



## Basic Concept and Policy

Subaru considers compliance to be a management responsibility of the utmost importance in its Corporate Governance Guidelines, and firmly believes that only through company-wide implementation of compliance can our business have a strong foundation. Subaru is striving to make every employee not merely comply with laws, regulations and internal rules required of us in our business activities but also engage exhaustively in fair and just corporate activities in accordance with morals, common sense, and norms of society. To realize this, Subaru has established and administers compliance systems/organization as well as carries out activities including various trainings.

› [Corporate Governance Guidelines](#)

## Corporate Code of Conduct and Conduct Guidelines

Subaru has established a Corporate Code of Conduct and Conduct Guidelines as standards to help ensure its corporate activities to be in compliance with laws and regulations. In FYE2018, in order to further promote compliance as a group, the Conduct Guidelines have been revised, and detailed changes are explained in the Compliance Manual and overview of those changes in the Compliance Manual-Essential Version. The manuals are given to all employees of the Subaru Group to help them maintain thorough compliance in their daily actions.



Compliance Manual



Compliance Manual-Essential Version

### **What is Corporate Code of Conduct?**

The Corporate Code of Conduct stipulates the basic guidelines that all officers and employees should follow in relation to stakeholders, including customers, suppliers, shareholders, and society, based on Subaru's corporate philosophy.

### **What is Conduct Guidelines?**

The Conduct Guidelines specifically stipulate the standards of conduct for all officers and employees in order to put the basic guidelines indicated in the Corporate Code of Conduct into practice in the course of their daily business activities.

## **Corporate Code of Conduct**

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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.

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## **Compliance Regulations**

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Subaru established the Compliance Regulations in 2001 after the approval of the board of directors. These regulations contain basic compliance policies, which provide for the system, organization, and operational methods related to corporate compliance.

In FYE2019, Subaru revised the Regulations after deliberating at the Compliance Committee and gaining approval of the board of directors in order to properly reflect the revisions made in Corporate Governance Guidelines and to operate the Compliance Committee more flexibly to ensure its thorough implementation.

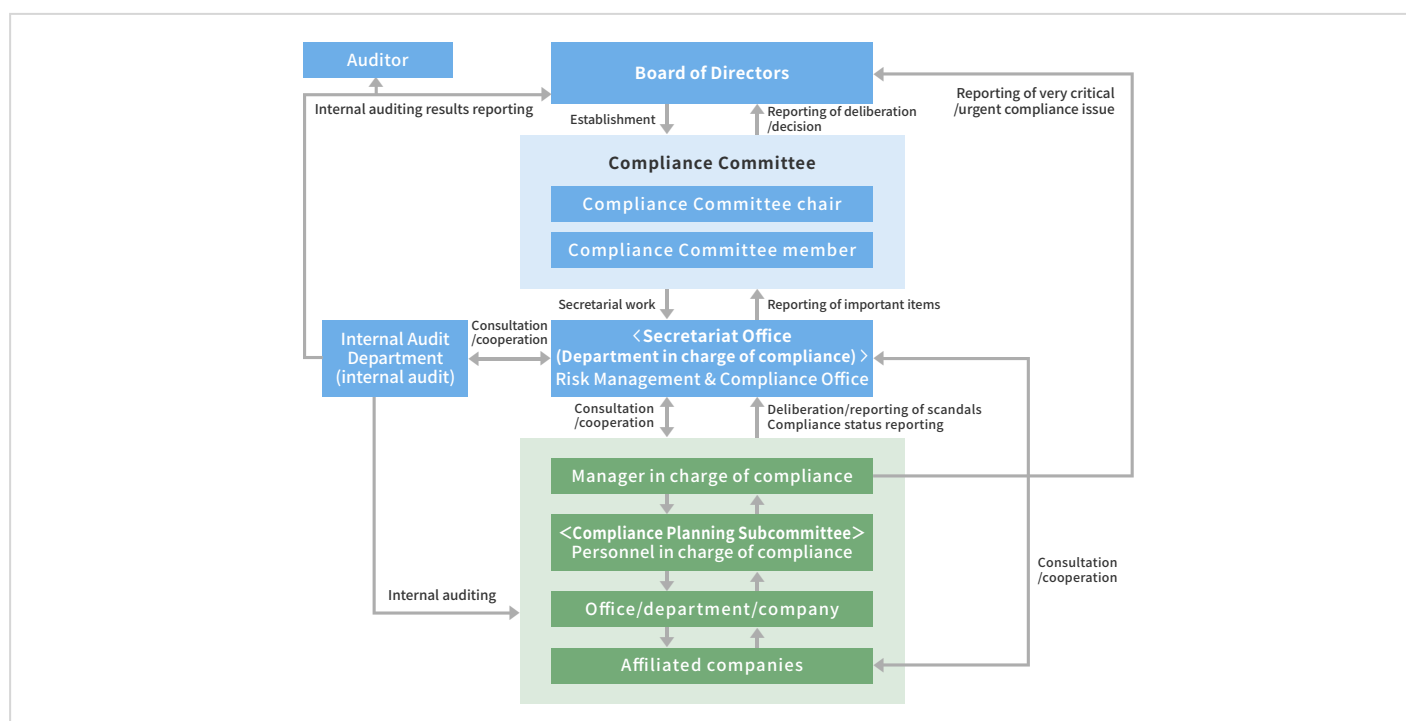
# Compliance System/Organization and Administration

The Compliance Committee, a company-wide committee, has been established to promote corporate compliance, and it conducts deliberations and discussions, renders determinations, and encourages the exchange of information on key compliance issues. Every year, each department plans its own compliance program, continuously and autonomously implementing compliance initiatives. With the occurrence of cases of improper conduct involving final vehicle inspections at Subaru, the chair of the Compliance Committee was served by Director of the Board and Chairman in FYE2019 and by Senior Managing Executive Officer who is the Chief Risk Management Officer (CRMO), a newly established position, in FYE2020, thoroughly reviewing compliance initiatives and ensuring their implementation.

## Establishment of Risk Management & Compliance Office

Committed to never again repeat the same mistake Subaru made with the cases of improper conduct involving final vehicle inspections revealed in FYE2018, Subaru has established in FYE2019 the Compliance Office as an independent entity to enhance our efforts towards company-wide compliance to laws and regulations. In FYE2020, the Office further came to assume a new role of planning and promoting internal control and risk management of the entire Subaru Group, and the Office has changed its organization to the Risk Management & Compliance Office. It is mainly in charge of the following:

- Planning and promoting internal control and risk management of the entire Subaru Group
- Planning and operating items related to compliance promotion of the entire Subaru Group (including items related to the Compliance Committee Secretariat), planning and implementing compliance training, education and in-house awareness raising activities, and operating a Compliance Hotline, an internal reporting system of the Subaru Group.



# Improvements to the Compliance Hotline System

In addition to discussing with their supervisors any compliance issues they encounter, the Subaru Group employees and temporary employees have the option of using the Compliance Hotline and reporting issues directly to the Hotline Desk.

The Hotline Desk is located in the company, and after receiving information via mail, telephone, or email, employees assigned to the Hotline Desk based on Subaru's internal rules receive the report directly, research situations and take appropriate actions. The names and departments of those making reports are kept strictly confidential unless their consent is given. This is done in order to prevent reprisals.

Since April 2008, an external specialist company has provided service to the Hotline Desk in the form of an outside service, allowing the Compliance Hotline to extend its hours and helping to ensure the confidentiality of the names and departments of those making reports, which results in greater ease for those making use of the hotline.

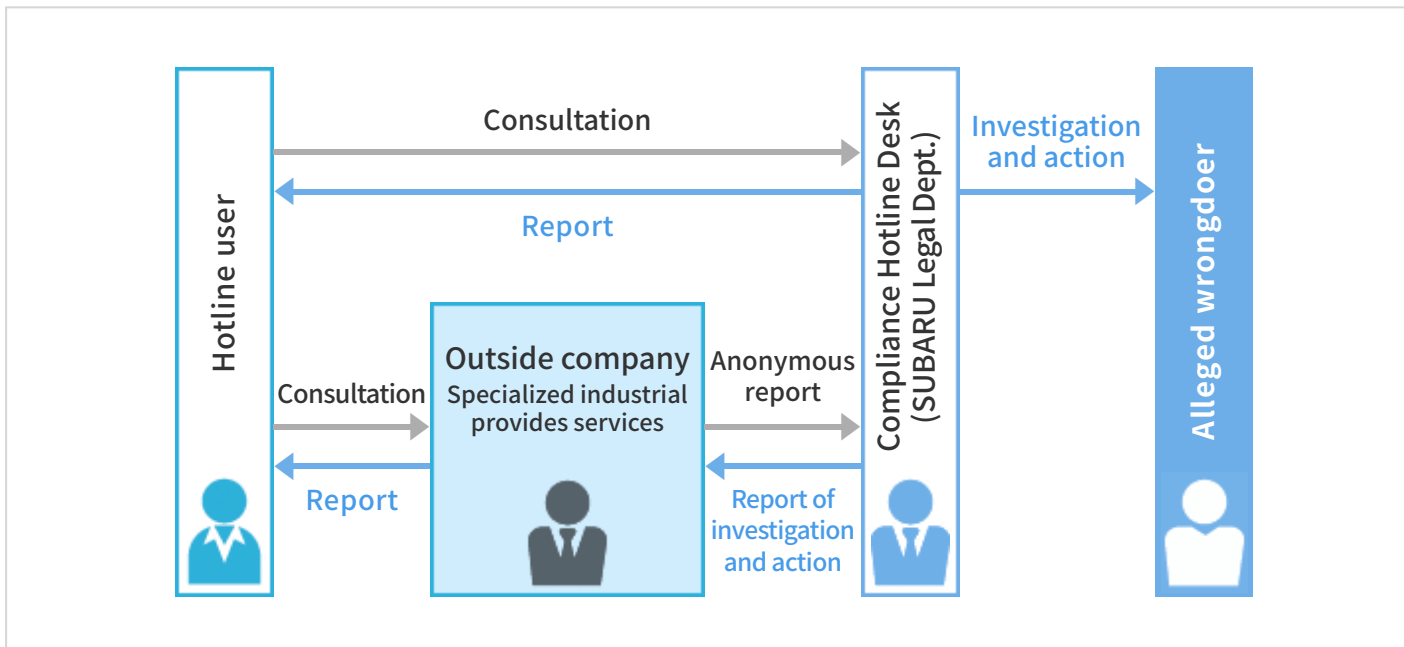
The number of consultations to the Compliance Hotline in FYE2019 was 199 and its breakdown is as follows. In order to respond to these issues, Subaru looks into the facts carefully and resolves compliance issues as quickly as possible with the Subaru Compliance Office Manager (since the beginning of FYE2020, the title Risk Management & Compliance Office Manager has been used due to change in responsibilities). Also, they are reported to the management or Compliance Committee as necessary to prevent recurrence.

Furthermore, to disseminate the existence of the hotline system, Subaru has distributed cards which display the workings of the system and the contact details for the hotlines to Subaru Group employees while at the same time putting up posters in workplaces. In addition to including explanations of the services provided by the external specialist company on the posters, Subaru has posted the information on the in-house intranet screen. In FYE2019, these posters and cards were revised to include a message to employees, encouraging them to make active use of the system with even the smallest worries. Various compliance trainings were held and related tools were created and distributed (Please see the below "Compliance Activity Achievements."). As a result of these efforts, improvements have been seen in compliance awareness among employees, including a positive mindset towards the use of the system, with an increased number of consultations to the Compliance Hotline leading to an increase in proper treatment and resolution, which is an improvement in the system operation.

## Breakdown of Consultations to Compliance Hotline by Issue

Theme	No. Reported
Work environment	13
Labor-related	78
Human relationship, possibility of harassment	75
Other compliance related (business violation, wrongful act, etc.)	33
Total	199

## Compliance Hotline (Flow from consultation to solution)



Compliance Hotline Card

# Compliance Activity Achievements

## Compliance Training

Based on the belief that Subaru and all its group companies need to join forces and work in harmony to ensure thorough implementation of compliance, Subaru provides compliance training and practical legal training for employees of all group companies. This training is hosted by Subaru's Legal Department, Risk Management & Compliance Office, and human resources/ education departments. Also, each department or group company has their own unique education programs built into their compliance programs and complements the above trainings by holding study meetings on legal matters required in their jobs and compliance motivation training with personnel from Subaru Legal Department and Risk Management & Compliance Office as lecturers.

In FYE2019, a total of about 7,700 persons participated in these trainings which the Legal Department and Compliance Office (Risk Management & Compliance Office since April 2019) hosted or was involved in.

Subaru also prepares and provides various support tools, including those for Subaru and those specifically intended for group companies such as domestic Subaru dealers, to promote compliance in day-to-day operations. Urgent information is released on a timely basis in our "Compliance Information" to alert the entire group. In FYE2019, Subaru carried out Compliance Awareness Training for managers of the Subaru Group to share cases (with background) of improper conduct involving final vehicle inspections at Subaru and to promote efforts to never allow such improper conduct to happen at any sections. Also, the scope of participants in the compliance trainings carried out during the month of October, the Compliance Month, expanded to not only managers as in the previous years but also the general employees such as associate managers, in order to raise compliance awareness among employees. Furthermore, as a tool that contributes to operation of corporate activities with emphasis on compliance, the Compliance Manual-Essential Version was created and distributed to all employees of the Subaru Group in FYE2019.



Compliance Training  
(Tokyo Office)



Compliance Manual-Essential  
Version

## Anti-corruption Initiatives

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Subaru takes the issue of anti-corruption related to its business quite seriously.

In 2015, Subaru distributed the Anti-Corruption Guidelines (in Japanese and English) to the Subaru Group. In the Guidelines, by stating what prohibited acts are and non-prohibited acts are when dealing with public officials, behaviors expected of the directors and employees are clarified. In 2016, the Anti-Corruption Guidelines for China (with Chinese translation) that takes into consideration the social circumstances unique to China have also been established, distributed to the Chinese subsidiaries, and are now being stipulated as rules in those companies.

Furthermore, in the Compliance Manual distributed to affiliated companies in Japan (in Japanese) in 2017 and to those abroad (in English) in 2018, anti-corruption was taken up as an important issue. It is intended to disseminate additional background explaining why an attitude of restraint is expected when dealing with public officials, and it asks for thorough implementation of fair dealings with private companies as well.

In FYE2019, there were no cases of violations and punishment due to corruption.

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## Security and Export Control Initiatives

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In order to maintain the peace and safety of the international community, Subaru complies with the Foreign Exchange and Foreign Trade Act and undertakes voluntary export control activities to ensure that civil products and technologies that could be diverted for military use, including weapons themselves, do not fall into the hands of terrorists (non-state actors) or states developing weapons of mass destruction.

Subaru has company-wide regulations for the purpose of such controls, along with an Export Control Committee composed of all executives from export-related divisions, which meets at least once a year to discuss the status of company-wide initiatives in this area.

In FYE2017, Subaru sought to further raise the standard of export controls by starting to make use of the IT system in export control activities and has been making continuous improvements to the system since then.

In FYE2019, Subaru began using the company's own detailed checklist to conduct voluntary checks to ascertain whether export controls were operating in accordance with relevant regulations and continuous improvement activities based on the results have begun in earnest.