Our Approach to Quality

Subaru aims to ensure that we become a company that resonates with and inspires trust in our customers by delivering “Enjoyment and Peace of Mind.” To this end, under the banner of our new quality policy, all employees are making “quality first” their slogan 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.

Quality Policy Revised

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 customer’s 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

When revising our quality policy, we took care to seek the views of young employees as well and undertook several rounds of discussion to ensure that it would become a common guide for the whole workforce.

Under the leadership of senior management, all employees are tapping into the policy in their day-to-day work and striving to make “quality first” a reality.
Quality Management System

1. Establish Quality Management System (QMS) based on the Quality Policy and ISO9001 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.

Operation of Quality Management Cycle

With Quality Management System, 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

- **Design and development**
  Consideration given to preventing variability and standardization of tasks from the blueprint creation stage through to production processes

- **Production (mass Production)**
  Establishment of process management aimed at preventing quality defects and variability as well as implementation of strict quality inspection and testing

- **Distribution and sales**
  Establishment of quality management system after shipment from production plant as well as system for dealerships and implementation of inspections

**Collection and analysis of after-sales information and quality improvements**

Collection and analysis of information on quality defects and requests received by dealerships and SUBARU Customer Center and prompt implementation of quality improvements
Creating a System Aimed at Improving Quality

Subaru has established a quality improvement system with 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.

Quality Improvement System

The COP* Supervision Section established in FYE2018 has been at the heart of efforts to steadily promote measures to prevent recurrence of the Final Vehicle Inspection Issue.

In FYE2019, we transferred responsibility for final vehicle inspections from the Manufacturing Division to the Quality Assurance Division, in an effort to ensure the independence of final vehicle inspections from manufacturing departments and guarantee “quality-first” inspection operations and equipment investments. As well as placing quality first on a solid footing by raising awareness among final vehicle inspectors and improving the workplace environment, we have begun considering radical revisions of the final vehicle inspection system with an eye to the future.

We will also share details of the situation with all external stakeholders to ensure that they understand Subaru’s initiatives, by such means as holding tours of our car manufacturing plants for shareholders and investors.

*CONFORMITY OF PRODUCTION (COP)
Ensuring Quality First

In January 2019, having determined that there might be a defect in a motor vehicle component used in some Subaru models, we halted production and shipping of all vehicles by our Gunma Manufacturing Plant (Main Plant and Yajima Plant) and investigated the cause, with the objective of ensuring quality first.

Implementing Quality Control Training

Aiming to increase the standard of quality assurance, we provide quality training as part of our employee training program, to enable employees to learn basic QC* and problem solving techniques tailored to their year of entry into the company and their qualification requirements.

Main curriculum for quality

- Quality control training (Introduction/Intermediate/Advanced)
- Lectures to foster quality awareness

*QC: Quality control
Global Quality Meeting

Aiming to ensure that the customer-first mindset runs through all our quality improvement initiatives, Subaru attaches 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 G8 service meetings and block conferences held in six regions. Based on the views of dealerships expressed at these meetings, we make decisions on the optimum means of addressing product issues that inconvenience our customers.

Quality Caravan

In November 2018, we organized an event called the Quality Caravan at all our business sites to inform Subaru Group employees of customer feedback and the quality status of Subaru products. Our aim in doing so is to provide each and every employee 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 day-to-day work in that mindset. We have extended the coverage to include suppliers and secured a large number of participants. Going forward, we will continue to engage in awareness activities, while enhancing the program and extending the duration, among other improvements.
Response to Recalls

Subaru is taking measures to cope with recalls in order to prevent accidents and to protect customers.

In the event of product defects that can infringe safety and the laws and regulations, Subaru promptly establishes a committee structure of staff from departments involved in quality to investigate, and determines the specific details of our response based on the laws and regulations of each country. Moreover, Subaru sends direct mails from our dealerships to affected customers to inform them that they can have their cars repaired free of charge.

As of April 2019, Subaru had no cases of violating rules and regulations in regard to information provision on quality and safety.

Related information

* Recalls of Subaru Cars (Japanese version only)

Number of Recalls and Improvements (Japan)

<table>
<thead>
<tr>
<th>Number of Cases in Japan</th>
<th>FYE2016</th>
<th>FYE2017</th>
<th>FYE2018</th>
<th>FYE2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recalls*2</td>
<td>5</td>
<td>15</td>
<td>9*4</td>
<td>11</td>
</tr>
<tr>
<td>Corrective Action*2</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Service Campaigns*3</td>
<td>3</td>
<td>1</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>9</td>
<td>18</td>
<td>12</td>
<td>16</td>
</tr>
</tbody>
</table>

*1 Recall: Corrective action implemented by automobile manufacturers, etc. for a specific range of automobiles of a similar type, or for tires or child car seats, 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 that they 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: 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 Service campaign: 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 for FYE2018 is nine because there is one recall relating to Takata airbags, in which recall notifications were submitted on the basis of individual models (three models). (So based on in-house consultation, the number is seven.)
Quality Management System Based on Aerospace Industry Standards

The Aerospace Company’s production activities are based on its policy of “Giving Safety and Quality Top Priority” with its commitment and responsibility to play its part in SUBARU brand.

Based on this policy, Subaru has built and act under the quality management system that conforms to the latest JISQ9100:2016 quality management system requirements for Aviation, Space and Defense Organizations.

In addition, Subaru has quickly incorporated into the Aerospace Company’s quality management system the Supplements to JISQ9100 (SJAC9068) that are independently and jointly established by the Japanese aerospace and defense industries in order to prevent improper occurrences related to quality.

Operation of 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 that meet or exceed both customer needs and applicable statutory and regulatory requirements. In addition, it has established a quality management cycle to enhance customer satisfaction.

Quality Management Cycle

- **Customer feedback**
- **Contribution to the customer**
- **Compliance**
- **Safety and peace of mind**
- **Modification**
- **Improvement**
  - Improvement cycle based on the perspective of self-criticism is operated at every stage, incorporating feedback from frontline sites, in order to improve customer satisfaction.
- **Quality Planning**
  - Identification of special requirements through close communication with the customer, Planning, including consideration of risks.
- **Design and Development**
  - Review by a representative at each stage of design and development. Consideration of statutory and regulatory requirements, availability of parts and materials, etc.
- **Monitoring, Analysis, and Evaluation**
  - Implementation status and effectiveness checked via project meetings, internal audits, etc.
- **Manufacturing, Inspection, and Testing**
  - Execution of work according to the plan. Specialist inspectors carry out inspections in predetermined processes, recording of all manufacturing and inspection work.
- **Personal Growth**
Creating a System Aimed at Improving Quality

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 at the company. The Quality Assurance Department promotes quality assurance activities covering product manufacture, repair, sales, and service. The department gathers customer feedback, identifies quality-related issues, investigates the root causes and formulates measures to deal with them, and rolls out those measures to relevant company departments and suppliers.

Efforts Aimed at Improving Quality

Implementing Quality Control Training

Aiming to increase the standard of quality assurance, 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.

Main Curriculum for Quality Assurance

<table>
<thead>
<tr>
<th>Course Topic</th>
<th>Target</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic manners training for inspectors</td>
<td>Inspectors</td>
<td>Once a year</td>
</tr>
<tr>
<td>Quality refresher training</td>
<td>Mainly manufacturing employees</td>
<td>Twice a year</td>
</tr>
<tr>
<td>Human factor training</td>
<td>Mainly manufacturing employees</td>
<td>Once a year</td>
</tr>
<tr>
<td>Aeronautical safety training</td>
<td>Mainly manufacturing employees</td>
<td>Once a year</td>
</tr>
<tr>
<td>QMS consolidation training</td>
<td>All employees</td>
<td>Twice a year</td>
</tr>
<tr>
<td>New accreditation / periodic renewal training</td>
<td>Inspectors</td>
<td>Upon accreditation/every 3 years</td>
</tr>
<tr>
<td>Skills enhancement training for inspectors</td>
<td>Inspectors</td>
<td>Once a month</td>
</tr>
<tr>
<td>Techno-school</td>
<td>Inspectors</td>
<td>Ten times a year</td>
</tr>
</tbody>
</table>
Subaru’s Aerospace Company engages in a range of activities aimed at improving quality and preventing errors. In addition to examining customer satisfaction and product quality from various aspects at regular “Quality Meetings,” the Aerospace Company has designated every November as the “Quality Month”, engaging in activities that include lectures on quality, commendation of employees contributing to quality improvement and distribution of educational pamphlets to all employees.

The lecture on quality for FYE2019 entitled “The First Step to Be a Leader Empowering the Team” was presented by its internal lecturer. More than 500 people attended the lecture including the company president, employees and suppliers. In addition, the Aerospace Company has an Improvement Suggestion System that aims to foster a year-round climate that makes employees feel welcomed to demonstrate their creativity and that enhances culture of quality.