

# 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

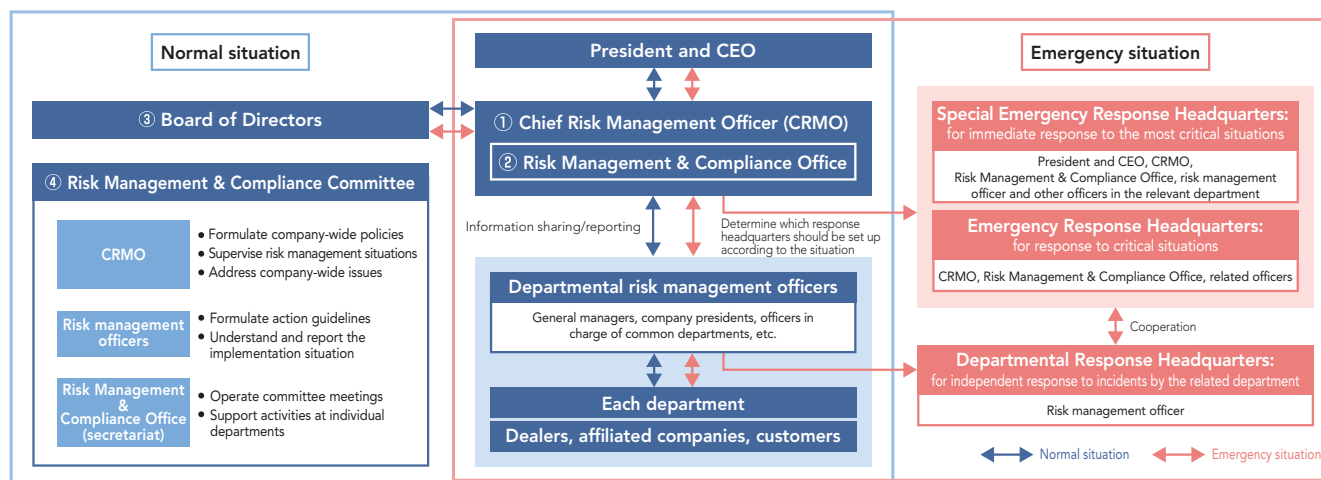
To prevent the emergence and expansion of risks to the Subaru Group, the CRMO (Chief Risk Management Officer) appointed by the Board of Directors leads risk management and compliance activities, reporting their status to the Board of Directors.

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 & Compliance Committee. This committee is chaired by the Chief Risk Management Officer (CRMO), and its vice-chairperson is the Vice President in charge of the duties of the Risk Management Group, comprised of the Risk Management & 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 company-wide shared corporate operations departments, such as the Risk Management & 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. 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

Risk management initiatives for times of normalcy conducted by the Risk Management & Compliance Committee in FYE March 2021 included the establishment of the group-wide Risk Management Policy and preparation of a company-wide Risk Map that summarized priority issues, based on the conditions surrounding SUBARU and the nature of its business, in consideration of the size of losses that could occur when such risks emerge. While prioritizing responses to high-impact matters, SUBARU has also promoted risk management optimized for the entire Company by having each department establish its own Risk Management Code of Conduct and combining these codes with everyday risk management tasks.

With regard to emergency responses, SUBARU established the "Coronavirus Countermeasure Headquarters" in February 2020 as a response to COVID-19. This organization collects and shares relevant information inside and outside the Company, responding in a timely and appropriate fashion by identifying the roles of each stakeholder in emergency situations and reviewing the effectiveness of responses in these situations.

In addition, amid the prolonged COVID-19 pandemic, relevant departments have worked closely together to enable a rapid shift toward alternate work arrangements in the new normal.

## Crisis-level Risks

Among the various types of risk we face, SUBARU calls those risks that are particularly dangerous to our business operations and that SUBARU cannot handle through regular decision-making channels "crisis-level risks" and categorizes them as follows: natural disaster, accident, internal human factors, external human factors, social factors (domestic, overseas), and compliance. SUBARU is creating various manuals for dealing with each of these types of emergencies.

### BCP

At SUBARU, the Risk Management & Compliance Office plays a pivotal role in establishing regulations related to BCPs\*. During emergencies, the Office centrally grasps group-wide information, establishing a system to manage company-wide response. Specifically, with a focus on initial response, crisis management headquarters are set up immediately with the occurrence of a serious incident and a response system is quickly and accurately developed in line with the basic policy of our Emergency Response Policy. This leads to the swift achievement of business restoration and contributes to business continuity. In addition, during normal times we work to enhance the speed and accuracy of risk recognition and identification to the best of our ability by clarifying the roles of each department and the domain of management responsibilities. In conjunction with this, we are regularly preparing and updating manuals and are implementing training. 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.

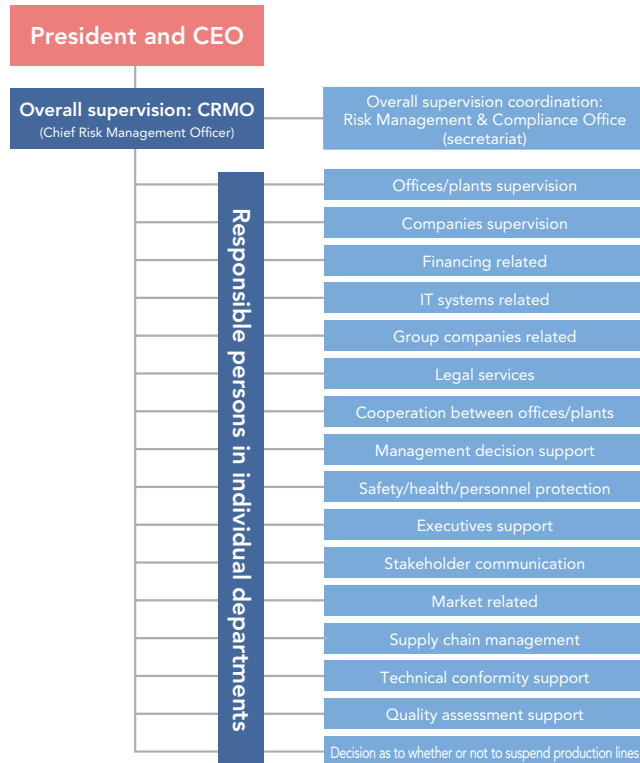
\*Abbreviation for Business Continuity Plans.

Corporate Governance | Compliance | Risk Management

**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.

Coronavirus Countermeasure Headquarters



**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 m<sup>2</sup> 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



Flood prevention measure (drainage grid) (Utsunomiya Plant)

to take disaster countermeasures at the site, ensure the safety of employees, and establish cooperation with the local community.

**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.

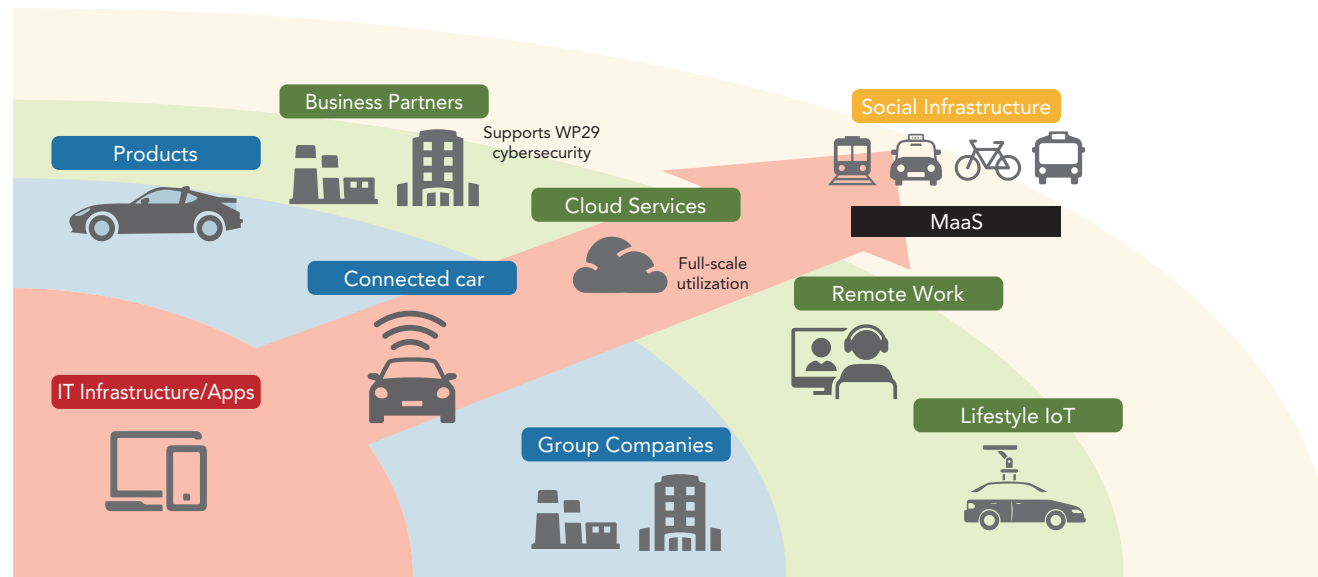
Going forward, SUBARU aims to derive and strengthen its own unique BCP vision.

## 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,

### Scope of Information Security for the Subaru Group



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.

### 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 2021, SUBARU conducted e-learning and video training programs based on cybersecurity management system documents drafted in the previous fiscal year 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 three domains

Course Participants: For In-Car system developers: Approx. 700

For general employees related to information systems: Approx. 3,100

SUBARU also conducted targeted attack email drills and security incident scenario training for incident response teams.

Internal audits based on this management system are now regularly carried out and will continue to be in the future.

## Personal Information Protection Initiatives

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 2021, 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 (138 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 relevant internal rules with the aim of improving company-wide governance
- Formulation of privacy policy for telematics services for the Japanese market
- Cookie policy revisions based on the 2020 revisions of 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).

## Intellectual Property Protection Initiatives

### Our Approach

SUBARU, after identifying its strengths and weaknesses, has put together a vision for SUBARU's 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, Subaru will dedicate ourselves to creating intellectual properties that originate from the market and appropriately manage its 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

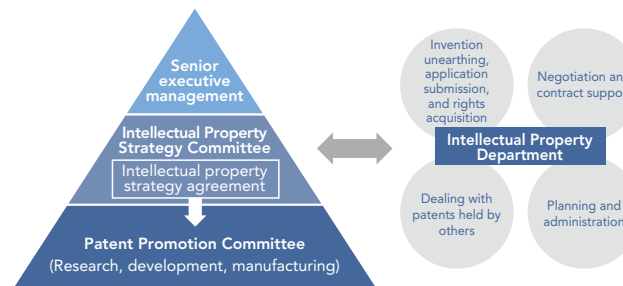
\* In combination with market information on intellectual properties, analyzes the business environment and support strategic plans

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 IP landscape
2. Acquire rights for intellectual properties, including technologies, trademarks, naming and design, and adequately manage the IP 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, toward achievement of the SDGs
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

\* Please refer to the following for the relationship between achievement of the SDGs and crackdowns on counterfeit goods.

[Combating Counterfeit Goods and the SDGs: A Ministry of Economy, Trade and Industry Document \(Japanese version only\)](#)

### 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 (in FYE March 2021, programs were held remotely due to the spread of COVID-19; remote programs are to continue into FYE March 2022, with efforts made to enhance content and offer on-demand content)
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 \(Japanese version only\)](#)

[Details on the Open COVID-19 Declaration \(Japanese version only\)](#)