping to improve safety and comfort while driving. It also helps the driver to steer the car precisely for taking evasive action when the risk of an accident occurs. SUBARU's cockpit is designed to be adjusted so that every driver can find their optimal driving position.

Intuitive Interface

Drivers can sometimes have a lapse in concentration when checking the navigation screen or adjusting the air conditioning. To prevent this from happening, SUBARU has designed an interface layout that is easy to use. For example, the navigation screen is placed so that the driver does not need to shift their line of vision too far, while the air-conditioning system and audio controls use switches that allow for intuitive operation so that drivers do not have to take their eyes off the road.

> [Technology: Primary Safety \(Japanese version only\)](#)

Active Safety

For SUBARU, “driving” means more than simply delivering enjoyment. It is an important factor in increasing safety.

To make it possible to avoid the situation safely if an accident occurs. To be able to drive safely in various weather conditions and road surfaces, the same way as during normal conditions. SUBARU has fine-tuned all the basic functions of a vehicle—driving, turning, and stopping—to develop vehicles that offer exceptional stability and predictable control in the most challenging conditions, which makes cars safer and more trustworthy.

Driving Stability

On the foundation of outstanding core performance, SUBARU tempers the body and suspension of its vehicles along with employing vehicle control devices that increase drivability, creating stable driving that provides peace of mind to drivers and passengers.

Line Traceability

Imagine being able to drive into a slippery corner on a snowy or rainy day without unpredictable car movement, turn exactly as intended through the corner, and head out of the corner smoothly. SUBARU includes a number of functions that make smooth cornering a reality.

Braking Performance

Braking performance is directly related to a car's safety, particularly its hazard avoidance capabilities. SUBARU goes beyond polishing such performance, also placing great focus on peace of mind. Brakes that provide peace of mind work as predicted every time. SUBARU repeatedly tests in all environments and on all road surfaces in our quest to deliver brakes that are easy to operate regardless of weather and that react quickly at the critical moment.

› [Technology: Active Safety \(Japanese version only\)](#) 

Preventive Safety

Our ultimate goal is to eliminate traffic accidents. To achieve this goal, SUBARU has spent more than 20 years developing driver assistance systems. The inexpensive and highly practical EyeSight has become widespread in markets around the world, pioneering advanced safety technology. Last year, EyeSight was reborn to help aid our goal of zero fatal traffic accidents by 2030.

EyeSight Core Technology

We have revamped our stereo cameras at the core of EyeSight's driver assistance. In this upgraded system, viewing angles are wider and image recognition is improved, giving it better-than-ever capabilities to distinguish cars, pedestrians, road lines, and other elements while driving. Also, thanks to improved control performance, driving SUBARU cars is now smoother and safer than ever before. Furthermore, with these new stereo cameras as a core driver and combined with four radar sensors on the front and rear of the vehicle, plus rear sonar, our system can monitor the car's entire surroundings. This offers support to drivers in a greater variety of situations and a higher level of safety. The 2020 Levorg was the first to feature this system, and it is now being expanded to the Forester, WRX, and Legacy Outback. In addition, for 2022, we have newly adopted a wide-angle monocular camera that works in conjunction with EyeSight's stereo camera, functioning as another eye for the system. Through a coordinated processing of information recognized by each camera, the system helps to avoid collisions with crossing bicycles and pedestrians when entering intersections at low speeds, and to mitigate damage in the event of a collision.

Collision Avoidance Support

Our next-generation EyeSight system greatly expands the usable scope of pre-crash braking. Now, it helps drivers avoid collisions at intersections with a high incidence of traffic accidents. It protects drivers and passengers in tense situations on the road, like oncoming vehicles, crossing pedestrians, or crossing bicycles during a turn, or vehicles approaching from the front. Approximately 40% of vehicle-to-vehicle accidents occur in situations like these. We believe our system will significantly mitigate these traffic accidents.

Also, to further improve collision avoidance performance, we have newly adopted a wide-angle monocular camera in some grades to augment EyeSight's recognition capability, in conjunction with upgrades to the Outback and Ascent, models for the North American market produced in the U.S. The wide-angle monocular camera enhances performance for recognizing pedestrians and bicycles and processes the recognized information in conjunction with the EyeSight system. When necessary, the system applies brakes to avoid collisions with crossing bicycles and pedestrians when entering intersections and helps to mitigate the damage in case of an accident.

Reducing Operating Burden

SUBARU believes that reducing operating burden leads to greater safety.

In 2020, EyeSight X was born, an evolutionary advance from our EyeSight system. This new system combines high-precision 3D maps and satellite positional data to recognize road conditions well ahead of the vehicle, beyond the detection range of stereo cameras and radar. These high-precision 3D maps constitute an important element technology at the heart of next-generation driver assistance. SUBARU was one of the first among automotive companies to apply this technology and bring it to market. It helps reduce driver burden especially on long hauls, offering a luxurious touring experience. It does this through a variety of features, including speed control at optimal levels just before curves and toll booths, active lane change assistance, and assistance during traffic congestion, including hands-off and start-and-stop support.

Support for Safe Driving

We have introduced a new Driver Emergency Support System. If the driver's hands come off the steering wheel for a long time while Active Lane Keep is engaged, or when the system detects a distracted or drowsy driver while hands-off congestion driving assistance is active, it will warn the user. If the driver's hands stay off the steering wheel even after the warning, the system determines that an emergency situation is underway, activating hazard lights and the car horn to inform nearby vehicles of the situation and gradually slowing the vehicle to a stop.

Improving Visibility

We have created a digital Multi-View Monitor reducing the size of blind spots around the vehicle. By displaying high-resolution video on an 11.6-inch monitor, drivers are given clearer visual information in situations like when reversing, pulling over at a curb, and at intersections with poor visibility. We have improved the size and resolution for our digital Smart Rear-View Mirror, offering support for safer rear-view confirmation.

[› Technology: Preventive Safety \(Japanese version only\)](#) 

Passive Safety

Since the time of "Subaru 360," when we started mass production, SUBARU has positioned safety as one basic function that cars should have. Also, we have been performing our own original damage mitigation tests that include protecting pedestrians since the 1960s—a time before thinking regarding damage mitigation had yet to be fully instilled. SUBARU's damage mitigation functions take into consideration not only the driver and passengers, but also pedestrians. They have received high evaluations both in Japan and around the world.

New Ring-Shaped Reinforcement Frame

SUBARU has a uniquely safe body design. In the cabin, the pillar and frame combine to form a "cage." The purpose of this is to protect from deformation regardless of the angle from which the vehicle is struck. A relatively crushable zone is provided to disperse and absorb the shock of a powerful impact. This gives SUBARU vehicles high collision absorption performance against impacts from any direction.

Front-end/Rear-end Collisions

Even small components can become as deadly as weapons when receiving the powerful force of a collision. Based on that fact, SUBARU equips its vehicles with a horizontally-opposed engine, which has the advantage of being able to effectively absorb the energy from a collision. During a front-end collision, not only can it easily slip under the floor, but the frame that absorbs the shock can extend symmetrically as well as straight. Each component of the cabin is made of shock-absorbing materials in order to protect lives.

Side Collisions/Rollovers

To protect the driver and passengers during a side collision, an extremely rigid side door beam is installed in the door. In addition to that, the new high-rigidity Ring-Shaped Reinforcement Frame protects the cabin space during a collision or rollover. Furthermore, several kinds of airbags and energy-absorbing materials line the entire car, protecting every person inside the cabin.

Protecting Pedestrians

SUBARU strives to protect not only our drivers and passengers but also pedestrians.

For example, our horizontally-opposed engines have a wide energy absorption space between the front hood and engine unit. This reduces damage from being struck by the top of the hood, which is a highly probable head injury for pedestrians.

Furthermore, our cars are designed to absorb the shock from components such as the hinge and hood stay. SUBARU's four safety areas, which take into consideration all forms of safety, can be found in all of our designs and initiatives, such as becoming the first Japanese automobile manufacturer to install Pedestrian Protection Airbags.

Safety Recognized around the World

SUBARU's damage mitigation features have received high evaluations in safety assessments from countries all around the world.

[> Technology: Passive Safety \(Japanese version only\)](#) 

Connected Safety

We use connection technology and data based on SUBARU's four safety areas of Primary Safety, Active Safety, Preventive Safety, and Passive Safety, and develop new technologies and services to further pursue safety. Our vehicles feature the Advanced Automatic Collision Notification (AACN) system. In the event of a collision that triggers the airbags, it automatically connects to a call center and coordinates with the police, emergency services, and medical institutions, aiding in more speedy rescue activities. In addition, SUBARU's mass market car models are equipped with the Driver Monitoring System, which attentively watches over the state of the driver. It detects when the driver looks away or shows signs of sleepiness, and sends an alert. Going forward, we will couple it with various controls.

Car Assessments

SUBARU undergoes safety performance testing and assessment of public organizations in and out of Japan including JNCAP in Japan, IIHS*1 in the U.S., Euro NCAP*2 in Europe, and ANCAP*3 in Australia, and has gained the highest rank of assessment in most of them.




In FYE March 2022, the new Legacy Outback won the JNCAP Five Star Vehicle Safety Performance 2021 Award, the highest rating in the Japan New Car Assessment Program (JNCAP). This is the second consecutive year that we have earned this highest rating, following last year's win by the SUBARU Levorg. At the IIHS, as of May 2022, six of SUBARU's 2022MY (model year) vehicles had won the organization's 2022 TOP SAFETY PICK+ (TSP+) Award, and two vehicles had won its 2022 TSP Award. In addition, SUBARU's Ascent and Forester were selected for the IIHS Seat Belt Reminder evaluation test, a program launched in March 2022. Both vehicles received the highest rating of "Good." Euro NCAP and ANCAP both gave the Outback a five-star rating in their 2021 assessments.

*1 IIHS: Insurance Institute for Highway Safety

*2 Euro NCAP: European New Car Assessment Programme, a safety information disclosure program for automobiles in Europe.

*3 ANCAP: The Australasian New Car Assessment Program, a safety performance assessment program conducted since 1993 by an independent organization created by Australian and New Zealand transit authorities.

FYE March 2022 Commendations

Assessed Automobiles	Assessment Organization	Assessment
Legacy Outback	 JNCAP, Japan	Vehicle Safety Performance JNCAP Best Award 2021 JNCAP Five Star Award 2021
2022 models of the Crosstrek Hybrid, Legacy, Outback, Forester, Ascent, BRZ (with optional EyeSight)*1	 (U.S.-specification models only) IIHS, U.S.	2022 TSP+ Award*2
2022 models of the Impreza (5-door) and Crosstrek (all with optional EyeSight and specific headlights)	 (U.S.-specification models only) IIHS, U.S.	2022 TSP Award*2
Outback	 Euro NCAP, Europe	2021 Five-star rating
Outback	 ANCAP, Australia	2021 Five-star rating

*1 As of May 2022

*2 In the IIHS's publication of vehicle safety information, the TOP SAFETY PICK (TSP) Award is given to vehicles that earned the rating of "Good" in all test results including the Offset Frontal Test, the Driver-side Small Overlap Front Test, the Passenger-side Small Overlap Front Test, the Side Crash Test, the Rear Impact Test, and the Rollover Test and the rating of "Acceptable" or higher in the Headlight Evaluation, as well as the rating of "Advanced" or higher in the vehicle-to-vehicle and vehicle-to-pedestrian tests. In addition to these ratings, vehicles which have been installed the headlights which earned the rating of "Acceptable" or higher in the Headlight Evaluation as a standard equipment are awarded the TOP SAFETY PICK+ (TSP+) Award.

Safety Is Our DNA

Since its founding, the core of the SUBARU Group, an organization with roots in the aircraft industry, has been to put people first and to engage in people-oriented manufacturing. We believe that safety is the most critical basic function for cars. Since the launch of Subaru 360 more than half a century ago, we have passed this belief on as an element of our company DNA, making relentless efforts in every era to perfect the most essential functions of a car—driving, turning, and stopping—reflected in our unique engineering know-how, including all-around safety performance. Looking to the future, SUBARU will continue to engage in automotive manufacturing with a philosophy of "All-Around Safety" and maximum emphasis on safety performance.

› [Technology Accentuating SUBARU-ness: Enjoyment and Peace of Mind](#)

SINCE 1917 Ensuring Safety for Pilots

Our DNA of Safety is Inherited from Aircraft Development

At the core of SUBARU's safety development expertise lie traits acquired from developing aircrafts. With aircraft, the implementation of ideas and countermeasures within the vehicle's basic structure prevents the onset of danger. One indispensable safety feature of aircrafts is the ability for the pilot to be able to secure an all-around unobstructed line of sight. This approach to safety has not diminished even after SUBARU moved into automobile manufacturing.

SINCE 1960 Ensuring Safety for Drivers**Going ahead of the Times: Developing a Vehicle Body for Collision Safety Based on All-Around Safety**

Subaru 360 had played an important role in expanding the popularization of automobiles during the period of high economic development. SUBARU has dedicated itself to developing vehicle bodies for collision safety following the principle of All-Around Safety—effectively absorbing shock from collisions in all directions and protecting the driver and passengers with a cabin structure of robust strength—since that period. SUBARU pushed forward independent research on car body structure and how it affects human body, and pursued superior collision safety technologies ahead of the times.



Subaru 360

SINCE 1970 Ensuring Safe Driving, Turning, and Braking**Developing Proprietary Technologies for Enhanced Driving Safety**

Fundamental automobile performance in terms of driving, turning, and braking differs significantly depending on the location of the center of gravity and the type of drive train. A low center of gravity and a drive train that delivers power to all of the wheels give constant stability when driving.

In 1966, we launched the Subaru 1000—a FWD vehicle with a horizontally-opposed engine—and, in 1972, the 4WD Subaru Leone. Since that time, SUBARU has continued to pursue safe and stable driving performance with our proprietary technologies.

Horizontally-opposed
engine (Boxer engine)

4WD



4WD Subaru Leone



Subaru 1000

IN THE 1980s & 1990s Ensuring Safety for Drivers and Passengers**Legacy Launched. Development of Driving Assistance Systems**

Our flagship Legacy model set a world speed record in January 1989 for 100,000 km of continuous driving, demonstrating both reliable driving performance and mechanical endurance. Furthermore, SUBARU commercialized Active Driving Assist (ADA), a driving assistance system using stereo cameras which was the predecessor of our current EyeSight technology.

IN THE 2000s & 2010s Ensuring Safety for Everyone**Commercialized EyeSight****Making the Latest Advanced Safety Features Standard Equipment on All Vehicles**

SUBARU commercialized our EyeSight technology, featuring stereo cameras constantly surveying the area forward of the vehicle and warnings and pre-crash braking functions for mitigating damage from accidents. In 2017, we began fitting vehicles with the new Touring Assist function, extending the minimum speed at which Lane Keep Assist can operate from 60 km/h to 0 km/h.

Moving forward, SUBARU is engaging in development for even more leading-edge technologies.

The SUBARU Global Platform

Achieving new levels of both comfort and maneuverability

The SUBARU Global Platform has brought about driving dynamics lending enjoyment to operating its vehicles. This has been achieved by top-class passive safety performance recognized by global safety assessments, as well as driving quality achieving new levels of comfort and maneuverability and top-class vibration reduction thanks to stability, as well as low noise.

FROM THE 2020s

Next-Generation EyeSight, EyeSight X

Evolutionary innovation in EyeSight

The next-generation EyeSight system enables 360-degree sensor capabilities from the wide-angle stereo camera and four radar units located at the front and rear of the vehicle. This contributes to safe driving in an even wider range of situations, like encounters with vehicles, pedestrians, and bicycles at intersections with poor visibility and when turning left or right. Stereo cameras, which can measure distance in the same way as the human eye, can distinguish between vehicles, pedestrians, and road lines. The system boasts high recognition performance with its wide viewing angle and viewing distance. The software, which functions as the "brain" of the system, takes this information and the state of the vehicle's operation to determine the necessary controls, executing these in a manner that fits the situation, supporting safe driving with peace of mind and comfort. Furthermore, EyeSight X achieves a new dimension of advanced safety technology with its newly developed system utilizing the QZSS "Michibiki" satellite system, GPS, and high-precision map data.

FROM THE 2020s

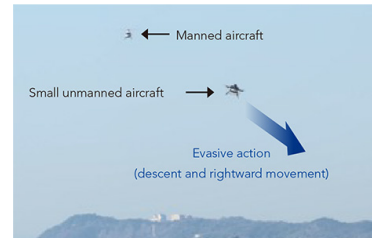
Evolution of the SUBARU Global Platform

Evolving ourselves to the next stage, in pursuit of our ideals

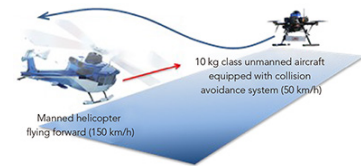
In order to bring the performance of the SUBARU Global Platform to an even higher level, we have adopted new full inner frame construction technology to enhance rigidity across the entire body. This has dramatically improved body rigidity. Going forward, we are also working to evolve the very basis of our vehicles, that being the platform that leads to all kinds of performance improvements, such as driving performance, comfort, and passive safety.

Initiatives in the Aerospace Business

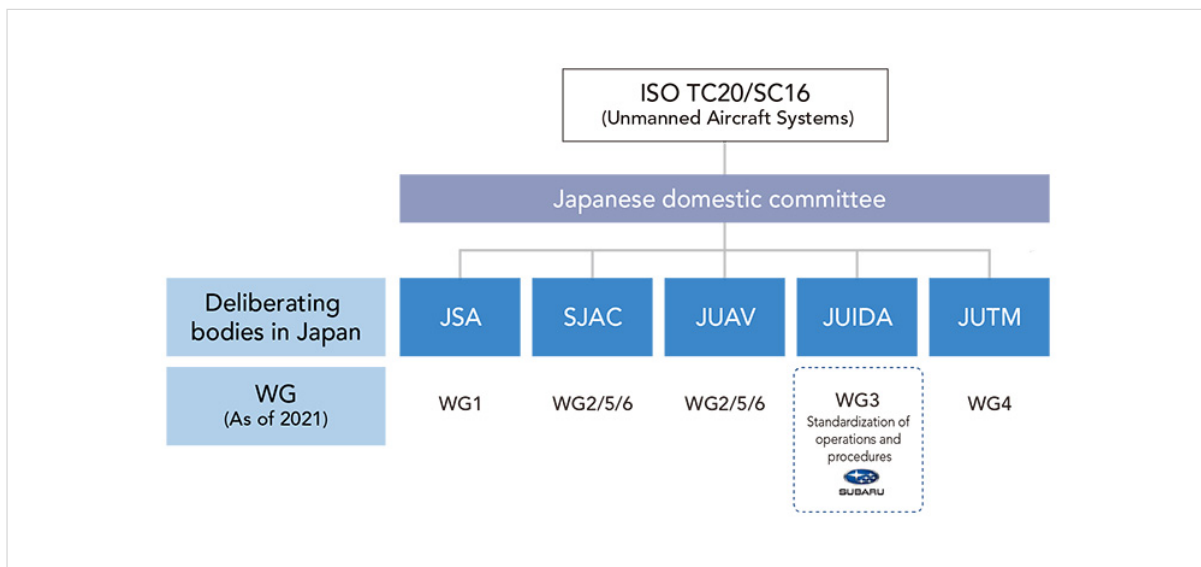
In recent years, reduction of CO₂ emissions has become a major environmental issue on a global basis, and this also encompasses aircraft. At the same time, electrification has garnered attention as a way to reduce environmental burdens. The Aerospace Company is active as a Steering Committee member of the Electrification Challenge for Aircraft (ECLAIR) Consortium, spearheaded by the Japan Aerospace Exploration Agency (JAXA), a national research and development agency. The Company has also formulated a future vision for the electrification of aircraft and created a technology roadmap with the goal of developing electrification technology that will drastically reduce environmental burdens, such as CO₂ emissions. Also, with the "Roadmap toward Air Mobility Revolution" announced by the Ministry of Economy, Trade and Industry in December 2018, Japan is increasing its momentum for a major advancement toward the development of flying cars. However, it is necessary to generate rules, including a great deal of legislation, to ensure traffic safety in the sky. SUBARU is proposing a public and private-sector conference to consider how to create these rules. Drones are also seeing a remarkable rise in use recently. By request of the New Energy and Industrial Technology Development Organization (NEDO), a national research and development agency, SUBARU is working to further improve safety for these and other aircraft. As part of this work, we succeeded in a flight demonstration for our technology that allows unmanned aircraft to automatically avoid danger, even in times of emergency. The test was conducted off the coast of Mikawa Bay in 2019, with cooperation from four other organizations, Aichi Prefecture, Toyokawa City, and Tahara City. Also, in September 2021 we successfully carried out the world's first autonomous collision avoidance test using a 10 kg class small unmanned aircraft at a relative speed of 200 km/h. This achievement is helping to promote the establishment of ISO international standards for unmanned aircraft. Going forward, SUBARU will continue working on initiatives to ensure the safety of airspaces and to reduce its environmental burden.



Flight demonstration for unmanned aircraft



Test of technology that allows unmanned aircraft to automatically avoid danger
 > Autonomous collision avoidance by a small unmanned aircraft at a relative speed of 200 km/h (Japanese version only)



SUBARU has contributed to the establishment of the collision avoidance portion of ISO 21384-3 (Operational procedures).

Human Resources: Human Resource Development

Our Approach to Human Resource Development

At SUBARU, we are promoting various initiatives in accordance with the mid-term management vision "STEP" and our Six Priority Areas for CSR with the aim of becoming a company "delivering happiness to all." In human resource development, we promote voluntary career development, focusing on the growth of the individual. We offer better opportunities for them to independently develop their careers, providing chances for learning that are in keeping with their own desired outcomes in combination with job rotation through a system of open recruiting. By doing this, we develop human resources that can voluntarily work toward value creation. Through the growth of the individual, we enhance the appeal of the SUBARU brand and continue to boost the Group's corporate value.

Human Resources: Training and Education

Our Approach

SUBARU focuses on the growth of the individual, believing it will create a new SUBARU Group. Here, its basic approach to human resource development is to offer personnel systems, job rotation, and educational programs in a way that is oriented to voluntary challenge.

We are not only taking these various initiatives throughout the SUBARU Group. Our affiliated companies in Japan and overseas are also carrying out initiatives suited to regional characteristics.

Regular Reviews and Career Development

Through the operation of the personnel system, each employee's job outcomes and performance levels for skills are objectively evaluated. In addition, under the goal management system, all SUBARU employees have an interview four times a year (for goal setting, interim confirmation, outcome confirmation, and evaluation sharing) and the supervisors and subordinates agree on the challenges necessary for growth. Both men and women are treated appropriately and there is no gender gap in the basic salary.

Training Programs

SUBARU offers a wide range of learning opportunities so that all employees can develop their skills in accordance with their career plans and levels. In order to support employee career development, we introduced new programs in FYE March 2022, establishing a system and environment so that we, as a company, support the growth of the individual.

Structure of Training Programs

	Sharing Philosophy*	Career Training* Career Support*	Business Skill Development Support*	Globally Focused Talent Development	Managerial Talent Development	Rank-specific Programs	Self-development Support
Manager Class		Career management training					
Mid-level/Regular Employee	Philosophy sharing program	Age-specific career training	Business skill development support programs	Mindset/Communication/ Language skills	Programs for selected staff	Newly appointed personnel training	Training at each business site/Official certification support
New hires	New employee training (after starting official employment)						
	New employee training (before starting official employment)						

* New

Training Results

- Total participants: 27,348
- Total training hours: 128,554
- Average training hours per employee: 6.5

Note: Self-development support and new employee training (before starting official employment) are not included in the total number of participants or training hours.

Philosophy Sharing Program

This program helps individual employees gain a deeper understanding of SUBARU's vision and the value it offers, helping them share a sense of togetherness with SUBARU through mutual dialogue between employees. It is designed to enable employees to independently be mindful of and act toward achievement of SUBARU's vision.

Career Training and Career Support

Career training is offered to employees as an opportunity for them to come face-to-face with their potential career paths so that they can develop their own careers independently. We also offer career management training and career consultations for managers so that employees' workplaces and superiors can support their career development.

Business Skill Development Support Programs

All employees, from managers to general staff, are offered a choice of various business skills development support programs in accordance with their level and goals. In skills development, we encourage employee independence and their voluntary selection of programs in accordance with their career plans and their own strengths and weaknesses. In addition, by actively utilizing public courses held at external institutions, employees gain more contact points outside the company and gain new awareness, providing opportunities to learn more about the outside.

Managerial Human Resource Development

SUBARU offers training for selected mid-level and manager class employees with the aim of continually fostering the next generation of managerial human resource.

Globally Focused Human Resource Development

In addition to improving language skills, we encourage employees to develop a wide range of capabilities with the goal of acquiring cross-cultural, collaboration, and leadership skills with a view to playing an active role on the global stage.

SUBARU Group Initiatives

Initiatives to Transfer Skills

The purpose of transferring skills at SUBARU is to create human resources who have comprehensive abilities to adapt to change, standardize and sustain that standardization, and envision continuous improvement, and who can create high-quality products with safety and efficiency.

At the Gunma Plant, we are systematically cultivating technicians based on a program of skills education. In April 2021, we introduced a new basic training program that condenses the vocational training school and STS education*1 programs previously available to employees. 294 employees attended courses in this program.

*1 At SUBARU Technical School, employees engage in specialized practical training and courses according to their occupation.



New basic training



National Skills Competition*2

The National Skills Competition is designed to cultivate human resources with advanced technical skills and who can lead in the workplace.

Each year, SUBARU employees compete to be the best in Japan in three categories—lathe work, plastic molding, and automobile sheet metal. For about three years from when they join the Company, competitors strive to hone their skills, concentration, and endurance in daily training so that they can do their best at this national competition.

*2 The National Skills Competition is an event sponsored by the Japan Vocational Ability Development Association in which young technicians (in principle, up to 23 years old) compete to be the best in Japan. The purpose of the competition is to promote the importance and necessity of technical skills and to help build momentum toward respect for technical skills. It does this by providing young technicians who will lead the next generation with a goal to strive for, and by providing opportunities for young people to come in contact with excellent technical skills in the regions where the competition is held.



Lathe work



Plastic molding



Automobile sheet metal



Award winners at the 2021 national competition

Human Resource Development Programs of Affiliated Companies in Japan

Beginning in FYE March 2023, primary responsibility for Group company human resource development has been transferred from the Corporate Planning Department to the Human Resources Department. With an integrated program, we will improve the level of our human resources throughout the SUBARU Group.

Human Resource Development Programs of Affiliated Companies Overseas

We support the development of Group company employees outside Japan by providing human resource development programs connected to capabilities needed and specialized skill development, based on regional systems, business content, and other factors.

Human Resources: Diversity

Our Approach

The SUBARU Group conducts its business with Diversity as one of its Six Priority Areas for CSR. In order to continue offering customers the unique value of the SUBARU brand, SUBARU employees need to be able to exert their unique human resources informed by their own personal values and characteristics. This is why SUBARU values the differences in gender, nationality, culture, and lifestyle among its employees and strives to create workplace environments where everyone can make a meaningful contribution. In addition, SUBARU's affiliated companies in Japan and overseas promote initiatives in accordance with the business domain of each company and regional characteristics.

Management System

The Diversity Promotion Office of SUBARU's Human Resources Department leads efforts in relation to diversity. The office has designated "supporting female employees to take on more active roles," "promoting the employment of people with disabilities," "promoting the reemployment of post-retirement age workers," and "promoting the recruitment of non-Japanese workers" as priority themes. Among them, SUBARU has placed particular emphasis on efforts to support and empower female employees.

Initiatives

Empowerment of Female Employees

SUBARU is working to support and empower women, mainly by supporting employees in their pursuit of career development and in their efforts to balance work and childcare, two pillars of our action plan through March 2026. To support the career development of women, we have set a target to more than double the 2021 number of female managers by 2025. As of March 2022, we have 1,113 managers, 24 of whom are women. We have established the Women's Leadership Program (WLP) as a program for female employees to share career plans, goals, and challenges with their supervisors and human resources departments, and to provide guidance and education tailored to each individual employee, thereby promoting human resource development. We have also established a career training system for everyone from young to manager-class employees, enabling women to plan their own career paths as we engage in training for female leaders and other programs. In addition, we offer unconscious bias training to create a culture that promotes active roles for women. When it comes to health, in FYE March 2022 we held the Women's Health Seminar, an event by women for women to help them understand health issues women can face, as well as the Women's Health Seminar for Supervisors with the aim of supporting these.

› [Second Action Plan based on the Act on Promotion of Female Participation and Advancement in the Workplace \(Japanese version only\)](#) 

Status of Female Employees (Non-consolidated)

		FYE March 2022
Proportion of female employees		7.3%
Proportion of female managers		2.2%
(Breakdown)	General managers and equivalent positions	1.2%
	Managers and equivalent positions	2.4%

› [Support for the Maintenance of Balance between Work and Childcare](#)

Supporting Reemployment

SUBARU has also established a reemployment support system for employees who resigned for reasons beyond their control, such as the relocation of their spouse.

From the introduction of the system in 2009 to March 2022, 13 employees have returned to work at SUBARU using this system.

Employment of People with Disabilities

SUBARU strives to create workplace environments in which people with disabilities can truly shine. To achieve this goal, SUBARU leverages the ideas and opinions of our employees with disabilities and their family members.

As of April 2022, SUBARU has 318 employees with disabilities, mainly engaged in manufacturing work, and the percentage of employees with disabilities is 2.39%*1. In FYE March 2022, we also held training programs on persons with disabilities for managers, whether or not they manage people with disabilities, and for personnel in charge of hiring people with disabilities at our affiliated companies in Japan. These programs helped instill a better understanding of the importance of hiring people with disabilities and their particular characteristics, as well as key points on labor management and other information.



The height of automatic door switches and work stations is set at a level that is convenient for those using wheelchairs

*1 Including the number of employees with disabilities at SUBARU's specified subsidiary company.

Employment of People with Disabilities

	April 2018	April 2019	April 2020	April 2021	April 2022
Number of employees with disabilities (Persons)*	269	280	291	306	318
Employment rate of people with disabilities (%)	2.28	2.30	2.30	2.36	2.39

* According to the method of calculation specified in the Act on Employment Promotion, etc. of Persons with Disabilities, one person with severe disabilities is counted as two persons with disabilities.

Universal Design Initiatives

In order to ensure compliance with the Guidelines for the Creation of Comfortable Working Environment*2, SUBARU makes improvements to the working environment, work methods, environmental facilities, and others in an organized and planned manner. We also proactively adopt universal design for our facilities, aiming to make the breakrooms, restrooms, smoking areas, and cafeterias barrier-free, thereby providing all employees with comfortable workplaces.

SUBARU has adopted universal design for the entry/exit gates, restrooms, and other facilities of the West Main Building of the Gunma Plant, as was done at the Head Office.

*2 "Guidelines for the Creation of Comfortable Working Environment" as stated in the Industrial Safety and Health Act of Japan



Entry/exit gates through which people in wheelchairs can also pass (West Main Building, Gunma Plant)



Parking for wheelchair users (West Main Building, Gunma Plant)

Specified Subsidiary Company SUBARU BLOOM Co., Ltd.

SUBARU BLOOM Co., Ltd. (SBC) proactively employs people with disabilities. As of April 2022, 78 employees and 20 instructors engage in the cleaning service provided by SBC to SUBARU's dormitories and plants. As a company proactively employing people with disabilities, SBC has registered with the Supporter Company for Employment of People with Disabilities program implemented by Gunma Prefecture's Department of Employment Support for People with Disabilities.

In FYE March 2022, SBC widely accepted study visits by local people and also introduced its initiatives to those in charge of the employment of students by companies at two neighboring special education schools.

At SBC, we hope to continue promoting the employment of people with disabilities going forward. We are also in the midst of coordination and studies for expanding this employment into new work areas based on employment results to date. In expanding employment, we believe it is essential to collaborate not only with employees but also with their families and local support organizations. Here, we will continue to promote the employment of people with disabilities as part of diversity management centered on coexistence with communities.

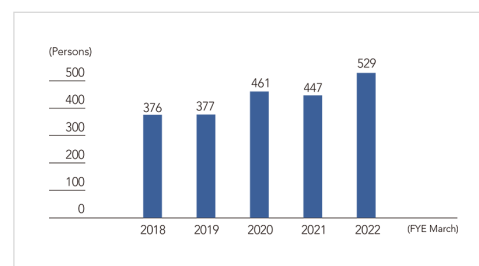


Certificate of Supporter Company for Employment of People with Disabilities issued by Gunma Prefecture

Reemployment of Retirees

SUBARU has implemented its SUBARU Business Staff Program and SUBARU Partner Program after revising its reemployment programs for employees after retiring at the mandatory age of 60. This revision and these programs are designed to not only help energize employees and senior citizens with valuable skills but to also be tailored to individuals with a variety of capabilities and support their active participation. We operate our programs so that all those who want to be reemployed can work for SUBARU and other Group companies. The number of rehired employees (aged 60 or older) in FYE March 2022 was 529.

Number of Employees Aged 60 and Older



Reemployment Rate (Non-consolidated)

FYE March	Retirees (Persons)	Applicants for Reemployment (Persons)	Reemployed (Persons)	Reemployment Rate
2018	108	83	83(21)*	100
2019	107	86	86(27)	100
2020	164	130	130(40)	100
2021	97	72	72(19)	100
2022	130	111	87(24)	100

Note: Figures within parentheses indicate the number of rehired employees at Group companies.

Employment of Non-Japanese Employees

SUBARU employs non-Japanese new graduates and mid-career workers as regular employees regardless of their nationality. In order to help non-Japanese employees to deepen their understanding of their work, we prepare our safety and quality policy-related documents, work manuals, and other documents in multiple languages. At the Gunma Plant, where we employ a particularly large number of non-Japanese employees, interpreters in English, Portuguese, Spanish, Chinese, and other languages are stationed at each of the facilities to ensure smooth communication between Japanese and non-Japanese employees.

Moreover, we provide Japanese employees with opportunities to receive language training and engage in overseas training, thereby helping them to enhance their ability to communicate with people from other countries and understand cultural differences. These initiatives contribute to revitalizing the company and securing human resources in a stable manner. As for foreign trainee workers, we basically provide them with education on safety and quality under the Technical Intern Training Program and also implement other measures to develop them into human resources who can utilize their abilities for their own countries after returning home.

Our overseas subsidiaries and affiliated companies independently employ human resources and work to secure human resources in line with their own policies and business details.

Regular Employment System for Temporary Workers

SUBARU has a regular employment system for temporary workers. We offer an opportunity to sit for an examination for regular employment to temporary workers who want to become regular employees and whom we have comprehensively judged to be qualified to take the examination based on the recommendations from their workplaces and other information. This system contributes to increasing the motivation and vigor of temporary workers. For the 10 years from FYE March 2013 to FYE March 2022, a total of 1,701 temporary workers became regular employees under the system.

Number of Temporary Workers Who Became Regular Employees

FYE March	Number of Those Who Became Regular Employees (Persons)
2018	113
2019	205
2020	223
2021	267
2022	181

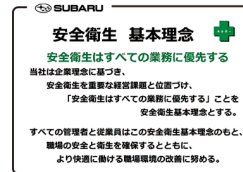
Supporting LGBTQ Employees

SUBARU is committed to eliminating discrimination related to gender identity and expression, as well as sexual orientation, and to creating an environment in which employees with diverse personalities and values can work with vigor. As part of fostering corporate culture in FYE March 2022, we invited experts to lead online training for managers, and videos of the training were streamed and disseminated across the organization. On the employee welfare side, we have established an external consultation service for individual consultation. Furthermore, from April 2022, we have revised our benefit systems (use of company housing, allowances, leave, etc.) to cover same-sex partners.

Human Resources: Occupational Health and Safety

Our Approach

SUBARU regards occupational health and safety as a critical management issue. Our Health and Safety Philosophy is “SUBARU makes health and safety the first priority in all our work,” and we have separately formulated the Basic Health and Safety Policy. Furthermore, each of SUBARU’s affiliated companies in Japan and overseas establishes their own occupational health and safety policies in line with their business details, regional characteristics, and local laws and regulations, and implements initiatives based on these policies. In addition, the SUBARU Group is also making effective use of hands-on training facilities to provide health and safety education not only to its own full-time and part-time employees, but also to temporary employees, employees of contractors and outsourcing companies working on our premises, employees involved in construction work on our premises, and employees of suppliers.



Health and Safety Philosophy



Yajima Plant, Gunma Plant

Basic Health and Safety Policy

With the aim of reducing industrial accidents, traffic accidents, diseases, and fires and other disasters to zero, every individual will strive to create a safe, comfortable workplace through efforts to improve facilities, environments, and work methods, and to enhance management and awareness, based on a shared recognition of the importance of health and safety.

Central Health and Safety Committee

Established April 2002

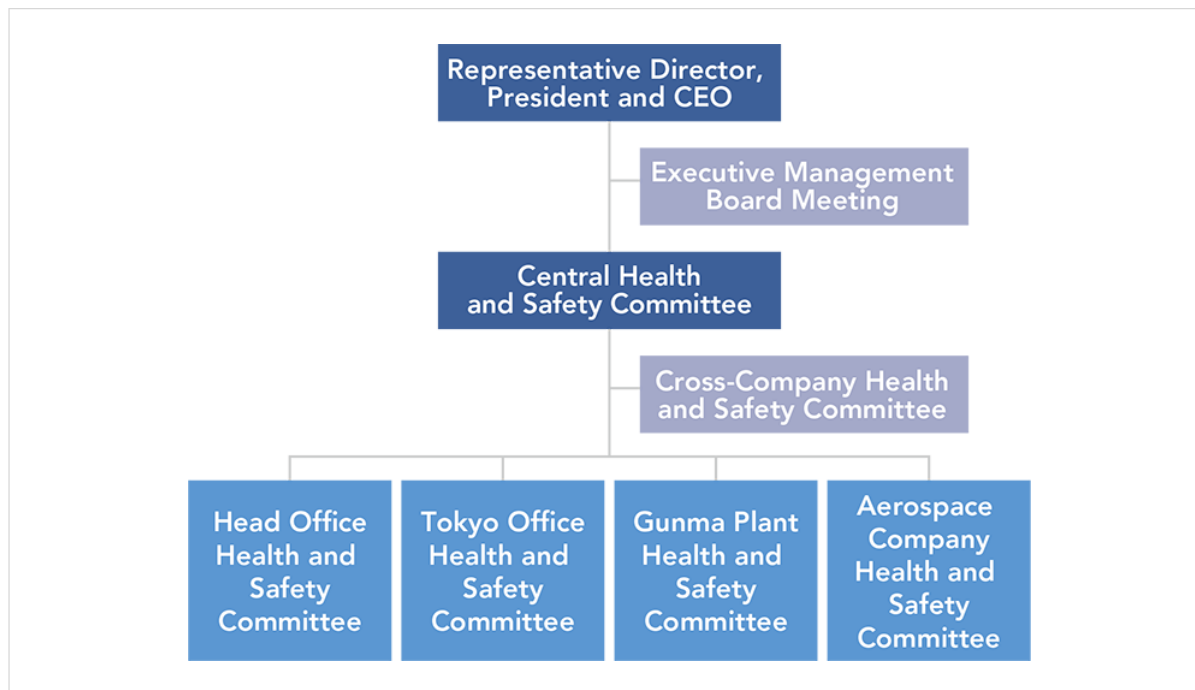
Management System

SUBARU established the Central Health and Safety Committee, which is composed of members from management (executive officer in charge of health and safety and the manager in charge of on-site health and safety) and from the labor union, with a view to protecting employees (including non-regular employees) and our affiliates from industrial accidents and illness and improving the working environment. The committee, which meets for deliberations three times a year, is chaired by an executive officer and its vice-chairperson is elected from the Company’s labor union’s membership. Its deliberations primarily include occupational safety, occupational health, traffic safety, and fire and disaster prevention.

At the committee’s first meeting, participants check the fiscal year’s activities, including the year’s Basic Health and Safety Policy. At its second meeting, the committee summarizes the first half of the year by quantifying items from each business site and shares actions for the second half. At the third meeting, the committee summarizes the fiscal year based on numerical data and discusses health and safety policies (occupational safety, occupational health, traffic safety, and fire and disaster prevention) for the following fiscal year.

As for affiliated companies and resident contractors on our premises under the control of the Site Health and Safety Committee, we provide them with related information as necessary for the promotion of their occupational health and safety activities. At the Gunma Plant, we also provide support for overseas occupational health and safety activities by initiating regular information sharing meetings on health and safety with Subaru of Indiana Automotive, Inc. and affiliated companies overseas.

Health and Safety Organization Chart



Initiatives

At the start of every fiscal year, SUBARU notifies managers and supervisors about the health and safety policies for the fiscal year via heads of each site through their respective Health and Safety Committees. This is so that all employees can share the health and safety activity targets and plans as a unified team and raise their awareness about the prevention of industrial accidents, road safety, and health management.

Prevention of Industrial Accidents

Wearing of the safety declaration badge

In order to elevate safety awareness among SUBARU employees, all employees of SUBARU and its affiliated companies wear the safety declaration badge, on which it is clearly stated, "I always check for safety before performing any action."



Safety declaration badge

Promoting the practice of pointing and calling

For the prevention of mistakes and human error, we urge employees at all our sites to practice pointing and calling at the crosswalks and other places on the premises as the basis for occupational health and safety, thereby raising their awareness about the importance of safe behaviors and increasing the accuracy of their safety checks.

Road Safety

In order to prevent employees from getting involved in any traffic accidents while working, commuting, or enjoying their private time, we are implementing a range of measures as follows:

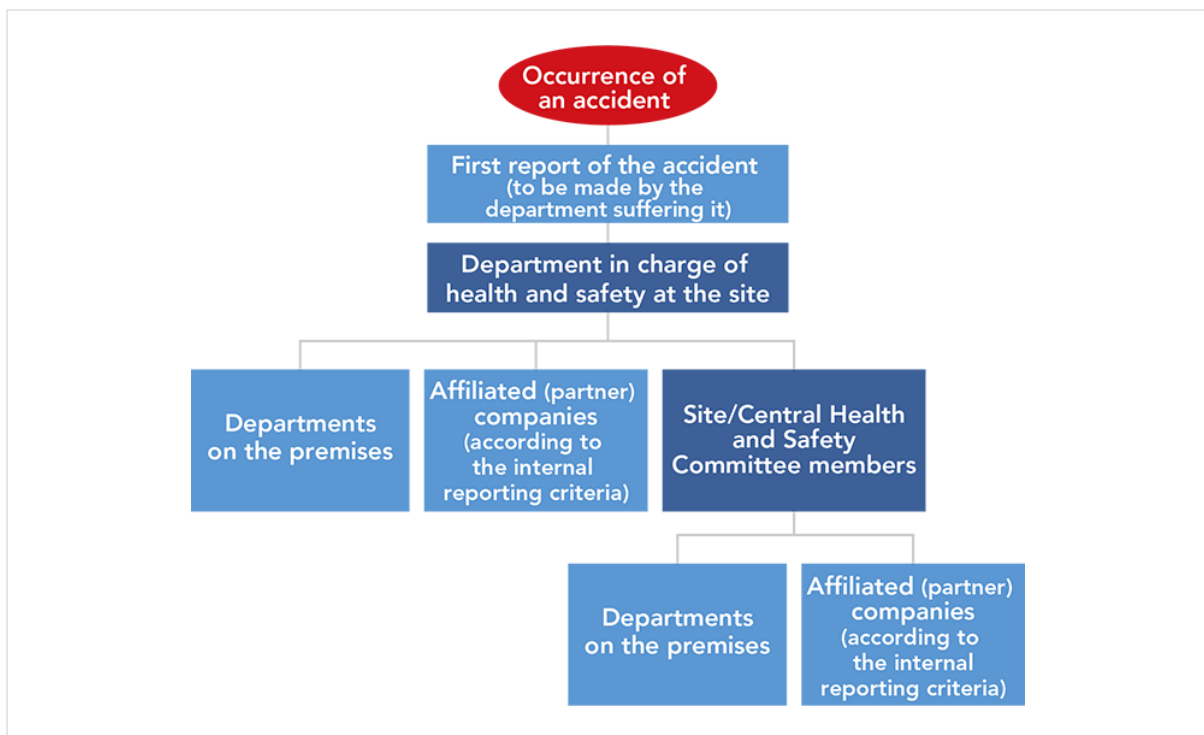
- Conduct awareness-raising activity, including introducing the cases of past accidents and showing a video on road safety, before the start of a long vacation, targeting all employees of the Automotive Business and the Aerospace Company, many of whom commute by car.
- Organize a lecture by the chief of the local police station to improve employees' driving manners.
- Provide new employees with hands-on education using training institutions.
- Conduct psychological driving aptitude tests and use a driving recorder to help employees recognize their driving habits.

Industrial Accidents

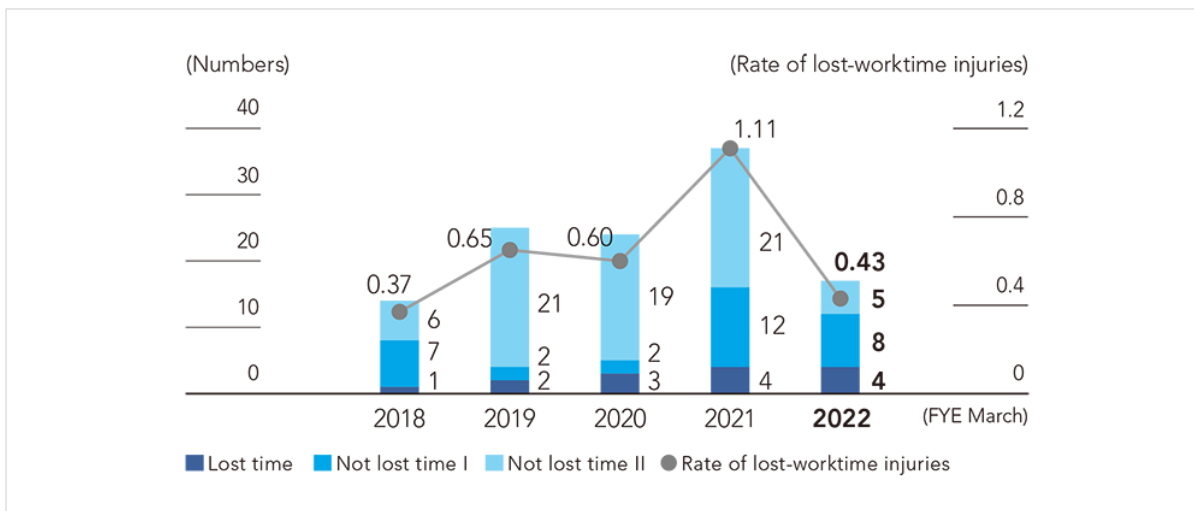
As for industrial accidents and close calls that happened at our sites and affiliated companies, we comply with the following rule for the prevention of similar incidents at the sites: the department that has faced the incident shall disclose related information to other departments on the premises and affiliated companies via the department in charge of health and safety at the site.

For FYE March 2022, we had 17 industrial accidents, of which four were lost-time accidents and none were fatal accidents. The accident frequency rate was 0.43. These figures were significantly greater than those from FYE March 2021, and given this, we are taking action toward stronger daily prevention. However, in some instances, a single mistake can trigger a minor accident that could lead to serious incidents. Therefore, we are striving to reduce the number of these accidents by establishing measures such as a Group-wide back-to-basics program (pointing and calling week). In addition, each of our sites has a full range of hands-on training facilities, and we also focus on health and safety education for regular employees as well as non-regular employees. Furthermore, we are working to strengthen our daily accident prevention activities. Our policy is to use analysis of accidents to enforce more rigorous rule compliance to standardized work across the Group, have workers wear appropriate protective gear, ensure appropriate signaling and callouts, and other "rigorous compliance to basic matters (back to basics)."

Reporting Line for Industrial Accidents



Occurrence of Work Related Accidents and Accident Frequency Rate (Non-consolidated)



MESSAGE: Aiming to provide employees with safe and comfortable workplaces

As the Secretariat of the Central Health and Safety Committee, the organization responsible for overseeing safety at SUBARU, I work in partnership with on-site safety coordinators and the Health Promotion Group. In our work, we foster health management measures along with occupational health and safety activities so that all employees and executives can work healthily, soundly, and vigorously, take on challenges, and achieve growth. We take these actions in the belief that the health of employees and their families is essential for all our business operations. SUBARU works with the relevant units within the Human Resources Department to support the physical and mental health of its employees as well as to build a healthy organization and promote flexible working styles, and more. By doing this, it creates the underpinnings of a more comfortable working environment necessary for greater employee engagement. Similarly, we promote health management initiatives for employees and executives of all of SUBARU's affiliated companies in Japan and overseas, in accordance with the business domain of each company and regional characteristics. And so, we work every day to provide employees with safe and comfortable workplaces, with the constant mindset toward enabling them to cheerfully leave home for work and also cheerfully return home after work.



Takayuki Hino
 Safety Planning Coordinator,
 Human Resources
 Department,
 Secretariat of the Central
 Health and Safety
 Committee

Human Resources:Health Management

Our Approach

SUBARU is fostering health management measures along with occupational health and safety activities so that all employees can work healthily, soundly, and vigorously, take on challenges, and achieve growth. SUBARU takes these actions in the belief that the health of employees and their families is essential for all its business operations. SUBARU works with the relevant units within the Human Resources Department to support the physical and mental health of its employees as well as to build a healthy organization and promote flexible working styles, and more. By doing this, it creates the underpinnings of a more comfortable working environment necessary for greater employee engagement.

Subaru Health Declaration

Purpose

In pursuit of becoming a company “delivering happiness to all” and based on our Global Sustainability Policy of “striving to maintain and advance the workplace environment so that employees can work safely in peace, and with a sense of satisfaction,” SUBARU CORPORATION, the Subaru Labor Union, and the Subaru Health Insurance Association jointly released the Health Declaration in October 2020 with the intent that the three parties work in unison toward health.

Health Declaration

To build happiness for our employees and their families, we need a foundation of mental and physical health. SUBARU works with its employees to promote health and preventive care, taking on the challenge of building workplaces full of smiles and enabling growth.

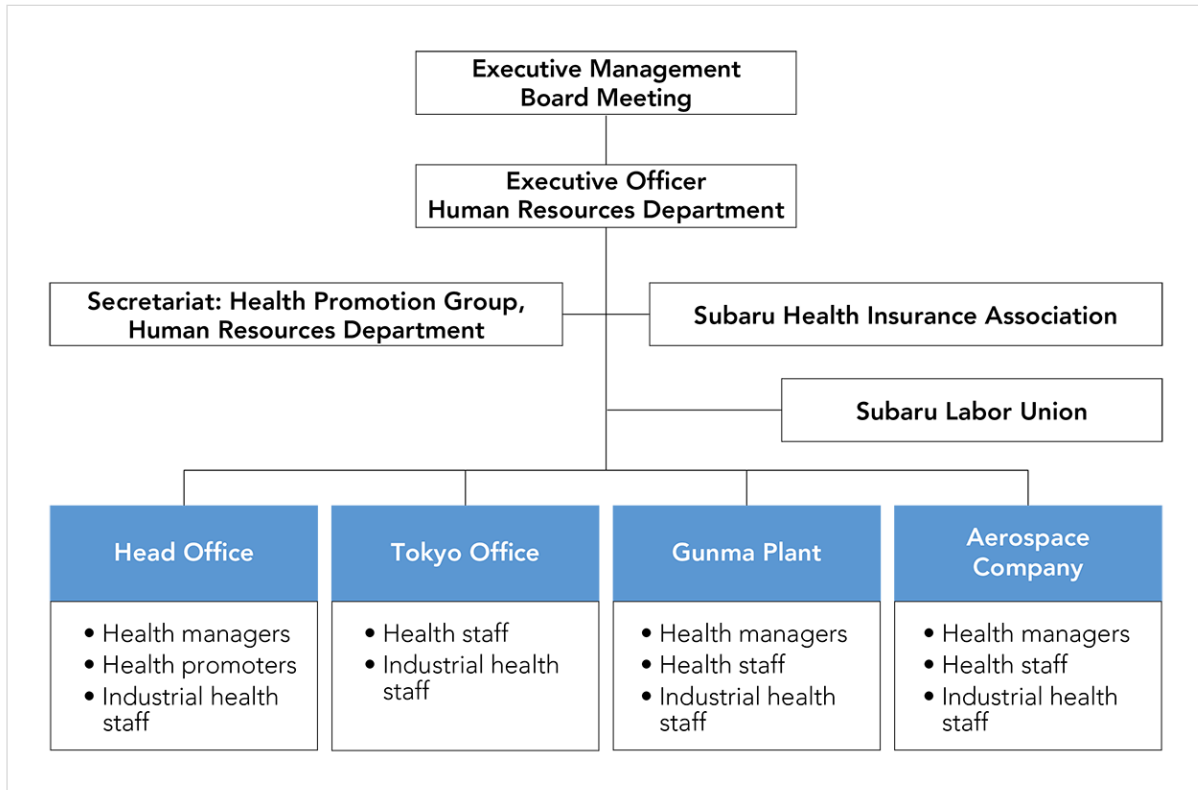
Representative Director, President and CEO, SUBARU CORPORATION Tomomi Nakamura
Executive Chairman, Subaru Labor Union Minoru Yamagishi
President, Subaru Health Insurance Association Tatsuro Kobayashi

Established October 2020

Management System

SUBARU considers health promotion activities to be a management issue, and as of FYE March 2021, SUBARU has discussed and operated a PDCA cycle regarding its health management issues and measures at the Executive Meeting. SUBARU is also advancing collaborative health with partnership from its labor union and its health association. On the operational side, the Health Promotion Group has served as a core driver of our company-wide, unified health promotion measures since 2021. This dedicated organization within the Human Resources Department coordinates weekly regular meetings with stakeholders such as the health association, health promotion managers at our sites, industrial physicians, and other staff in charge of industrial health.

Health Promotion Framework Diagram



Initiatives

SUBARU is engaged in activities to visualize and improve health issues, divided into the three categories of physical health, mental health, and organizational health.

Physical Health

By encouraging employees to undergo regular health checkups, we are striving to promote early detection of lifestyle-related diseases among employees and help those suffering from the diseases to recover. We also collect data about employees with some signs of these diseases, including numerical data, to help them improve their lifestyles and prevent the onset of the diseases.

Initiatives for regular health checkups and reexaminations

In addition to regular health checkups, we recommend 100% of employees who are subject to reexamination to undergo medical checkups and share a portion of the cost for those who need to take reexaminations. In this way, we support our employees in receiving appropriate medical treatment. We use the high-risk approach to provide those determined to be at high health risk with advice from public health nurses and provide guidance to raise their health awareness, including via seminars for health maintenance and promotion.

Activities for better physical fitness and dietary habits

We use the population approach in our preventive activities, and have introduced body composition analyzers at all sites to visualize not only BMI but also muscle mass and fat mass. We are also expanding activities throughout SUBARU to make people aware of the importance of balanced physical fitness. In addition, we have implemented a total health promotion plan (THP), visualizing physical fitness and proposing a variety of physical exercise programs for employees derived from this information, while also holding seminars to help them improve their dietary habits.

Measures against smoking

We are implementing measures to completely separate smoking areas from non-smoking areas at our sites, and we are taking action to reduce the ratio of smokers to below 28% and prohibit smoking on our premises by 2025. We have established internal clinics on our sites' premises to help smokers stop smoking, made efforts to provide our program for quitting smoking online during the COVID-19 pandemic, and are cooperating with the health insurance association to encourage smoking employees to meet the challenge of quitting smoking. Moreover, we give financial support to employees who visit external clinics to stop smoking.

Increasing employees' health awareness at the canteens

At all our canteens, we provide healthy dishes prepared under the supervision of registered dietitians so that employees can enjoy meals rich in vegetables. We also provide low-salt, low-fat, high-protein, and low-sugar dishes alternatively from day to day, with a view to helping employees raise their health awareness by eating at the canteens.



Healthy dishes prepared under the supervision of registered dietitians

Mental Health (Prevention of Mental Illness)

We are implementing "self-care" and "line care" measures for the prevention and early detection of mental illness among employees. We have also set up a consultation service so that employees can receive follow-ups from industrial health staff. For employees who took leave due to mental illness, we proactively support them when they return to their workplaces.

Self-care

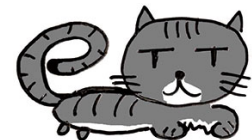
We utilize self-care training and stress checks so that participants can learn how to self-manage their mental health, and new employees are provided with training on internet-based cognitive behavioral therapy (iCBT).

Line care

We have formulated the Line Care Guidelines and include line care training in the collective training for managers, held twice a year, and use the results from collective analysis of employees' stress checks to take improvement actions at the workplace level for those workplaces found to have high health risk. For the departments engaging in technological development, we foster workplace improvement activities in which employees themselves voluntarily work to revitalize their workplaces. We are also expanding management systems that increase their work motivation to the entire Group, focused on administrative departments, and enhance bidirectional communications between managers and their subordinates, with support from staff in charge of industrial health. These measures are contributing to preventing the onset of mental illness and mitigating the lengths of these illnesses among employees.

Return to work program (for return to work on a trial basis and gradual return to full-time work)

We have implemented a program to support the smooth return to the workplace for employees who have taken leave. In this program, employees can return to work on a trial basis and gradually step up their hours as they return to full-time work.



"Ii-neko (good cat)," which won the grand prize in the employees' competition for a health promotion mascot character held as part of the workplace improvement activity

Organizational Health (Improving Psychological Safety)

We are carrying out trials of praise, acknowledgment, and appreciation activities to improve employees' intrinsic motivation and psychological safety. Using IT tools, we are working to create workplaces where employees can work with greater peace of mind and where they can take on challenges in their own unique way by strengthening peer bonds between employees and visualizing the exchange of appreciation in the workplace.

Recognized as a Certified Health & Productivity Management Outstanding Organization for 2022

For the second consecutive year, SUBARU has been recognized as a Certified Health & Productivity Management Outstanding Organization in the large enterprise category (White 500) for 2022 by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi (Japan Health Council).

Going forward, we will continue to accelerate a variety of health promotion activities with the purpose of improving the health of our employees—the people who bring happiness to our customers—and their families.



2022 Certified Health &
Productivity Management
Outstanding Organization
(large enterprise category)

Human Resources: Work-Life Balance

Our Approach

As a precondition to making our customers happy, the SUBARU Group believes it is vital to provide employees with workplaces where they can work with vigor and peace of mind and demonstrate their abilities to the fullest. In order to help diverse employees maintain their work-life balance, we are diversifying work style options and expanding the relevant systems.

Moreover, our affiliated companies in Japan and abroad are fostering initiatives suitable for local business conditions and regional characteristics.

Initiatives

Work Style Reform

SUBARU's response to the Act on the Arrangement of Related Acts to Promote Work Style Reform*

Item	Details
Accurate calculation of employees' working hours	In July 2018, introduced a company-wide attendance management system for the central management of all electromagnetic records (computer log times and building entry/exit times) for the accurate calculation of employees' working hours.
Encouraging employees to take at least five paid days off per year	In FYE March 2020, began implementing measures for all employees, including an initiative to encourage employees who are newly entitled to take 10 or more paid days off to take at least five days off within seven months after the entitlement. Also established operational rules to ensure that all employees can take at least five paid days off per year.
Imposing an upper limit on overtime working hours	Has been limiting the number of overtime work hours to 590 hours and below annually and to 79 hours and below monthly, setting the criteria stricter than those stipulated by law.
Raising the premium pay rate for overtime work exceeding 60 hours per month	Has been implementing necessary measures since FYE March 2011.
Equal pay for equal work	Began reviewing the amount of allowances granted to non-regular employees in FYE March 2021.
Work-from-home system	Conducted a test implementation starting in FYE March 2021, with full rollout to all sites beginning in FYE March 2022.
Abolishing mandatory core hours in the flex-time system	Full rollout to all sites beginning in FYE March 2022.

* This law was enacted in June 2018 to revise the labor-related laws to foster work style reform.

Appropriate Management of Working Hours

SUBARU implemented a new attendance management system in FYE March 2019. This system enables exact time management down to the minute, allowing employees and their supervisors to check attendance records entered by the employee, and differences versus building entry/exit times and computer log times.

Reduction of Long Working Hours

SUBARU established in FYE March 2016 "ultra no-overtime day," on which all managers and general employees leave work on time across its sites. Moreover, mainly targeting the staff of the development and administrative departments of the Gunma Plant and the development department of the Tokyo Office, we make it a rule to lock the doors on the office floor at 10:00 p.m., thereby making all those working on the floor leave before the doors are locked. By clearly imposing limits on overtime

work, we are helping employees to be more conscious about their working hours.

In addition, we provide consultations with industrial physicians for employees who have worked long hours in excess of a defined level.

Flex-time System

SUBARU introduced the flex-time system in FYE March 1999. In FYE March 2022, we abolished mandatory core working hours, building an environment where employees can work more flexibly and independently. Employees now have greater discretion than before in their work hours, contributing to improved productivity and richer private lives.

Work-from-Home System

SUBARU began introducing its work-from-home system to all sites in FYE March 2022. By offering employees the choice of their work location in accordance with the particular characteristics of their duties, we are contributing to improved productivity through adjusting how they work, and to stronger management capabilities for promoting appropriate delegation of authority. In addition, we will continue to work on office reforms, promoting hybrid work both at home and in the office.

Paid Leave

SUBARU grants employees annual paid leave in the number of days commensurate with their length of service. In addition, at each of our sites, labor and management cooperate to encourage employees to take the leave.

Head Office example: Encouraging employees to take leave for ultra-long holidays (three consecutive days of paid leave) and national holidays

Annual Paid Leave Utilization Rate* (Non-consolidated)

(FYE March)

		2018	2019	2020	2021	2022
Encourage employees to take the leave at each site every month	Proportion of paid days off taken by employees (%)	86.2	85.7	86.4	95.4	88.7

* Percentage of the number of days off taken by employees of the total number of annual paid days off granted to them.

Support for the Maintenance of Balance between Work and Elderly Care

At SUBARU, we believe that for employees to continue working with peace of mind, it is important to help mitigate the concerns and burdens of employees and their families concerning the care of the elderly family members. Based on this belief, SUBARU has distributed copies of the Elderly Care Support Handbook to all employees of SUBARU to inform them of the related systems available internally and externally and of the contacts through which they can ask for advice. We have also established a specific long-term care support system to help reduce the burdens imposed on employees.

Number of Employees Who Took Long-term Care Leave (Non-consolidated)

(FYE March)

		2018	2019	2020	2021	2022
System for employees to take leave to take care of a family member in need of long-term care	Number of employees who took this leave (Persons)	5	9	30	3	4

Support for the Maintenance of Balance between Work and Childcare

It is also important to provide employees with an environment that allows them to continue developing their careers while raising their children. Accordingly, we formulated a voluntary action plan in line with the Act on Advancement of Measures to Support Raising Next-Generation Children.* At present, SUBARU has received three stars in the "Kurumin" certification from the Japanese Minister of Health, Labour and Welfare, and is taking action based on our 7th Action Plan.

> [7th Action Plan \(Japanese version only\)](#) 

* This law was enacted for the provision of an environment where people can have and raise children, who are the next generation of leaders, in a sound manner.



"Kurumin" mark

As a result of establishing a support system based on criteria that are stricter than the legal obligations, the number of employees who quit their jobs for childcare has decreased to almost zero at our administrative departments. We are now stepping up the measures to support employees in achieving career advancement while raising their children. For the production departments of the Gunma Plant, we have been fostering measures to help employees return to their shift work smoothly. Specifically, in FYE March 2019 we began making the conference rooms available for the children of employees, where they can wait until their nursery schools are opened. We also started to provide employees with an early-morning childcare service by qualified nursery teachers on a trial basis. Then, in FYE March 2020, we conducted a full rollout of these measures at sites neighboring the plant. In FYE March 2022, we plan to open early-morning childcare facilities on plant premises, and are making preparations to that end. Separately, we are working to raise awareness and promote usage of the various systems available to employees, such as making the Maternity Leave and Childcare Support Handbook available on our intranet and holding training about childcare leave for male employees.

Childcare leave system

SUBARU's employees can extend the period of childcare leave to the end of the first April after the child becomes two years old.

Number of Employees Who Took Childcare Leave (Non-consolidated)

(FYE March)

			2018	2019	2020	2021	2022
System for employees to take leave for childcare	Number of employees who took leave	Male	10	21	42	65	95
		Female	88	80	80	93	104
		Total	98	101	122	158	199
	Rate of employees who returned to work (%)	Male	100	100	100	100	100
		Female	100	97.5	95	100	98
	Rate of employees who belong to the Company one year after returning to work (%)	Male	83.3	100	85	97	92
Female		97.2	90	95	93	95	

Initiatives for Childcare Leave

In order to help employees balance work and childcare, as of FYE March 2023 SUBARU has made it possible to take leave even before completing one year of service for both fixed-term and non-fixed-term employees.

In addition, we have initiated efforts to ensure that, when an employee submits a notice about their spouse's pregnancy or childbirth, the employee's managers and supervisors in the reporting line (as well as human resources personnel) have individual informational exchanges with the employee and confirm their intentions.

Childcare leave taken by male employees

In FYE March 2022, 85 male employees took childcare leave. Also, under the special childcare leave system, which allows employees to take up to five days off at the birth of their children, 86.8% of male employees eligible for this leave took at least one day of leave. We will continue to provide workplaces where employees can take this leave in addition to childcare leave.

- Average number of days off taken by male employees under the childcare leave system: 36 days
- Largest number of days off taken by a male employee: 364 days

Special childcare leave taken by employees (Non-consolidated)

Number of employees who took leave (up to five days): 563 persons

Average number of days off taken under the system: 3.2 days

Rate of employees who took special childcare leave or childcare leave (excluding annual paid days off): 89.5%

Short working hours system for childcare

Employees can use this system until their children become fourth graders at elementary school and can also concurrently use the flex-time system.

Employee Attitudes Survey

SUBARU conducts the employee attitudes survey with an eye to raising individual employees' motivation and invigorating organizations. The survey results are reported to the management team and are also utilized to identify problems and formulate the countermeasures at each of our workplaces.

In the FYE March 2022 survey, 16,536 employees, or 94.7% of the total number of regular employees, replied to the questionnaire. There was an overall improvement trend versus the previous results from FYE March 2021, with a particularly significant improvement in scores related to opportunities for improving ability.

Results of the Employee Attitudes Survey

Rate of Employees Who Gave Positive Responses (%) to the Questions

(FYE March)

Question	2020	2021	2022
Communication, open culture	56	59	61
Work-life balance	59	64	66
Opportunities for improving ability	49	50	56
Empathy for the corporate philosophy	70	73	74
Work worthwhile	56	58	59
Pride in the company	63	67	66

Human Resources: Labor-Management Communication

Our Approach

SUBARU and its labor union have been on good terms with each other based on mutual understanding and trust. The Company acknowledges that the union has the right to unite and engage in collective bargaining and other collective actions, while the union recognizes that the Company has the right to manage the business, and the two parties respect the legitimate use of their mutual rights.

The Labor and Management Council regularly holds meetings for smooth corporate management and mutual communication. Specifically, participants exchange opinions regarding the management policies, outline of the business results, and production and sales, and also discuss issues such as labor conditions, challenges concerning work styles, and the occupational health and safety policies. In the labor-management negotiations on the revision of wages (salaries and bonuses) and other labor conditions, the two parties work to reach an agreement for revision or the establishment of new rules. For issues that might have a significant impact on employees, the parties discuss them fully before informing employees of the results.

Number of Employees Belonging to the Labor Union

The following shows the data for FYE March 2022*.

- Members of the Subaru Labor Union: 15,610 persons
(Membership rate of 92.6% among 16,853 employees)
- Confederation of Subaru Affiliated Labor Unions Number of members: 28,056 persons

* As of October 1, 2021

Human Resources: Employee Data

Employee Data

Number of Employees

(FYE March)

		2018	2019	2020	2021	2022
Number of employees (Consolidated) (Persons)	Total	33,544	34,200	35,034	36,070	36,910
Number of employees (Non-consolidated) (Persons) Excluding directors and advisors but including those seconded to other companies	Total	15,530	15,885	16,318	16,964	17,442
	Male* ¹	14,477	14,774	14,823	15,376	15,776
	Female* ¹	1,053	1,111	1,139	1,189	1,249
	Part-time* ²	-	-	356	399	417
Number of temporary employees (Non-consolidated)* ² (Persons)		-	-	6,328	5,801	5,464

*1 Regular employees

*2 Has been disclosed since FYE March 2020

Composition of Employees (Non-consolidated)

(FYE March)

		2018	2019	2020	2021	2022
Male to female ratio (%)	Male	93	93	93	93	93
	Female	7	7	7	7	7
Average age		38.6	38.5	37.4	39.0	39.1
Average length of service (Years)		15.9	15.8	15.8	16.0	16.0
Number of managers (Persons)	Male	1,020	1,030	1,051	1,062	1,089
	Female	13	14	20	21	24
Number of new graduate hires (Persons)	Male	494	473	498	561	548
	Female	80	74	68	71	84
Number of mid-career hires (Persons)	Male	221	317	161	182	115
	Female	15	15	24	13	19
Number of employees who quit the Company (Persons)		249	339	329	354	332

Composition of Employees by Age (for FYE March 2022 on a non-consolidated basis)

Age	Male	Female	Total
Younger than 30	4,302	474	4,776
30 to 39	4,148	247	4,395
40 to 49	4,197	346	4,543
50 to 59	3,497	200	3,697

Breakdown of New Graduate Hires by Job Category (for FYE March 2022 on a non-consolidated basis)

Category	Male	Female	Total
Career-track employee (in technological fields)	207	25	232
Career-track employee (in other fields)	22	10	32
Clerk	42	13	55
Skilled worker	277	36	313

Composition of Mid-career Hires by Age (for FYE March 2022 on a non-consolidated basis)

Age	Male	Female	Total
Younger than 30	38	4	42
30 to 39	56	13	69
40 to 49	13	2	15
50 and older	8	0	8

Comparison of Fixed Wages between Male and Female Employees (for FYE March 2022 on a non-consolidated basis)

Fixed Wages	Male:Female
Managers	1:0.95
General employees	1:0.89

Note: The same salary system is adopted for both male and female employees. Differences in fixed wages are due to age- and job grade-related differences.

FYE March 2022 Employee Stock Ownership Association Status

	As of March 31, 2022
Number of Participants	4,922
Participation Rate	29.0%
Number of Shares Held	2,622,718

Customers

Our Approach

The SUBARU Group strives to put the customer first in all business activities. SUBARU is promoting activities to reflect customer feedback in our products and services, so that customers continue to choose our brand for “Enjoyment and Peace of Mind,” with the aim of achieving our mid-term management vision “STEP.”

In addition, we cooperate with overseas dealerships around the world in the areas of “staff training” and “dealership operations support,” enabling them to provide uniformly high-level service that meets the needs of our customers.

Initiatives

Customer Consultation Service

In order to be closer to our customers and sincerely address their inquiries and difficulties, we have enhanced the various methods to communicate with our customers, such as call centers and websites. Opinions, requests, and comments received from our customers are fed back to the relevant departments, and we use this feedback to improve the quality of our products and services, as well as to make proposals.

SUBARU Call

- ① Your opinions/impressions
- ② Details (catalog, dealership, change of address, others)
- ③ Inquiries/consultations

- Inquiries regarding malfunctions and repairs require diagnosis of the product's condition. Please start by contacting the location where you purchased your product or your nearest SUBARU dealership.
- For information on genuine parts (part number, price, delivery date, etc.), please bring relevant documentation for your vehicle to your nearest SUBARU dealership.

SUBARU Customer Center: SUBARU Call

For inquiries about your vehicle, please have documentation on your vehicle prepared (serial number, registration number, and date of registration), model name, grade, mileage, and name of the dealership that sold your vehicle to ensure a smooth response.

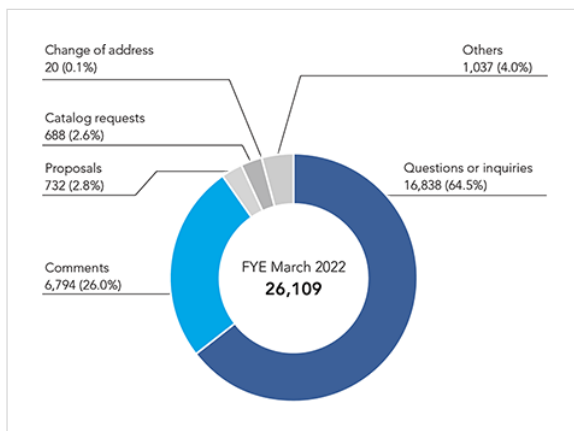
0120-052215

(Toll free within Japan)

Note: Calls are recorded to improve the quality of SUBARU's services. Thank you for your understanding.

Hours of operation: 9:00 a.m. to 5:00 p.m. (Weekdays)
9:00 a.m. to noon, 1:00 p.m. to 5:00 p.m. (Saturdays, Sundays, and holidays)

Breakdown by Type of Consultation



Expanding inquiry channels (Japanese website only)

In July 2021, we updated the Q&A section under the Inquiries and Frequently Asked Questions page of the Japanese version of our official website in light of the recent increase in inquiries via the internet. To achieve even more convenience, we are working to regularly update the Q&A section and improve its searchability based on search status and data from inquiries

received by our Customer Center.

As a result, page accesses have grown significantly compared to before the updates.

In addition, we plan to introduce chatbots in September 2022 as a system that will enable us to provide precise support for customer needs 24 hours a day, 365 days a year.

We will expand our contact points with customers through various inquiry channels, utilizing these to improve customer satisfaction, develop new products, and provide services.

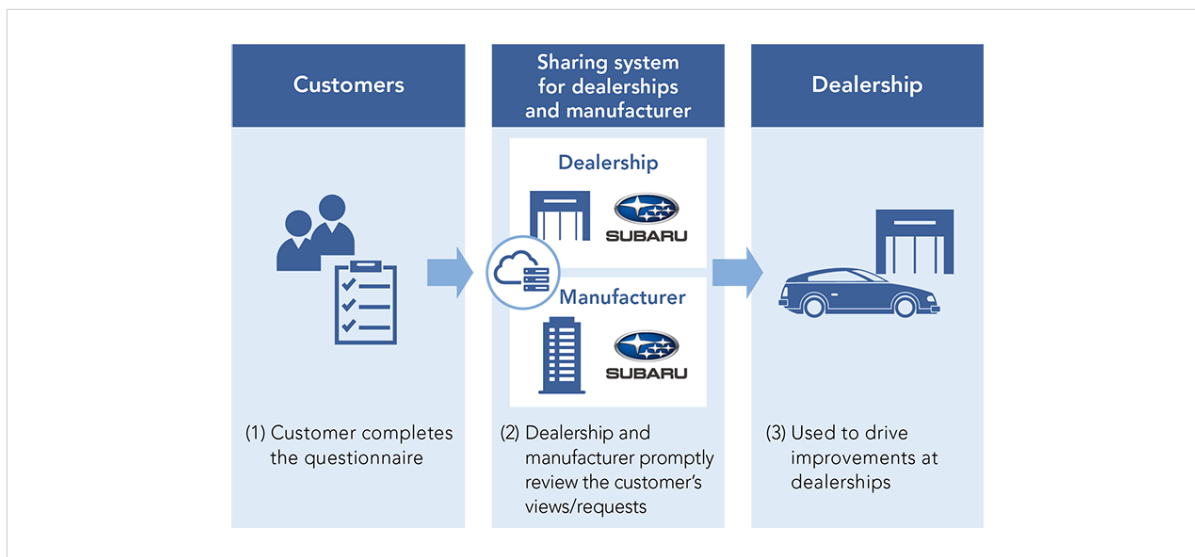
Gathering and Relaying Customer Feedback

Customer feedback received is published on our intranet for access by relevant departments. Customer feedback received not only in Japan but also at local dealerships in the U.S., SUBARU's largest market, is analyzed by the Customer Service Division in Japan and fed back internally for product and service development and quality improvement.

Customer Satisfaction Survey

Seeking to offer ever better service at our sales outlets, SUBARU conducts the SUBARU Customer Questionnaire directed at customers who bought a SUBARU vehicle at our dealerships. In order to take the customers' comments and requests learned from the survey results seriously, we have established a system in which our dealerships share those comments and requests so that they can respond to customer expectations, leading to improvements.

Customer Satisfaction Survey



Note: We started use of the sharing system in FYE March 2018.

Number of Valid Responses

In FYE March 2022, we once again received many opinions.

Number of Valid Responses

(FYE March)

	2018	2019	2020	2021	2022
Number of responses	107,350	102,571	74,148	47,970	59,391

Evaluation of Achievements in FYE March 2022

We have expanded our survey to incorporate opinions from a broader segment of our customers, adopting a method to not only use evaluations of our achievements in FYE March 2021 and our new car owner surveys three and five years after their purchase but also random samplings from customers who have purchased their vehicle six or more years previously. We received high ratings from around 80% of respondents, as well as a variety of opinions. SUBARU and SUBARU dealerships take the views of our customers seriously and will work together on activities aimed at achieving further improvements.

Human Resource Training at Dealerships

We have established the SUBARU Academy, which is dedicated to training human resources at our dealerships in Japan and overseas. For dealerships in Japan, it provides training for managers, sales departments, and service departments. For overseas companies, it provides programs for service staff, meeting specific regional needs.

From FYE March 2023, this program is transforming into an online-focused learning system utilizing a learning management system*1.

Approximately 10,000 staff members from 44 SUBARU dealerships in Japan have registered for this learning management system, and as of the end of May 2022, they are able to study via more than 700 e-learning programs (to be increased to approximately 1,100 programs by the end of September 2022). We also combine e-learning with interactive web-based training to increase learning efficiency and maximize effectiveness.



SUBARU Academy (Subaru Training Center)

*1 A learning management system is a system for the integrated management of learning material delivery, course history, performance, and other information necessary for implementing e-learning.

Number of Trainees (including training trips): Japan

	FYE March 2021	FYE March 2022	FYE March 2023
Managers, sales staff, service staff	644	876	In progress
Notes	Approximately one-quarter of the number of students before the COVID-19 pandemic due to training cancellations during the pandemic		More than 10,000 registered due to extensive online training

STARS Sales Professional Certification Program (Japan)

To demonstrate that staff have the ability to propose "Enjoyment and Peace of Mind" to customers and support them, SUBARU has established STARS*2, a sales professional certification program.

*2 SUBARU Staff's Training and Rating System, which helps salespersons develop themselves through repeated Off-JT (study), OJT (practice), and qualification tests (challenge).

Sales STARS (as of March 2022)

To determine salespersons' certification levels, SUBARU runs tests covering areas such as knowledge, techniques, and customer service skills based on their performance on sales.

Level 1	Level 2	Level 3
54 salespeople	694 salespeople	1,084 salespeople

Service STARS (as of May 2022)

For service staff, certification levels are determined based on the tests on service operation knowledge, customer service skills, and technical capabilities.

Front counter service levels	Level S	Level A	Level B	Level C	
	25 persons	671 persons	514 persons	2,402 persons	
Mechanical levels	Level S	Level 1	Level 2	Level 3	Level 4
	21 mechanics	889 mechanics	1,256 mechanics	98 mechanics	568 mechanics

Service Staff Training (Overseas)

To improve the technical skills of service staff, we offer the Subaru Technical Education Program (STEP)*3 and use skill certification testing to motivate learning. SUBARU develops trainers who provide training to our service staff worldwide and trains service staff to be able to handle increasingly sophisticated automobile technology. We offer the STEP Trainer Training (STT)*4 and Advanced Technical



Online Training

Training (ATT)*5 programs for dealership trainers.

These technical training programs, in addition to on-site training for all SUBARU employees, offer online training, increasing opportunities for employee participation. Moreover, SUBARU assigns external trainers certified by us to countries with annual sales of at least 1,000 cars with the aim of further enhancing service.

- *3 A technical training program that establishes three levels of mechanic engineering / technical skill and certifies them based on these levels. The three levels, from the beginner qualification, are Subaru Technician, Subaru Senior Technician, and Subaru Master Technician.
- *4 A training program to develop certification trainers who will provide "STEP" training.
- *5 A periodic training program held for the purpose of increasing the skills of certification trainers overseas. It provides education on topics such as new technology and high-level control technology.



ATT

Status of Technical Training

	Past results	FYE March 2022 results	FYE March 2023 plans
STT	Held a total of 23 sessions since 2011, providing STT training to 179 trainers in 29 countries	Not held in FYE March 2022 due to movement restrictions during the COVID-19 pandemic	To be held
ATT	Held a total of 15 sessions from April 2015 to March 2020, providing ATT training to a cumulative total of 206 certification trainers in 28 countries	Held the two EyeSight and e-BOXER programs online, providing ATT training to a cumulative total of 96 certification trainers in 28 countries	Two programs to be held

Developing service management managers (Japan)

Customer expectations on after-sales service are increasing by the year. In order to provide services that exceed expectations, SUBARU brings in the next generation of leaders from dealerships, developing them into human resources with a broader perspective through work experience at SUBARU.

In the SUBARU Service Management Manager Development Course, employees from dealerships are seconded to SUBARU for two years to learn SUBARU's approaches and working styles, helping to improve their management abilities.

The SUBARU Technical Course provides participants with the opportunity to gain hints and new awareness into automobile maintenance work. This is achieved through training at the aircraft maintenance site of the Aerospace Company, where SUBARU has its roots.

Supporting Dealership Operations

Developing Malfunction Diagnostic Systems

With the evolution of vehicle technology, the role of malfunction diagnostic equipment and service tools is becoming increasingly important in ensuring vehicle safety.

SUBARU is developing diagnostic equipment and related systems from a variety of angles, such as improving communication functions with vehicles and reducing the workload of maintenance and repair workers.

Rapid Recall and Repair of Vehicles Subject to Repair

When a decision is made to implement a recall, we engage as the entire SUBARU Group. We have a system in place to ensure smoothness across the entire recall process, including notification to authorities, contacting customers, and repair.

In addition, we work closely with dealerships in each country to ensure that repairs are completed quickly and reliably by supplying repair parts in a timely manner.

In particular, SUBARU's recall progress related to the Takata airbag recall in the U.S. is among the highest in the industry.

> [SUBARU's Recall Action for Takata Airbags \(Japanese version only\)](#) ㊦

Responding to Customer Needs in Diverse Markets

In order to meet the needs of customers in all regions around the world, SUBARU is introducing products tailored to each local environment.

In South America and Asia, where demand for SUVs carrying several passengers is high, we have launched the Evoltis (U.S. market product name: Ascent). We have also introduced the SOLTERRA BEV to markets such as Europe and China, where electrification is rapidly advancing.

The SOLTERRA will be gradually expanded to other markets, such as Australia, to meet the needs of customers and contribute to the realization of a carbon-neutral society.

Developing/Popularizing Welfare Vehicles

SUBARU aspires toward sharing the happiness and freedom of living through cars for everybody. As such, SUBARU is working to develop and increase the popularity of welfare vehicles so that people with physical handicaps and the elderly can travel by car in comfort and with peace of mind.

SUBARU started producing and selling welfare vehicles in 1980 and now they are well known as the "TRANSCARE series." It offers a wide range of options, from standardized cars to mini cars. SUBARU aims to develop vehicles that provide comfortable driving for both people who are in care and for care providers.

In FYE March 2021, we introduced Wing Seats with side airbags to the Forester. Going forward, we will continue to take action in a variety of areas so that we can provide even more "Enjoyment and Peace of Mind" to more of our customers.

[▶ TRANSCARE series \(Japanese version only\)](#) 



SUBARU XV (with Wing Seat)



Forester (with Wing Seat)

Initiatives for Customers in the Aerospace Business

In the aerospace business, we continue to resolve issues with customers after product delivery in order to maintain the continued operating condition of the aircraft we supply to the Japan Self-Defense Forces, Coast Guard, National Police Agency, and others. We periodically visit customers and take questionnaires in order to confirm the effectiveness of this initiative. The questionnaire covers items such as product quality, service, emergency response, and visitor response, evaluated on a five-step scale. In this questionnaire, we received high ratings from the Japan Self-Defense Forces, Coast Guard, and Metropolitan Police Department. Here, we are working to sincerely address customer opinions and further improve their satisfaction.

Also, SUBARU's maintenance staff involved in manufacturing visit the land, sea, and air units of the Japan Self-Defense Forces that use our products. They exchange information on use and maintenance, develop a better understanding of the operations, and communicate extensively, leading to the improvement of their work.

Going forward, we will move ahead with initiatives to understand customers' requests in detail and to earn customer satisfaction with SUBARU's products and services through maintenance and operations.

Questionnaire Evaluation Results

(FYE March)

	2019	2020	2021
Japan Self-Defense Forces	3.9	4.0	4.0
Coast Guard, Metropolitan Police Department, etc.	3.6	4.2	3.1

CSR Procurement

Our Approach

The SUBARU Group has established the Six Priority Areas for CSR and is promoting various initiatives for the realization of a sustainable society. Amid this, we believe that in order to resolve various environmental and social problems facing today's global society, such as global warming and human rights violations, it is essential to take action not only on our own but across the entire supply chain, including at our suppliers.

At the SUBARU Group, we establish relationships with our business partners based on equality, trust, mutual benefit, and dedication to continuous improvement, seeking the realization of a sustainable society.

Fundamental Procurement Policy

The SUBARU Group has been promoting activities for sustainable procurement under the following basic policy.

1. CSR Procurement

We engage in procurement activities in a way to harmonize people, society and the environment, and carry out our corporate social responsibilities in such ways as conducting transactions paying due care to observe legal and social rules and to protect human rights and the environment.

2. Establish Best Partnership

We 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 is wide-open to all firms, in Japan and overseas, for fair and equitable business to procure goods and services most excellent from seven perspectives: quality, cost, delivery, technical development, management, environment and society (QCDDMES).

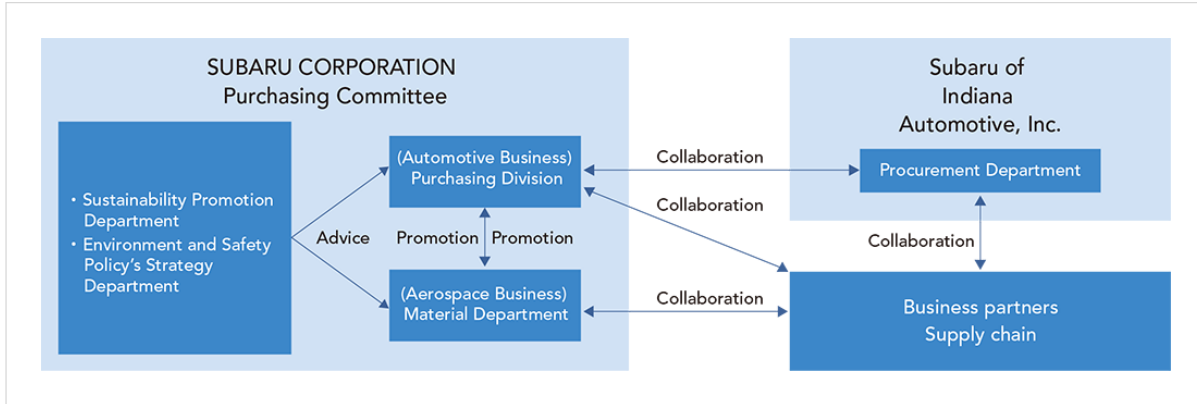
Revised in April 2020

Management System

At SUBARU, the procurement departments of the Automotive Business and Aerospace Company participate in the Purchasing Committee, which promotes SUBARU's CSR procurement initiatives.

The action policy of the Purchasing Committee is to facilitate fair procurement practices and encourage CSR at suppliers, thereby helping to ensure fair trade between SUBARU and its business partners and cooperative CSR-based procurement throughout the supply chain. We have also been promoting CSR procurement on a global scale in collaboration with Subaru of Indiana Automotive, Inc., our local production plant in the U.S.

CSR Procurement System



Initiatives

Promoting Fair Trade

SUBARU maintains compliance with laws and regulations such as the Antimonopoly Act and the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors. SUBARU also carries out fair trade promotion initiatives based on Automobile Industry Fair Trade Guidelines. As part of these efforts, SUBARU has set up a consultation service targeting suppliers in its supply chain. In 2020, we took the Partnership Formation Oath for the purpose of coexistence and prosperity of both large companies and SMEs.

For employees, we provide legal and regulatory training and other programs for those in charge of procurement to elevate their understanding of proper business practices.

Employee Training on Fair Trade in FYE March 2022

Automotive Business

- Training for new recruits (8 employees)
- Training for transferees (17 employees)
- Comprehension tests for compliance (214 employees)
- CSR education (228 employees)

Aerospace Company

- Training for new recruits (1 employee)
- Training for transferees (6 employees)
- CSR education (87 employees)

> [Consultation service for promoting fair trade \(Japanese version only\)](#)

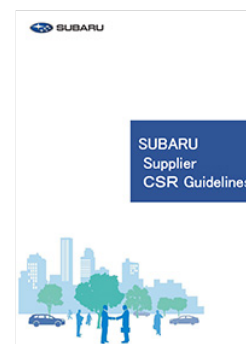
> [Partnership Formation Oath \(Japanese version only\)](#)

SUBARU Supplier CSR Guidelines

To promote SUBARU's CSR procurement and help our suppliers conduct CSR activities, we created, and in FYE March 2012 began application of, the SUBARU Supplier CSR Guidelines. They are based on the CSR Guidelines for Suppliers of Japan Automobile Manufacturers Association, Inc. (JAMA), and incorporate our CSR policy.

In FYE March 2014, these guidelines were made company-wide, including all suppliers of the Aerospace Company, and in FYE March 2016, SUBARU revised the content to incorporate the non-use of raw materials that engender social problems, such as conflict minerals.*1 In FYE March 2016, we also revised the guidelines in the form of a joint edition with Subaru of Indiana Automotive, Inc., confirming the integration of the procurement policy. We incorporated the SUBARU Global Sustainability Policy, Human Rights Policy, and Fundamental Procurement Policy (revised edition) in FYE March 2021. In FYE March 2023, we will also establish and publish the Responsible Mineral Procurement Policy.

At SUBARU, compliance to these guidelines is one of the criteria of our supplier selection.



SUBARU Supplier CSR Guidelines

SUBARU asks not only our suppliers but also their suppliers as well to develop and promote CSR.

*1 Conflict minerals: Minerals for which there is concern regarding participation in unjust acts, such as support for non-governmental armed groups, human rights violations, or illegal acts. In Dodd-Frank Act of the U.S., tin, tantalum, tungsten, and gold are specified as minerals for which there is concern that they may be a source of funding for armed groups in the Democratic Republic of the Congo and surrounding countries.

> [SUBARU Supplier CSR Guidelines](#) PDF/920KB

Five Topics in the SUBARU Supplier CSR Guidelines

SUBARU promotes our procurement activities based on the following basic approach.

(1) Safety and Quality

- Providing products and services that meet consumer and customer needs
- Providing appropriate information concerning products and services
- Ensuring safety of products and services
- Ensuring quality of products and services

(2) Human Rights and Labor Issues

- Striving to avoid discrimination
- Respecting human rights
- Prohibiting child labor
- Prohibiting forced labor
- Non-use of raw materials that engender social problems
- Compliance with the law on remuneration
- Compliance with the law on working hours
- Practicing dialogue and consultation with employees
- Ensuring a safe and healthy working environment
- Providing human resource training

(3) Environment

- Implementing environmental management
- Reducing greenhouse gas emissions
- Preventing air, water, and soil pollution
- Conservation of the ecosystem
- Saving resources and reducing waste
- Managing chemical substances

(4) Compliance

- Compliance with laws
- Compliance with competition laws
- Preventing corruption
- Managing and protecting confidential information
- Managing export trading
- Protecting intellectual property

(5) Information Disclosure

- Disclosing information to stakeholders

Business Partner CSR Briefing and CSR Survey

At the Business Partner CSR Briefing, we present corporate policies such as the SUBARU Supplier CSR Guidelines in keeping with the OECD Due Diligence Guidance for Responsible Business Conduct. In our annual Business Partner CSR Survey, we assess negative impact on our business partners and work with them to correct any issues discovered.

In FYE March 2022, we took the following actions with a scope of 598 automobile-related business partner companies (including 388 in parts and raw materials, and 210 in equipment and jig tools).

- We held the Business Partner CSR Briefing online via video distribution to help prevent the spread of COVID-19. In this briefing, we presented the importance of promoting CSR, details about the SUBARU Group's CSR activities, and made specific requests to business partners (such as compliance with the SUBARU Supplier CSR Guidelines).
- We investigated business partners' CSR systems, CSR initiatives for their suppliers, and compliance with the SUBARU Supplier CSR Guidelines, identifying two business partners with potential issues with compliance in their initiatives. Follow-up investigations were conducted with the two companies through interviews. These companies promised to make

improvements before the continuation of the investigation in the next fiscal year. The above results were referenced in supplier selection.

- We investigated business partners regarding non-Japanese employees and identified three suppliers with potential issues. Follow-up investigations were conducted with the three companies through interviews. In all cases, the conclusion was that there were no issues with treatment regarding non-Japanese worker human rights and labor.
- In FYE March 2022, we conducted new investigations on human rights initiatives, including for any human rights due diligence (DD) conducted either internally or within the supply chain, risk content (country, region, ethnicity, company name, specific information, etc.) in cases where DD is conducted and risks are identified, and the results of responses to these risks. In our FYE March 2022 investigations, we found no issues among our business partners.

We will continue to conduct these initiatives in FYE March 2023 and beyond, potentially conducting on-site audits of our business partners while taking into consideration the state of the spread of COVID-19.

Consultation Service for Non-Japanese Workers

In addition to our existing consultation service for promoting fair trade, we are newly participating in the Japan Platform for Migrant Workers towards Responsible and Inclusive Society (JP-MIRAI) Consultation and Relief Pilot Project for Migrant Workers, and are striving to establish a consultation service for foreign workers in the supply chain in Japan.

[> JP-MIRAI](#) 

Responsible Mineral Procurement

The SUBARU Group has no intention of colluding in the infringement of human rights and environmental destruction by procuring and using conflict minerals. In FYE March 2022, we expanded the scope of our conflict mineral survey from 210 suppliers of components and materials, limited to certain vehicle models, to 361 suppliers of automotive components and materials for all models produced during the survey period. We also conducted a cobalt survey for some of our business partners in FYE March 2022. We will work to roll out surveys regarding minerals other than these conflict minerals (tin, tantalum, tungsten, and gold).

Going forward, SUBARU's policy is to work toward "No use of materials engendering social problems" in partnership with our customers and suppliers as our social responsibility in procurement activities. As one of our efforts, we have now codified our Responsible Mineral Procurement Policy as follows.

Responsible Mineral Procurement Policy

- The SUBARU Group aims for non-use of raw materials that engender social problems, such as infringement of human rights and environmental destruction.
- We will clearly state this approach in the SUBARU Supplier CSR Guidelines and request that those in our supply chain comply with these.
- As one of our initiatives, we will conduct an annual conflict minerals survey targeting the direct material supply chain.
- In this survey, we referenced the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, using the Conflict Minerals Reporting Template (CMRT), a questionnaire provided by the Responsible Minerals Initiative (RMI), and other information. We used this to trace through the supply chain and identify smelters, working to avoid procuring raw materials from smelters that are linked to the infringement of human rights or sources of funding for armed groups in conflict and high-risk areas, such as countries around the Democratic Republic of the Congo.
- In addition, for minerals other than conflict minerals (tin, tantalum, tungsten, and gold) such as cobalt, for which child labor is a concern in some mining, we will use the Extended Minerals Reporting Template (EMRT) questionnaire provided by the RMI, as well as other tools, to conduct due diligence. If any problems are found, we will take necessary corrective measures.
- In our activities, we will cooperate with our customers, business partners, industry bodies, and other stakeholders, and strive to disclose information.

Green Procurement Guidelines

The SUBARU environmental policies state that “Our purchasing activities reflect consideration for biodiversity and other aspects of environmental protection.” We promote the procurement of parts, materials, and services from business partners who implement business activities that consider the environment. In addition, SUBARU has expressed in the SUBARU Green Procurement Guidelines its expectations for business partners regarding environmental initiatives. The guidelines primarily request cooperation in the following 10 areas:

Requirements for Suppliers

Requirements concerning Suppliers' Environmental Management

1. Compliance with environmental laws and regulations
2. Establishment of environmental management system (EMS)
3. Submission of Environment Manager registration forms
4. Improved environmental performance

Requirements for Activities Considering the Entire Life Cycle

5. Reduction of greenhouse gases
6. Utilization of recycled resource materials
7. Appropriate management of water resources
8. Addressing biodiversity

Requirements for Parts, Materials, and Services Supplied to SUBARU

9. Management of substances of concern
10. Reduction of CO₂ emissions and packaging and wrapping materials in logistics

Compliance to these guidelines is considered a necessary criterion for selecting business partners, and we recommend new business partners to formulate an EMS with the acquisition of ISO 14001*² third-party certification at its base. Currently, all of our Tier 1*³ business partners have already acquired ISO 14001 certification. In case our new business partners have difficulty acquiring ISO 14001, we review their compliance status by having them submit voluntary assessment reports based on our EMS, while supporting them with the acquisition of Eco Action 21*⁴.

To those business partners who have passed our voluntary examination, SUBARU makes inquiries or performs audits as necessary and requests them to continue efforts toward early acquisition of third-party certification for environmental management.

- *2 International standard for environmental management systems (EMS) established by the International Organization for Standardization (ISO). It is a management system standard to certify that an organization considers the environment and has built a system for continuously reducing environmental impact.
- *3 Companies that directly supply parts to car manufacturers. They are primary business partners. Tier 2 business partners are companies that supply Tier 1 with those parts that make up the Tier 1 company parts.
- *4 Environmental conservation activity promotion program for SMEs formulated by Japan's Ministry of the Environment that addresses three areas: environmental management systems, environmental efforts, and environmental reporting, based on the guidelines.

> [SUBARU Green Procurement Guidelines*⁵](#)  PDF/1,215KB

> [Green Procurement Guidelines Aerospace Company Edition*⁵](#)  PDF/837KB

- *5 The SUBARU Green Procurement Guidelines and the Green Procurement Guidelines Aerospace Company Edition are concrete forms of topic “(3) Environment” in the SUBARU Supplier CSR Guidelines.

Management and Reduction of Environmentally Hazardous Substances Contained in Parts

SUBARU complies with laws and regulations concerning substances of concern in each country, including the REACH regulation*⁶ and ELV Directive*⁷. We perform usage surveys regarding chemical substances contained in parts to our business partners as necessary and continue to perform management of those substances. In addition, we are sequentially switching from materials that are prohibited by laws, regulations, or self-regulations such as industrial norms to alternative materials, and are working to reduce environmentally hazardous substances.

In addressing the REACH regulation, we disclose information about substances of very high concern (candidate substances for regulation) on our homepage for users of SUBARU vehicles in Europe.

- *6 REACH regulation: European regulation on chemical substances requiring all chemical substances to be subject to management or restriction measures commensurate to the risk that they pose to humans and the environment.
- *7 The End-of-Life Vehicles (ELV) Directive: European Union (EU) directive brought into force in 2000 to reduce the environmental impact from the scrapping of end-of-life vehicles in the EU. It aims to prohibit the use of hazardous substances and promote a reduction in waste products by encouraging the reuse or recycling of used vehicles and their parts.

Procurement with Consideration for Biodiversity

SUBARU surveys the use of biological resources, including cowhide and plant-derived materials, to ensure no negative impact on the ecosystem during procurement of raw materials. In FYE March 2022, we conducted an online interview-based verification survey of one cowhide fabric manufacturer and one tire manufacturer.

SUBARU also uses copy paper made from 100% recycled paper pulp that is not from new plant resources, and has switched to Forest Stewardship Council (FSC)-certified paper for envelopes used to mail paper payment guides. Furthermore, as part of our efforts to go paperless, in addition to providing payment guides for our business partners online, we are sequentially terminating paper output of system forms used in operations for maintenance parts and vehicle accessories as of January 2022. By developing a system for digitization in some functions, we are aiming for zero paper output from January 2023 onward.

Our dealerships in the U.S. have also introduced paperless systems starting in November 2021, which is expected to save more than 7,000 sheets of paper per year.

Communication with Suppliers

In our Automotive Business, we had been hosting Policy Briefings every spring to share policies on development, quality, procurement, and production with our business partners. However, in FYE March 2022 these briefings were held online in light of the spread of COVID-19. We also maximally leveraged online methods for other events, such as pre-recorded videos and live streaming. This was a year of exploring new ways of communicating with our business partners in keeping with the times while maintaining customer safety as our highest priority. Going forward, we will bring new forms of information exchange in collaboration with the Cooperation Meeting, with the premise of adapting to such environmental changes. The Aerospace Company held the SUBARU Status Report Meeting with business partners in May and November 2021, followed by the 80 Business Partner and Company President Web Dialogue in January and February 2022.



Policy Briefing and General Cooperation Meeting (joint) held with Automotive Business Unit business partners



SUBARU Status Report Meeting held with Aerospace Company business partners



Community Engagement

Our Approach

The SUBARU Group has developed its social contribution policy in the hope of ingraining the practice of social contribution into corporate culture and to foster sincere commitment to such practice. In accordance with the policy, we promote social contribution activities in the four fields—activity in the community, environment, road traffic safety, and sports and culture—which we have selected as befitting a socially responsible transportation equipment manufacturer.

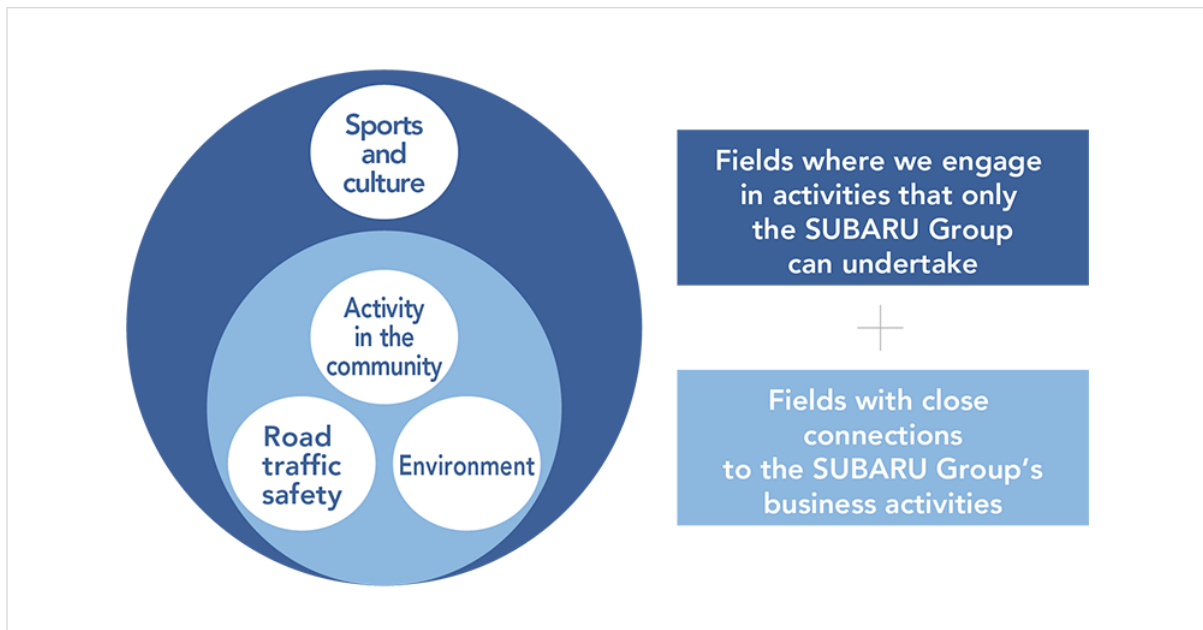
In FYE March 2020, we established a community engagement Vision for 2025, in addition to a set of 2025 visions for the Group's Six Priority Areas for CSR. Aiming at this vision, we will pursue social contribution initiatives based on the decision to become a company "delivering happiness to all," as described in the mid-term management vision "STEP."

Social Contribution Policy

1. We contribute to the development of science and technology and automobile culture and to the promotion of road safety.
2. We contribute to the fostering of human resources who understand the pleasure, importance and preciousness of creative manufacturing.
3. We contribute to the development of the communities in which we operate.
4. We support each other in contributing to society as good citizens.

Established in March 2005

The Four Fields of Community Engagement Initiatives



Vision for 2025

1. The background and reasons that the four fields were selected for social contribution initiatives are fully understood and ingrained across the SUBARU Group.
2. The SUBARU Group is developing activities in consideration of the four fields.
3. The SUBARU Group's entire workforce is fully aware of the importance of community engagement.

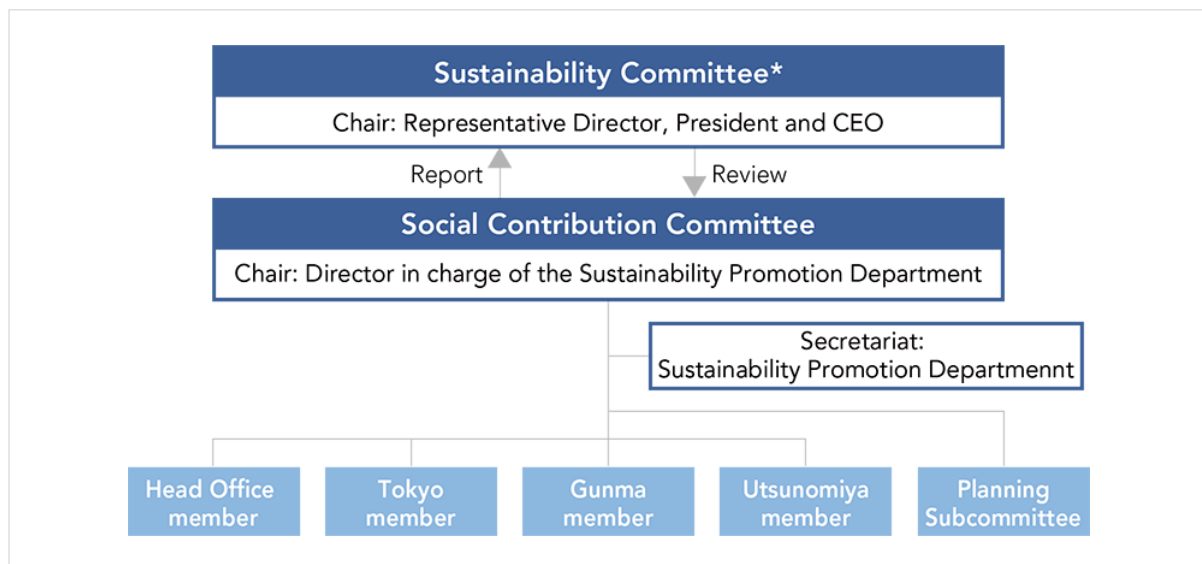
Management System

SUBARU has established the Social Contribution Committee to actively promote and continue community engagement activities that make use of our technology and expertise. With participation of business site directors, the committee works to advance community engagement initiatives. Under the committee, the cross-organizational Planning Subcommittee has been created to discuss issues related to company-wide activities, ranging from planning and preparation to implementation, evaluation, and review. The committee meets every six months to compile reported activity results and issues, and discuss improvement plans to invigorate efforts.



Social Contribution Committee meeting

Social Contribution Committee: Organization chart



* Renamed in FYE March 2022 from the CSR Committee.

Initiatives

Activity in the Community: in Japan

Communication with Local Residents (Gunma Plant, Utsunomiya Plant)

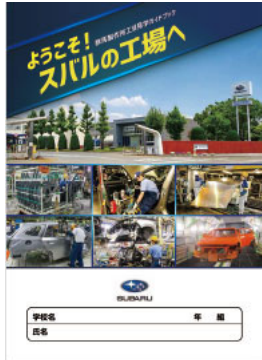
SUBARU strives to communicate with people living in districts where its offices, plants, and company housing facilities are located, aiming to become a corporate citizen open to the community.

At the Gunma Plant, we send representatives to town council member homes every month to exchange information and explain the Company's current situation and its environmental activities. Our annual factory tours for local residents were canceled in FYE March 2022 to help prevent the spread of COVID-19. In the event of potential noise or vibration caused by construction work, we work to make neighbors aware of the situation in advance, visiting their homes to provide explanations and issuing postings in the area. We also make regular visits during the construction period and check up on the situation. The Utsunomiya Plant organizes community events in a bid to increase communication with local residents. In addition, when conducting construction work that may generate noise and vibration, we visit the relevant community associations in advance to explain and ask for understanding from local residents. We also distribute related information directly, as appropriate, to the individual households concerned.

Factory Tours (Gunma Plant, Utsunomiya Plant)

Gunma Plant

The Gunma Plant welcomes general visitors to factory tours, and also hosts elementary school field trip programs. In FYE March 2022, although we once again suspended new applications for factory tours as a countermeasure against COVID-19, we conducted online factory tours. In the 469 sessions held, a total of 30,169 children participated from elementary schools primarily in the Kanto region as well as Hokkaido and Fukuoka. At each school, children were able to learn about SUBARU's automotive manufacturing through videos. These videos offered a view into our processes they could not get from an in-person tour, earning praise from teachers.



Factory tour leaflet



Online factory tour

Utsunomiya Plant

We participate in the Town Exploration program conducted by neighboring elementary schools as part of their social studies curriculum, hosting approximately 15 students each year. The program creates opportunities for children to grow their interest in society by talking to them about aircraft during a tour of our exhibition models, as well as by introducing the plant's environmental initiatives, such as the promotion of recycling and technologies for fuel-efficient manufacturing. Although we suspended participation in FYE March 2021 and FYE March 2022 in the interest of preventing the spread of COVID-19, we plan to resume participation in FYE March 2023.

Support for the Instructor Dispatch Project (Utsunomiya Plant)

In support of the 2021 Instructor Dispatch Project sponsored by the Tochigi Association of Corporate Executives, Senior Vice President Tozuka was dispatched as an instructor to a local school, Utsunomiya City Younan Junior High School. In his lectures, he introduced the plant's business activities to students enrolled at the school, and also discussed important points for the work they do there.



Instructor Dispatch

Community Cleanup Activities (Gunma Plant, Tokyo Office, Utsunomiya Plant)

As part of its community engagement initiatives, SUBARU carries out cleanup activities on a regular basis in districts where its offices and plants are located.

In FYE March 2022, these events were either canceled or reduced in scope; events held were given the utmost consideration for prevention of the spread of COVID-19. At the Utsunomiya Plant, we continued our previous fiscal year's activities, picking up garbage and conducting cleanup activities at the employee dormitory and surrounding areas.

As a responsible community member, we will continue with these beautification activities to help conserve local environments.



Employees engaged in cleanup activities (Utsunomiya Plant)

Advancing the SDGs Alongside Communities (Utsunomiya Plant)

In March 2021, the Utsunomiya Plant registered for Tochigi Prefecture's Tochigi SDGs Promotion Company Registration System. In this system, the prefectural government maintains a registry of declarations made by companies doing business in the prefecture on the topics of the environment, society, and economy. This system is designed to promote independent company actions toward the achievement of the SDGs. Going forward, we will be proactive in our actions here, linking growth at our business sites with growth of the region.



Registration Logo for Tochigi SDGs Promotion Companies

Hosting Local Community Events (Gunma Plant, Tokyo Office, Utsunomiya Plant)

In order to build good relationships with the communities in which SUBARU's offices and plants are located, we host events on our premises. We invite local residents, as listed below, while participating in various regional community events.

In FYE March 2022, we canceled many events as a result of prioritizing the safety of local residents and employees, but we will continue to promote efforts to contribute to regional development.

Mono-zukuri Classes (Tokyo Office)

In cooperation with Subaru Techno Corporation, SUBARU holds SUBARU Mono-zukuri Classes for elementary school students in Mitaka City, where SUBARU has an office. These classes teach students how SUBARU makes its vehicles, offering them the opportunity to model and run their own cars. Participants get hands-on experience, learning things like the differences between two-wheel drive (2WD) and four-wheel drive (4WD) vehicles, such as their design and handling. Each year, we receive more applications than slots available for this very popular event.

In FYE March 2022, although we canceled these classes as a result of prioritizing student safety, we will continue our activities to bring the joy and importance of manufacturing to as many children as possible.



Learning about the differences between 2WD and 4WD vehicles (FYE March 2020)

Disaster Response Countermeasures

• Donated Disaster Kits (Gunma Plant)

The Gunma Plant donated 11 types of goods, including LED flashlights and portable toilets, to the communities where its office is located. The donation consisted of 359 kits, placed in public facilities, schools designated as evacuation centers, and welfare facilities.



Donations from the Chief General Manager of the Gunma Plant to Mayor of Oizumi Town (left), and Mayor of Ota City (right)

• Concluded a Disaster Preparedness Agreement with Utsunomiya City (Utsunomiya Plant)

We have concluded an agreement with Utsunomiya City regarding the use of facilities in the event of a disaster.

Under this agreement, in the event of wind or flooding damage in Utsunomiya City, the parking facilities of the Utsunomiya Plant will be temporarily opened as an evacuation site for vehicles owned by the city's citizens living in designated flooding zones. In June 2019, the plant was officially registered by the City of Utsunomiya as a Disaster Prevention Cooperation Office, one that will cooperate in local disaster prevention activities, including cooperation in providing human resources and goods support during disasters.

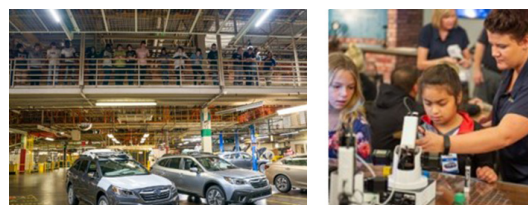


Signing of the disaster preparedness agreement
Chief General Manager of the Utsunomiya Plant (left), Mayor of Utsunomiya City (center), President of KANSEKI CO., LTD. (right)

Activity in the Community: Overseas

Factory Tours (Subaru of Indiana Automotive, Inc.)

For several years, Subaru of Indiana Automotive, Inc. (SIA) has hosted factory tours that offer an opportunity to see the car manufacturing processes firsthand and increase public understanding of SUBARU's products. SIA runs several tour courses, including hands-on programs for students using state-of-the-art robotics, 3D printing, virtual reality (VR), and other technologies.



Children participating in a factory tour (FYE March 2020)

Participation in Manufacturing Week (Subaru of Indiana Automotive, Inc.)

Subaru of Indiana Automotive, Inc. participates in Manufacturing Week, a manufacturing event for local children held by a local commerce association. It is designed to help students from kindergarten to high school age learn about careers available in manufacturing industries. In FYE March 2022, events were held online to help prevent the spread of COVID-19.

Employee Volunteer Activities (Subaru of Indiana Automotive, Inc.)

Subaru of Indiana Automotive, Inc. provides employee volunteer programs in collaboration with local nonprofit groups. These diverse projects include support for food banks, support for local animal protection organizations and tree planting activities, and cleanup activities at fire stations.



Support for nonprofit animal protection organizations



Cleanup activities at fire stations

Participating in Local Government Trash Pickup Activity (Subaru Canada, Inc.)

Subaru Canada, Inc. (SCI) contributes to local environmental beautification through government projects. Since 2005, SCI has participated in a trash pickup campaign run by the City of Mississauga on Earth Day every year, together with other local companies. While SCI could not participate in FYE March 2022 in consideration of the state of COVID-19's spread, it has also taken part in the city's road beautification initiatives for a number of years, working on the assigned areas three times annually.



Earth Day cleanup event (FYE March 2020)



SCI employees participating in cleanup activities (FYE March 2020)

Environment: In Japan

SUBARU Forest Project

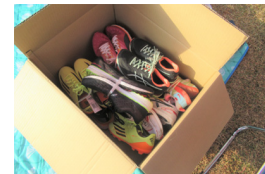
Since FYE March 2018, SUBARU has been working on the SUBARU Forest Project, an initiative that is directly linked to biodiversity conservation and embodies the idea of coexistence with nature included in the SUBARU Environmental Policies. SUBARU is working with Bifuka Town in Hokkaido, Gunma Prefecture, and Utsunomiya City in Tochigi Prefecture, where SUBARU has close ties with local communities. We promote forest protection activities, such as for supporting forest management, tree planting and use of thinned wood obtained from forest management work. In our efforts with Bifuka Town, we purchased J-Credits in FYE March 2022.

Collecting and Donating Unwanted Shoes to an NPO (Gunma Plant)

At a running event held in November 2021, the Gunma Plant asked event participants to collect shoes that are still wearable but no longer worn, collecting 104 pairs of shoes. The collected shoes were recycled and donated to an overseas NPO that supports children in need.



Collection of unwanted shoes



Teaching a School Class (Utsunomiya Plant)

Starting from FYE March 2007, the Utsunomiya Plant sends employees to local elementary and junior high schools to teach classes designed to increase children's interest in the field of aerospace and the environment, seeking to raise their environmental awareness and present a future career option.

Our programs contain lectures and experiments planned to learn about global warming, primarily major causes and the significance of stopping the phenomenon, as well as the principles of aircraft flight and the structure's environment-friendly designs. In FYE March 2022, we once again made utmost efforts to refrain from school visits in the interest of the children's safety, and held programs online. Having taught 21,123 students in total at 318 schools in Utsunomiya and Handa districts over the years, this project has become an essential local community activity.

Respect for Human Rights

Quality: Automotive Business

Quality: Aerospace Business

Making Safe Vehicles

Human Resources

Customers

CSR Procurement

Community Engagement



Teaching a school class

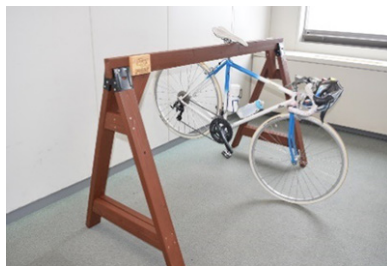


Donating Bike Racks Made of Thinned Wood (Gunma Plant)

In March 2022, the Gunma Plant donated bike racks made of thinned wood from the SUBARU Friendship Forest Akagi to Gunma Prefecture. The 10 donated bike racks have been installed mainly in forest parks in Gunma Prefecture for the benefit of cyclists visiting the parks.



Mr. Masayuki Amada (right), Gunma Prefectural Government Forest Conservation Division Director



Environment: Overseas

On-premise Crop Cultivation (Subaru of America, Inc.)

Subaru of America, Inc. (SOA) cultivates crops on fields established on the company's premises. Company employees maintain the fields themselves, harvesting an average of around 270 kg of crops per year and donating them to local NPOs. FYE March 2021 marked the 14th year since the start of the initiative. The company harvested 269 kg of crops during this year.



SOA on-premise fields

Road Traffic Safety

Traffic Safety Awareness Activities (Gunma Plant)

In December 2021, the SUBARU baseball team, together with a professional basketball team based in Ota City, conducted traffic safety awareness activities at Ota Station with the cooperation of Tobu Railway and the Ota Police Station. Under the theme that walking while using a smartphone is dangerous, they greeted commuters at Ota Station, distributing original tissues.



Members from the SUBARU baseball team, the Gunma Crane Thunders, and Ota Station staff

Installing Traffic Safety Signs (Gunma Plant)

In FYE March 2018, we started an initiative to install traffic safety signs on utility poles on Ota City's school roads. As of April 2021, a total of 29 signboards have been installed in an effort to prevent traffic accidents for local residents.



Installing Signs on Utility Poles

Certificate of Appreciation from the Superintendent General of the Metropolitan Police Department (Tokyo Office)

The Superintendent General of the Metropolitan Police Department presented the Tokyo Office with a Superintendent General Certificate of Appreciation. This certificate of appreciation is awarded to offices that set a good example for others through their daily efforts to improve safety awareness and for proper vehicle operation management, as well as their active involvement in traffic safety activities. Over the years, the Tokyo Office has entered many Safety Drive Contests sponsored by the Metropolitan Police Department. It has achieved zero accidents and zero violations for nearly all of these entries. It was also recognized for its active cooperation in spring and fall traffic safety campaigns.



Award ceremony



Certificate of commendation

Activities of the Association of Driving Safety Supervisors (Utsunomiya Plant)

At the Utsunomiya Plant, SUBARU serves as the president of the southern Utsunomiya branch of the Tochigi Prefecture Association of Driving Safety Supervisors. We work with community associations located around the plant and the Utsunomiya Minami Police Department to promote local road traffic safety activities in order to raise awareness in the southern Utsunomiya district.

In addition to these activities, Senior Vice President Tozuka received the Kanto Driving Safety Manager Association Award, the first received for SUBARU. He received this award as the Chairman of the Utsunomiya Southern District Driving Safety Manager Association for his efforts to improve the efforts and morale of all member organizations.



Association of Driving Safety Supervisors in session



Certificate of commendation

Sports and Culture: In Japan

SUBARU's Baseball Players and Track and Field Team Members Coach Children

In November 2021, the "How to Run Faster" Class was held at the Subaru Sports Park in Oizumi Town, coached by four of SUBARU's track and field team members and two of its coaches. Around 40 local elementary school children participated in the event, learning basic movements in running and studying practical training methods ahead of long-distance races in autumn.



Running clinic



In December 2021, the Gunma Prefectural High School Baseball Skills Training Course was held at the Shikishima Baseball Stadium, with 23 players from SUBARU's baseball team serving as instructors. Despite the many restrictions in consideration of the state of COVID-19's spread, such as alcohol disinfection, mask-wearing, and temperature checks for all participants, the high school students attended with sincere demeanor.



Baseball clinic



Providing “Lifesaving Cars” to the Japan Lifesaving Association

In supporting the JLA*1 in its goal of zero water accidents, SUBARU provided Subaru Lifesaving Cars, including Forester models. These were used for monitoring activities and transport of emergency rescue equipment in FYE March 2021 at beaches in Kanagawa, Chiba, and Shizuoka prefectures. In FYE March 2022, the activity area was expanded to include beaches in 21 prefectures throughout Japan, with 19 SUBARU dealerships*2 providing vehicles in contribution to beach patrols and rescue and relief efforts during the summer.

From FYE March 2023, we will expand the scope of our support and activities as an official partner of JLA.

*1 The Japan Lifesaving Association
([link to website](#)) 

*2 Hokkaido Subaru Co., Ltd., Iwate Subaru Inc., Miyagi Subaru Inc., Yamagata Subaru Inc., Fukushima Subaru Inc., Niigata Subaru Inc., Hokuriku Subaru Inc., Chiba Subaru Inc., Kanagawa Subaru Co., Ltd., Shizuoka Subaru Motor Co., Ltd., Nagoya Subaru Motors Inc., Kyoto Subaru Inc., Hyogo Subaru Inc., Sanin Subaru Inc., Higashi Shikoku Subaru Inc., Fukuoka Subaru Inc., Oita Subaru Inc., Minami Kyushu Subaru Inc., Okinawa Subaru Inc.



Vehicle handover event



Supporting Sporting Organizations and Sporting Events

SUBARU supports the activities of the Ski Association of Japan, the Japan Canoe Federation, and the Japan Cycling Federation as an official sponsor, and also provides operational vehicles for sporting events such as the New Year Ekiden relay race and the Tokyo Marathon.

Sponsoring a Christmas Concert (Head Office)

In December 2021, the Takofes Christmas Concert was held by the Higashi Ebisu Store Association at the EBiS303 (Ebisu Subaru Building). This concert, celebrating its sixth year since launching in 2016, was held with the joint support of local residents and companies, including SUBARU as a local corporate sponsor. The concert was held with rigorous measures taken to prevent COVID-19 infection. The 375 attendees enjoyed a powerful and splendid performance from the professional orchestra.



Christmas concert performance

Sports and Culture: Overseas

Drive-in Movie Event (Subaru Canada, Inc.)

Subaru Canada, Inc. held a drive-in movie viewing for SUBARU owners. Due to the COVID-19 pandemic, the event was held with due caution; participants were provided with masks and alcohol disinfectants. Guests expressed their thanks for being able to attend a safe, fun event even during the difficulties of the COVID-19 pandemic.



Drive-in movie event

Response to the Spread of COVID-19

Cooperation in PCR monitoring group testing (Utsunomiya Plant)

As part of the government's efforts to use early detection to contain resurgence of COVID-19, employees at the Utsunomiya Plant volunteered to help with PCR monitoring group testing, a joint project between Tochigi Prefecture and the Japanese government. These volunteers cooperated in a total of seven PCR tests.

Creating and Donating Partitions Made from Surplus Materials to the Tochigi Prefectural Government and Medical Institutions (Utsunomiya Plant)

The partitions were made from lightweight and durable carbon materials and fiberglass left over from the manufacturing process. A total of 48 sets were donated to the Tochigi prefectural government and medical institutions in Tochigi Prefecture.



Donated partitions

Donation, Volunteer Activities, etc.: In Japan

Employee Volunteer Award Program

Based on the concept of ingraining the practice of social contribution into corporate culture and to foster sincere commitment to such practice, we have established a volunteer award program to encourage each employee to participate in volunteer activities and to raise awareness of social contribution activities.

This award is given annually, and the Social Contribution Committee deliberates and selects winners from among the applicants. In FYE March 2022, the 17th iteration of this award, applications spanned a range of activities, such as tennis coaching, blood donations, and hair donations. Award winners are engaged in their activities with the mindsets of wanting to do something to benefit the world and to inform more people about the activities they are engaged in. SUBARU will continue to foster and enhance employees' awareness of social contribution.

Voluntary Employee Donation System

SUBARU has implemented a system where employees can easily use the company welfare program to donate to important causes. In the event of a disaster, we also offer easy donation through temporary special contact points to support the affected areas. In addition to using the company welfare program to donate in the event of a disaster, we have expanded options for employee participation as of FYE March 2021 to include our SUBARU Online Donation BOX in cooperation with the Central Community Chest of Japan. Furthermore, in December 2020 SUBARU's employees were awarded the Golden Order of Merit*3 by the Japanese Red Cross Society for their donations.



The Golden Order of Merit

*3 The Golden Order of Merit is awarded by the Japanese Red Cross Society to companies and organizations for donating operating funds that exceed a determined amount.

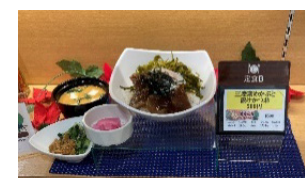
East Japan Reconstruction Support Sales Events (Head Office)

We hold special sales events in-house with participation from the three prefectures of Iwate, Miyagi, and Fukushima, all of which were severely damaged by the Great East Japan Earthquake. These events are held under the theme of direct employee action. In addition to helping with the sale of special products from each prefecture, these events also offer a place where they can provide information about recovery status and tourist attractions. Although these events were suspended in FYE March 2022 due to impact from the spread of COVID-19, we will continue to support the recovery of these regions while adapting how these events are held in keeping with the situation.

SUBARU also participates in the Festival in Support of Tohoku Reconstruction held by the Keidanren (Japan Business Federation) to support reconstruction from the Great East Japan Earthquake, and in FYE March 2022 a special menu using ingredients from the Tohoku region was served in our canteens throughout SUBARU.



Sales event at a SUBARU conference room (FYE March 2020)



Dishes using ingredients from Tohoku

Donations to Charitable Organizations through Bazaars Utilizing Commercialization Rights

Since FYE March 2015, the Intellectual Property Department has been holding charity bazaars utilizing commercialization rights at local community events and in-house bazaars. At these bazaars, SUBARU sells free samples received from manufacturers selling its minicars. Proceeds from sale are donated to organizations supporting children orphaned by traffic accidents. In FYE March 2022, we held charity bazaars at three of our internal offices, donating the proceeds. In addition, in April 2022 we held a charity bazaar at a traffic safety event sponsored by the Utsunomiya Minami Police Department and others, donating the proceeds.

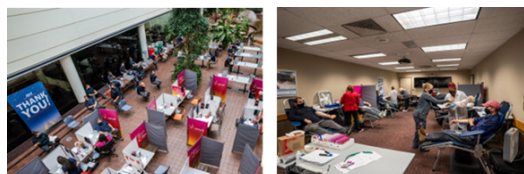


In-house bazaar (FYE March 2017)

Donation, Volunteer Activities, etc.: Overseas

Blood Drive (Subaru of Indiana Automotive, Inc.)

Subaru of Indiana Automotive, Inc. (SIA) has been running a blood drive twice a year since 1991. In 2021, SIA donated 846 units of blood from approximately 280 donors. In nearly 30 years, SIA has donated approximately 15,000 units of blood to over 80 hospitals in Indiana.



Employees making a blood donation

Donation of Recycled Clothing to Economically Disadvantaged Regions (SUBARU of China, Ltd.)

Subaru of China, Ltd. (SOC)'s labor union facilitated a donation program, sending unused clothing to people living in economically disadvantaged regions. A total of 674 items of clothing were collected from 29 SOC employees and donated.



Donation certificate



Collected clothing

Donation to the Japan Business Society of Detroit (SUBARU Research & Development, Inc.)

Subaru Research & Development, Inc. made donations to the Japan Business Society of Detroit (JBSD), a Japanese business organization in the state of Michigan. Donations are used for scholarships and cultural activities. While Subaru Research & Development, Inc. had made four donations a year for a number of years, the company only donated three times in FYE March 2022 due to the impact from COVID-19.

Governance

173 Corporate Governance

195 Compliance

200 Risk Management



Corporate Governance

Basic Policy

SUBARU has articulated the vision "Delivering happiness to all" and works on the enhancement of corporate governance as one of the top priorities of management in order to gain the satisfaction and trust of all its stakeholders by achieving sustainable growth and improving its corporate value over the medium to long term.

<Vision>	Delivering happiness to all
<Value Statement>	"Enjoyment and Peace of Mind"
<Corporate Statement>	We aim to be a compelling company with a strong market presence built upon our customer-first principle.

SUBARU clearly separates the function of decision making and the oversight of corporate management from that of the execution of business operations, and aims to realize effective corporate management by expediting decision making. In addition, SUBARU seeks to ensure proper decision making and the oversight of corporate management and the execution of business operations as well as enhance its risk management system and compliance system through the monitoring of its management and operations and advice provided by outside officers. We also implement proper and timely disclosure of information in order to improve the transparency of management. SUBARU has created the Corporate Governance Guidelines with the objective of clarifying the basic concept, framework, and operating policy of its corporate governance.

[> Corporate Governance Guidelines](#)  PDF/391kB (July 2022)

[> Corporate Governance Report \(Japanese version only\)](#)  PDF/322kB (July 2022)

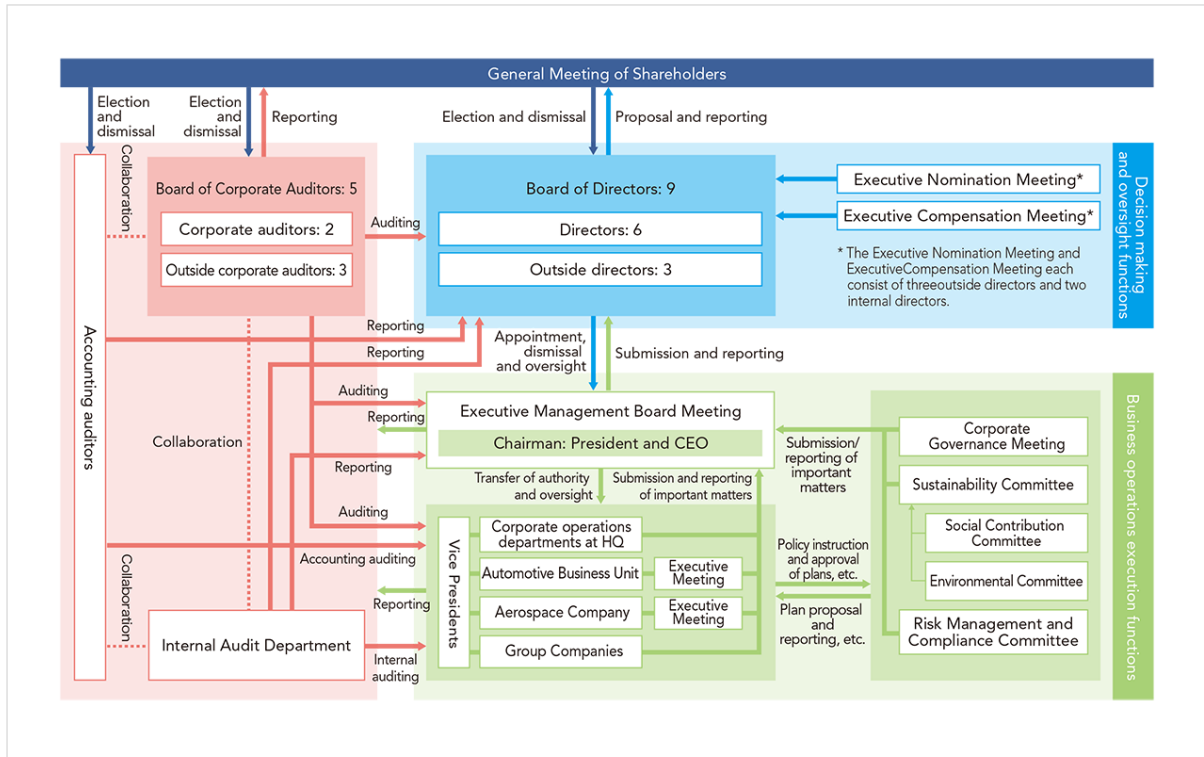
Management System

SUBARU has chosen a structure with a board of corporate auditors. The Board of Directors (nine members, of which three are outside directors) and the Board of Corporate Auditors (five members, of which three are outside corporate auditors) decide, supervise, and audit the execution of important business.

This structure also enables us to achieve more sound and efficient business operations through increased effectiveness of management monitoring by involving highly independent outside directors and outside corporate auditors. At SUBARU, in order to enhance the practical governance structure based on our present organizational design, we have established two voluntary meetings: the Executive Nomination Meeting (consisting of five directors, of which three are outside directors) and the Executive Compensation Meeting (also consisting of five directors, of which three are outside directors).

As of the resolution of the 91st Ordinary General Meeting of Shareholders held on June 22, 2022, SUBARU's corporate governance structure and the composition of the Board of Directors, Board of Corporate Auditors, Executive Nomination Meeting, and Executive Compensation Meeting are as follows.

Corporate Governance Structure



Directors/Auditors

(As of June 22, 2022)

	Name	Position	Female	Term	Total Years of Service	Board of Directors*	Board of Corporate Auditors*	Executive Nomination Meeting*	Executive Compensation Meeting*	Main Areas of Expertise										
										Management (executive experience)	Technology / Development	Manufacturing / Procurement	Sales / Marketing	Global	Financial affairs and accounting	Legal affairs, compliance, and risk management	Human Resource Development	IT / DX		
Directors	Tomomi Nakamura	Representative Director, President and CEO		1 year	4 years	○		○	○	●			●	●			●			
	Kazuo Hosoya	Director, Chairman			3 years	◎		◎	◎			●	●					●		
	Katsuyuki Mizuma	Director, Executive Vice President, CFO and CRMO			1 year	○								●	●	●	●			
	Tetsuo Onuki	Director, Executive Vice President			4 years	○						●	●		●					
	Atsushi Osaki	Director, Executive Vice President			1 year	○						●	●					●		
	Fumiaki Hayata	Director, Executive Vice President			1 year	○							●	●	●					
	Yasuyuki Abe	Independent Outside Director			3 years	○			○	○	●					●				●
	Natsunosuke Yago	Independent Outside Director			3 years	○			○	○	●	●	●			●		●		
	Miwako Doi	Independent Outside Director	☆		2 years	○			○	○		●								●
Corporate Auditors	Yoichi Kato	Standing Corporate Auditor		4 years	1 year	○	◎							●		●		●		
	Hiromi Tsutsumi	Standing Corporate Auditor	☆		2 years	○	○							●				●		
	Shigeru Nosaka	Independent Outside Corporate Auditor			3 years	○	○								●	●				
	Kyoko Okada	Independent Outside Corporate Auditor	☆		3 years	○	○							●			●			
	Yuri Furusawa (Newly appointed)	Independent Outside Corporate Auditor	☆		Newly appointed	○	○								●		●	●		

* ○ ◎ and ○ indicate attendance of the chairman and other members, respectively.

Note: The list above does not cover the entire scope of knowledge held by the directors and corporate auditors.

Business Operation System

SUBARU has adopted a vice president system and converted the Aerospace division into an internal company in order to clarify responsibilities and accelerate the execution of business operations. In addition, the Executive Management Board Meeting (a body for preliminary deliberation of company-wide management matters before their presentation to the Board of Directors) and the Executive Meeting (a decision-making body for each business division) deliberate on matters before their discussion at meetings of the Board of Directors in order to identify issues and improve the efficiency of deliberations at meetings of the Board.

Board of Directors

The Board of Directors ensures fairness and transparency by performing the oversight function for overall management and makes the best decisions possible for the Company through appointment, evaluation, and resolution regarding the compensation of its CEO and other management team members, the assessment of material risks faced by the Company and the development of measures to deal with such risks, and decisions on the execution of important business of the Company. The Board takes these actions in the interest of effective corporate governance as well as sustainable growth and improvement of corporate value over the medium to long term. The Board of Directors consists of a maximum of 15 members, from within and outside of the Company, in accordance with the Articles of Incorporation.

It is now composed of nine directors, including three outside directors, which was approved at the 91st Ordinary General Meeting of Shareholders held on June 22, 2022. The meetings are chaired by the chairman of the Board of Directors. Meetings of the Board of Directors were held 13 times in FYE March 2022 (in addition to these, there was one written resolution passed that has been deemed equivalent to a Board of Directors' meeting, pursuant to Article 370 of the Companies Act and the Articles of Incorporation).

Number of Board of Directors' Meetings Held and Attendance Rate

(FYE March)

Category	2018	2019	2020	2021	2022
Number of meetings held	17	16	13	12	13
Attendance rate	99.0%	98.4%	100.0%	100.0%	100.0%

* In addition to the number of Board of Directors' meetings shown in the above table, there was one written resolution passed in FYE March 2019, two in FYE March 2020, one in FYE March 2021, and one in FYE March 2022 that have been deemed equivalent to a Board of Directors' meeting, pursuant to Article 370 of the Companies Act and the Articles of Incorporation. Attendance rates for newly appointed directors are calculated based on the number of Board of Directors' meetings held after their appointment.

Executive Nomination Meeting

To ensure the fairness and transparency of decisions on executive appointment, this voluntary committee, whose membership also includes independent outside directors and based on ample deliberation, submits to the Board of Directors proposals regarding policies for the composition of the Board of Directors, the appointment or dismissal of the CEO and other top management members, and the nomination of candidates for directors and corporate auditors. It also determines and makes proposals for appointment, dismissal, and nomination for the same. The Executive Nomination Meeting was held twice in FYE March 2022, and submitted reports mainly on SUBARU's executive structure and appointments, the division of duties of executives, and the appointment of representatives of major subsidiaries.

Executive Compensation Meeting

To ensure objectivity and transparency in decisions on compensation for directors, the Executive Compensation Meeting, as a voluntary committee and on the basis of delegation by the Board of Directors, determines individual compensation amounts per director and other issues after ample deliberation. Where matters concern the executive compensation system in general, such as its revision, the Board of Directors deliberates on proposals approved by the Executive Compensation Meeting and decides on them by resolution.

The Executive Compensation Meeting was held seven times in FYE March 2022, and submitted revised policy drafts for determining director compensation systems and details of compensation for individual directors, while deciding on performance-linked compensation for directors (except for outside directors) and corporate vice presidents based on evaluations and the amount of compensation claims in respect of restricted stock compensation for each individual recipient.

Board of Corporate Auditors

The Board of Corporate Auditors, as an independent organization entrusted by shareholders, is responsible for ensuring the sound and sustainable growth of SUBARU and establishing a quality corporate governance system that can be trusted by society by performing audits of the execution of duties by directors, passing resolutions on the contents of proposal items regarding the appointment and dismissal, or non-reappointment, of accounting auditors that are to be submitted to the General Meeting of Shareholders, and performing business audits, accounting audits, and other matters prescribed by laws and regulations. The body consists of a maximum of five members in accordance with the Articles of Incorporation. It is now composed of five corporate auditors, including three outside corporate auditors, which was approved at the 91st Ordinary General Meeting of Shareholders held on June 22, 2022. The body is chaired by the standing corporate auditor. In FYE March 2022, 12 meetings of the Board of Corporate Auditors were held.

Effectiveness Evaluation of the Board of Directors

SUBARU's Board of Directors (BoD) analyzes and evaluates its effectiveness in accordance with the Corporate Governance Guidelines and considers and implements improvements to address any issues identified.

In FYE March 2022, the BoD confirmed efforts to address issues recognized in the previous fiscal year, based on monitoring points raised in the previous fiscal year's evaluation. It also gathered, analyzed, and evaluated views on issues for speedy discussion and investigation based on the impact of the COVID-19 pandemic and dramatic changes in the business environment surrounding the automobile industry. The results of this process are reported below.

Methods of evaluation and analysis

- (1) Timing: January 2022
- (2) Respondents: Directors and corporate auditors (13 in total)
- (3) Process: Self-evaluation using a questionnaire prepared by a third-party body
 - (a) Third-party body conducts anonymous self-evaluation survey of directors and corporate auditors
 - (b) Third-party body aggregates and analyzes responses
 - (c) BoD verifies and discusses report received from third-party body
- (4) Questions:
 - I. BoD management structure
 - II. BoD oversight function
 - III. Shareholder dialogue
 - IV. Views on key efforts undertaken this year
 - V. Issues for next year onward
 - VI. Views on other matters

Respondents evaluated themselves on a four-point scale. They were also free to add their own thoughts on points of excellence relating to the BoD and points requiring enhanced BoD effectiveness, before submitting the questionnaire directly to the third-party body.

Evaluation Results

Based on the report received from the third-party body aggregating and analyzing results, SUBARU's BoD discussed and confirmed the following points:

- As in previous fiscal years, the results confirmed that BoD management entails the conduct of free, open, and sound discussion.
- Points confirmed as strengths in previous evaluations (chairman's leadership, responses to cross-shareholding, and size of the BoD) continued to be evaluated highly, confirming that BoD strengths are being passed down systematically and sustained.
- Evaluation scores greatly improved for the previous fiscal year's issue of executive compensation system design, including incentive compensation, as a result of active discussions on the review of the executive compensation system.
- Evaluations improved on discussions of strengthening governance and responding to social and environmental problems as a result of active discussions on responding to revisions to Japan's Corporate Governance Code.
- Regarding the ongoing issue of discussion of medium- to long-term management strategy, evaluation scores improved, if only slightly, as a result of careful discussion on the disclosure of our progress report for the mid-term management vision "STEP."
- Although evaluation scores fell regarding the risk management system, we recognize that this is due to supply chain disruptions caused by semiconductor shortages, and we have confirmed that the risk management system and its

operation are properly established.

- Since four (three directors and one corporate auditor) of the 13 executives are newly appointed, and the evaluation criteria may differ for each executive, we believe that caution is required when making simple comparisons with the previous evaluation.

Areas previously recognized as problematic where significant progress was acknowledged this year

(1) Enhancing discussion of medium- to long-term management strategy

We recognize that we have deepened the understanding of SUBARU's business environment, especially among outside executives, through careful discussions upon the disclosure of the mid-term management vision "STEP" and ample discussions on our environmental portfolio at management discussions and social gathering events*. Based on these results, we have decided to continue to address this issue, recognizing that the discussion of medium- to long-term management strategy requires further enhancement in both quality and quantity, given the lack of clarity and certainty in trends in the automobile industry.

* Events for the exchange of opinions on important topics for SUBARU, held by directors and corporate auditors but not requiring resolution

(2) Discussions on the executive compensation system design, including incentive compensation

After active discussion in which outside executives offered constructive opinions on the compensation structure and incentive design, a decision was made to revise the compensation system to be linked to the mid-term management vision "STEP." In response to the demands of the times regarding corporate governance and to SUBARU's business environment, the Executive Compensation Meeting will continue to examine issues so that the executive compensation system will function as an appropriate incentive for the management team.

(3) Discussions on improvement of Group governance

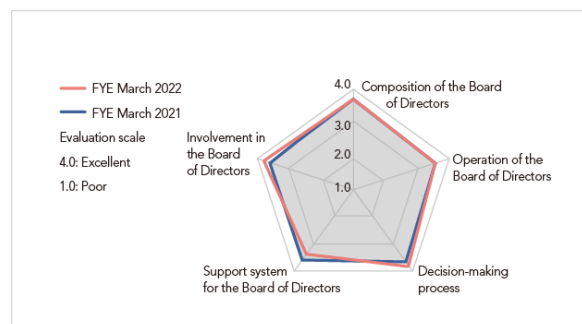
The Group governance management system has been making steady progress every year including timely and appropriate reporting of important issues to the BoD. The BoD's supervisory responsibility over Group governance has been increasing and it will continue with regular monitoring so as to further strengthen the management system.

Future Initiatives

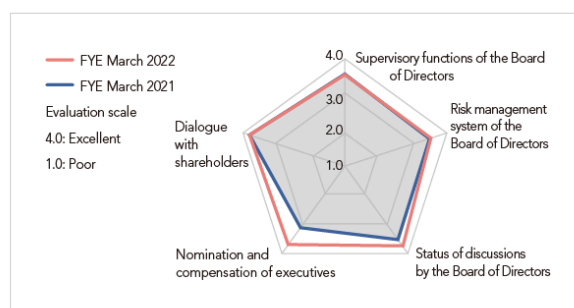
The BoD will continue its efforts to deepen discussions of and improve the quality of medium- to long-term management strategy. With regard to risk management system and operation, the BoD will also expand discussions on the establishment of a system to appropriately address newly identified risks, in light of the increased sensitivity to risk management due to supply chain disruptions caused by semiconductor shortages. In taking these and other actions, it will strive to maintain and improve BoD effectiveness with the aim of continuing to enhance medium- to long-term corporate value and achieving sustainable growth.

Results of the Questionnaire

Operational Structure of the Board of Directors



Supervisory Function of the Board of Directors and Dialogue with Shareholders



Evaluation Items

Category		Diagnostic Items		
1. Operational structure of the Board of Directors	(1) Composition of the Board of Directors	Size of the Board of Directors	Composition of the Board of Directors (ratio of inside to outside directors)	Composition of the Board of Directors (diversity and expertise)

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Category		Diagnostic Items		
	(2) Operation of the Board of Directors	Frequency, length, and time allocation of meetings	Relevance of agenda items	Quality and quantity of documents
		Timing of document distribution	Prior explanation	Content of explanations and reports
	(3) Decision-making process	Leadership by the Chair	Adequate discussion	-
	(4) Support system for the Board of Directors	Environment and systems for the provision of information	Provision of information to outside directors	Training of outside directors
		Training of inside directors	-	-
	(5) Involvement in the Board of Directors	Attitude to initiatives	Company-wide perspective	Mutual respect
		Diverse values	Stakeholder perspectives	-
2. Supervisory functions of the Board of Directors	(1) Supervisory functions of the Board of Directors	Reporting system	Supervision of corporate management	-
	(2) Risk management system of the Board of Directors	Risk management system	Subsidiary management system	Provision of information and measures to combat risk
		System for managing progress of response measures	Penetration of compliance awareness	-
	(3) Status of discussions by the Board of Directors	Discussion of management strategy	Discussion of capital policy	Discussion of cross-shareholding for policy purpose
		Discussion of strengthening governance	Response to social and environmental problems	-
	(4) Nomination and compensation of executives	Composition of the Executive Appointment Committee and Executive Compensation Committee	Cultivating successors	Incentive compensation
3. Dialogue with shareholders	Dialogue with shareholders	Sharing the views of shareholders and investors	Enhancing dialogue with shareholders and investors	-

Approach to the CEO Succession Plan

SUBARU recognizes that decision making regarding top management changes and successor selection may have a critical influence on corporate value. Therefore, in order to ensure a successful succession at the right timing, we invest substantial time and resources to carefully develop and implement succession plans.

In order to hand over the business to the right person, the BoD, as part of its essential duties, develops succession plans that can convince all stakeholder groups. To ensure objectivity and transparency in the process for deciding on the replacement and selection of the CEO, the BoD appropriately supervises the preparation of proposals by the current CEO through discussions at the Executive Nomination Meeting.

To be able to implement succession plans appropriately, the CEO begins to prepare for selection and development of their successor candidates independently upon assuming office. Key processes for this purpose include providing information on candidates to outside directors on an ongoing basis, particularly by enabling the directors to monitor the candidates in person continuously in day-to-day business settings, as a measure to ensure appropriate and timely evaluation and selection down the road.

The BoD and Executive Nomination Meeting meet on a regular basis to review the list of essential qualities and skills required of the CEO, which may include removing and adding items, in consideration of perception of current trends, changes in the business environment surrounding the Company, and the future direction of the Group's business strategies.

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To ensure the objectivity of the successor selection process and increase the effectiveness of its supervision by the Board of Directors and Executive Nomination Meeting, it is important to have effective selection criteria in place, particularly for use by outside directors. To this end, SUBARU discloses two sets of criteria: "Abilities required of the SUBARU Group's CEO" and "Five key qualities required of the SUBARU Group's CEO." These criteria serve as a guide for evaluating candidates in light of quality, competency, experience, track record, specialized expertise, personality, and other factors, which have been discussed and decided on by the Board of Directors and Executive Nomination Meeting.

Abilities required of the SUBARU Group's CEO

The SUBARU Group's CEO must be able to: properly understand the business environment surrounding SUBARU, its corporate culture and philosophy, business growth stages, and medium- to long-term management strategies and challenges; facilitate collaboration appropriately with various stakeholders; and lead all executives and employees to work together to maximize corporate value.

Five key qualities required of the SUBARU Group's CEO

1. Integrity
2. Broad perspective
3. Character
4. Tireless spirit or revolutionary leadership skills
5. Person of action

Executive Officer Training

Category	Training Policy / Major Ongoing Programs
Directors Corporate auditors	<p>Policy SUBARU provides its directors and corporate auditors on an ongoing basis with information and knowledge regarding its business activities that is necessary for them to fulfill their responsibilities to oversee and audit the management.</p>
	<ul style="list-style-type: none"> • Refresher courses focusing on information regarding the Companies Act and other laws and regulations related to corporate governance
	<ul style="list-style-type: none"> • Participation in seminars and programs hosted by government agencies, Japan Federation of Economic Organizations, Japan Association of Corporate Directors, Japan Audit & Supervisory Board Members Association, etc.
Outside directors Outside corporate auditors	<p>Policy SUBARU provides its outside officers on an ongoing basis with information relating to the Company's corporate statement, corporate culture, business environment, and other matters, mainly through arranging appropriate opportunities, such as operations briefings from business divisions and factory tours, as well as creating an environment for officers to share information and exchange opinions more easily.</p>
	<ul style="list-style-type: none"> • The following programs are provided to outside Board members at the time of appointment and subsequently to keep them updated
	<ul style="list-style-type: none"> - Opportunities for discussions with and briefings from responsible vice presidents about the corporate statement, corporate culture, business environment, and the performance, situation, and issues of each business division/department
	<ul style="list-style-type: none"> - Inspection tours at manufacturing/R&D/distribution sites
	<ul style="list-style-type: none"> - Discussions with directors and corporate auditors on management issues
	<ul style="list-style-type: none"> - Social gathering events with directors and corporate auditors
	<ul style="list-style-type: none"> - Participation in company-wide business events, such as improvement activity debriefing sessions

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Category	Training Policy / Major Ongoing Programs
Vice Presidents	Policy SUBARU gives vice presidents similar opportunities as those given to directors and corporate auditors, for the purpose of developing human resources to lead its management in the future.
	<ul style="list-style-type: none"> Participation in external programs aimed at fostering the mindset required for executive management and motivating self-improvement actions
	<ul style="list-style-type: none"> Lectures by invited experts in specified topics to share and increase literacy in the related field (legal affairs, compliance, IT, the SDGs, media response, etc.)
	<ul style="list-style-type: none"> Strategy-building camps for all vice presidents
	<ul style="list-style-type: none"> Recommendation and support for participation in appropriate external seminars and programs

* Expenses to be incurred for offering the above training to directors and corporate auditors, including outside officers and vice presidents, are borne by the Company.

Category	Programs provided in FYE March 2022
All executives (including outside officers)	<ul style="list-style-type: none"> Newly appointed directors and vice presidents participated in three-day external seminar programs One director participated in a total of five programs on corporate governance University-held public courses were offered on a voluntary and selective basis
	<ul style="list-style-type: none"> Classroom lectures by invited experts were held for all executives to discuss management issues (Total of seven sessions held)
	<ul style="list-style-type: none"> Seminars by invited experts in specified topics, including about the Companies Act, were offered via on-demand streaming (Total of two sessions held)
Outside directors Outside corporate auditors	<ul style="list-style-type: none"> Business-related briefings from, and discussions with, vice presidents and others
	<ul style="list-style-type: none"> Management roundtable discussions attended by all 13 directors and corporate auditors (two meetings, one held every six months)
	<ul style="list-style-type: none"> Outside directors and outside corporate auditors participated in in-house presentations and exhibits about future technologies and quality solutions

Directors, Auditors, and Executive Officers

Directors, Corporate Auditors, and Vice Presidents

› [Corporate Profile: Directors, Corporate Auditors, and Vice Presidents](#) 

Outside Directors/Outside Corporate Auditors

Nomination Criteria

- The outside directors are expected to perform a monitoring function independent from the management team and provide appropriate advice on management on the basis of a wide range of sophisticated knowledge.
- The outside corporate auditors are expected to perform a management oversight function independent from the management team and undertake their role of auditing from the viewpoint of legality and appropriateness on the basis of broad and advanced knowledge.
- SUBARU has established criteria for independence of outside officers in addition to the criteria for independence established by the Tokyo Stock Exchange, and appoints outside directors and outside corporate auditors who meet those criteria.

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Reasons for Appointing the Outside Officers and Major Activities

	Independent Officer Status*	Reasons for Appointing	Meeting Attendance (FYE March 2022)		Significant Concurrent Positions (As of June 30, 2022)
			Board of Directors	Board of Corporate Auditors	
Outside Directors	○	As representative director and senior managing executive officer of Sumitomo Corporation, Mr. Yasuyuki Abe has been involved in management in both a supervisory and executional capacity, possesses extensive experience and knowledge in business management, and has an advanced understanding of the IT field. Mr. Abe has served three years as an independent outside corporate auditor for the Company since June 2016. During his tenure, he has supervised the execution of duties conducted by directors, as well as understood the true nature of the problems facing the Company and offered his frank opinions to senior management in a timely and appropriate manner. In June 2019, Mr. Abe was appointed to the position of independent outside director and has been providing beneficial advice to the Company's management. In light of this, the Company appointed Mr. Abe with the expectation that he will provide sufficient advice and oversight of all aspects of the Company's management from an independent perspective as an outside director of the Company.	Attended 13 of 13 meetings	-	Outside Director, HOYA Corporation Director, Chairman, WASEDA University Ventures, Inc. Advisor, ORANGE AND PARTNERS CO., LTD.
	○	Mr. Natsunosuke Yago served successively as president and representative executive officer and chairman at Ebara Corporation, and has extensive experience and knowledge in business management. Mr. Yago is especially knowledgeable in the areas of internal control and governance. In June 2019, the Company appointed him to the position of independent outside director. Given that he has been providing beneficial advice to the Company's management based on his rich experience and wide range of knowledge, and high level of insight into the Company's social responsibilities, we appointed Mr. Yago with the expectation that he will provide sufficient advice and oversight of all aspects of the Company's management from an independent perspective as an outside director of the Company.	Attended 13 of 13 meetings	-	President, Ebara Hatakeyama Memorial Foundation Outside Director, J. FRONT RETAILING Co., Ltd.

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		Independent Officer Status [*]	Reasons for Appointing	Meeting Attendance (FYE March 2022)		Significant Concurrent Positions (As of June 30, 2022)
				Board of Directors	Board of Corporate Auditors	
	Miwako Doi	○	As a researcher and supervisor in the field of information technology at Toshiba Corporation, Ms. Miwako Doi has accumulated vast experience and made many achievements in this field over many years. In addition, she has held successive positions, mainly in government committees, owing to her high level of expertise and extensive experience and knowledge. In June 2020, the Company appointed her to the position of independent outside director. Given that she has been providing beneficial advice to the Company's management for the generation of new innovation, we appointed Ms. Doi with the expectation that she will provide sufficient advice and oversight of all aspects of the Company's management from an independent perspective as an outside director of the Company.	Attended 13 of 13 meetings	-	Auditor, National Institute of Information and Communications Technology (NICT) (part-time) Executive Vice President, Tohoku University (part-time) Executive Director, Nara Institute of Science and Technology (part-time) Outside Director, Isetan Mitsukoshi Holdings Ltd. Outside Director, NGK Spark Plug Co., Ltd.
Outside Corporate Auditors	Shigeru Nosaka	○	Mr. Shigeru Nosaka has been involved in management in both a supervisory and executorial capacity as a director, executive deputy president, and deputy chairman and CFO at Oracle Corporation Japan and possesses extensive experience and knowledge in business management. In June 2019, Mr. Nosaka was appointed to the position of independent outside corporate auditor and has been providing beneficial advice to the Company's management based on his wide range of insights into finance and accounting in corporate activities. In light of this, the Company appointed Mr. Nosaka with the expectation that he will appropriately perform the duties as an outside corporate auditor of the Company.	Attended 13 of 13 meetings	Attended 12 of 12 meetings	Corporate Auditor, dotD, Inc. Advisor, AI Dynamics Inc. Japan
	Kyoko Okada	○	Ms. Kyoko Okada has accumulated extensive experience and knowledge in areas such as CSR and corporate culture at Shiseido Co., Ltd. and has a career in management auditing as a corporate auditor at Shiseido. In June 2019, Ms. Okada was appointed to the position of independent outside corporate auditor and has been providing beneficial advice to the Company's management based on her wide range of insights into CSR and corporate culture in corporate activities. In light of this, the Company once again appointed Ms. Okada with the expectation that she will appropriately perform the duties as an outside corporate auditor of the Company.	Attended 13 of 13 meetings	Attended 12 of 12 meetings	Outside Audit & Supervisory Board Member, Daio Paper Corporation Outside Director, JACCS Co., Ltd. Outside Audit & Supervisory Board Member, NEC Corporation

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	Independent Officer Status*	Reasons for Appointing	Meeting Attendance (FYE March 2022)		Significant Concurrent Positions (As of June 30, 2022)
			Board of Directors	Board of Corporate Auditors	
Yuri Furusawa	○	Ms. Yuri Furusawa has held key positions in the Ministry of Land, Infrastructure, Transport and Tourism, and has been involved in the promotion of work style reform, active participation by women and diversity in the Cabinet Secretariat, as well as in the overseas business development in the private sector, giving her a broad perspective and a high level of insight. Based on this background, we expect that she will appropriately perform her duties as an outside corporate auditor of the Company from an independent standpoint. Therefore, we believe her to be qualified for the position and nominated her as an outside corporate auditor.	-	-	Outside Audit & Supervisory Board Member, Kubota Corporation
<p>Note: In addition to the number of Board of Directors' meetings shown in the table above, there was one written resolution that has been deemed equivalent to a Board of Directors' meeting, pursuant to Article 370 of the Companies Act and the Articles of Incorporation. On June 17, 2019, Ms. Miwako Doi was appointed to the position of outside director at Isetan Mitsukoshi Holdings Ltd. MICARD Co. LTD., a subsidiary of Isetan Mitsukoshi Holdings, was issued an order for action by the Consumer Affairs Agency on July 8, 2019. The administrative order was issued due to misleading representation of services related to the MICARD+ GOLD card in accordance with Article 5-1 and 5-2 of the Act against Unjustifiable Premiums and Misleading Representations. An order for payment of a surcharge was issued on March 24, 2020. Ms. Doi had no beforehand knowledge of said facts. After this matter was identified, Ms. Doi has been fulfilling her responsibilities in part by pouring energies into the establishment of measures through deliberation by its Board of Directors to prevent recurrence of such incidents in the Isetan Mitsukoshi Holdings Group, which includes MICARD and its subsidiaries, and to make these facts common knowledge among all employees and to strengthen employee training.</p>					

* Independent officers: Outside directors and outside corporate auditors with no risk of a conflict of interest with general shareholders as stipulated by the stock exchange.

Compensation for Directors

Matters Concerning the Policy for Determining Details of Compensation for Individual Directors

SUBARU deliberated and decided on the proposal of the Policy for Determining Details of Compensation for Individual Directors approved by the Executive Compensation Meeting at the Board of Directors' meeting held on May 17, 2021. The policy is summarized below.

Policy for Determining Details of Compensation for Individual Directors

1. Basic policy

As a basic policy, compensation for directors of the Company is determined in view of the following items:

(1) Compensation is at a level commensurate with the roles and responsibilities of directors and is appropriate, fair, and balanced.

(2) The compensation structure is determined by giving consideration to providing motivation for sustained improvement in corporate performance and corporate value and securing excellent human resources.

Specifically, compensation for directors is composed of basic compensation, short-term performance-linked compensation, and restricted stock compensation (for non-resident officers, phantom stock, instead of restricted stock). For outside directors, the Company pays only basic compensation in view of their roles of fulfilling monitoring and oversight functions of corporate management from an independent position. The total amount of compensation for individual directors and the levels of each compensation item are set for every position depending on difference in responsibility by utilizing the research data compiled by outside specialized agencies.

2. Policy for determining the amount of monetary compensation excluding performance-linked compensation (hereinafter, the "Fixed Monetary Compensation"), performance-linked compensation, and non-monetary compensation (including the policy for determining the timing or conditions for granting such compensation)

(1) Policy for the Fixed Monetary Compensation

Directors receive the Fixed Monetary Compensation monthly as basic compensation. The amount for individual directors is determined based on their positions, taking into consideration elements such as the business environment.

(2) Policy for performance-linked compensation

Directors receive short-term performance-linked compensation by cash at a certain time of the year. The specific amount is determined according to a compensation table by position prepared based on the consolidated ordinary income for the current fiscal year* as a key performance indicator (KPI), adjusted according to the matrix of combined return on equity (ROE) and improved shareholders' equity ratio, which are both performance indicators aligned with the Company's capital policy, and for non-director executive officers, taking into consideration personnel development and the business environment. The Company will review the KPI as needed based on changes in the environment and reports from the Executive Compensation Meeting.

(3) Policy for non-monetary compensation

The Company grants restricted stock compensation to directors for the purpose of providing them an incentive for sustained improvement of the Company's corporate value and further value sharing with the shareholders. Specifically, the Company grants monetary compensation claims to directors in consideration of the Company's business performance, responsibilities of each director, and other factors, and directors make in-kind contributions of such monetary compensation claims to receive shares of the Company's common stock. The maximum number of shares of the Company's common stock to be granted as restricted stock compensation is 100,000 per year (including those issued to executive officers). In addition, the Company and eligible officers shall enter into a restricted stock allotment agreement that includes an overview and provisions that state (1) eligible directors shall not, for a set period of time, transfer, create a security interest on, or otherwise dispose of the shares of the Company's common stock that have been allotted to them, and (2) the Company may acquire the said shares of its common stock without compensation if certain events occur.

For non-resident officers, the Company grants, instead of issuing restricted stock compensation, phantom stock equivalent to such units, and the stock shall also be treated in accordance with the restricted stock allotment agreement.

3. Policy for determining the proportion of the Fixed Monetary Compensation, performance-linked compensation, and non-monetary compensation to the total amount of compensation, etc., for individual directors

The Company shall appropriately determine the proportion of compensation by type of directors excluding outside directors in reference to the compensation levels and compensation mix of companies of a similar scale to the Company or industry peers obtained through an external research company, and in consideration of factors such as the Company's overall salary level and social situations. The Company shall also prepare compensation tables for short-term performance-linked compensation and restricted stock compensation by officer position. With regard to revisions of the compensation table, proposals approved by the Executive Compensation Meeting are deliberated and decided on by the Board of Directors.

4. Matters concerning the determination of details of compensation, etc., for individual directors

The Executive Compensation Meeting, by a resolution of and upon delegation by the Board of Directors, determines specific amounts of compensation, etc., of individual directors, following sufficient deliberation by its members including outside directors.

Its authorities include the determination of specific amounts of basic compensation, short-term performance-linked compensation, and restricted stock compensation as well as their payment schedule (including phantom stock). With regard to revisions of the compensation system and other matters pertaining to compensation overall, proposals approved by the Executive Compensation Meeting are deliberated and decided on by the Board of Directors. In addition, the total amount of compensation for individual directors and the levels of each compensation item are set for every position depending on difference in responsibility by utilizing the research data compiled by outside specialized agencies.

To ensure transparency and effectiveness of the executive compensation determination process, the Executive Compensation Meeting shall, by a resolution of the Board of Directors, be structured so that the majority of its members are outside directors, and its chairman shall be appointed.

* As the Group started to voluntarily apply the International Financial Reporting Standards (IFRS), this is a figure converted to consolidated ordinary income under the Japanese generally accepted accounting principles (JGAAP).

Matters concerning the resolutions of the General Meetings of Shareholders on compensation, etc., for directors and corporate auditors

By a resolution passed at the 85th Ordinary General Meeting of Shareholders, held in June 2016, the maximum total amount of annual compensation, etc., for directors is 1.2 billion yen (including a maximum 200 million yen for outside directors). The maximum total amount of monetary compensation is 200 million yen per year, within the abovementioned limitation, by a resolution passed at the 86th Ordinary General Meeting of Shareholders, held in June 2017.

By a resolution passed at the 75th Ordinary General Meeting of Shareholders, held in June 2006, the maximum total amount of annual compensation, etc., for corporate auditors is 100 million yen.

Matters concerning the delegation relating to the details of compensation, etc., for individual directors

SUBARU has voluntarily set up the Executive Compensation Meeting in order to enhance the effective governance structure based on the existing organizational design. By the delegation resolution of the Board of Directors, the Executive Compensation Meeting determines specific compensation amounts, etc., of individual directors, following sufficient deliberation by its members including outside directors.

Its authorities include the determination of specific amounts of basic compensation, short-term performance-linked compensation, and restricted stock compensation as well as their payment schedule. For restricted stock compensation, the number of shares allotted to individual directors is determined by the resolution of the Board of Directors based on decisions of the Executive Compensation Meeting. With regard to revisions of the compensation system and other matters pertaining to compensation overall, proposals approved by the Executive Compensation Meeting are deliberated and decided on by the Board of Directors.

The Executive Compensation Meeting in FYE March 2022 was comprised of two representative directors and three outside directors. Its chairman was Mr. Kazuo Hosoya. To ensure transparency and effectiveness of the executive compensation determination process, the Executive Compensation Meeting shall, by a resolution of the Board of Directors, be structured so that the majority of its members are outside directors. Executive Compensation Meetings were held seven times in FYE March 2022. The body debated the compensation structure and established a policy for determining details of compensation, etc., for individual directors. It also decided on matters such as performance-linked compensation levels for directors (except for outside directors) and executive officers based on performance evaluation, and the amount of monetary compensation claims for individuals regarding restricted stock compensation.

Matters concerning performance-linked compensation, etc.

In the mid-term management vision "STEP" progress briefing made on May 11, 2021, SUBARU announced it aims to achieve a ratio of shareholders' equity to total assets of 50% and to maintain a minimum ROE of 10%. In accordance with these goals, the Executive Compensation Meeting, upon authorization by the Board of Directors, decided short-term performance-linked compensation levels for directors, using the consolidated ordinary income* for FYE March 2022 as the basis, making adjustment using the matrix of ROE and degrees of improvement in shareholders' equity ratio. Short-term performance-linked compensation is not given to outside directors in view of their roles of fulfilling monitoring and oversight functions of corporate management from an independent position.

* Since the SUBARU Group started to voluntarily apply the IFRS to the accounts from FYE March 2020, this figure was converted to consolidated ordinary income under the JGAAP.

Performance indicators used to calculate the amount of performance-linked compensation, etc., for the fiscal period under review are as follows.

Performance Indicators	Results
Consolidated ordinary income	111.5 billion yen
ROE	3.8%
Equity ratio	53.4% (up 1.3 percentage points from the previous period)

Details of non-monetary compensation

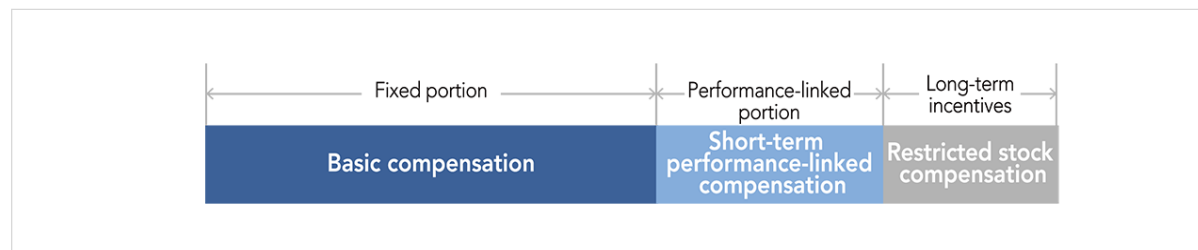
SUBARU grants restricted stock compensation to directors for the purpose of providing them with an incentive for sustained improvement of the Company's corporate value and promoting further value sharing with the shareholders, and pays monetary compensation for the acquisition of these. Directors shall wholly contribute the monetary compensation claim paid as above in the form of properties contributed in kind, and shall, in return, receive shares of SUBARU's common stock through issuance or disposal. In addition, for the issuance or disposal of shares of SUBARU's common stock, SUBARU and

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eligible directors shall enter into a restricted stock allotment agreement that includes provisions such as the one to restrict the transfer of the shares for three years after the date of allotment.

Restricted stock compensation is not given to outside directors in view of their roles of fulfilling monitoring and oversight functions of corporate management from an independent position.

Compensation System for Directors (excluding outside directors)



Total Compensation for Directors and Corporate Auditors for FYE March 2022

Classification	Number	Total Compensation (Millions of yen)			
		Basic Compensation (Paid in fixed monthly installments)	Short-term Performance-linked Compensation	Restricted Stock Compensation	
Directors (excluding outside directors)	9	294	51	52	397
Corporate auditors (excluding outside corporate auditors)	3	56	-	-	56
Outside directors and outside corporate auditors	5	59	-	-	59
Total	17	409	51	52	512

*1 Figures in the above table include three internal directors and an internal corporate auditor who resigned before the last day of the fiscal year under review. At the end of the year, there were nine directors, including three outside directors, and four corporate auditors, including two outside corporate auditors.

*2 The restricted stock compensation in the above table includes the amount of phantom stock expense recorded for grants to non-residents.

Revision of Executive Compensation in FYE March 2023

With resolution of the 91st Ordinary General Meeting of Shareholders held on June 22, 2022, SUBARU has revised the compensation system for its directors and vice presidents (excluding outside directors, hereinafter referred to as "directors, etc."), effective from FYE March 2023 as follows. This revision was carried out in order to provide incentives to directors, etc., for sustained improvement of SUBARU's corporate value over the medium to long term and to promote further value sharing with shareholders.

a. Purpose of revising the executive compensation system

The Company is revising the compensation structure by enhancing the link between performance and compensation and raising the ratio of stock compensation, as well as adding a variable compensation type (PSU*) that is linked to the degree of achievement of performance targets, to the number of shares granted for a portion of the stock compensation plan. This aims to accelerate the achievement of the priority initiatives listed in the mid-term management vision "STEP" and further stimulate motivation and morale of directors, etc., for contributing to the improvement of the SUBARU Group's performance and corporate value over the medium to long term.

* Performance share unit

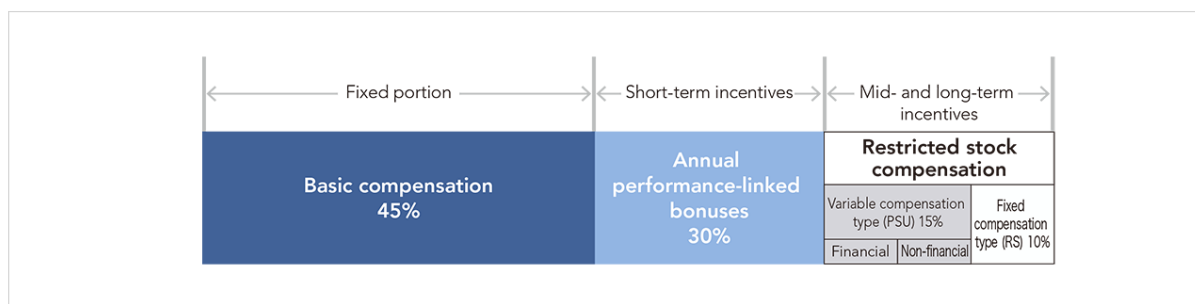
b. Overview of revisions to the executive compensation system

(I) Composition of compensation

The ratio of compensation for the Representative Director, President and CEO will be set as 45% for basic compensation, 30% for annual performance-linked compensation, and 25% for restricted stock compensation (15% for variable compensation type (PSU) + 10% for fixed compensation type (RS*)) upon achievement of the KPIs set forth in "STEP."

As before, outside directors will only receive basic compensation.

* Restricted stock

Compensation System for Directors (Representative Director, President and CEO) after revisions**(II) Annual performance-linked bonuses (Short-term incentive)**

We have set a compensation table more closely linking compensation to annual performance the higher the rank, based on the KPI of consolidated profit before tax for the fiscal year under review. Based on this table, cash compensation is paid at a certain time of each year. For executive vice presidents, senior vice presidents, and vice presidents, specific amounts will be determined after taking into consideration performance and level of contribution to human resource development. Such compensation will not be paid to outside directors.

(III) Restricted stock compensation (Medium- and long-term incentive)

As of FYE March 2018, SUBARU has introduced fixed compensation type restricted stock (RS) compensation to directors, etc., for the purpose of providing them an incentive for sustained improvement of the Company's corporate value over the medium to long term and further value sharing with the shareholders.

In order to encourage the achievement of the goals in the SUBARU Group's mid-term management vision, we have added variable compensation type (PSU) restricted stock to the compensation structure to increase the weight of stock compensation. In addition, the KPIs for the variable compensation type (PSU) will be reviewed in conjunction with updates to the mid-term management plans and management indicators. For this revision, consolidated ROE will be used for quantitative (financial) evaluation and employee engagement (employee satisfaction evaluation) will be used for qualitative (non-financial) evaluation, with the goal of achieving the priority initiatives in STEP. Such compensation will not be paid to outside directors.

Policy for Determining Details of Compensation for Individual Directors**1. Basic policy**

As a basic policy, compensation for directors of the Company is determined in view of the following items:

- (1) Compensation is at a level commensurate with the roles and responsibilities of directors and is appropriate, fair, and balanced.
- (2) The compensation structure is determined by giving consideration to providing motivation for sustained improvement in corporate performance and corporate value and securing excellent human resources. Specifically, for directors (excluding outside directors), compensation is composed of basic compensation, annual performance-linked bonus, and restricted stock compensation (for non-residents, phantom stock instead of restricted stock). For outside directors, the Company pays only basic compensation in view of their roles of fulfilling monitoring and oversight functions of corporate management from an independent position. The total amount of compensation for individual directors and the levels of each compensation item are set for every position depending on difference in responsibility by utilizing the research data compiled by outside specialized agencies.

2. Policy for determining the amount of monetary compensation excluding performance-linked compensation (hereinafter, the "Fixed Monetary Compensation"), performance-linked compensation, and non-monetary compensation (including the policy for determining the timing or conditions for granting such compensation)**(1) Policy for the Fixed Monetary Compensation**

Directors receive the Fixed Monetary Compensation monthly as basic compensation. The amount for individual directors is determined based on their positions, taking into consideration elements such as the business environment.

(2) Policy for performance-linked compensation

For annual performance-linked bonus for directors (excluding outside directors), we have set a compensation table based on rank and the KPI of consolidated profit before tax for the fiscal year under review. Based on this table, cash compensation is paid at a certain time of each year.

In addition, in order to encourage the achievement of goals in the Group's medium- to long-term strategy, a portion of restricted stock compensation (described in (3) below) to be granted as non-monetary compensation will be PSUs, where the number of shares granted is linked to the degree to performance target achievement. In addition to consolidated ROE, which is the financial indicator emphasized in our medium-term strategy, we will adopt employee

Corporate Governance | Compliance | Risk Management

engagement as a non-financial KPI for these PSUs.

The Company will review the KPIs for annual performance-linked bonus and PSUs as needed based on changes in the environment and reports from the Executive Compensation Meeting.

(3) Policy for non-monetary compensation

The Company grants restricted stock compensation to directors (excluding outside directors) for the purpose of providing them an incentive for sustained improvement of the Company's corporate value and further value sharing with the shareholders. For restricted stock compensation, a portion shall be provided as the fixed compensation type, with the rest as the variable compensation type. Both of these shall be prohibited from being transferred during the recipient's term of office, and this restriction on transfer shall be lifted upon their retirement.

For fixed compensation type restricted stock (RS) compensation, shares of the Company's common stock are granted at a certain time each year at an amount equivalent to a base amount determined in consideration of the Company's business performance, responsibilities of each director, and other factors.

For variable compensation type restricted stock compensation (PSUs), units (one unit = one share) are granted at a certain time each year at an amount equivalent to a base amount determined in consideration of the Company's business performance, responsibilities of each director, and other factors. After an evaluation period, shares of the Company's common stock are granted at an amount equivalent to the number of units multiplied by a payout ratio (50% to 100%) determined in accordance with achievement levels for performance indicator targets.

The maximum number of shares of the Company's common stock to be granted as restricted stock compensation to directors, for RS and PSUs combined, is 150,000 per year. In addition, the Company and its directors shall enter into a restricted stock allotment agreement that includes an overview and provisions that state (1) Company executives shall not, while they serve in their positions as executives and for a set period of time, transfer, create a security interest on, or otherwise dispose of the shares of the Company's common stock that have been allotted to them, and (2) the Company may acquire the said shares of its common stock without compensation if certain events occur. If a director is a non-resident of Japan at the time shares are granted, the Company shall grant phantom stock in place of and equivalent to the restricted stock compensation that would have been granted, and the stock shall also be treated in accordance with the restricted stock allotment agreement.

3. Policy for determining the proportion of the Fixed Monetary Compensation, performance-linked compensation, and non-monetary compensation to the total amount of compensation, etc., for individual directors

The Company has set the following as a general guideline for proportions of compensation by type for directors (excluding outside directors) in reference to the compensation levels and compensation mix of companies of a similar scale to the Company or industry peers obtained through an external research company, and in consideration of factors such as the Company's overall salary level and social situations (performance-based compensation is a proportion of the base amount).

	Breakdown				Rate	
	Basic compensation	Annual performance-linked compensation	Restricted stock compensation		President	Directors other than the President
			RS	PSU		
Fixed monetary compensation	•				45%	50%
Performance-linked compensation		•		•	45%	40%
Non-monetary compensation			•	•	25%	20%

The Company shall appropriately review the compensation level and compensation mix in consideration of the Company's business environment, as well as the situation of companies of a similar scale to the Company or industry peers, and other circumstances based on reports from the Executive Compensation Meeting.

4. Matters concerning the determination of details of compensation, etc., for individual directors

The Executive Compensation Meeting, by a resolution of and upon delegation by the Board of Directors, determines specific amounts of compensation, etc., of individual directors, following sufficient deliberation by its members including outside directors. Its authorities include the determination of specific amounts of basic compensation, annual performance-linked bonus, and restricted stock compensation as well as their payment schedule. For restricted stock compensation, the number of shares allotted to individual directors is determined by the resolution of the Board of Directors based on decisions of the Executive Compensation Meeting. With regard to revisions of the compensation system and other matters pertaining to compensation overall, proposals approved by the Executive Compensation Meeting are deliberated and decided on by the Board of Directors.

To ensure transparency and effectiveness of the executive compensation determination process, the Executive

Compensation Meeting shall, by a resolution of the Board of Directors, be structured so that the majority of its members are outside directors, and its chairman shall be appointed by a resolution of the Board of Directors.

Preventing Conflicts of Interest

The approval of the Board of Directors is obtained in advance where a transaction poses the risk of a conflict of interest. A report on the positions that each director has held concurrently over the past financial year is provided once a year at the April meeting of the Board of Directors (a report to confirm that there have been no improper transactions or positions held).

Auditing

Auditing by Corporate Auditors

SUBARU has formulated internal rules to ensure the effectiveness of corporate auditors' audits (e.g., Standards for Corporate Auditor's Audit) and developed a whistleblowing system. In this way, the Company established a framework where the corporate auditors can gather information from directors and employees as needed in case of matters that may cause significant damages to the Company, significant violation of laws/the Articles of Incorporation, or other significant compliance matters. In addition, the framework ensures smooth performance of corporate auditors' duties by assigning employees independent from directors to support duties of corporate auditors and making them known to all employees. In FYE March 2022, audits focused on (1) the status of risk management promotion, (2) the Group governance system, and (3) the progress of the mid-term management vision "STEP." These confirmed the soundness of efforts to resolve overall management issues including governance at each department and Group company.

Main Initiatives

1) Confirming management monitoring and execution

In accordance with audit plans by corporate auditors, each corporate auditor attends important meetings, including those of the Board of Directors, Executive Management Board Meeting, and Risk Management and Compliance Committee. When in attendance, they monitor management decision-making processes, seek explanations as necessary, and actively express their opinions. Through exchanges of opinions with directors, vice presidents, and others, as well as site visits to major business establishments and Group companies, corporate auditors also confirmed the status of business execution including the maintenance and operation of internal controls, with a focus on priority audit items.

We also ensure the effectiveness of audits by utilizing remote methods, such as online meetings, as necessary and appropriate.

2) Meetings with departments related to internal controls

The Legal Department and the Risk Management and Compliance Office report monthly on compliance concerns including the operation of the whistleblowing system, and human resource departments report regularly on the status of issues such as disciplinary cases and industrial accidents.

In addition, the Company receives reports from the departments in charge of managing subsidiaries on the status of governance and internal controls for subsidiaries as appropriate.

3) Cooperation in the three-party audit system

The Company holds monthly audit report meetings with the Internal Audit Department, receives reports on all internal audit results, and exchanges information and opinions on internal control issues.

We also receive quarterly reports from the accounting auditors on the status of accounting audits and exchange opinions with them as necessary on major matters for consideration in audits and other subjects, thereby ensuring close mutual cooperation in the three-party audit system.

In addition, we hold meetings to exchange opinions and share information with corporate auditors of Group companies as appropriate, and we also seek to collaborate with these corporate auditors by requesting their attendance at site visits of their respective Group companies.

Based on the findings confirmed through the above audit activities, we capture a range of opportunities to engage with the business execution side, including exchanges of opinions with all corporate auditors, the chair of the Board of Directors, and the representative directors, and at Group company presidents' meetings. Through these activities, we share information and provide necessary advice and recommendations for the resolution of important management issues, including the strengthening of Group governance.

Internal Auditing

SUBARU has established the Audit Department (15 members) that reports directly to the President as an internal auditing organization. This organization evaluates the state of the development and operation of internal controls with regard to business execution at SUBARU and its Group companies in Japan and overseas from an independent and objective standpoint, providing advice and proposals for improvement. The Audit Department systematically conducts audits of business execution in accordance with an annual business audit plan prepared at the beginning of each fiscal year, taking into consideration the risks and internal control status of the entire Group. Audit reports are distributed to all directors, corporate auditors, and relevant departments at the same time as reports are directly made to the President. In parallel with this, reports are also made at semi-annual meetings of the Board of Directors and quarterly at joint meetings consisting of all vice presidents. SUBARU's Audit Department and corporate auditors work together to strengthen audit functions, as described in "Cooperation in the three-party audit system" above. In addition, we strive to strengthen audit functions by sharing information with the accounting auditors on audit plans and audit results on a quarterly basis. In addition, the internal Audit Department periodically undergoes an evaluation by external experts to confirm that the audit operations are being performed appropriately.

Internal Control

Management System

With the aim of increasing the effectiveness of internal controls and risk management, the Internal Audit Department was made independent of the Risk Management Group (overseen by the Chief Risk Management Officer (CRMO)) to ensure a higher level of independence of internal audit departments in the organization and to enhance the effectiveness of internal controls.

Internal Control System

In accordance with the Companies Act and the Ordinance for Enforcement of the Companies Act, SUBARU's Board of Directors has adopted a basic policy on putting in place systems that ensure that the performance of duties by directors is in conformity with laws and regulations and with the Articles of Incorporation, and other systems prescribed in the ordinance of the Ministry of Justice as being necessary to ensure the appropriate operations of the Company and the corporate group consisting of the Company and its subsidiaries. The Board of Directors maintains and operates this basic policy, reviewing it as needed.

Internal Control System Related to Financial Reporting

Regarding internal control reporting systems pursuant to the Financial Instruments and Exchange Act, the evaluation of the internal control system related to financial reporting is dated the final day of the consolidated accounting period and is conducted in accordance with generally accepted assessment standards for internal control over financial reporting. The President and Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) evaluated the status of the development of the internal control system related to financial reporting as of March 31, 2022 and affirmed that it has been established properly and functions effectively, and issued an internal control report audited by the accounting auditors to that effect.

> [Annual Securities Report and Internal Control Report for FYE March 2022 \(Japanese version only\)](#) 

> [Financial Report for The Year Ended March 31, 2022](#) 

SUBARU Group Governance

The SUBARU Group has established a Group-wide governance stance that contributes to the sound business operations of the Group's global companies in order to maintain and enhance brand value and enhance the overall strength of the Group in response to social demands, including for sound corporate governance.

Group Companies (Affiliates in Japan, Excluding SUBARU Dealerships)

As part of efforts to strengthen the governance of the SUBARU Group, with reorganizations in April 2021 we updated to a new group collaboration system. In this system, the Business Administration Department of SUBARU manages Group companies and their businesses to promote more unified activities. In addition, we are working to create a system in which SUBARU's corporate departments provide cross-organizational support for these activities, striving to enhance the effectiveness of Group governance.

1. Initiatives in the new group collaboration system

In FYE March 2022, as the start of our new collaboration system, we redefined the roles and responsibilities of the relevant SUBARU departments involved in Group governance, and reflected and clarified these in the Subsidiary Management Rules. In addition to laying the foundation for governance activities between Group companies and SUBARU, each relevant department is promoting governance activities while deepening cooperation.

- Roles and responsibilities of the Business Administration Department

Clarification of the roles and missions of the Group companies under their authority, overall management of business operations, support for the establishment of management foundations, etc.

- Roles and responsibilities of the departments responsible for corporate functions

Presenting policies and guidelines to Group companies, support and collaboration in the area of corporate functions, etc.

- Roles and responsibilities of the Corporate Planning Department

Establishment of the Group governance structure, handling of cross-Group issues, operation of the performance evaluation system, etc.

2. Initiatives to enhance the effectiveness of governance

As basic governance activities, we continue to promote the development of forums for information sharing and exchange of opinions with Group companies and the creation of educational opportunities. In particular, in FYE March 2022 we increased the number of meetings of the Management Department Steering Committee, which mainly handles topics related to corporate functions, from once every fiscal year to once every two months, in order to expand communication and promptly address various issues. In addition, by converting our education for employees into a remote format, we have created an environment facilitating the necessary training even amid the COVID-19 pandemic. SUBARU also continues to dispatch its directors to Group companies and assigns standing corporate auditors appropriately. Through these efforts, we are working to further improve the effectiveness of Group governance.

Initiatives in the SUBARU Group

- Information sharing through a dedicated portal site for Group companies
- Held meetings of Group company presidents (held three meetings)
- Held meetings of the Management Department Steering Committee (held once every two months from FYE March 2022)
- Held workshops for newly appointed executives (held one session)
- Conducted rank-specific training for employees of Group companies (converted into remote format from FYE March 2022)
- Dispatched personnel from the Business Administration Department of SUBARU to play a part in the management of Group companies by serving as part-time directors
- Enhanced the quality of auditing through appropriate assignment of standing corporate auditors (12)

Dealerships

Initiatives designed for dealerships

- The G10 Leadership Meeting
- Meetings of the Internal Audit Department Liaison Committee (held twice a year)
- Meetings of the General Affairs and IT Specialist Committees (held twice a year)
- Enhanced the quality of auditing through appropriate assignment of standing corporate auditors (one standing corporate auditor, 11 part-time corporate auditors)

* Parentheses indicate results from FYE March 2022

Cross-Shareholding

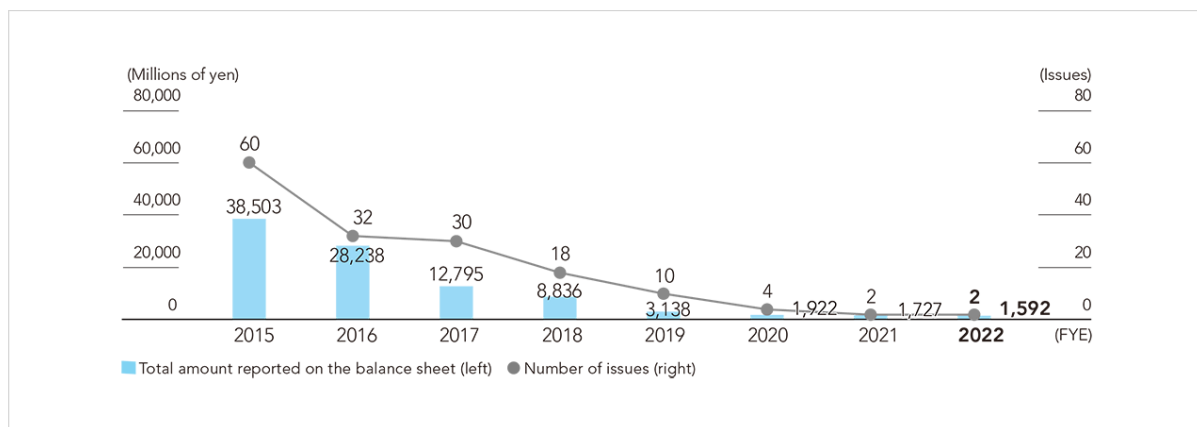
(1) Policy for cross-shareholding

SUBARU holds listed stocks as cross-shareholdings and engages in dialogues with the companies in question. Each year, SUBARU's Board of Directors quantitatively measures and compares benefits from holding, using dividend yield, and the capital cost involved, using weighted average cost of capital (WACC), in order to verify each. The Company will maintain these holdings only if it deems, based on the results of this verification, that the shares will contribute to its medium- to long-term management and business strategies in a qualitative manner.

(2) Verification details for cross-shareholding

Based on the above policy, SUBARU has steadily reduced the number of listed stocks held as cross-shareholding. As a result, 60 issues held at the end of March 2015 decreased to two issues at the end of March 2021. We consider these two issues to be essential to hold at this time for the following reasons, but we will continue to hold dialogue with these companies at least once a year, and the Board of Directors will evaluate and scrutinize these issues annually to determine whether they should be held or not.

Number of Listed Stocks and Total Amount Reported on the Balance Sheet



Corporate Governance | Compliance | Risk Management

As of March 31, 2022

Issues	Number of shares	Amount reported on the balance sheet (Millions of yen)	Purpose of holding, impact of holding, and reason for increase in number of shares
The Gunma Bank, Ltd.	2,850,468	1,009	The Gunma Bank, a local bank of the area where the Company's main factory resides, is supporting not only SUBARU but also local supplier sites in Japan and abroad through its financial services. As the is an important partner, the Company will continue to hold the bank's shares to promote fair and smooth financial transactions.
Mizuho Financial Group, Inc.	372,097	583	The Mizuho Financial Group firms have been supporting SUBARU with financial transactions and other services. In particular, the Mizuho Bank has long been the Company's most important financial partner, providing support in a broad area of management. The Company will continue to hold the group's shares to promote fair and smooth transactions.

(3) Criteria for exercising voting rights for cross-shareholding

With regard to the exercise of voting rights for listed stocks held as cross-shareholding, the Board of Directors deliberates on and determines the criteria for exercise with evaluation items such as whether the company is consistently exhibiting poor performance, whether a sufficient number of independent outside directors are in place and if management is supervised appropriately, and whether there are any corporate governance issues present. Although these are our general principles, we hold dialogues at least once a year with companies whose stock we hold to avoid making blanket decisions. Accordingly, we exercise our voting rights appropriately in light of the performance, management policies, and medium- to long-term management plans of the companies in question, as well as from the perspectives of corporate value enhancement, corporate governance, and social responsibility.

In addition, we will continue to verify whether or not our criteria for exercise of voting rights warrant review.

Compliance

Our Approach

At SUBARU, compliance is positioned as one of our most important management issues in the Corporate Governance Guidelines. We instill in each employee a strong awareness that thorough group-wide compliance forms the foundation of SUBARU's management, that we must observe all laws and internal regulations relevant to our business activities, that our corporate activities must be executed in manner that is fair and just and in conformance with general social ethics, common sense, and standards, and that these principles should be reflected in their actions, create and operate a compliance system/organization, and carry out activities such as providing all kinds of training for these purposes.

> [Corporate Governance Guidelines](#)  PDF/391kB (July 2022)

Rules for Compliance

In striving to enhance its compliance-related initiatives, SUBARU has established various rules related to compliance, including the Company-wide Risk Management and Compliance rules, which stipulate its compliance-related structures, organizations, and enforcement methods.



Compliance Manual

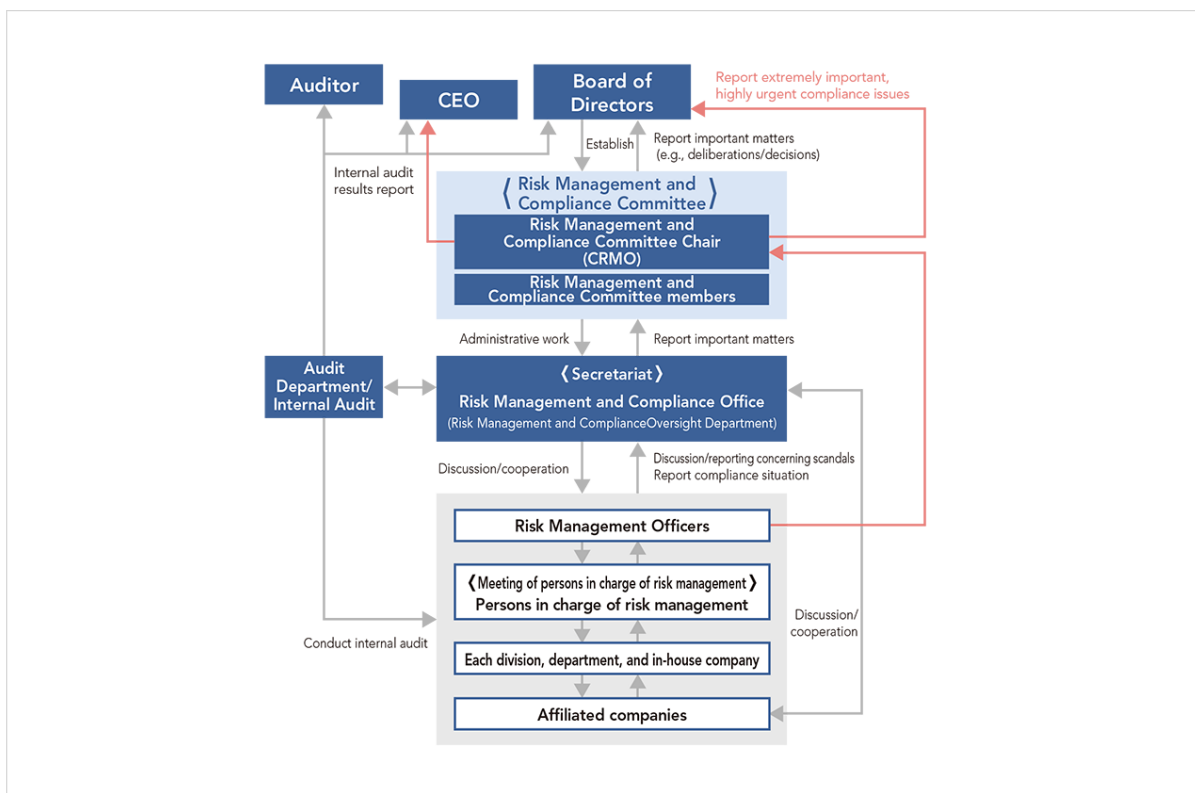


Compliance Manual:
Essential Version

Management System

SUBARU has established the Risk Management and Compliance Committee, a company-wide organization designed to promote compliance. This committee deliberates, discusses, decides, and exchanges information on important matters related to risk management. Also, each department formulates their own implementation plan (compliance program) to promote compliance every fiscal year, and moves forward with continuous, systematic independent activities.

Compliance System

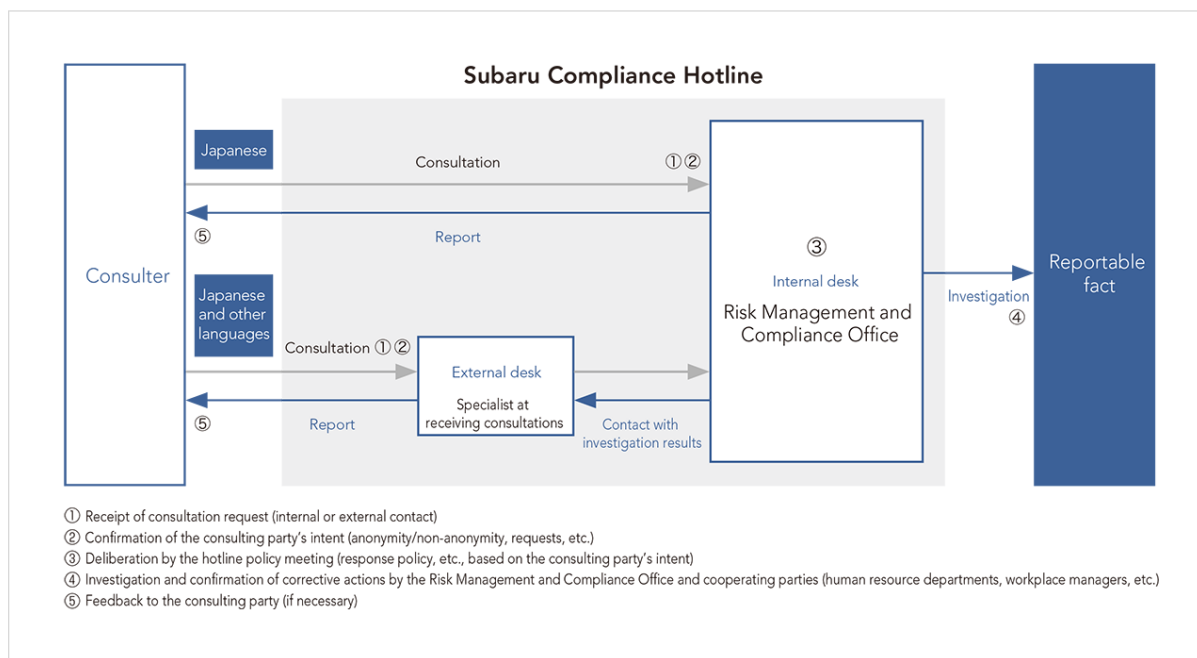


The Chief Risk Management Officer (CRMO), appointed by the Board of Directors, serves as chair of this committee, with the Risk Management and Compliance Office serving as its secretariat. Under the chair's direction, the committee executes global and Group-wide compliance initiatives, regularly reporting these activities to the Board of Directors.

Compliance Hotline

When regular or temporary employees of SUBARU and its Group companies in Japan detect a problem related to compliance in the Group, they can consult with our Internal Reporting Desk by using the Compliance Hotline. The Internal Reporting Desk is where employees assigned to the Risk Management and Compliance Office based on the relevant rules receive reports via mail, telephone calls, email, and websites, investigate facts, and provide response. We have also established a desk outside the Company staffed by external specialists to increase the hours in which service is available and to increase the confidentiality of those contacting the desk. Furthermore, we provide consultation services in four languages (English, Chinese, Portuguese, and Spanish) for foreign workers. For consultations, the Risk Management and Compliance Office General manager plays a central role in investigating the facts of each situation and, subsequently, working to resolve issues promptly. Also, the Internal Reporting Desk reports to the proper management members and the Risk Management and Compliance Committee, working toward preventive measures. There were 214 consultations in FYE March 2022, the details of which are outlined in the table below. Through initiatives to raise awareness of this system, SUBARU has improved awareness of compliance and fostered an atmosphere where employees can consult even about trivial matters. This has resulted in an increasing trend in the number of consultations over the previous five years.

Compliance Hotline (Consultation and resolution procedure)



Breakdown of Compliance Hotline Consultations and Trend over Time

(FYE March)

	2018	2019	2020	2021	2022
Workplace environment	10	13	14	7	5
Labor related	49	78	68	65	72
Interpersonal relationships, harassment	58	75	84	107	78
Other compliance-related issues (Work violations, suspicion of wrongdoing, etc.)	46	33	50	57	59
Total	163	199	216	236	214

Initiatives

Training

In enforcing thorough compliance, we believe that initiatives in which the entire SUBARU Group acts in concert are necessary. We conduct compliance training, training for legal affairs in practical business, and other programs for all Group employees in Japan organized by our Legal Department, Risk Management and Compliance Office, and human resource and education departments.

In particular, more than 15,000 employees have participated in video-based training programs introduced in light of work environment changes due to COVID-19, as we work to improve compliance awareness for all employees at SUBARU and its Group companies in Japan. In addition, to complement compliance enlightenment training, study groups are held at each department and affiliated company based on their compliance program, covering important laws and regulations related to their work. These include export controls, the Act on the Protection of Personal Information, the Antimonopoly Act, and the Political Funds Control Act.

Compliance Implementation Support Tools

In order to promote compliance in everyday work, we create and provide various implementation support tools other than the Compliance Manual, such as in areas of specialization at

affiliated companies.

To make knowledge of the Compliance Hotline common, we distribute cards containing information on the framework of the system and the contact address for consulting services, and also put up posters in all workplaces. We have designed the information cards and posters to deliver a message that encourages employees to proactively use the system even for things that feel only slightly suspicious.

In addition, we are making efforts for the timely report of highly urgent information and to call the entire Group's attention to such matters.



Compliance training (Gunma Plant)



Compliance Hotline card

Bribery Prevention

At SUBARU and its Group companies in Japan, we consider the prevention of bribery in the connection to our businesses as an important issue, and work to ensure the following approach is rigorously permeated.

- Prohibition of providing, offering, or promising improper entertainment, gifts, favors, or other economic benefits to public officials or persons in similar positions, whether in Japan or abroad
- Prohibition of providing or receiving an amount in excess of socially accepted norms in dealings with business partners and customers who do not constitute public officials or similar persons
- Prohibition of receipt of personal gain as a result of using information obtained in the course of business, establishing boundaries between public and private life

In addition, we have established the company-wide Bribery Prevention Rules, which clarify prohibited and non-prohibited acts when dealing with public officials. The SUBARU Group has also established guidelines on anti-bribery to clarify the conduct required of employees and executives. In China, taking into consideration unique social conditions, we created the Bribery Prevention Guidelines (with a Chinese translation included). It is distributed throughout our Chinese subsidiaries and forms the official rules of the relevant companies.

Also, anti-corruption is identified as an important issue in the Compliance Manual (Japanese and English versions) issued to affiliated companies in Japan and overseas. We not only require proper conduct regarding bribery to government workers but also pursue thorough fairness in transactions with private-sector customers and partners.

Under the monitoring system for bribery prevention, SUBARU collects information to ascertain the presence of cases that may constitute compliance violations through company-wide compliance activities, its whistleblowing system, and other channels. It also strives to use actions like internal audit departments' business audits to detect cases early. Furthermore, SUBARU has established a system to report high-risk cases to the Risk Management and Compliance Committee and the Board of Directors, in an effort to strengthen oversight.

Security Trade Control

SUBARU, seeking to preserve the peace and safety of the international community, performs independent export control in accordance with the Foreign Exchange and Foreign Trade Act so that consumer products and technology that could be repurposed for military use, including weaponry, do not fall into the hands of countries developing weapons of mass destruction or terrorists (non-state entities).

We have regulations for the purpose of appropriate management of the entire group. Also, the Export Control Committee is a body that meets at least once a year to deliberate on Group-wide initiatives. It is comprised of executives from all departments involved in exports, chaired by the director in charge of the Legal Department.

With the goal of improving the level of its management, SUBARU also promotes PDCA cycles, including review of related rules, with a focus on the following initiatives.

- Export controls utilizing IT systems (from FYE March 2021, all export-related departments have begun using these systems)
- Utilization of proprietary checklists in accordance with relevant regulations and on-site voluntary inspections

Enactment of the Tax Policy

The SUBARU Group enacted its Tax Policy in June 2020. This basic policy sets forth our posture and way of thinking toward the tax laws we should comply with when paying the appropriate amount of tax.

In promoting tax strategy and risk management, these are reported to the Chief Financial Officer (CFO), who must approve these before submission to SUBARU's Executive Management Board Meeting and the Board of Directors. Such matters are also reported to the accounting auditors during their audits and to the Board of Corporate Auditors upon request by the respective parties as appropriate.

Tax Policy

The SUBARU Group is able to conduct its business operations thanks to support from society, and it strongly recognizes the importance of returning profits to society. The SUBARU Group considers fulfilling its tax obligations to be an essential element of this.

The SUBARU Group strives to ensure compliance with the tax laws and regulations of each country and jurisdiction, pursuant to the international rules and standards set out by international organizations, thereby fulfilling its social obligations through appropriate tax payment, while aiming for sustainable growth through sound business activities.

1. Compliance with tax laws and tax-related regulations

The SUBARU Group undertakes applicable tax return filing and tax payment procedures in compliance with the tax laws and tax-related regulations of each country, and relevant tax treaties.

2. Tax corporate governance

The SUBARU Group establishes and implements a structure to appropriately identify, manage and report tax risk. In order to respond to changes in its businesses, and in light of complex tax operations, the SUBARU Group enhances this structure by assigning to it employees with tax expertise. Furthermore, the SUBARU Group raises awareness and provides guidance and consultation regarding tax compliance to SUBARU Group companies, making use of external professionals, and properly fulfills its tax payment obligations.

3. Appropriate intercompany transaction prices (Transfer Pricing)

The SUBARU Group conducts inter-group transactions and transactions with unrelated parties applying economically rational (arm's length) prices, and does not inappropriately set prices through arbitrary manipulation.

4. Compliance with Anti-Tax Haven Rules

The SUBARU Group does not establish entities that are unnecessary for its business with the aim of tax avoidance, and the SUBARU Group pays taxes pursuant to the substance of its businesses in accordance with the tax laws and regulations.

5. Relationship with tax authorities

The SUBARU Group strives to maintain trust with tax authorities by dealing with the authorities in a good faith manner; for example, by providing fact-based information in an appropriate and timely manner in response to requests.

Established in June 2020

Risk Management

Our Approach

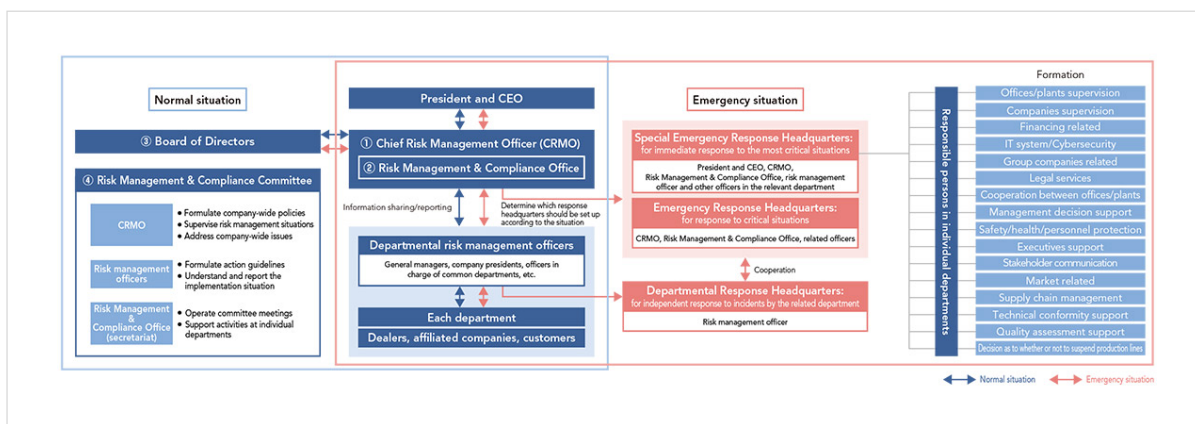
SUBARU is undertaking risk management as one of its key priority management issues, not only to address emergency situations when they arise but also to deal with various risks that have a serious impact on daily corporate activities, as well as to minimize damage when risks emerge.

The automotive industry is ushering in a major transformation, which only occurs once in a hundred years. The SUBARU Group, which operates businesses globally, is aiming to enhance the resilience of its management infrastructure by ensuring the sustainability of its businesses by quickly tackling changes in world affairs. At the same time, the Group must boost its measures to minimize its human, social and economic losses. Amid this environment, it is essential to strategically conduct risk management throughout the Group to conduct business activities. We therefore believe it is important to create a SUBARU Group that has an infrastructure that is resilient to risk to enhance our corporate value.

Management System

To prevent the emergence and expansion of risks to the SUBARU Group, the Chief Risk Management Officer (CRMO) appointed by the Board of Directors leads risk management and compliance activities, reporting their status to the Board of Directors. As a system to promote risk management, SUBARU has appointed risk management officers (job grade of Chief General Managers) for each department and established the Risk Management and Compliance Committee. This committee is chaired by the CRMO, and its vice-chairperson is the vice president in charge of the duties of the Risk Management Group, comprised of the Risk Management and Compliance Office and the Legal Department. At this committee, members deliberate, discuss, make decisions, and exchange/communicate information on important matters. The CRMO leads corporate Group-wide efforts to enhance risk management with professional support from experts in corporate departments, such as the Risk Management and Compliance Office and the Legal Department. In this leadership role, the CRMO works closely with the Corporate Planning Department, which performs division-encompassing functions, as well as different divisions and companies. The Audit Department audits execution of tasks by each division and subsidiary in a planned manner.

Risk Management System



Risks Associated with Business Activities

At the SUBARU Group, we extract and identify key risks associated with our business activities and consider measures to combat them.

The major business risks are listed below.

Please note that this is not an exhaustive list of all risks relating to the SUBARU Group.

Risks related to changes in the economic and financial environments

- ① Economic trends in major markets
- ② Exchange rate fluctuations
- ③ Financial markets fluctuations
- ④ Change in raw material costs

Risks related to industries and business activities

- ⑤ Focus on specific businesses and markets
- ⑥ Changes in the demand and competitive environment in the market
- ⑦ Responsibility related to products, sales and services
- ⑧ Supply chain disruptions
- ⑨ Intellectual property infringement
- ⑩ Information network security
- ⑪ Compliance
- ⑫ Stakeholder communication
- ⑬ Respect for human rights
- ⑭ Secure and train human resources
- ⑮ Climate change

Risk of regulations and events in various countries that impact other business activities

- ⑯ Political, regulatory and legal procedures in various countries that impact business activities
- ⑰ Impact of disasters, war, terrorism, infections, etc.

Risk Management Initiatives

In FYE March 2022, the Risk Management and Compliance Committee, as part of its initiatives during times of normalcy, promoted activities for controlling risks during daily operations. It did this by prioritizing high-impact issues while maintaining a strong awareness of the Risk Map created in FYE March 2021 under our Group-wide Risk Management Policy and Risk Management Code of Conduct formulated for each department. Furthermore, to manage risk in a way that is optimized for the entire Group, we held risk management workshops mainly for risk management officers and employees in charge of risk management. We also brought in an external institution for a third-party diagnosis of committee activities, working to improve risk literacy for committee members and invigorate committee activities.

In addition, at the Coronavirus Countermeasure Headquarters established in February 2020 as a response to COVID-19, we continued to collect and share relevant information inside and outside the Company, and reviewing the effectiveness of responses in emergency situations. This countermeasures headquarters was closed at the end of March 2022, and we now take the necessary countermeasures within our ordinary business activities as part of our management structure in the with-COVID era.

Risk Management: BCP

Our Approach

At SUBARU, we place focus on initial response during an emergency in accordance with our Emergency Response Policy. Here, crisis management headquarters are set up with the occurrence of a serious incident and a response system is quickly and accurately developed. This leads to the swift achievement of business restoration and contributes to business continuity and BCP*.

* BCP: Business continuity plan

Emergency Response Policy

1. Give first priority to people's survival and physical safety.
2. Minimize loss of stakeholder interests and corporate value.
3. Act always with honesty, fairness, and transparency, even in an emergency.

Emergency Response

The Risk Management and Compliance Office plays a pivotal role in establishing regulations related to emergency response, and the CRMO centrally grasps Group-wide information, with a system to manage company-wide response established. In conjunction with this, during times of normalcy we work to enhance the speed and accuracy of risk recognition and identification when emergency situations arise to the best of our ability by clarifying the roles of each department and the domain of management responsibilities. Especially with the growing threat of large-scale natural disasters, the Risk Management and Compliance Office is currently playing a central role in reorganizing norms of behavior to ensure appropriate initial response that prioritizes human life above all.

In addition, each department regularly prepares and updates its own rules and regulations, conducts training sessions, and takes other action. Furthermore, each business site works to enhance its own BCP, including specifying key operations, establishing an emergency contact system, and developing a telework system. While closely collaborating with company-wide shared corporate operations departments, SUBARU is implementing measures to accurately and speedily carry out business continuity and early restoration of operations.

A company-wide emergency contact system is in place based on the Emergency Response Basic Manual, and we conduct regular drills in our Safety Confirmation System in preparation for information sharing in the event of disasters that may affect SUBARU.

Gunma Plant

A portion of the SUBARU Oizumi Plant premises was apportioned, three tennis courts were built there, and the land was donated to Oizumi Town. At that time, a 3,800 m² storm water detention tank was installed under the tennis courts to help prevent flooding of the adjacent National Highway No. 354 bypass during periods of rainfall.



Construction of the storm water detention tank



Donated tennis courts

Utsunomiya Plant

In FYE March 2018, SUBARU conducted work to bolster storm water drainage capacity as a disaster response countermeasure. As a result, the plant has suffered no flood damage. The measures also helped to combat flooding of the surrounding area.

In FYE March 2020, SUBARU also registered for Utsunomiya City's Registration System for Disaster Prevention Cooperation, building a cooperative system with the local community for times of disaster. Furthermore, in March 2020 SUBARU introduced a cogeneration system that can generate electricity using city gas even during lengthy power outages at the plant, and it will continue to take disaster countermeasures at the site, ensure the safety of employees, and establish cooperation with the local community.



Flood prevention measure (drainage grid) (Utsunomiya Plant)

Supporting Restoration at Suppliers Stricken by Disaster

Providing support to suppliers during times of emergency is a major pillar of SUBARU's BCP and is an essential measure for SUBARU, which aims to achieve coexistence and co-prosperity with its suppliers.

In FYE March 2022, SUBARU dispatched a cumulative total of more than 500 workers from the Gunma Plant and supporting companies to provide support for restoration work to business partners affected by factory fires during the period immediately after the fires until the end of April 2021. Support work was primarily focused on cleaning areas where fires had occurred and restoring equipment damaged by soot and extinguishing water discharged to stop the fires. We also dispatched 90 employees for two months from mid-October to support the production of a supplier whose production system had been affected by semiconductor supply problems.

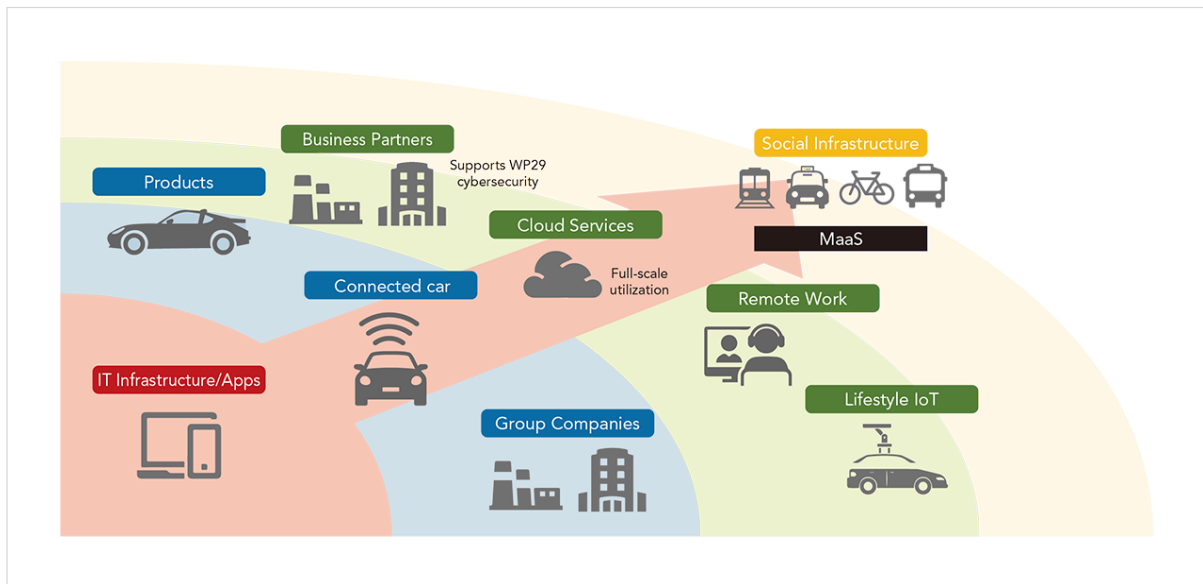
Going forward, SUBARU aims to derive and strengthen its own unique BCP vision.

Risk Management: Information Security

Our Approach

The use of digital data is essential for SUBARU in the course of its business activities. The use of digital data is not limited to traditional information systems but covers diverse realms, including facilities, products, and a whole range of services offered by SUBARU. Being aware of our social responsibility to handle digital data in these realms safely, we have established the Basic Cybersecurity Policy, undertaking information security protection activities Group-wide.

Scope of Information Security for the SUBARU Group



Basic Cybersecurity Policy

Objective

SUBARU CORPORATION and its Group companies (hereinafter referred to as “the SUBARU Group”) put in place a Basic Cybersecurity Policy to protect all our conceivable products, services, and information assets from threats arising in the course of our business activities and earn the trust of our customers and society as a whole.

Scope

This basic policy applies to all executives and employees of the SUBARU Group, and also to the employees and other staff of SUBARU’s subcontractors.

Initiatives

1. The SUBARU Group will comply with laws, regulations, and standards, as well as security-related contractual obligations to our customers.
2. The SUBARU Group will put in place and operate management systems and internal regulations concerning cybersecurity.
3. The SUBARU Group will establish information security measures tailored to our information assets and strive to prevent and minimize information security incidents. Should such an incident occur, SUBARU will address it swiftly and appropriately, taking steps to prevent recurrence.
4. The SUBARU Group will strive to ensure information security by providing both executives and employees with education and training, as well as undertaking other efforts to raise their awareness of this issue.
5. The SUBARU Group will continually review and strive to improve the aforementioned activities.

Initiatives

In FYE March 2022, SUBARU conducted e-learning and video training programs based on cybersecurity management system documents in the three domains of In-Car (interior systems), Out-Car (exterior systems), and information systems.

Objective: Promote understanding of cybersecurity and mitigate practical security risks
Program Details: Education on internal rules requiring compliance in each of the three domains
Course Participants: For In-Car system developers: Approx. 750
 For general employees and those related to information systems: Approx. 550
 Targeted attack email drills: Approx. 12,000

SUBARU also conducted security incident scenario training for incident response teams. As well, we regularly carry out internal audits based on our management system on an ongoing basis.

In FYE March 2022, we formulated cybersecurity regulations for the SUBARU Group with the aim of strengthening cooperation systems with Group companies overseas, and launched operation of our management system. In addition, to strengthen cybersecurity at the supply chain level, we are rolling out industry guidelines to our suppliers and providing consultation and other services.

Personal Information Protection Initiatives

At the SUBARU Group, Group companies in Japan and overseas are strengthening management systems to properly use and protect personal information. In FYE March 2022, we provided education on the protection of personal information and checked the status of operation to 18 Group companies in Japan.

SUBARU, in conjunction with the enactment of the Act on the Protection of Personal Information, undertook various initiatives, including establishing internal systems and rules, and publicly disclosing its privacy policy. Moreover, Group companies in Japan and overseas have begun to build a management system to properly use personal information.

In FYE March 2022, SUBARU implemented the following key initiatives in response to the Act on the Protection of Personal Information.

- Training for all departmental and office general managers concerning the Act on the Protection of Personal Information (140 employees took part via e-learning)
- Identification of management issues by taking stock of personal information held by all departments
- Confirmation of a check sheet on the status of compliance with related internal rules at all departments and the implementation of a continuous PDCA cycle
- Revision of related internal rules for compliance with the 2020 revisions to the Act on the Protection of Personal Information

In addition, we are working to ensure compliance with laws and regulations by having SUBARU dealerships in Japan that handle large amounts of customer personal information take similar initiatives and report cases on an ad-hoc basis to SUBARU.

Furthermore, in compliance with Japan's Act on the Protection of Personal Information, the SUBARU Group has built a system to conform with the EU's General Data Protection Regulation (GDPR).

Risk Management: Intellectual Property Protection

Our Approach

SUBARU, after identifying its strengths and weaknesses, has put together a vision for its intellectual property activities with aims to achieve the brand management outlined in its mid-term management vision "STEP." The following is the three-point basic policy being carried out.

Basic Intellectual Property Policy

1. Function as a compass for business and R&D strategies using the IP landscape*
2. Throughout SUBARU, we will dedicate ourselves to creating intellectual properties that originate from the market and appropriately manage our intellectual property portfolio to protect and enhance its brand
3. SUBARU will respect the intellectual property rights of others and work thoroughly for patent clearance in product development

* In combination with market information on intellectual properties, analyzes the business environment and support strategic plans

In addition, to aid in minimizing intellectual property risk through business activities that respect the Group's intellectual property, protecting, expanding and securing an advantage in business, and protecting the SUBARU brand and maximizing its value, we have established the SUBARU Group Intellectual Property Policy to set guidelines for the following activities.

1. Business activities that respect intellectual property
2. Management and effective utilization of intellectual property
3. Handling lawsuits
4. The SUBARU corporate brand logo

Management System

Intellectual Property Promotion System



Initiatives

At SUBARU, the Intellectual Property Department manages, protects, and utilizes intellectual property rights belonging to SUBARU and also implements internal activities that aim to avoid infringing on the intellectual property rights of others. The following are specific activities being undertaken.

1. Support the proposal of strategies using the intellectual property landscape
2. Acquire rights for intellectual properties, including technologies, trademarks, naming, and design, and adequately manage the intellectual property portfolio
3. Conduct a comprehensive survey on the existence of intellectual property rights which may hinder business operations and take measures to prevent and resolve such issues
4. Crack down on counterfeit goods globally, including protection measures at borders for oversight and taxation of online sales
5. Secure intellectual properties, ownership of data, and user rights in technology and business contracts
6. Support the management, protection, and utilization of intellectual property by each SUBARU Group company based on the SUBARU Group's Basic Intellectual Property Policy

In the future, we will work to further strengthen the monitoring of the above efforts by the management team.

Awareness Activities

At SUBARU, the Intellectual Property Department works with each SUBARU Group company, regularly taking the following awareness activities to instill behavior in compliance with laws and regulations.

1. Implementing rank-specific training for employees involved in development, tailored to their year of entry into the Company and their position (participants in FYE March 2022: approximately 550), and expanding on-demand education content to support autonomous learning by employees
2. Implementing awareness activities through the Patent Promotion Committee, an organization promoting the creation of inventions and patent application activities in each department
3. Development departments are surveying the intellectual property rights of other parties and securing patent clearance

Other Matters for Reporting

SUBARU is a participant in the Open COVID-19 Declaration initiative with the objective of preventing the spread of COVID-19, and has declared that it will not exercise SUBARU's intellectual property rights with regard to activities with the purpose of ending the spread of COVID-19.

> [News Release on Participation in the Open COVID-19 Declaration \(Japanese version only\)](#)

Appendix

- 209 Corporate Overview
- 215 Third-party Evaluations
- 216 Editorial Policy

Corporate Overview

Corporate Overview

[> Corporate Profile Overview](#)

Stock Information

[> Corporate Profile Stock Information](#)

Membership of Industry Bodies

Keidanren (Japan Business Federation)

Japan Automobile Manufacturers Association, Inc. (JAMA)

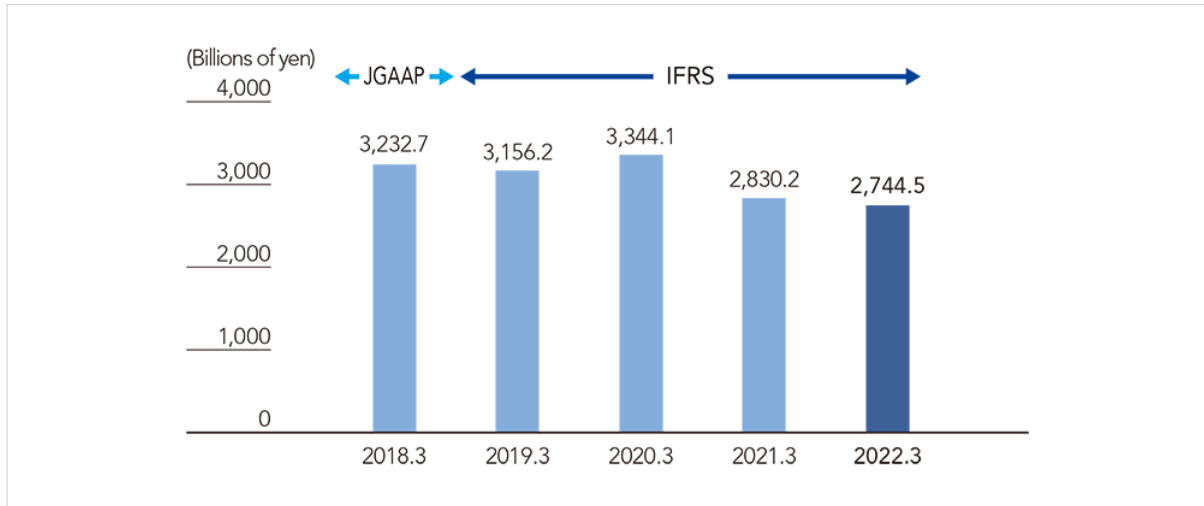
The Society of Japanese Aerospace Companies (SJAC)

Japan Aircraft Development Corporation (JADC)

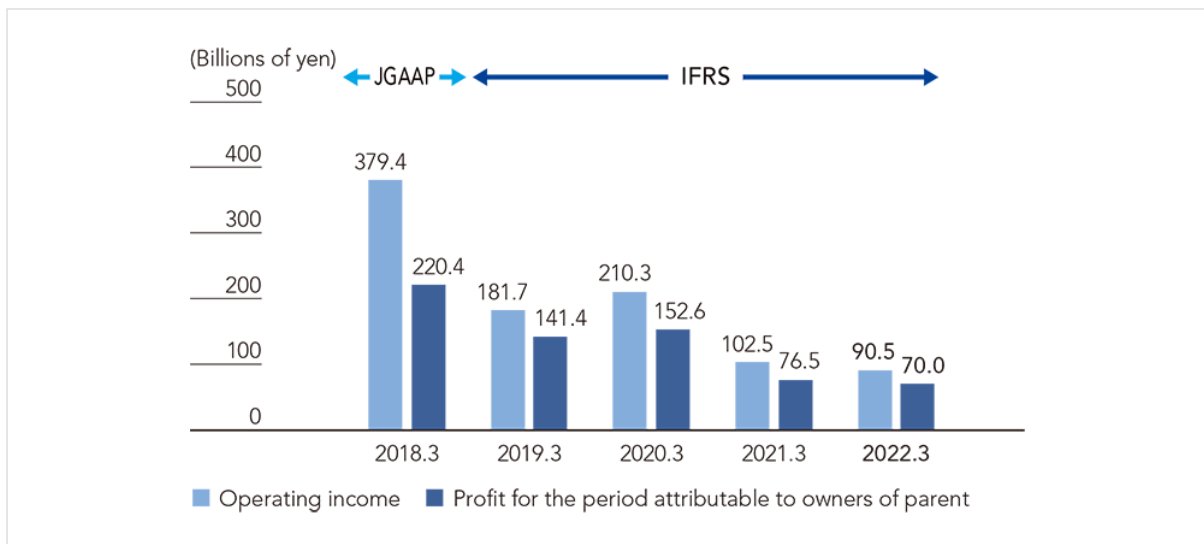
SUBARU strives to enhance collaboration with external institutions in order to fulfill its social responsibilities. Among them are Keidanren, JAMA, SJAC, JADC, and other industry bodies and administrative bodies, as well as local communities in which our business sites are located.

Financial Highlights

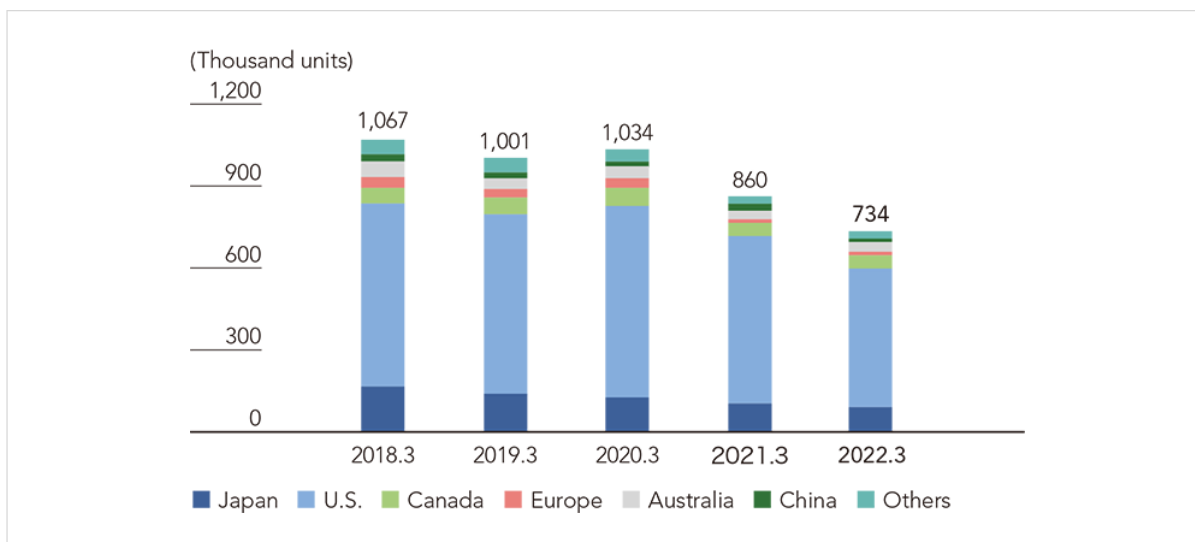
Revenue



Operating Income Profit for the Period Attributable to Owners of Parent

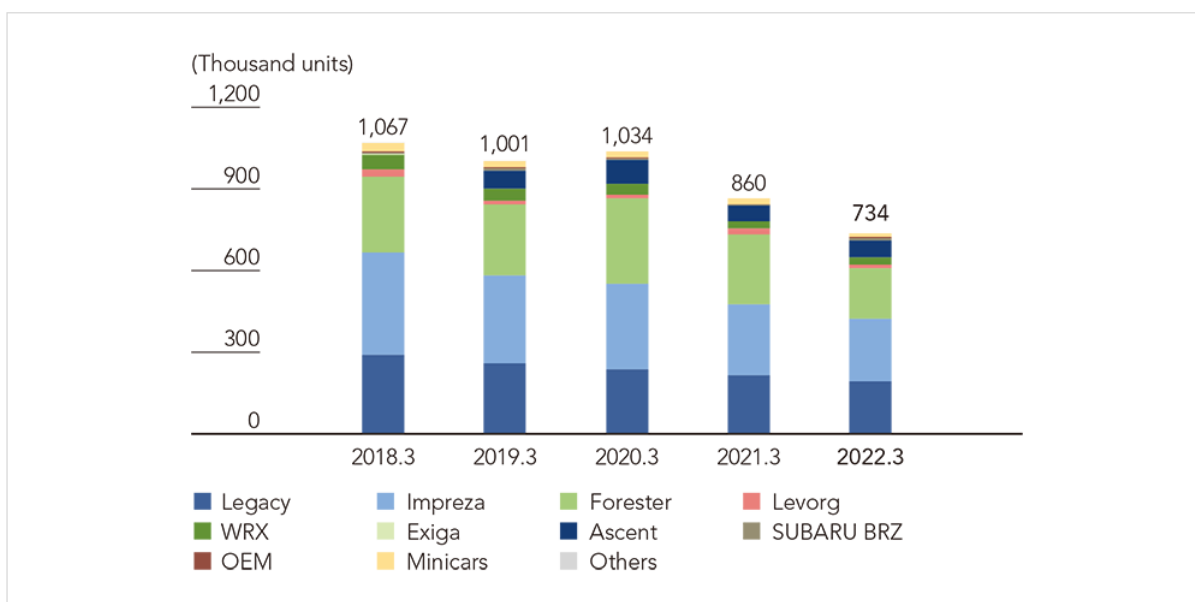


Consolidated Automobile Sales by Region



* Automobile sales of SUBARU CORPORATION and its consolidated subsidiaries

Consolidated Automobile Sales by Model



* Automobile sales of SUBARU CORPORATION and its consolidated subsidiaries

Business Segments and Scope of Consolidation

The SUBARU Group consists of three business segments: the core Automotive Business Unit, the Aerospace Company, and Other Businesses consisting of businesses that do not belong to either of the other two segments. In the fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022), SUBARU CORPORATION, 73 subsidiaries, and 10 equity-method affiliated companies were included in the scope of consolidation.

Global Network

Global Network



Domestic Business Sites



Product Lineup

Automotive Business

SOLTERRA

SUV (BEV)



Unit sales : -
Sales regions : -

ASCENT

(Other markets: Evoltis)
SUV



Unit sales : 64,000
Sales region : North America and other

OUTBACK

SUV



Unit sales : 193,000
Sales regions : Japan, North America, Europe, Australia, China, and other

FORESTER

SUV



Unit sales : 237,000
Sales regions : Japan, North America, Europe, Australia, China, and other

CROSSTREK

SUBARU XV
SUV



Photo: Prototype

Unit sales : 201,000
Sales regions : Japan, North America, Europe, Australia, China, and other

LEVORG

Sports / Wagon



Unit sales : 26,000
Sales regions : Japan, Europe, Australia, and other

WRX

Sports / Sedan



Unit sales : 33,000
Sales regions : Japan, North America, Australia, and other

SUBARU BRZ

Sports / Coupe



Unit sales : 7,000
Sales regions : Japan, North America, Europe, Australia, China, and other

LEGACY

Sedan



Photo: North American model

Unit sales : 25,000
Sales regions : North America, Australia, China, and other

IMPREZA

Wagon / Sedan



Unit sales : 56,000
Sales regions : Japan, North America, Europe, Australia, and other

OEM models

JUSTY



CHIFFON



STELLA



PLEO+



SAMBAR VAN



SAMBAR TRUCK



Unit sales : 20,000
Sales region : Japan
(OEM supply from Daihatsu Motor Co., Ltd.)

- * Retail unit sales in each region in the period from January 1, 2021 to December 31, 2021.
- * Regional sales refer to actual sales during the target period.

Aerospace Company



SUBARU BELL 412EPX



UH-2 for Japan Ground Self-Defense Force (JGSDF)



The Center Wing Section of Boeing 777X

Third-party Evaluations

Third-party Evaluations

SUBARU CORPORATION Selected for First Time as Constituent of FTSE Blossom Japan Index and FTSE Blossom Japan Sector Relative Index

For three consecutive years since 2020, SUBARU has been selected as a constituent of the FTSE Blossom Japan Index, created by the global index provider FTSE Russell, a wholly owned subsidiary of London Stock Exchange Group.

In addition, in 2022 the Company was selected as a constituent of FTSE Russell's newly developed FTSE Blossom Japan Sector Relative Index.

The FTSE Blossom Japan Index and FTSE Blossom Japan Sector Relative Index have been adopted as core ESG benchmarks by the Government Pension Investment Fund (GPIF) of Japan, the world's largest public pension fund.



**FTSE Blossom
Japan Sector
Relative Index**



**FTSE Blossom
Japan Index**

* FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that SUBARU CORPORATION has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

[> FTSE website](#)

SUBARU Named as a Supplier Engagement Leader again in 2021, the Highest Rating in the CDP Supplier Engagement Rating



SUBARU has been once again named a Supplier Engagement Leader*1 by international nonprofit organization CDP,*2 receiving the highest rating for the second consecutive year in the organization's 2021 Supplier Engagement Rating.

The CDP Supplier Engagement Rating evaluates how effectively companies that answer the CDP climate change questionnaire tackle climate change with their suppliers. SUBARU's supplier selection criteria includes compliance with the SUBARU Supplier CSR Guidelines and SUBARU Green Procurement Guidelines, and suppliers are further required to formulate an environmental management system. Furthermore, we hold Policy Briefings every two quarters in an effort to share with suppliers our medium- to long-term management strategies and our quality, procurement, production, and sales policies. In this way, SUBARU is constantly striving to appropriately communicate with our suppliers and advance efforts to deal with climate change.

SUBARU will continue to promote activities for sustainable procurement, aiming to harmonize people, society, and the environment.

*1 CDP is a global nonprofit charity that drives companies and governments to reduce their greenhouse gas emissions, safeguard water resources, and protect forests. CDP runs the global disclosure system for investors, companies, cities, states, and regions to manage their environmental impacts.

*2 The highest rating in CDP's 2020 evaluation was called "Leaderboard." This was changed to "Supplier Engagement Leader" from the 2021 evaluation.

[> CDP's global website](#)

Editorial Policy

Editorial Policy

The SUBARU Group (SUBARU CORPORATION and all its subsidiaries) seeks to become a company that is trusted by society by fulfilling its social responsibility as a corporate group, aiming for sustainable growth and contributing to the creation of an enjoyable, sustainable society.

This Sustainability & CSR website, in line with the SUBARU Global Sustainability Policy, outlines the SUBARU Group's approach, targets, and initiatives for sustainability. It aims to promote communication with our stakeholders, including customers, shareholders, business partners, local communities, and employees, and to further enhance our sustainability-related initiatives. The descriptions contained in this website regarding SUBARU's product specifications and equipment refer to Japanese specifications, unless otherwise stated.

Scope of Reporting

In principle, the report covers the SUBARU Group (SUBARU CORPORATION and all its subsidiaries). In this website, the "SUBARU Group" or "the Group" refers to the SUBARU Group; "SUBARU" refers to SUBARU CORPORATION; "affiliated companies (affiliates)" refers to SUBARU's subsidiaries in Japan and overseas, including dealerships in the Automotive Business; and "Group companies" refers to SUBARU's subsidiaries in Japan, excluding dealerships in the Automotive Business.

Reporting Period

- In principle, this report covers FYE March 2022 (April 1, 2021 to March 31, 2022); however, some information listed is from outside this reporting period.

* The departments, titles, etc. of the people introduced in this report are as of the time of writing.

Guidelines Referenced

- GRI Sustainability Reporting Standards
- Environmental Reporting Guidelines 2018 by the Ministry of the Environment, Japan
- Task Force on Climate-related Financial Disclosures (TCFD) Recommended Disclosure Items

Period Issued

- Previous issue: October 2021
- Current issue: October 2022
- Next scheduled issue: October 2022

Special Notice on Prospects

This website includes a variety of statements regarding the prospects, plans, forecasts, etc. for the future of SUBARU and the SUBARU Group member companies. Since the statements contained here are based on past events and available information at the time of this report's drafting, please note that outcomes may differ from forecasts depending on future economic trends, the Group's business environment, and other factors.

GRI Content Index/TCFD Content Index

218 GRI Content Index

238 TCFD Content Index

GRI Content Index

In reference to the reporting requirements set forth by the GRI Sustainability Reporting Standards, the content index indicates where you can find the relevant information in the Sustainability Website, annual securities report, Corporate Governance Report, and others.



* Not applicable (NA): Item that is irrelevant or has no cases in which we are involved on a material level.

* -: Item we do not disclose.

Universal Standards

Item Number	Disclosure	Reporting Requirements	Corresponding Sections
GRI 102: General Disclosures 2016			
1. Organizational Profile			
102-1	Name of the organization	a. Name of the organization.	> Corporate Overview
102-2	Activities, brands, products, and services	a. A description of the organization's activities. b. Primary brands, products, and services, including an explanation of any products or services that are banned in certain markets.	> Product Lineup
102-3	Location of headquarters	a. Location of the organization's headquarters.	> Corporate Overview
102-4	Location of operations	a. Number of countries where the organization operates, and the names of countries where it has significant operations and/or that are relevant to the topics covered in the report.	> Global Network
102-5	Ownership and legal form	a. Nature of ownership and legal form.	> Corporate Overview
102-6	Markets served	a. Markets served, including: i. geographic locations where products and services are offered; ii. sectors served; iii. types of customers and beneficiaries.	> Global Network
102-7	Scale of the organization	a. Scale of the organization, including: i. total number of employees; ii. total number of operations; iii. net sales (for private sector organizations) or net revenues (for public sector organizations); iv. total capitalization (for private sector organizations) broken down in terms of debt and equity; v. quantity of products or services provided.	> Employee Data > Corporate Overview > Financial Highlights
102-8	Information on employees and other workers	a. Total number of employees by employment contract (permanent and temporary), by gender. b. Total number of employees by employment contract (permanent and temporary), by region. c. Total number of employees by employment type (full-time and part-time), by gender. d. Whether a significant portion of the organization's activities are performed by workers who are not employees. If applicable, a description of the nature and scale of work performed by workers who are not employees. e. Any significant variations in the numbers reported in Disclosures 102-8-a, 102-8-b, and 102-8-c (such as seasonal variations in the tourism or agricultural industries). f. An explanation of how the data have been compiled, including any assumptions made.	> Employee Data
102-9	Supply chain	a. A description of the organization's supply chain, including its main elements as they relate to the organization's activities, primary brands, products, and services.	> CSR Procurement

Item Number	Disclosure	Reporting Requirements	Corresponding Sections
102-10	Significant changes to the organization and its supply chain	a. Significant changes to the organization's size, structure, ownership, or supply chain, including: i. Changes in the location of, or changes in, operations, including facility openings, closings, and expansions; ii. Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations); iii. Changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers, including selection and termination.	N/A
102-11	Precautionary Principle or approach	a. Whether and how the organization applies the Precautionary Principle or approach.	<ul style="list-style-type: none"> > Acquisition of External Certification for Environmental Management Systems > Occupational Health and Safety > Green Procurement Guidelines > Information Security > Intellectual Property Protection
102-12	External initiatives	a. A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses.	
102-13	Membership of associations	a. A list of the main memberships of industry or other associations, and national or international advocacy organizations.	
2. Strategy			
102-14	Statement from senior decision-maker	a. A statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy for addressing sustainability.	
102-15	Key impacts, risks, and opportunities	a. A description of key impacts, risks, and opportunities.	> SUBARU Group's Six Priority Areas for CSR
3. Ethics and Integrity			
102-16	Values, principles, standards, and norms of behavior	a. A description of the organization's values, principles, standards, and norms of behavior.	> SUBARU's Vision - Delivering happiness to all -
102-17	Mechanisms for advice and concerns about ethics	a. A description of internal and external mechanisms for: i. seeking advice about ethical and lawful behavior, and organizational integrity; ii. reporting concerns about unethical or unlawful behavior, and organizational integrity.	> Compliance Hotline
4. Governance			
102-18	Governance structure	a. Governance structure of the organization, including committees of the highest governance body. b. Committees responsible for decision-making on economic, environmental, and social topics.	<ul style="list-style-type: none"> > Corporate Governance>Management System > Directors of the Board / Executive Officers > Environmental Risk Management System
102-19	Delegating authority	a. Process for delegating authority for economic, environmental, and social topics from the highest governance body to senior executives and other employees.	> Environmental Risk Management System
102-20	Executive-level responsibility for economic, environmental, and social topics	a. Whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental, and social topics. b. Whether post holders report directly to the highest governance body.	> Environmental Management



Item Number	Disclosure	Reporting Requirements	Corresponding Sections
102-21	Consulting stakeholders on economic, environmental, and social topics	<p>a. Processes for consultation between stakeholders and the highest governance body on economic, environmental, and social topics.</p> <p>b. If consultation is delegated, describe to whom it is delegated and how the resulting feedback is provided to the highest governance body.</p>	-
102-22	Composition of the highest governance body and its committees	<p>a. Composition of the highest governance body and its committees by:</p> <p>i. executive or non-executive;</p> <p>ii. independence;</p> <p>iii. tenure on the governance body;</p> <p>iv. number of each individual's other significant positions and commitments, and the nature of the commitments;</p> <p>v. gender;</p> <p>vi. membership of under-represented social groups;</p> <p>vii. competencies relating to economic, environmental, and social topics;</p> <p>viii. stakeholder representation.</p>	<p>> Corporate Governance > Management System</p>
102-23	Chair of the highest governance body	<p>a. Whether the chair of the highest governance body is also an executive officer in the organization.</p> <p>b. If the chair is also an executive officer, describe his or her function within the organization's management and the reasons for this arrangement.</p>	<p>> Corporate Governance Report P.7 II Status of corporate governance system including organization of management pertaining to management decision making, business execution, and oversight (Japanese version only) </p>
102-24	Nominating and selecting the highest governance body	<p>a. Nomination and selection processes for the highest governance body and its committees.</p> <p>b. Criteria used for nominating and selecting highest governance body members, including whether and how:</p> <p>i. stakeholders (including shareholders) are involved;</p> <p>ii. diversity is considered;</p> <p>iii. independence is considered;</p> <p>iv. expertise and experience relating to economic, environmental, and social topics are considered.</p>	<p>> Annual Securities Report and Internal Controls Report for the 91th Period P.56 [Compensation for Directors] (Japanese version only) </p>
102-25	Conflicts of interest	<p>a. Processes for the highest governance body to ensure conflicts of interest are avoided and managed.</p> <p>b. Whether conflicts of interest are disclosed to stakeholders, including, as a minimum:</p> <p>i. Cross-board membership;</p> <p>ii. Cross-shareholding with suppliers and other stakeholders;</p> <p>iii. Existence of controlling shareholder;</p> <p>iv. Related party disclosures.</p>	<p>> Preventing Conflicts of Interest</p>
102-26	Role of highest governance body in setting purpose, values, and strategy	<p>a. Highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental, and social topics.</p>	<p>> CSR Promotion System</p>
102-27	Collective knowledge of highest governance body	<p>a. Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental, and social topics.</p>	<p>> Executive Officer Training</p> <p>> Compliance > Initiatives > Training</p>
102-28	Evaluating the highest governance body's performance	<p>a. Processes for evaluating the highest governance body's performance with respect to governance of economic, environmental, and social topics.</p> <p>b. Whether such evaluation is independent or not, and its frequency.</p> <p>c. Whether such evaluation is a self-assessment.</p> <p>d. Actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental, and social topics, including, as a minimum, changes in membership and organizational practice.</p>	<p>> Effectiveness Evaluation of the Board of Directors</p>
102-29	Identifying and managing economic, environmental, and social impacts	<p>a. Highest governance body's role in identifying and managing economic, environmental, and social topics and their impacts, risks, and opportunities – including its role in the implementation of due diligence processes.</p> <p>b. Whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental, and social topics and their impacts, risks, and opportunities.</p>	-




Item Number	Disclosure	Reporting Requirements	Corresponding Sections
102-30	Effectiveness of risk management processes	a. Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental, and social topics.	> Risk Management > Management System
102-31	Review of economic, environmental, and social topics	a. Frequency of the highest governance body's review of economic, environmental, and social topics and their impacts, risks, and opportunities.	> Environmental Risk Management System
102-32	Highest governance body's role in sustainability reporting	a. The highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material topics are covered.	-
102-33	Communicating critical concerns	a. Process for communicating critical concerns to the highest governance body.	-
102-34	Nature and total number of critical concerns	a. Total number and nature of critical concerns that were communicated to the highest governance body. b. Mechanism(s) used to address and resolve critical concerns.	N/A
102-35	Remuneration policies	a. Remuneration policies for the highest governance body and senior executives for the following types of remuneration: i. Fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses, and deferred or vested shares; ii. Sign-on bonuses or recruitment incentive payments; iii. Termination payments; iv. Clawbacks; v. Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees. b. How performance criteria in the remuneration policies relate to the highest governance body's and senior executives' objectives for economic, environmental, and social topics.	> Compensation for Directors
102-36	Process for determining remuneration	a. Process for determining remuneration. b. Whether remuneration consultants are involved in determining remuneration and whether they are independent of management. c. Any other relationships that the remuneration consultants have with the organization.	> Compensation for Directors
102-37	Stakeholders' involvement in remuneration	a. How stakeholders' views are sought and taken into account regarding remuneration. b. If applicable, the results of votes on remuneration policies and proposals.	> Annual Securities Report and Internal Controls Report for the 91st Period P.56 [Compensation for Directors] (Japanese version only) 
102-38	Annual total compensation ratio	a. Ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	-
102-39	Percentage increase in annual total compensation ratio	a. Ratio of the percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	-
5. Stakeholder Engagement			
102-40	List of stakeholder groups	a. A list of stakeholder groups engaged by the organization.	> Stakeholder Engagement
102-41	Collective bargaining agreements	a. Percentage of total employees covered by collective bargaining agreements.	> Labor-Management Communication
102-42	Identifying and selecting stakeholders	a. The basis for identifying and selecting stakeholders with whom to engage.	> Stakeholder Engagement
102-43	Approach to stakeholder engagement	a. The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	> Stakeholder Engagement

Item Number	Disclosure	Reporting Requirements	Corresponding Sections
102-44	Key topics and concerns raised	<p>a. Key topics and concerns that have been raised through stakeholder engagement, including:</p> <p>i. how the organization has responded to those key topics and concerns, including through its reporting;</p> <p>ii. the stakeholder groups that raised each of the key topics and concerns.</p>	-
6. Reporting Practice			
102-45	Entities included in the consolidated financial statements	<p>a. A list of all entities included in the organization's consolidated financial statements or equivalent documents.</p> <p>b. Whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.</p>	> Global Network
102-46	Defining report content and topic Boundaries	<p>a. An explanation of the process for defining the report content and the topic Boundaries.</p> <p>b. An explanation of how the organization has implemented the Reporting Principles for defining report content.</p>	> Process of Identifying the Six Priority Areas for CSR
102-47	List of material topics	a. A list of the material topics identified in the process for defining report content.	> SUBARU Group's Six Priority Areas for CSR
102-48	Restatements of information	a. The effect of any restatements of information given in previous reports, and the reasons for such restatements.	N/A
102-49	Changes in reporting	a. Significant changes from previous reporting periods in the list of material topics and topic Boundaries.	N/A
102-50	Reporting period	a. Reporting period for the information provided.	> Reporting Period
102-51	Date of most recent report	a. If applicable, the date of the most recent previous report.	> Period Issued
102-52	Reporting cycle	a. Reporting cycle.	> Period Issued
102-53	Contact point for questions regarding the report	a. The contact point for questions regarding the report or its contents.	> Contact Us
102-54	Claims of reporting in accordance with the GRI Standards	<p>a. The claim made by the organization, if it has prepared a report in accordance with the GRI Standards, either:</p> <p>i. 'This report has been prepared in accordance with the GRI Standards: Core option';</p> <p>ii. 'This report has been prepared in accordance with the GRI Standards: Comprehensive option'.</p>	
102-55	GRI content index	<p>a. The GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the report.</p> <p>b. For each disclosure, the content index shall include:</p> <p>i. the number of the disclosure (for disclosures covered by the GRI Standards);</p> <p>ii. the page number(s) or URL(s) where the information can be found, either within the report or in other published materials;</p> <p>iii. if applicable, and where permitted, the reason(s) for omission when a required disclosure cannot be made.</p>	GRI Content Index
102-56	External assurance	<p>a. A description of the organization's policy and current practice with regard to seeking external assurance for the report.</p> <p>b. If the report has been externally assured:</p> <p>i. A reference to the external assurance report, statements, or opinions. If not included in the assurance report accompanying the sustainability report, a description of what has and what has not been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process;</p> <p>ii. The relationship between the organization and the assurance provider;</p> <p>iii. Whether and how the highest governance body or senior executives are involved in seeking external assurance for the organization's sustainability report.</p>	-

Item Number	Disclosure	Reporting Requirements	Corresponding Sections
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	<p>a. An explanation of why the topic is material.</p> <p>b. The Boundary for the material topic, which includes a description of:</p> <p>i. where the impacts occur;</p> <p>ii. the organization's involvement with the impacts. For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships.</p> <p>c. Any specific limitation regarding the topic Boundary.</p>	<p>> About the SUBARU Group's Sustainability</p>
103-2	The management approach and its components	<p>a. An explanation of how the organization manages the topic.</p> <p>b. A statement of the purpose of the management approach.</p> <p>c. A description of the following, if the management approach includes that component:</p> <p>i. Policies</p> <p>ii. Commitments</p> <p>iii. Goals and targets</p> <p>iv. Responsibilities</p> <p>v. Resources</p> <p>vi. Grievance mechanisms</p> <p>vii. Specific actions, such as processes, projects, programs and initiatives?</p>	<p>> CSR Promotion System</p> <p>> SUBARU Group's Six Priority Areas for CSR</p> <p>> Activities in the Six Priority Areas for CSR in Relation to the SDGs</p>
103-3	Evaluation of the management approach	<p>a. An explanation of how the organization evaluates the management approach, including:</p> <p>i. the mechanisms for evaluating the effectiveness of the management approach;</p> <p>ii. the results of the evaluation of the management approach;</p> <p>iii. any related adjustments to the management approach.</p>	-

Topic-specific Standards

Item Number	Disclosure	Reporting Requirements	Corresponding Sections
GRI 200: Economic			
201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	<p>a. Direct economic value generated and distributed (EVG&D) on an accruals basis, including the basic components for the organization's global operations as listed below. If data are presented on a cash basis, report the justification for this decision in addition to reporting the following basic components:</p> <p>i. Direct economic value generated: revenues;</p> <p>ii. Economic value distributed: operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments;</p> <p>iii. Economic value retained: 'direct economic value generated' less 'economic value distributed'.</p> <p>b. Where significant, report EVG&D separately at country, regional, or market levels, and the criteria used for defining significance.</p>	<p>> Annual Securities Report and Internal Controls Report for the 91th Period P.64-70 [Consolidated Financial Statements] (Japanese version only) </p> <p>> Annual Securities Report and Internal Controls Report for the 91th Period P.22 [Analysis of Financial Position, Business Performance, and Cash Flows by Top Management] (Japanese version only) </p>
201-2	Financial implications and other risks and opportunities due to climate change	<p>a. Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure, including:</p> <p>i. a description of the risk or opportunity and its classification as either physical, regulatory, or other;</p> <p>ii. a description of the impact associated with the risk or opportunity;</p> <p>iii. the financial implications of the risk or opportunity before action is taken;</p> <p>iv. the methods used to manage the risk or opportunity;</p> <p>v. the costs of actions taken to manage the risk or opportunity.</p>	<p>> Climate Change</p>

Item Number	Disclosure	Reporting Requirements	Corresponding Sections
201-3	Defined benefit plan obligations and other retirement plans	<p>a. If the plan's liabilities are met by the organization's general resources, the estimated value of those liabilities.</p> <p>b. If a separate fund exists to pay the plan's pension liabilities:</p> <p>i. the extent to which the scheme's liabilities are estimated to be covered by the assets that have been set aside to meet them;</p> <p>ii. the basis on which that estimate has been arrived at;</p> <p>iii. when that estimate was made.</p> <p>c. If a fund set up to pay the plan's pension liabilities is not fully covered, explain the strategy, if any, adopted by the employer to work towards full coverage, and the timescale, if any, by which the employer hopes to achieve full coverage.</p> <p>d. Percentage of salary contributed by employee or employer.</p> <p>e. Level of participation in retirement plans, such as participation in mandatory or voluntary schemes, regional, or country-based schemes, or those with financial impact.</p>	<p>> Annual Securities Report and Internal Controls Report for the 91st Period P.77 [Notes to Consolidated Financial Statements] (Japanese version only) </p>
201-4	Financial assistance received from government	<p>a. Total monetary value of financial assistance received by the organization from any government during the reporting period, including:</p> <p>i. tax relief and tax credits;</p> <p>ii. subsidies;</p> <p>iii. investment grants, research and development grants, and other relevant types of grant;</p> <p>iv. awards;</p> <p>v. royalty holidays;</p> <p>vi. financial assistance from Export Credit Agencies (ECAs);</p> <p>vii. financial incentives;</p> <p>viii. other financial benefits received or receivable from any government for any operation.</p> <p>b. The information in 201-4-a by country.</p> <p>c. Whether, and the extent to which, any government is present in the shareholding structure.</p>	<p>> Annual Securities Report and Internal Controls Report for the 91st Period P.33 [Corporate Information] (Japanese version only) </p> <p>> Annual Securities Report and Internal Controls Report for the 91st Period P.64-70 [Consolidated Financial Statements] (Japanese version only) </p>
202: Market Presence 2016			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	<p>a. When a significant proportion of employees are compensated based on wages subject to minimum wage rules, report the relevant ratio of the entry level wage by gender at significant locations of operation to the minimum wage.</p> <p>b. When a significant proportion of other workers (excluding employees) performing the organization's activities are compensated based on wages subject to minimum wage rules, describe the actions taken to determine whether these workers are paid above the minimum wage.</p> <p>c. Whether a local minimum wage is absent or variable at significant locations of operation, by gender. In circumstances in which different minimums can be used as a reference, report which minimum wage is being used.</p> <p>d. The definition used for 'significant locations of operation'.</p>	<p>> Human Rights Policy Appendix</p>
202-2	Proportion of senior management hired from the local community	<p>a. Percentage of senior management at significant locations of operation that are hired from the local community.</p> <p>b. The definition used for 'senior management'.</p> <p>c. The organization's geographical definition of 'local'.</p> <p>d. The definition used for 'significant locations of operation'.</p>	-
203: Indirect Economic Impacts 2016			
203-1	Infrastructure investments and services supported	<p>a. Extent of development of significant infrastructure investments and services supported.</p> <p>b. Current or expected impacts on communities and local economies, including positive and negative impacts where relevant.</p> <p>c. Whether these investments and services are commercial, in-kind, or pro bono engagements.</p>	-
203-2	Significant indirect economic impacts	<p>a. Examples of significant identified indirect economic impacts of the organization, including positive and negative impacts.</p> <p>b. Significance of the indirect economic impacts in the context of external benchmarks and stakeholder priorities, such as national and international standards, protocols, and policy agendas.</p>	N/A

Item Number	Disclosure	Reporting Requirements	Corresponding Sections
204: Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	<p>a. Percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation (such as percentage of products and services purchased locally).</p> <p>b. The organization's geographical definition of 'local'.</p> <p>c. The definition used for 'significant locations of operation'.</p>	-
205: Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	<p>a. Total number and percentage of operations assessed for risks related to corruption.</p> <p>b. Significant risks related to corruption identified through the risk assessment.</p>	> Bribery Prevention
205-2	Communication and training about anti-corruption policies and procedures	<p>a. Total number and percentage of governance body members that the organization's anti-corruption policies and procedures have been communicated to, broken down by region.</p> <p>b. Total number and percentage of employees that the organization's anti-corruption policies and procedures have been communicated to, broken down by employee category and region.</p> <p>c. Total number and percentage of business partners that the organization's anti-corruption policies and procedures have been communicated to, broken down by type of business partner and region. Describe if the organization's anti-corruption policies and procedures have been communicated to any other persons or organizations.</p> <p>d. Total number and percentage of governance body members that have received training on anti-corruption, broken down by region.</p> <p>e. Total number and percentage of employees that have received training on anti-corruption, broken down by employee category and region.</p>	<p>> SUBARU Supplier CSR Guidelines</p> <p>> Compliance > Initiatives > Training</p>
205-3	Confirmed incidents of corruption and actions taken	<p>a. Total number and nature of confirmed incidents of corruption.</p> <p>b. Total number of confirmed incidents in which employees were dismissed or disciplined for corruption.</p> <p>c. Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption.</p> <p>d. Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases.</p>	N/A
206: Anti-competitive Behavior 2016			
206-1	Legal actions for anti-competitive behavior, antitrust, and monopoly practices	<p>a. Number of legal actions pending or completed during the reporting period regarding anti-competitive behavior and violations of anti-trust and monopoly legislation in which the organization has been identified as a participant.</p> <p>b. Main outcomes of completed legal actions, including any decisions or judgments.</p>	N/A
GRI 300: Environmental			
301: Materials 2016			
301-1	Materials used by weight or volume	<p>a. Total weight or volume of materials that are used to produce and package the organization's primary products and services during the reporting period, by:</p> <p>i. non-renewable materials used;</p> <p>ii. renewable materials used.</p>	> SUBARU Group Material Flow
301-2	Recycled input materials used	a. Percentage of recycled input materials used to manufacture the organization's primary products and services.	> Resource Recycling
301-3	Reclaimed products and their packaging materials	<p>a. Percentage of reclaimed products and their packaging materials for each product category.</p> <p>b. How the data for this disclosure have been collected.</p>	> Resource Recycling > Achievements and Initiatives > Logistics/Sales

Item Number	Disclosure	Reporting Requirements	Corresponding Sections
302: Energy 2016			
302-1	Energy consumption within the organization	<p>a. Total fuel consumption within the organization from non-renewable sources, in joules or multiples, and including fuel types used.</p> <p>b. Total fuel consumption within the organization from renewable sources, in joules or multiples, and including fuel types used.</p> <p>c. In joules, watt-hours or multiples, the total:</p> <p>i. electricity consumption</p> <p>ii. heating consumption</p> <p>iii. cooling consumption</p> <p>iv. steam consumption</p> <p>d. In joules, watt-hours or multiples, the total:</p> <p>i. electricity sold</p> <p>ii. heating sold</p> <p>iii. cooling sold</p> <p>iv. steam sold</p> <p>e. Total energy consumption within the organization, in joules or multiples.</p> <p>f. Standards, methodologies, assumptions, and/or calculation tools used.</p> <p>g. Source of the conversion factors used.</p>	> SUBARU Group Material Flow
302-2	Energy consumption outside of the organization	<p>a. Energy consumption outside of the organization, in joules or multiples.</p> <p>b. Standards, methodologies, assumptions, and/or calculation tools used.</p> <p>c. Source of the conversion factors used.</p>	-
302-3	Energy intensity	<p>a. Energy intensity ratio for the organization.</p> <p>b. Organization-specific metric (the denominator) chosen to calculate the ratio.</p> <p>c. Types of energy included in the intensity ratio; whether fuel, electricity, heating, cooling, steam, or all.</p> <p>d. Whether the ratio uses energy consumption within the organization, outside of it, or both.</p>	-
302-4	Reduction of energy consumption	<p>a. Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples.</p> <p>b. Types of energy included in the reductions; whether fuel, electricity, heating, cooling, steam, or all.</p> <p>c. Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it.</p> <p>d. Standards, methodologies, assumptions, and/or calculation tools used.</p>	> Climate Change
302-5	Reductions in energy requirements of products and services	<p>a. Reductions in energy requirements of sold products and services achieved during the reporting period, in joules or multiples.</p> <p>b. Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it.</p> <p>c. Standards, methodologies, assumptions, and/or calculation tools used.</p>	> Environmentally Friendly Automobiles > Initiatives
303: Water and Effluents 2018			
303-1	Interactions with water as a shared resource	<p>a. A description of how the organization interacts with water, including how and where water is withdrawn, consumed, and discharged, and the water-related impacts caused or contributed to, or directly linked to the organization's activities, products or services by a business relationship (e.g., impacts caused by runoff).</p> <p>b. A description of the approach used to identify water-related impacts, including the scope of assessments, their timeframe, and any tools or methodologies used.</p> <p>c. A description of how water-related impacts are addressed, including how the organization works with stakeholders to steward water as a shared resource, and how it engages with suppliers or customers with significant water-related impacts.</p> <p>d. An explanation of the process for setting any water-related goals and targets that are part of the organization's management approach, and how they relate to public policy and the local context of each area with water stress.</p>	> Water Resources

Item Number	Disclosure	Reporting Requirements	Corresponding Sections
303-2	Management of water discharge-related impacts	<p>a. A description of any minimum standards set for the quality of effluent discharge, and how these minimum standards were determined, including:</p> <ul style="list-style-type: none"> i. how standards for facilities operating in locations with no local discharge requirements were determined; ii. any internally developed water quality standards or guidelines; iii. any sector-specific standards considered; iv. whether the profile of the receiving waterbody was considered. 	<p>> Water Risk Assessment</p>
303-3	Water withdrawal	<p>a. Total water withdrawal from all areas in megaliters, and a breakdown of this total by the following sources, if applicable:</p> <ul style="list-style-type: none"> i. Surface water; ii. Groundwater; iii. Seawater; iv. Produced water; v. Third-party water. <p>b. Total water withdrawal from all areas with water stress in megaliters, and a breakdown of this total by the following sources, if applicable:</p> <ul style="list-style-type: none"> i. Surface water; ii. Groundwater; iii. Seawater; iv. Produced water; v. Third-party water, and a breakdown of this total by the withdrawal sources listed in i-iv. <p>c. A breakdown of total water withdrawal from each of the sources listed in Disclosures 303-3-a and 303-3-b in megaliters by the following categories:</p> <ul style="list-style-type: none"> i. Freshwater ($\leq 1,000$ mg/L Total Dissolved Solids); ii. Other water ($> 1,000$ mg/L Total Dissolved Solids). <p>d. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.</p>	<p>> Breakdown of water consumption by water source at major production bases</p>
303-4	Water discharge	<p>a. Total water discharge to all areas in megaliters, and a breakdown of this total by the following types of destination, if applicable:</p> <ul style="list-style-type: none"> i. Surface water; ii. Groundwater; iii. Seawater; iv. Third-party water, and the volume of this total sent for use to other organizations, if applicable. <p>b. A breakdown of total water discharge to all areas in megaliters by the following categories:</p> <ul style="list-style-type: none"> i. Freshwater ($\leq 1,000$ mg/L Total Dissolved Solids); ii. Other water ($> 1,000$ mg/L Total Dissolved Solids). <p>c. Total water discharge to all areas with water stress in megaliters, and a breakdown of this total by the following categories:</p> <ul style="list-style-type: none"> i. Freshwater ($\leq 1,000$ mg/L Total Dissolved Solids); ii. Other water ($> 1,000$ mg/L Total Dissolved Solids). <p>d. Priority substances of concern for which discharges are treated, including:</p> <ul style="list-style-type: none"> i. how priority substances of concern were defined, and any international standard, authoritative list, or criteria used; ii. the approach for setting discharge limits for priority substances of concern; iii. number of incidents of non-compliance with discharge limits. <p>e. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.</p>	
303-5	Water consumption	<p>a. Total water consumption from all areas in megaliters.</p> <p>b. Total water consumption from all areas with water stress in megaliters.</p> <p>c. Change in water storage in megaliters, if water storage has been identified as having a significant water-related impact.</p> <p>d. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used, including whether the information is calculated, estimated, modeled, or sourced from direct measurements, and the approach taken for this, such as the use of any sector-specific factors.</p>	<p>> Water Resources</p>

Item Number	Disclosure	Reporting Requirements	Corresponding Sections
304: Biodiversity 2016			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	a. For each operational site owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas, the following information: <ul style="list-style-type: none"> i. Geographic location; ii. Subsurface and underground land that may be owned, leased, or managed by the organization; iii. Position in relation to the protected area (in the area, adjacent to, or containing portions of the protected area) or the high biodiversity value area outside protected areas; iv. Type of operation (office, manufacturing or production, or extractive); v. Size of operational site in km2 (or another unit, if appropriate); vi. Biodiversity value characterized by the attribute of the protected area or area of high biodiversity value outside the protected area (terrestrial, freshwater, or maritime ecosystem); vii. Biodiversity value characterized by listing of protected status (such as IUCN Protected Area Management Categories, Ramsar Convention, national legislation). 	N/A
304-2	Significant impacts of activities, products, and services on biodiversity	a. Nature of significant direct and indirect impacts on biodiversity with reference to one or more of the following: <ul style="list-style-type: none"> i. Construction or use of manufacturing plants, mines, and transport infrastructure; ii. Pollution (introduction of substances that do not naturally occur in the habitat from point and non-point sources); iii. Introduction of invasive species, pests, and pathogens; iv. Reduction of species; v. Habitat conversion; vi. Changes in ecological processes outside the natural range of variation (such as salinity or changes in groundwater level). b. Significant direct and indirect positive and negative impacts with reference to the following: <ul style="list-style-type: none"> i. Species affected; ii. Extent of areas impacted; iii. Duration of impacts; iv. Reversibility or irreversibility of the impacts. 	-
304-3	Habitats protected or restored	a. Size and location of all habitat areas protected or restored, and whether the success of the restoration measure was or is approved by independent external professionals. b. Whether partnerships exist with third parties to protect or restore habitat areas distinct from where the organization has overseen and implemented restoration or protection measures. c. Status of each area based on its condition at the close of the reporting period. d. Standards, methodologies, and assumptions used.	> Biodiversity > Initiatives > Overseas
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	a. Total number of IUCN Red List species and national conservation list species with habitats in areas affected by the operations of the organization, by level of extinction risk: <ul style="list-style-type: none"> i. Critically endangered ii. Endangered iii. Vulnerable iv. Near threatened v. Least concern 	N/A
305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	a. Gross direct (Scope 1) GHG emissions in metric tons of CO2 equivalent. b. Gases included in the calculation; whether CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, or all. c. Biogenic CO2 emissions in metric tons of CO2 equivalent. d. Base year for the calculation, if applicable, including: <ul style="list-style-type: none"> i. the rationale for choosing it; ii. emissions in the base year; iii. the context for any significant changes in emissions that triggered recalculations of base year emissions. e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source. f. Consolidation approach for emissions; whether equity share, financial control, or operational control. g. Standards, methodologies, assumptions, and/or calculation tools used.	> Climate Change

Item Number	Disclosure	Reporting Requirements	Corresponding Sections
305-2	Energy indirect (Scope 2) GHG emissions	<p>a. Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO2 equivalent.</p> <p>b. If applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO2 equivalent.</p> <p>c. If available, the gases included in the calculation; whether CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, or all.</p> <p>d. Base year for the calculation, if applicable, including:</p> <ul style="list-style-type: none"> i. the rationale for choosing it; ii. emissions in the base year; iii. the context for any significant changes in emissions that triggered recalculations of base year emissions. <p>e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.</p> <p>f. Consolidation approach for emissions; whether equity share, financial control, or operational control.</p> <p>g. Standards, methodologies, assumptions, and/or calculation tools used.</p>	<p>> Climate Change</p>
305-3	Other indirect (Scope 3) GHG emissions	<p>a. Gross other indirect (Scope 3) GHG emissions in metric tons of CO2 equivalent.</p> <p>b. If available, the gases included in the calculation; whether CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, or all.</p> <p>c. Biogenic CO2 emissions in metric tons of CO2 equivalent.</p> <p>d. Other indirect (Scope 3) GHG emissions categories and activities included in the calculation.</p> <p>e. Base year for the calculation, if applicable, including:</p> <ul style="list-style-type: none"> i. the rationale for choosing it; ii. emissions in the base year; iii. the context for any significant changes in emissions that triggered recalculations of base year emissions. <p>f. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.</p> <p>g. Standards, methodologies, assumptions, and/or calculation tools used.</p>	<p>> Climate Change</p>
305-4	GHG emissions intensity	<p>a. GHG emissions intensity ratio for the organization.</p> <p>b. Organization-specific metric (the denominator) chosen to calculate the ratio.</p> <p>c. Types of GHG emissions included in the intensity ratio; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3).</p> <p>d. Gases included in the calculation; whether CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, or all.</p>	<p>> Climate Change</p>
305-5	Reduction of GHG emissions	<p>a. GHG emissions reduced as a direct result of reduction initiatives, in metric tons of CO2 equivalent.</p> <p>b. Gases included in the calculation; whether CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, or all.</p> <p>c. Base year or baseline, including the rationale for choosing it.</p> <p>d. Scopes in which reductions took place; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3).</p> <p>e. Standards, methodologies, assumptions, and/or calculation tools used.</p>	<p>> Climate Change</p>
305-6	Emissions of ozone-depleting substances (ODS)	<p>a. Production, imports, and exports of ODS in metric tons of CFC-11 (trichlorofluoromethane) equivalent.</p> <p>b. Substances included in the calculation.</p> <p>c. Source of the emission factors used.</p> <p>d. Standards, methodologies, assumptions, and/or calculation tools used.</p>	-
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	<p>a. Significant air emissions, in kilograms or multiples, for each of the following:</p> <ul style="list-style-type: none"> i. NOx ii. SOx iii. Persistent organic pollutants (POP) iv. Volatile organic compounds (VOC) v. Hazardous air pollutants (HAP) vi. Particulate matter (PM) vii. Other standard categories of air emissions identified in relevant regulations <p>b. Source of the emission factors used.</p> <p>c. Standards, methodologies, assumptions, and/or calculation tools used.</p>	<p>> Prevention of Pollution > Achievements and Initiatives</p>

Item Number	Disclosure	Reporting Requirements	Corresponding Sections
306: Effluents and Waste 2016			
306-1	Water discharge by quality and destination	<p>a. Total volume of planned and unplanned water discharges by:</p> <ul style="list-style-type: none"> i. destination; ii. quality of the water, including treatment method; iii. whether the water was reused by another organization. <p>b. Standards, methodologies, and assumptions used.</p>	> Water Resources
306-2	Waste by type and disposal method	<p>a. Total weight of hazardous waste, with a breakdown by the following disposal methods where applicable:</p> <ul style="list-style-type: none"> i. Reuse ii. Recycling iii. Composting iv. Recovery, including energy recovery v. Incineration (mass burn) vi. Deep well injection vii. Landfill viii. On-site storage ix. Other (to be specified by the organization) <p>b. Total weight of non-hazardous waste, with a breakdown by the following disposal methods where applicable:</p> <ul style="list-style-type: none"> i. Reuse ii. Recycling iii. Composting iv. Recovery, including energy recovery v. Incineration (mass burn) vi. Deep well injection vii. Landfill viii. On-site storage ix. Other (to be specified by the organization) <p>c. How the waste disposal method has been determined:</p> <ul style="list-style-type: none"> i. Disposed of directly by the organization, or otherwise directly confirmed ii. Information provided by the waste disposal contractor iii. Organizational defaults of the waste disposal contractor 	> Resource Recycling > Achievements and Initiatives > Zero Emissions of Waste from Production
306-3	Significant spills	<p>a. Total number and total volume of recorded significant spills.</p> <p>b. The following additional information for each spill that was reported in the organization's financial statements:</p> <ul style="list-style-type: none"> i. Location of spill; ii. Volume of spill; iii. Material of spill, categorized by: oil spills (soil or water surfaces), fuel spills (soil or water surfaces), spills of wastes (soil or water surfaces), spills of chemicals (mostly soil or water surfaces), and other (to be specified by the organization). <p>c. Impacts of significant spills.</p>	> Hazardous Waste
306-4	Transport of hazardous waste	<p>a. Total weight for each of the following:</p> <ul style="list-style-type: none"> i. Hazardous waste transported ii. Hazardous waste imported iii. Hazardous waste exported iv. Hazardous waste treated <p>b. Percentage of hazardous waste shipped internationally.</p> <p>c. Standards, methodologies, and assumptions used.</p>	> Chemical Substances Regulated by Japan's Pollutant Release and Transfer Register (PRTR) Act
306-5	Water bodies affected by water discharges and / or runoff	<p>a. Water bodies and related habitats that are significantly affected by water discharges and/or runoff, including information on:</p> <ul style="list-style-type: none"> i. the size of the water body and related habitat; ii. whether the water body and related habitat is designated as a nationally or internationally protected area; iii. the biodiversity value, such as total number of protected species. 	> BCP
307: Environmental Compliance 2016			
307-1	Non-compliance with environmental laws and regulations	<p>a. Significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations in terms of:</p> <ul style="list-style-type: none"> i. total monetary value of significant fines; ii. total number of non-monetary sanctions; iii. cases brought through dispute resolution mechanisms. <p>b. If the organization has not identified any non-compliance with environmental laws and/or regulations, a brief statement of this fact is sufficient.</p>	> Prevention of Pollution > Achievements and Initiatives

Item Number	Disclosure	Reporting Requirements	Corresponding Sections
308: Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	a. Percentage of new suppliers that were screened using environmental criteria.	> Green Procurement Guidelines
308-2	Negative environmental impacts in the supply chain and actions taken	a. Number of suppliers assessed for environmental impacts. b. Number of suppliers identified as having significant actual and potential negative environmental impacts. c. Significant actual and potential negative environmental impacts identified in the supply chain. d. Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which improvements were agreed upon as a result of assessment. e. Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which relationships were terminated as a result of assessment, and why.	> Management and Reduction of Environmentally Hazardous Substances Contained in Parts
GRI 400: Social			
401: Employment 2016			
401-1	New employee hires and employee turnover	a. Total number and rate of new employee hires during the reporting period, by age group, gender and region. b. Total number and rate of employee turnover during the reporting period, by age group, gender and region.	> Employee Data
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	a. Benefits which are standard for full-time employees of the organization but are not provided to temporary or part-time employees, by significant locations of operation. These include, as a minimum: i. life insurance; ii. health care; iii. disability and invalidity coverage; iv. parental leave; v. retirement provision; vi. stock ownership; vii. others. b. The definition used for 'significant locations of operation'.	-
401-3	Parental leave	a. Total number of employees that were entitled to parental leave, by gender. b. Total number of employees that took parental leave, by gender. c. Total number of employees that returned to work in the reporting period after parental leave ended, by gender. d. Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender. e. Return to work and retention rates of employees that took parental leave, by gender.	> Childcare leave system
402: Labor / Management Relations 2016			
402-1	Minimum notice periods regarding operational changes	a. Minimum number of weeks' notice typically provided to employees and their representatives prior to the implementation of significant operational changes that could substantially affect them. b. For organizations with collective bargaining agreements, report whether the notice period and provisions for consultation and negotiation are specified in collective agreements.	-

Item Number	Disclosure	Reporting Requirements	Corresponding Sections
403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	<p>a. A statement of whether an occupational health and safety management system has been implemented, including whether:</p> <p>i. the system has been implemented because of legal requirements and, if so, a list of the requirements;</p> <p>ii. the system has been implemented based on recognized risk management and/or management system standards/guidelines and, if so, a list of the standards/guidelines.</p> <p>b. A description of the scope of workers, activities, and workplaces covered by the occupational health and safety management system, and an explanation of whether and, if so, why any workers, activities, or workplaces are not covered.</p>	<p>> Occupational Health and Safety > Our Approach/Management System</p>
403-2	Hazard identification, risk assessment, and incident investigation	<p>a. A description of the processes used to identify work-related hazards and assess risks on a routine and non-routine basis, and to apply the hierarchy of controls in order to eliminate hazards and minimize risks, including:</p> <p>i. how the organization ensures the quality of these processes, including the competency of persons who carry them out;</p> <p>ii. how the results of these processes are used to evaluate and continually improve the occupational health and safety management system.</p> <p>b. A description of the processes for workers to report work-related hazards and hazardous situations, and an explanation of how workers are protected against reprisals.</p> <p>c. A description of the policies and processes for workers to remove themselves from work situations that they believe could cause injury or ill health, and an explanation of how workers are protected against reprisals.</p> <p>d. A description of the processes used to investigate work-related incidents, including the processes to identify hazards and assess risks relating to the incidents, to determine corrective actions using the hierarchy of controls, and to determine improvements needed in the occupational health and safety management system.</p>	
403-3	Occupational health services	<p>a. A description of the occupational health services' functions that contribute to the identification and elimination of hazards and minimization of risks, and an explanation of how the organization ensures the quality of these services and facilitates workers' access to them.</p>	<p>> Occupational Health and Safety > Initiatives</p>
403-4	Worker participation, consultation, and communication on occupational health and safety	<p>a. A description of the processes for worker participation and consultation in the development, implementation, and evaluation of the occupational health and safety management system, and for providing access to and communicating relevant information on occupational health and safety to workers.</p> <p>b. Where formal joint management-worker health and safety committees exist, a description of their responsibilities, meeting frequency, decision-making authority, and whether and, if so, why any workers are not represented by these committees.</p>	<p>> Labor-Management Communication</p> <p>> Occupational Health and Safety > Management System</p>
403-5	Worker training on occupational health and safety	<p>a. A description of any occupational health and safety training provided to workers, including generic training as well as training on specific work-related hazards, hazardous activities, or hazardous situations.</p>	-
403-6	Promotion of worker health	<p>a. An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided.</p> <p>b. A description of any voluntary health promotion services and programs offered to workers to address major non-work-related health risks, including the specific health risks addressed, and how the organization facilitates workers' access to these services and programs.</p>	<p>> Health Management > Initiatives</p>
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<p>a. A description of the organization's approach to preventing or mitigating significant negative occupational health and safety impacts that are directly linked to its operations, products or services by its business relationships, and the related hazards and risks.</p>	

Item Number	Disclosure	Reporting Requirements	Corresponding Sections
403-8	Workers covered by an occupational health and safety management system	<p>a. If the organization has implemented an occupational health and safety management system based on legal requirements and/or recognized standards/guidelines:</p> <ul style="list-style-type: none"> i. the number and percentage of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization, who are covered by such a system; ii. the number and percentage of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization, who are covered by such a system that has been internally audited; iii. the number and percentage of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization, who are covered by such a system that has been audited or certified by an external party. <p>b. Whether and, if so, why any workers have been excluded from this disclosure, including the types of worker excluded.</p> <p>c. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.</p>	<p>> Occupational Health and Safety > Management System</p>
403-9	Work-related injuries	<p>a. For all employees:</p> <ul style="list-style-type: none"> i. The number and rate of fatalities as a result of work-related injury; ii. The number and rate of high-consequence work-related injuries (excluding fatalities); iii. The number and rate of recordable work-related injuries; iv. The main types of work-related injury; v. The number of hours worked. <p>b. For all workers who are not employees but whose work and/or workplace is controlled by the organization:</p> <ul style="list-style-type: none"> i. The number and rate of fatalities as a result of work-related injury; ii. The number and rate of high-consequence work-related injuries (excluding fatalities); iii. The number and rate of recordable work-related injuries; iv. The main types of work-related injury; v. The number of hours worked. <p>c. The work-related hazards that pose a risk of high-consequence injury, including:</p> <ul style="list-style-type: none"> i. how these hazards have been determined; ii. which of these hazards have caused or contributed to high-consequence injuries during the reporting period; iii. actions taken or underway to eliminate these hazards and minimize risks using the hierarchy of controls. <p>d. Any actions taken or underway to eliminate other work-related hazards and minimize risks using the hierarchy of controls.</p> <p>e. Whether the rates have been calculated based on 200,000 or 1,000,000 hours worked.</p> <p>f. Whether and, if so, why any workers have been excluded from this disclosure, including the types of worker excluded.</p> <p>g. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.</p>	<p>> Occurrence of Work Related Accidents and Accident Frequency Rate</p>
403-10	Work-related ill health	<p>a. For all employees:</p> <ul style="list-style-type: none"> i. The number of fatalities as a result of work-related ill health; ii. The number of cases of recordable work-related ill health; iii. The main types of work-related ill health. <p>b. For all workers who are not employees but whose work and/or workplace is controlled by the organization:</p> <ul style="list-style-type: none"> i. The number of fatalities as a result of work-related ill health; ii. The number of cases of recordable work-related ill health; iii. The main types of work-related ill health. <p>c. The work-related hazards that pose a risk of ill health, including:</p> <ul style="list-style-type: none"> i. how these hazards have been determined; ii. which of these hazards have caused or contributed to cases of ill health during the reporting period; iii. actions taken or underway to eliminate these hazards and minimize risks using the hierarchy of controls. <p>d. Whether and, if so, why any workers have been excluded from this disclosure, including the types of worker excluded.</p> <p>e. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.</p>	-

Item Number	Disclosure	Reporting Requirements	Corresponding Sections
404: Training and Education 2016			
404-1	Average hours of training per year per employee	a. Average hours of training that the organization's employees have undertaken during the reporting period, by: i. gender; ii. employee category.	-
404-2	Programs for upgrading employee skills and transition assistance programs	a. Type and scope of programs implemented and assistance provided to upgrade employee skills. b. Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment.	> Training Programs
404-3	Percentage of employees receiving regular performance and career development reviews	a. Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period.	> Regular Reviews and Career Development
405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	a. Percentage of individuals within the organization's governance bodies in each of the following diversity categories: i. Gender; ii. Age group: under 30 years old, 30-50 years old, over 50 years old; iii. Other indicators of diversity where relevant (such as minority or vulnerable groups). b. Percentage of employees per employee category in each of the following diversity categories: i. Gender; ii. Age group: under 30 years old, 30-50 years old, over 50 years old; iii. Other indicators of diversity where relevant (such as minority or vulnerable groups).	> Directors of the Board / Executive Officers > Employee Data
405-2	Ratio of basic salary and remuneration of women to men	a. Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation. b. The definition used for 'significant locations of operation'.	> Training and Education
406: Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	a. Total number of incidents of discrimination during the reporting period. b. Status of the incidents and actions taken with reference to the following: i. Incident reviewed by the organization; ii. Remediation plans being implemented; iii. Remediation plans that have been implemented, with results reviewed through routine internal management review processes; iv. Incident no longer subject to action.	-
407: Freedom of Association and Collective Bargaining 2016			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	a. Operations and suppliers in which workers' rights to exercise freedom of association or collective bargaining may be violated or at significant risk either in terms of: i. type of operation (such as manufacturing plant) and supplier; ii. countries or geographic areas with operations and suppliers considered at risk. b. Measures taken by the organization in the reporting period intended to support rights to exercise freedom of association and collective bargaining.	-

Item Number	Disclosure	Reporting Requirements	Corresponding Sections
408: Child Labor 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor	<p>a. Operations and suppliers considered to have significant risk for incidents of:</p> <p>i. child labor;</p> <p>ii. young workers exposed to hazardous work.</p> <p>b. Operations and suppliers considered to have significant risk for incidents of child labor either in terms of:</p> <p>i. type of operation (such as manufacturing plant) and supplier;</p> <p>ii. countries or geographic areas with operations and suppliers considered at risk.</p> <p>c. Measures taken by the organization in the reporting period intended to contribute to the effective abolition of child labor.</p>	N/A
409: Forced or Compulsory Labor 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	<p>a. Operations and suppliers considered to have significant risk for incidents of forced or compulsory labor either in terms of:</p> <p>i. type of operation (such as manufacturing plant) and supplier;</p> <p>ii. countries or geographic areas with operations and suppliers considered at risk.</p> <p>b. Measures taken by the organization in the reporting period intended to contribute to the elimination of all forms of forced or compulsory labor.</p>	N/A
410: Security Practices 2016			
410-1	Security personnel trained in human rights policies or procedures	<p>a. Percentage of security personnel who have received formal training in the organization's human rights policies or specific procedures and their application to security.</p> <p>b. Whether training requirements also apply to third-party organizations providing security personnel.</p>	-
411: Rights of Indigenous Peoples 2016			
411-1	Incidents of violations involving rights of indigenous peoples	<p>a. Total number of identified incidents of violations involving the rights of indigenous peoples during the reporting period.</p> <p>b. Status of the incidents and actions taken with reference to the following:</p> <p>i. Incident reviewed by the organization;</p> <p>ii. Remediation plans being implemented;</p> <p>iii. Remediation plans that have been implemented, with results reviewed through routine internal management review processes;</p> <p>iv. Incident no longer subject to action.</p>	N/A
412: Human Rights Assessment 2016			
412-1	Operations that have been subject to human rights reviews or impact assessments	a. Total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments, by country.	-
412-2	Employee training on human rights policies or procedures	<p>a. Total number of hours in the reporting period devoted to training on human rights policies or procedures concerning aspects of human rights that are relevant to operations.</p> <p>b. Percentage of employees trained during the reporting period in human rights policies or procedures concerning aspects of human rights that are relevant to operations.</p>	› Respect for Human Rights > Management System
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	<p>a. Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.</p> <p>b. The definition used for 'significant investment agreements'.</p>	-

Item Number	Disclosure	Reporting Requirements	Corresponding Sections
413: Local Communities 2016			
413-1	Operations with local community engagement, impact assessments, and development programs	<p>a. Percentage of operations with implemented local community engagement, impact assessments, and/or development programs, including the use of:</p> <ul style="list-style-type: none"> i. social impact assessments, including gender impact assessments, based on participatory processes; ii. environmental impact assessments and ongoing monitoring; iii. public disclosure of results of environmental and social impact assessments; iv. local community development programs based on local communities' needs; v. stakeholder engagement plans based on stakeholder mapping; vi. broad based local community consultation committees and processes that include vulnerable groups; vii. works councils, occupational health and safety committees and other worker representation bodies to deal with impacts; viii. formal local community grievance processes. 	<p>> TOPICS of the SUBARU Group's Six Priority Areas for CSR > Diversity</p>
413-2	Operations with significant actual and potential negative impacts on local communities	<p>a. Operations with significant actual and potential negative impacts on local communities, including:</p> <ul style="list-style-type: none"> i. the location of the operations; ii. the significant actual and potential negative impacts of operations. 	-
414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	<p>a. Percentage of new suppliers that were screened using social criteria.</p>	<p>> SUBARU Supplier CSR Guidelines</p>
414-2	Negative social impacts in the supply chain and actions taken	<ul style="list-style-type: none"> a. Number of suppliers assessed for social impacts. b. Number of suppliers identified as having significant actual and potential negative social impacts. c. Significant actual and potential negative social impacts identified in the supply chain. d. Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment. e. Percentage of suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated as a result of assessment, and why. 	
415: Public Policy 2016			
415-1	Political contributions	<ul style="list-style-type: none"> a. Total monetary value of financial and in-kind political contributions made directly and indirectly by the organization by country and recipient/beneficiary. b. If applicable, how the monetary value of in-kind contributions was estimated. 	-
416: Customer Health and Safety 2016			
416-1	Assessment of the health and safety impacts of product and service categories	<p>a. Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.</p>	<p>> Making Safe Vehicles > Initiatives</p>
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	<ul style="list-style-type: none"> a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services within the reporting period, by: <ul style="list-style-type: none"> i. incidents of non-compliance with regulations resulting in a fine or penalty; ii. incidents of non-compliance with regulations resulting in a warning; iii. incidents of non-compliance with voluntary codes. b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient. 	N/A

Item Number	Disclosure	Reporting Requirements	Corresponding Sections
417: Marketing and Labeling 2016			
417-1	Requirements for product and service information and labeling	<p>a. Whether each of the following types of information is required by the organization's procedures for product and service information and labeling:</p> <ul style="list-style-type: none"> i. The sourcing of components of the product or service; ii. Content, particularly with regard to substances that might produce an environmental or social impact; iii. Safe use of the product or service; iv. Disposal of the product and environmental or social impacts; v. Other (explain). <p>b. Percentage of significant product or service categories covered by and assessed for compliance with such procedures.</p>	-
417-2	Incidents of non-compliance concerning product and service information and labeling	<p>a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labeling, by:</p> <ul style="list-style-type: none"> i. incidents of non-compliance with regulations resulting in a fine or penalty; ii. incidents of non-compliance with regulations resulting in a warning; iii. incidents of non-compliance with voluntary codes. <p>b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.</p>	<ul style="list-style-type: none"> > Quality: Automotive Business > Quality: Aerospace Business
417-3	Incidents of non-compliance concerning marketing communications	<p>a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by:</p> <ul style="list-style-type: none"> i. incidents of non-compliance with regulations resulting in a fine or penalty; ii. incidents of non-compliance with regulations resulting in a warning; iii. incidents of non-compliance with voluntary codes. <p>b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.</p>	N/A
418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	<p>a. Total number of substantiated complaints received concerning breaches of customer privacy, categorized by:</p> <ul style="list-style-type: none"> i. complaints received from outside parties and substantiated by the organization; ii. complaints from regulatory bodies. <p>b. Total number of identified leaks, thefts, or losses of customer data.</p> <p>c. If the organization has not identified any substantiated complaints, a brief statement of this fact is sufficient.</p>	N/A
419: Socioeconomic Compliance 2016			
419-1	Non-compliance with laws and regulations in the social and economic area	<p>a. Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area in terms of:</p> <ul style="list-style-type: none"> i. total monetary value of significant fines; ii. total number of non-monetary sanctions; iii. cases brought through dispute resolution mechanisms. <p>b. If the organization has not identified any non-compliance with laws and/or regulations, a brief statement of this fact is sufficient.</p> <p>c. The context against which significant fines and non-monetary sanctions were incurred.</p>	N/A

TCFD Content Index

The table below compares the disclosures recommended by the Task Force on Climate-related Financial Information Disclosure (TCFD) with SUBARU's Sustainability Website, and presents relevant responses to CDP Climate Change 2022.

Governance

TCFD Disclosure Recommendations	Relevant Articles	
	Sustainability Website	CDP 2022
a) The Board's oversight of climate-related risks and opportunities.	Environmentally Friendly Automobiles > Management System Climate Change > Management System	CDP C1.1b
b) Management's role in assessing and managing climate-related risks and opportunities.	Environmentally Friendly Automobiles > Management System Climate Change > Management System	CDP C1.2, C1.2a

Strategy

TCFD Disclosure Recommendations	Relevant Articles	
	Sustainability Website	CDP 2022
a) Climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Environmental Management > Targets and Results > Environment Action Plan 2030 and Other Key Environmental Initiatives Climate Change > Risks and Opportunities Identified	CDP C2.1a, C2.3, C2.3a, C2.4, C2.4a
b) Impact of climate-related risks and opportunities on the organization's businesses and strategy.	Environmental Management > Targets and Results > Environment Action Plan 2030 and Other Key Environmental Initiatives > SUBARU Group Material Flow Environmentally Friendly Automobiles > Medium- to Long-term Goals (Long-term Visions and Milestones) > Initiatives Climate Change > Risks and Opportunities Identified	CDP C2.3a, C2.4a, C3.1, C3.2a, C3.2b, C3.3, C3.4

TCFD Disclosure Recommendations	Relevant Articles	
	Sustainability Website	CDP 2022
c) Resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	<p>Environmental Management</p> <ul style="list-style-type: none"> > Targets and Results > Environment Action Plan 2030 and Other Key Environmental Initiatives <p>Environmentally Friendly Automobiles</p> <ul style="list-style-type: none"> > Medium- to Long-term Goals (Long-term Vision and Milestones) > Strategic reorganization of domestic production > Initiatives <p>Climate Change</p> <ul style="list-style-type: none"> > Medium- to Long-term Goals (Long-term Vision and Milestones) > Risk Management 	CDP C3.2, C3.2a, C3.2b

Risk Management

TCFD Disclosure Recommendations	Relevant Articles	
	Sustainability Website	CDP 2022
a) Describe the organization's processes for identifying and assessing climate-related risks.	<p>Risk Management</p> <ul style="list-style-type: none"> > Management System > Risks Associated with Business Activities <p>Climate Change</p> <ul style="list-style-type: none"> > Management System > Risks and Opportunities Identified > Risk Management 	CDP C2.1, C2.2, C2.2a
b) Describe the organization's processes for managing climate-related risks.	<p>Climate Change</p> <ul style="list-style-type: none"> > Management System > Risk Management <p>Risk Management</p> <ul style="list-style-type: none"> > Management System 	CDP C2.1, C2.2
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	<p>Climate Change</p> <ul style="list-style-type: none"> > Risks and Opportunities Identified > Risk Management <p>Water Resources</p> <ul style="list-style-type: none"> > Water Management <p>Risk Management</p> <ul style="list-style-type: none"> > Our Approach > Management System > Risks Associated with Business Activities > Risk Management Initiatives > BCP 	CDP C2.1, C2.2

Metrics and Targets

TCFD Disclosure Recommendations	Relevant Articles	
	Sustainability Website	CDP 2022
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	<p>Environmental Management</p> <ul style="list-style-type: none"> > Targets and Results > Environment Action Plan 2030 and Other Key Environmental Initiatives > SUBARU Group Material Flow <p>Environmentally Friendly Automobiles</p> <ul style="list-style-type: none"> > Medium- to Long-term Goals (Long-term Vision and Milestones) > Strategic reorganization of domestic production > Life Cycle Assessment <p>Climate Change</p> <ul style="list-style-type: none"> > Medium- to Long-term Goals (Long-term Visions and Milestones) > Achievements 	CDP C4.2, C9.1
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	<p>Environmental Management</p> <ul style="list-style-type: none"> > Targets and Results > Environment Action Plan 2030 and Other Key Environmental Initiatives > SUBARU Group Material Flow <p>Environmentally Friendly Automobiles</p> <ul style="list-style-type: none"> > Medium- to Long-term Goals (Long-term Vision and Milestones) > Strategic reorganization of domestic production > Life Cycle Assessment <p>Climate Change</p> <ul style="list-style-type: none"> > Risks and Opportunities Identified > Medium- to Long-term Goals (Long-term Visions and Milestones) > Achievements 	CDP C6.1, C6.3, C6.5, C6.5a
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	<p>Environmental Management</p> <ul style="list-style-type: none"> > Targets and Results > Environment Action Plan 2030 and Other Key Environmental Initiatives > SUBARU Group Material Flow <p>Environmentally Friendly Automobiles</p> <ul style="list-style-type: none"> > Medium- to Long-term Goals (Long-term Vision and Milestones) > Strategic reorganization of domestic production > Life Cycle Assessment <p>Climate Change</p> <ul style="list-style-type: none"> > Medium- to Long-term Goals (Long-term Visions and Milestones) > Achievements 	CDP C4.1, C4.1a, C4.1b, C4.2