



SUBARU

Supplier

CSR Guidelines



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I. Introduction

Public concern about corporate social responsibility (CSR) is increasing year after year against the backdrop of social issues triggered by such environmental changes as global warming, globalization and advances in IT. Now that the United Nations (UN) has adopted the Sustainable Development Goals (SDGs) and that these goals are to be reflected in each country's economic policies, the resolution of social issues and economic (corporate) development are now the integral halves of the same whole.

In 2009, we revised our CSR Policy, which we had formulated in 2005, based on the belief that Subaru has the responsibility to respect all stakeholders through compliance with laws, human rights and social norms, and a mission to contribute to the development of a sustainable society through our business activities.

Amid our rapidly changing social environment, we reviewed our existing Eight CSR Action Items, based on stakeholder questionnaires and other feedback, and established Six Priority Areas for CSR in STEP, our mid-term management vision for the period 2018 through 2025. We aim to become a company trusted by everyone and successfully combine the creation of a sustainable society with the enhancement of corporate value by disclosing information about each of those six priority areas to our stakeholders, engaging in dialogue with them, and reflecting this in the management of the business.

In the context of this, in 2012, we issued the first edition of the SUBARU Supplier CSR Guidelines, which brought together our CSR action item in the field of procurement, due to the need for efforts throughout the supply chain in the practice of CSR. Following the review of our priority areas for CSR, we have recently revised the content of "II. The Subaru Group's CSR."

We are aware that these points are everyday practice in the context of our long-standing relationships of trust with our suppliers, rather than being something new. However, we hope to share our approach to CSR at a deeper level by documenting these points anew.

We would like to ask all our suppliers for their understanding and cooperation in utilizing the guidelines to be of assistance in your practice of CSR while, at the same time, expanding and promoting the guidelines among your own suppliers to facilitate our mutual growth through CSR.

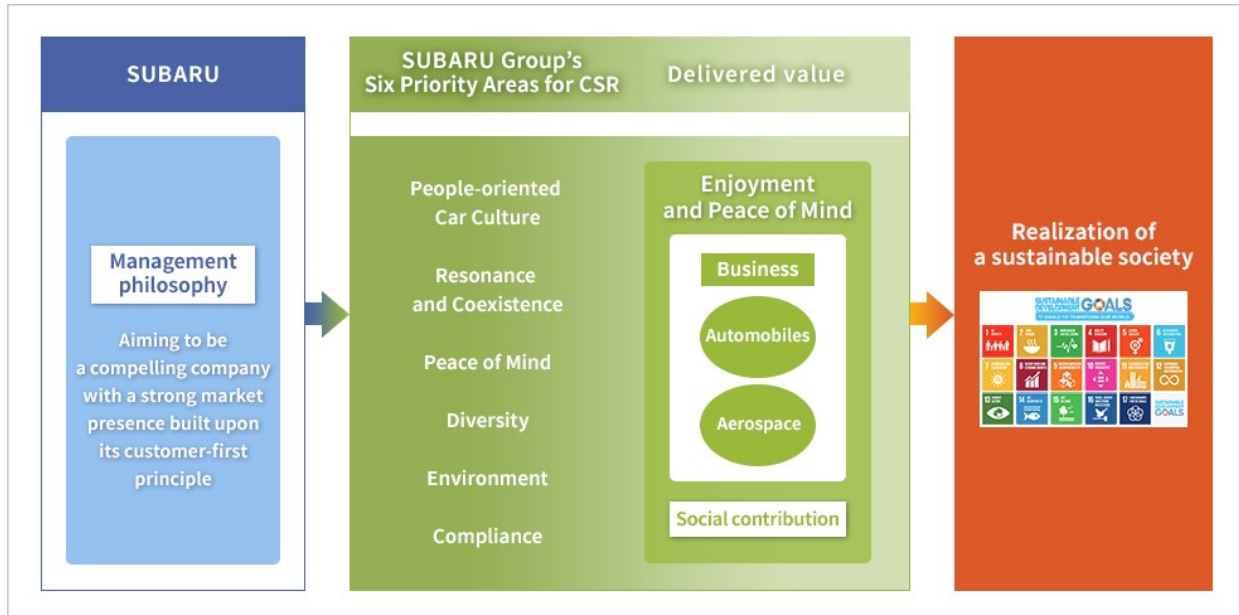
October 2018

Purchasing Committee
Subaru Corporation

II. The SUBARU Group's CSR

Subaru Group practices CSR activities that are based on our management strategy under our business philosophy of aiming to be a compelling company with strong market presence built upon its customer-first principle to deliver the values of “Enjoyment and Peace of Mind” to all of our stakeholders, including our shareholders and customers. Aiming to be a compelling company with strong market presence built upon its customer-first principle

Subaru Group also seeks the realization of a sustainable society by reflecting opinions from all of our stakeholders in our management strategy.



1. Corporate Philosophy

- (1) We strive to create advanced technology on an ongoing basis and provide consumers with distinctive products with the highest level of quality and customer satisfaction.
- (2) We aim to continuously promote harmony between people, society, and the environment while contributing to the prosperity of society.
- (3) We look to the future with a global perspective and aim to foster a vibrant, progressive company.

2. Corporate Code of Conduct

Subaru Corporation sets down a corporate code of conduct to comply with laws and regulations and to fulfill its social responsibilities based on its corporate philosophy. We will continue to strive to become a company loved by all and contribute to making society more affluent by respecting individuals and the corporate code of conduct and acting on the same sense of values.

- (1) We develop and provide creative products and services while paying sufficient attention to the environment and safety.
- (2) We respect the rights and characteristics of individuals.
- (3) We promote harmony with society and contribute to the prosperity of society.
- (4) We meet social norms and act honestly and fairly.
- (5) We maintain global perspective and aim to be in harmony with international society.

3. Management philosophy

Aiming to be a compelling company with strong market presence built upon its customer-first principle

4. CSR Policy

- (1) We respect the laws and regulations, human rights, international standards of behavior and the rights and morals of stakeholders under the "Corporate Code of Conduct".
- (2) We become involved as a corporate citizen in addressing social issues facing society today.

5. Six Priority Areas for CSR

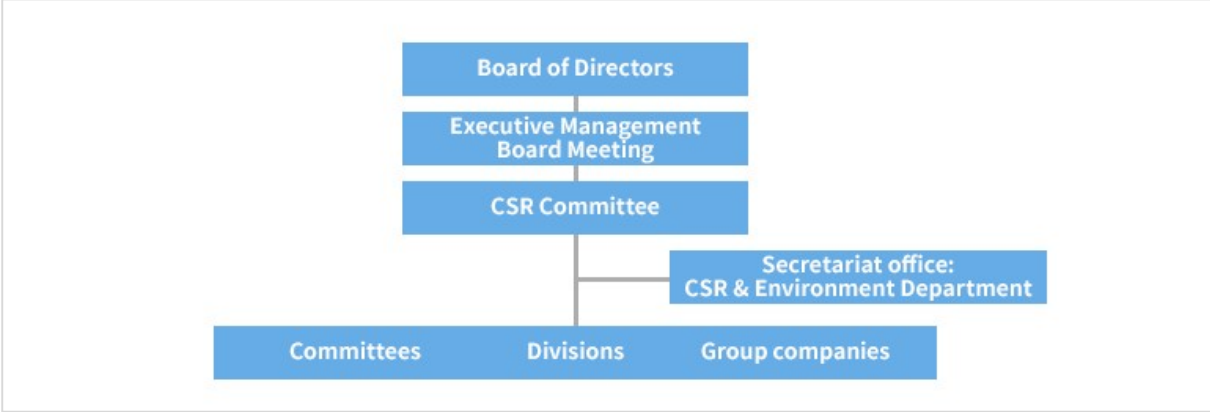
Subaru Group believes that to contribute to society through our business and to meet the expectations and needs of our stakeholders amid a constantly changing social environment at a time when the automobile industry stands on the threshold of an epochal transformation, it is necessary to promote CSR initiatives globally and make them penetrate within the entire Subaru Group. Therefore, we reviewed the eight CSR activity items based on questionnaires to stakeholders and set up six new CSR priority areas.

By adopting the concept of the Six Priority Areas for CSR while conducting business, we will fulfill our social responsibility as a corporation and will continue to deliver “Enjoyment and Peace of Mind” to all of our stakeholders, including our customers. The Subaru Group will become a company trusted by society as a truly global company and will contribute to the creation of a more affluent and sustainable society.

The Subaru Group’s 6 Priority Areas for CSR		Explanation	CSR Guidelines Applicable Field
Priorities specific to Subaru	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.	1. Safety and Quality
	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.	1. Safety and Quality
	Peace of Mind	Subaru will become a company that provides all stakeholders with the utmost peace of mind.	1. Safety and Quality
Society’s expectations	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.	2. Human Rights and Labor Issues
	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.	3. Environment
	Compliance	Subaru will become a company that operates in accordance with laws, regulations, and societal norms, ensuring that our focus on compliance as a priority permeates throughout and is practiced by all those who work for the Subaru Group.	4. Compliance
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Engagement		Information disclosure and dialogue to stakeholders, and reflection in business.	5. Information Disclosure

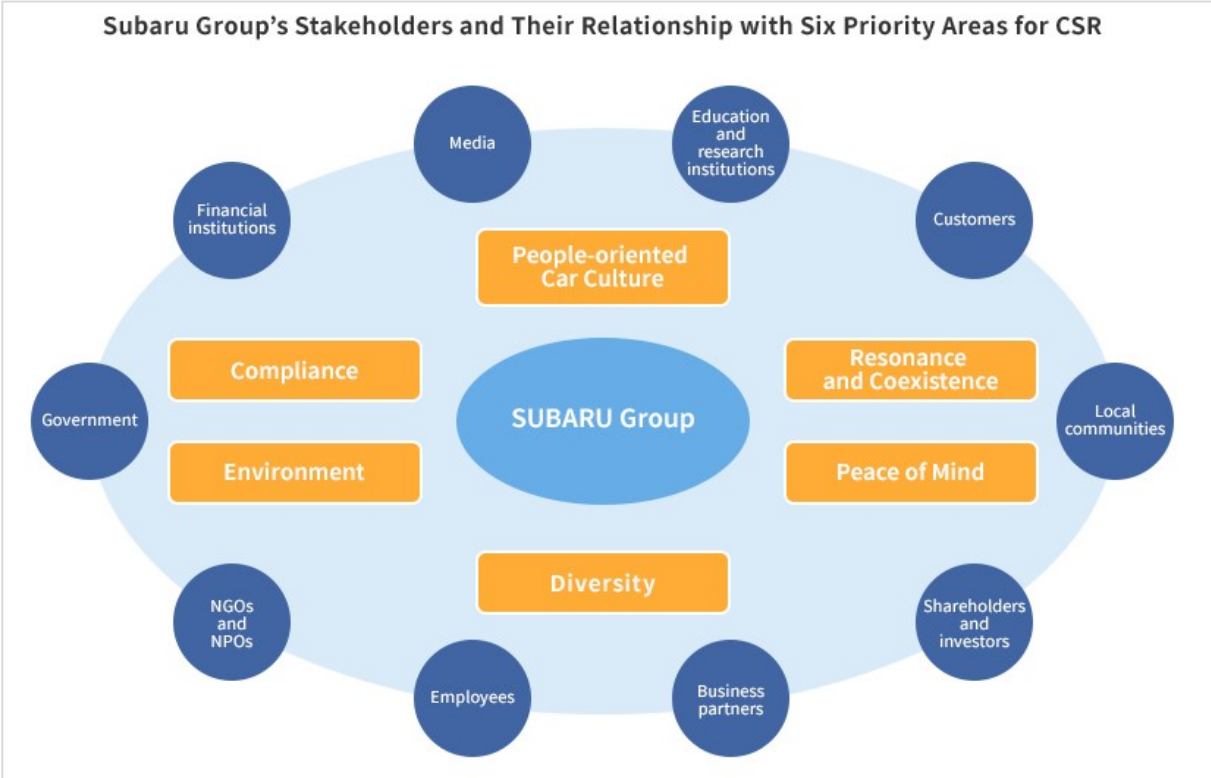
6. CSR Promotion System

Subaru Group sets up a CSR Committee as a venue to discuss our CSR initiatives and to confirm the status of PDCA operation of each committee and each division. The CSR Committee, headed by the Director of the Board and Chairman, is joined by all executives as members. The Committee ponders business from the social aspect and works to strengthen CSR efforts.



7. Relationship to Stakeholders (Information Disclosure)

The Subaru Group’s approach to CSR in the med-term management vision STEP announced in 2018 emphasize the relationship with stakeholders and Subaru Group believes that disclosing information to stakeholders, engaging in dialogue with them, and reflecting this in the management of the business are all essential. In order to realize our vision of becoming A Compelling Company with a Strong Market Presence built upon its customer-first principle as stated in our management philosophy, Subaru Group will continue to make efforts to gain trust from our stakeholders, and to make useful social contributions while at the same time increasing our corporate value.



8. Fundamental Procurement Policy

In keeping with our Corporate Philosophy, Subaru strives to procure parts, materials, and equipment that offer excellent quality, environmental performance, and cost performance. To realize this goal, it is necessary for us to establish relationships with our business partners based on equality, trust, mutual benefit, and dedication to continuous improvement.

(1) Compliance & Green Procurement

We engage in procurement activities in a way to harmonize man, society and the environment and conduct transactions paying due care to observe legal and societal rules and to protect 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, domestic and overseas, for fair and equitable business to procure goods and services most excellent from six perspectives: quality, cost, delivery, technical development, management and environment (QCDDME).

III. Topics and Points in the Supplier CSR Guidelines

The SUBARU Supplier CSR Guidelines are based on the CSR Guidelines for Suppliers issued by the Japan Automobile Manufacturers Association, Inc. (JAMA) and incorporate Subaru's CSR Policy.

We expect utilizing these guidelines will help our partners to expand and promote CSR activities jointly with their own business partners.

1. Safety and Quality

- Providing products and services that meet consumer and customer needs

We identify consumer and customer needs to develop and provide products with social utility.*

* Products with social utility: for example, products that are easy for anyone to use irrespective of age, gender, and disability. Alternatively, earth-friendly products, such as those that contribute to energy and resource conservation and environmental protection

- Providing appropriate information concerning products and services

We provide consumers and customers with appropriate information concerning products and services.

- Ensuring safety of products and services

We produce and provide products and services that meet the safety laws and regulations stipulated in each country and region.

- Ensuring quality of products and services

We create and operate companywide structures to ensure quality.

2. Human Rights and Labor Issues

- Striving to avoid discrimination

We do not discriminate on the grounds of race, ethnicity, country of origin, religion, gender or any other pretext in any employment situation.*

*Any employment situation = recruitment, hiring, promotion, wages, dismissal, retirement, allocation of duties, discipline, etc.

- Respecting human rights

We do not tolerate any form of harassment on the grounds of race, ethnicity or country of origin, religion, gender or any other pretext in our workplaces.

- Prohibiting child labor

We do not permit the employment of children who have not reached the legal age of employment in each country and region.

- Prohibiting forced labor

We do not engage in forced labor, making certain to ensure that all labor is voluntary and that employees are free to leave their jobs.

- Not using raw materials that cause social problems

We aim not to use raw materials related to human rights infringements, such as conflict minerals,* and strive to identify conditions and respond appropriately.

*Conflict minerals: minerals produced in the Democratic Republic of the Congo and surrounding countries to fund the activities of armed groups in the region

- Compliance with the law on remuneration

We comply with the laws in each country and region related to minimum wages, overtime work, payroll deductions, piecework wages, and other benefits.

- Compliance with the law on working hours

We comply with the laws in each country and region related to the determination of the working hours of employees (including overtime work) as well as the provision of holidays and annual paid leave.

- Practicing dialogue and consultation with employees

We engage in consultation and dialogue in good faith with the representatives of employees or employees.

We recognize employees' rights of free association in accordance with the laws in each country and region.

- Ensuring a safe and healthy working environment

We strive to prevent accidents and disasters with ensuring the safety and health of employees at work as our priority.

- Providing human resource training

We train human resources that can take action to detect and resolve problems independently.

3. Environment

- Implementing environmental management
In order to promote wide-ranging environmental activities, we comply with the laws of each country and region while building companywide management structures which we continuously operate and improve.
 - Reducing greenhouse gas emissions
In order to contribute to reducing greenhouse gas emissions, we manage greenhouse gas emissions in our business activities and promote activities to reduce them. In addition, we strive to utilize energy effectively.
 - Preventing air, water, and soil pollution
We comply with the laws of each country and region regarding air, water, and soil pollution in addition to continuously monitoring and reducing contaminants to prevent environmental pollution.
 - Saving resources and reducing waste
We comply with the laws of each country and region regarding the appropriate disposal and recycling of waste in addition to working to reduce the final disposal volume of waste by utilizing resources effectively.
 - Managing chemical substances
We manage chemical substances with the potential to pollute the environment safely. Our products do not contain chemical substances prohibited by the laws of each country and region in the relevant country and region. We do not use prohibited chemical substances in the manufacturing process, and, with regard to chemical substances provided for under the laws of each country and region, we identify emissions and report them to the government in accordance with the law.
 - Conservation of the eco system
We strive to conserve the eco system by aiming to reduce environmental impacts in our business activities.
- * With regard to the environmental points above, Subaru's specific requests to suppliers are compiled separately in the SUBARU Green Procurement Guidelines, so please also refer to these.

4. Compliance

- Compliance with laws

We comply with the laws in each country and region.

We establish and operate structures that include policies, systems, conduct guidelines, whistleblowing systems, and education in order to fully enforce compliance.

- Compliance with competition laws

In compliance with competition laws in each country and region, we do not engage in such practices as private monopolies, unreasonable trade restrictions (cartels, bid rigging, etc.), unfair trade practices, and abuse of a superior bargaining position.

- Preventing corruption

We make political donations and contributions in accordance with the laws in each country and region and strive to build transparent and fair political and administrative relationships.

We do not exchange entertainment, gifts or money with our business partners for the purpose of securing and maintaining unfair privileges and preferential treatment.

- Managing and protecting confidential information

We obtain the personal information of customers, third parties and our employees and the confidential information of customers and third parties by lawful means. We also strictly manage and protect such information and utilize it within the proper scope.

- Managing export trading

We implement the proper export procedures and management related to the export of technologies and goods provided for under the laws of each country and region.

- Protecting intellectual property

We protect intellectual property rights that belong to or are attributable to Subaru, and we do not unlawfully obtain and use or infringe the intellectual property rights of third parties.

5. Information Disclosure

- Disclosing information to stakeholders

We disclose information that includes our financial position and performance and the content of business activities to stakeholders in a timely and appropriate manner. We also strive to maintain and develop mutual understanding and trusting relationships with stakeholders through open and fair communication.

IV. Voluntary Inspection Checklist

Subaru has prepared a voluntary inspection checklist for CSR activities to facilitate self-diagnosis and self-improvement by suppliers.

We would appreciate the use of the basic pattern below when setting questions and answers for each CSR field and item.

Checklist

	Question	Answer (multiple choice)
Legal regulations	Have you identified the laws, regulations and rules you have to comply with?	(1) We are constantly identifying the most up-to-date information. (2) We have identified most of the important information. (3) We identify information on an ad hoc basis.
System	Have you determined the department and staff with responsibility?	(1) We have clearly determined them based on rules, etc. (2) We have determined them although there are no rules, etc. (3) We determine them on an ad hoc basis.
Prevention	Do you have policies, systems, rules, and procedures to ensure internal compliance?	(1) Written policies, systems, rules, and procedures are provided. (2) There are unwritten but de facto policies, systems, rules and procedures. (3) We determine the policies, systems, rules, and procedures on an ad hoc basis.
Education	Do you carry out educational activities for employees?	(1) We carry out educational activities regularly. (2) We carry out educational activities irregularly or for some employees. (3) We carry out educational activities on an ad hoc basis.
Actual circumstance	Have you identified the actual circumstances through internal surveys?	(1) We regularly carry out internal surveys and always understand the actual circumstances. (2) We carry out internal surveys, though irregularly, but do endeavor to understand the actual circumstances. (3) We carry out internal surveys on an ad hoc basis.



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Subaru Corporation
Purchasing Committee

SUBARU of INDIANA AUTOMOTIVE INC. (SIA)