



CSR Report

Corporate Social Responsibility Report

2019





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Editorial Policy

This Report, which introduces the efforts on corporate social responsibilities (CSR) by Subaru Corporation and its domestic and overseas affiliates, has been released to promote communication with our stakeholders, including customers, shareholders, business partners, local communities, and employees, aiming to further strengthen our commitments.

Specifically, in the feature article, Subaru introduces the Subaru Group’s unique initiatives that Subaru particularly wants to highlight to our stakeholders. In the section describing the Group’s CSR activities, Subaru reports on the six priority areas for CSR: people-oriented Car Culture; Resonance and Coexistence; Peace of Mind; Diversity; Environment; and Compliance.

The descriptions on Subaru’s product specifications and equipment in this Report refer to Japanese specifications, unless otherwise specified.

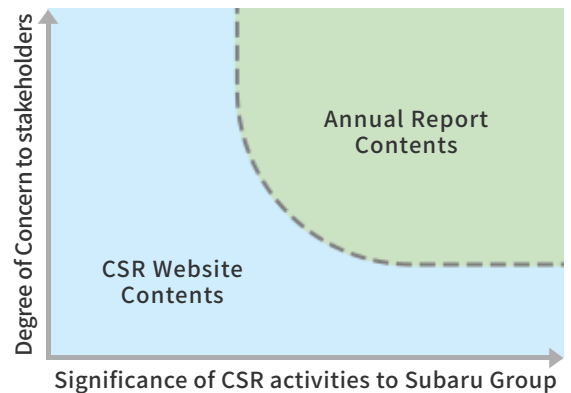
Reporting Media

To facilitate understanding of Subaru Corporation’s CSR initiatives by a greater number of stakeholders, some of the CSR activity information has been published in the Annual Report as well as in the CSR Report, starting with the 2013 editions. In doing so, the publishing media has been transferred to the website in an effort to alleviate the burden on the environment. Further, the website information is also available as a PDF file, which is stored in the Library section of the website. Please utilize the file depending on your purpose.

> SUBARU Annual Report

> CSR Report Library

Approach to Reporting Media



Reporting Cycle

The CSR activities of the Subaru Group in the previous fiscal year are compiled and released annually.

Subject of Reporting

Target Organizations

In principle, the report covers the Subaru Group (Subaru Corporation and its domestic and overseas affiliates). In this report, the "Subaru Group" refers to the Subaru Group; "Subaru" refers to the Subaru Corporation alone; "affiliated companies (affiliates)" refer to Subaru's domestic and overseas subsidiaries, including dealers in the Automotive Business; "group companies" refer to Subaru's domestic subsidiaries, excluding dealers in the Automotive Business.

Period Covered

- The information in this report is primarily for the period from April 2018 to March 2019. There is some information from outside this period including the latest information.
- The departments, titles, etc. of the people introduced in this report are as of the time of writing.

Guidelines Referenced

- ISO26000
- GRI Sustainability Reporting Standards
- Environmental Reporting Guidelines (2018 edition) by the Ministry of the Environment, Japan

Special Notice on Prospects

This report includes a variety of information on the prospects, plans, forecasts, etc. for the future of the Subaru Corporation and the Subaru Group member companies. Since the information contained here is based on past facts and information currently available, it may differ markedly depending on future economic trends, the company's business environment and other factors. Subaru therefore requests your understanding in this matter.

Period Issued

- Previous issue: October 2018
- Current issue: August 2019
- Next scheduled issue: August 2020

Miscellaneous

- › [Subaru Corporation Website Home Page](#)
- › [Corporate Profile](#)
- › [Investor Relations](#)
- › [Financial Results](#)
- › [Annual Report](#)

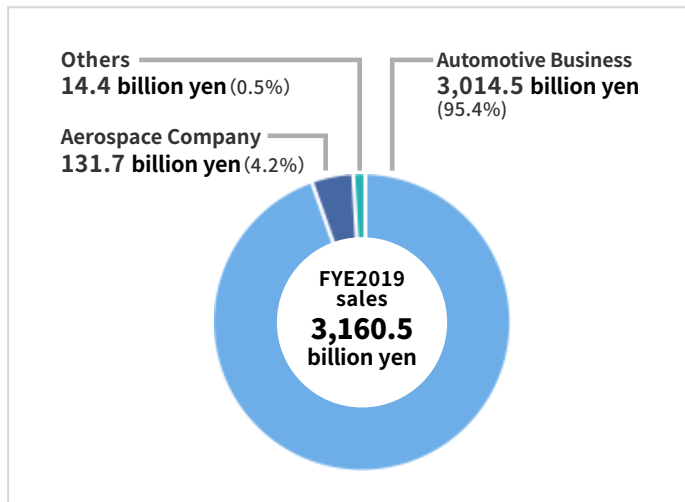


Corporate Overview (As of March 31, 2019)

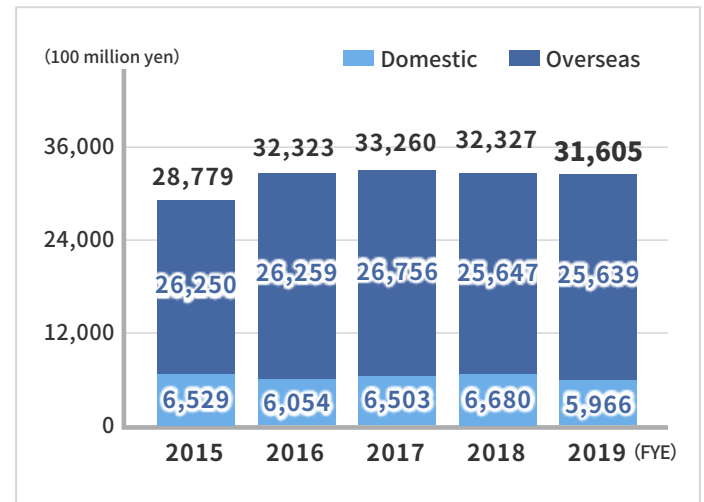
Name	SUBARU CORPORATION
Established	July 15, 1953
Paid-in Capital	153,800 million yen
Number of Employees	34,200 (Consolidated) 15,274 (Non-consolidated)
Head Office	Ebisu Subaru Bldg. 1-20-8, Ebisu, Shibuya-ku, Tokyo 150-8554 Main Listed Number: +81-3-6447-8000
Sales	3,160.5 billion yen (Consolidated) 1,929.8 billion yen (Non-consolidated)
Operating Income	195.5 billion yen (Consolidated) 79.8 billion yen (Non-consolidated)
Ordinary Income	196.2 billion yen (Consolidated) 82.6 billion yen (Non-consolidated)
Net Income	147.8 billion yen (Consolidated) 68.0 billion yen (Non-consolidated)

* The figures from “Sales” through “Net Income” are of FYE2019.

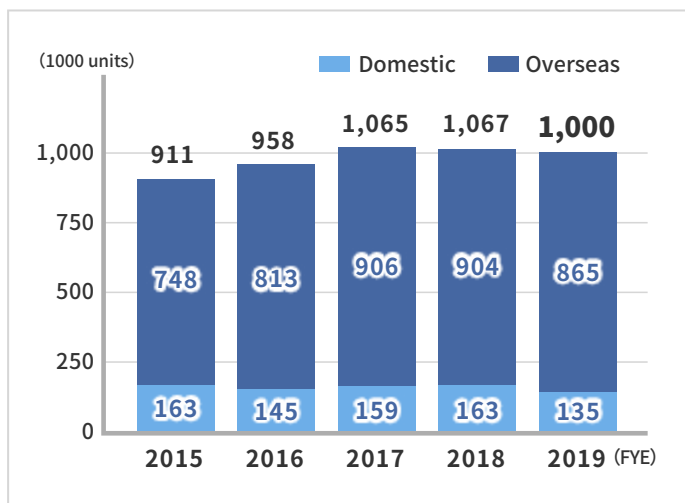
FYE2019 Sales by Division/Company



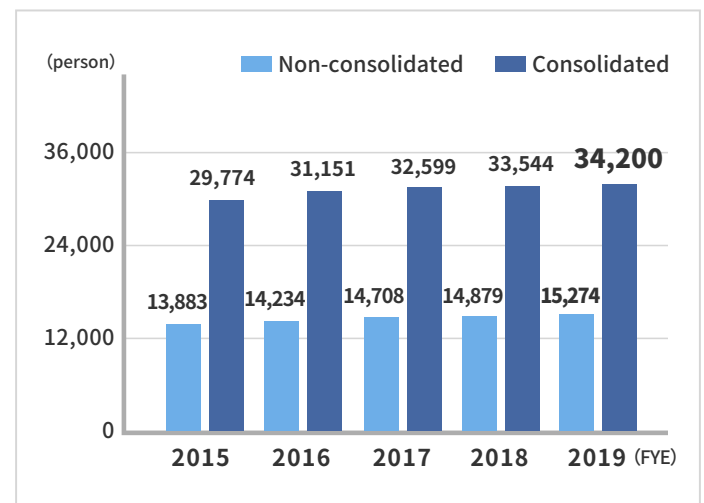
Trends in Sales



Trends in Sales Volume



Trends in the Number of Employees

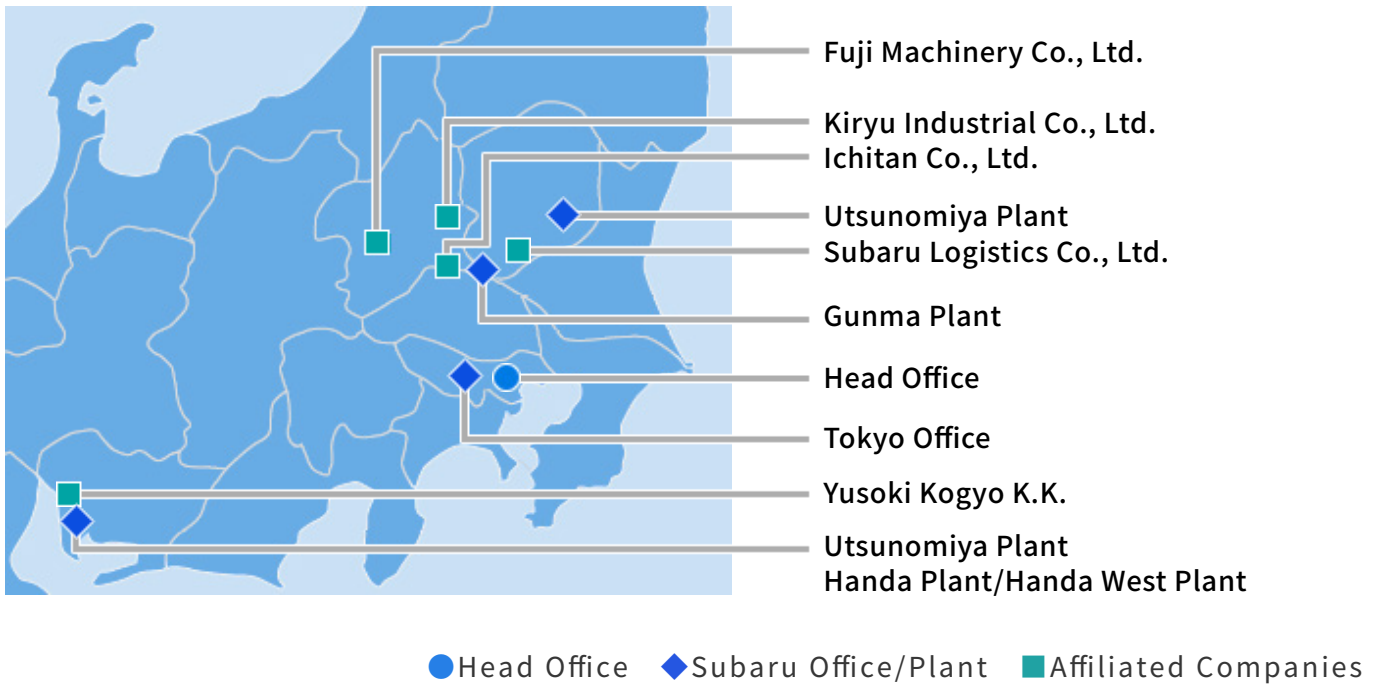


Note: Effective from FYE March 2019, the Company changed its accounting policy. (In the new method, sales incentives are deducted from sales.) The new policy has been retroactively applied to FYE March 2018 results.

Note: Due to rounding, the sum of % may not exactly match the total.

Main Business Sites

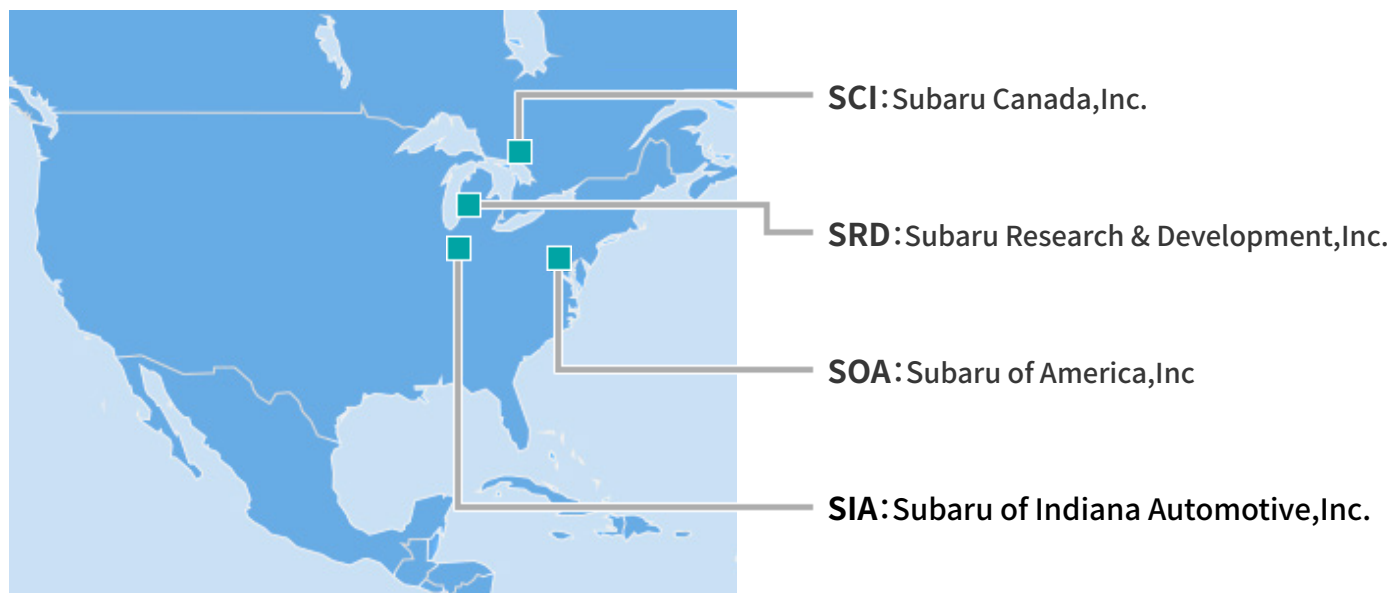
Subaru and Its Domestic Affiliated Companies



<p>> Fuji Machinery Co., Ltd. ☐</p> <p>Utsunomiya Plant*</p> <p>Head Office</p> <p>Utsunomiya Plant</p> <p>Handa Plant/Handa West Plant</p>	<p>> Kiryu Industrial Co., Ltd. ☐</p> <p>> Subaru Logistics Co., Ltd. ☐</p> <p>Tokyo Office</p>	<p>> Ichitan Co., Ltd. ☐</p> <p>Gunma Plant</p> <p>> Yusoki Kogyo K.K. ☐</p>
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> Please see here for more details of domestic affiliated companies.

Overseas Affiliated Companies



● Head Office ◆ Subaru Office/Plant ■ Affiliated Companies

> **SCI** : Subaru Canada, Inc. 

SRD : Subaru Research & Development, Inc.

> **SOA** : Subaru of America, Inc. 

> **SIA** : Subaru of Indiana Automotive, Inc. 

> [Please see here for more details of overseas affiliated companies.](#)

* In this report, production site of the Aerospace Company may be referred to as Utsunomiya Plant.



Message from the President

Aiming to strike a balance between solutions to social issues and sustainable growth so that we can transition “From a company making things, to a company making people smile”

Tomomi Nakamura

Representative Director of the Board, President and CEO

Speeding up CSR with a Focus on “Changing the Culture” and “Quality Reforms”

In July 2018, Subaru formulated “STEP”, our new mid-term management vision covering the period to 2025. STEP incorporates three aspirations for Subaru: to restore trust by cultivating our fundamental corporate strength as soon as possible; to stay true to the brand principle of providing “Enjoyment and Peace of Mind” to our customers; and to make Subaru more than just a company that is trusted by, and resonates with, our customers. In addition, STEP affirms that Subaru will contribute to the increasingly diverse range of social needs and fulfill our responsibility as a company, so that we can transition “From a company making things, to a company making people smile.”

We also established Subaru’s 6 Priority Areas for CSR: People-oriented car culture; Resonance and coexistence; Peace of mind; Diversity; Environment; and Compliance.

Amid a growing mountain of diverse social issues, both at home and overseas, companies face increasingly high expectations regarding the role they should play. Also in our business domains, we are now required to tackle a variety of social issues, not simply those directly linked to our main business, namely preventing traffic accidents and reducing the burden on the environment. Subaru’s 6 Priority Areas for CSR incorporate our own particular approach to CSR, which involves resolving social issues by tapping into our business strengths to provide value to customers and society, while building a sustainable society and working to achieve the sustainable growth of the Subaru Group.

In FYE2019, we undertook thorough efforts to realize “Change the Culture” and “Quality Reforms”, to speed up our initiatives in the 6 Priority Areas for CSR.

We believe that “Change the Culture” will lay the foundations for ensuring that each and every employee, starting with the senior executive management, regards CSR as something that concerns them, voices their ideas and opinions, and puts those into action.

I myself believe that the important thing in CSR is to engage sincerely with the views of society and leverage them in corporate management. I believe that, to engage with society’s views, we must first become more open to new ideas by ensuring that we ourselves can say whatever we want. Accordingly, declaring that we would progressively change the culture from the top, I took responsibility as president for spearheading efforts to enhance communication with the shop floor.

Although “Change the Culture” is not something that can be achieved overnight, we are starting to see steady progress in the realm of CSR, in such respects as promoting understanding of its importance and how CSR initiatives are linked to each business division and each person’s duties.

“Quality Reforms” will lead to achieving the “Peace of Mind” element of the 6 Priority Areas for CSR; we regard this as nothing other than engaging in CSR in the course of our core business. Accordingly, in FYE2019 we returned to our quality-first approach, tirelessly reviewing all quality-related processes, as well as stopping production lines and reviewing operating conditions. We have repeatedly told both senior executive management and front-line workers two things: “do not let it happen again” and “never forget, under any circumstances.”

To raise awareness of quality-first and ensure that this approach becomes prevalent throughout the workforce, we revised our quality policy in April 2019. We will ensure that executives and employees alike maintain a constant awareness of our quality-first approach and emphasize quality above all else so that we earn the trust of our customers.

Progress with the 6 Priority Areas for CSR in FYE2019

Our initiatives focused on the 6 Priority Areas for CSR are also making steady progress. The concept of “People-oriented Car Culture” runs right through our brand principle of providing customers with “Enjoyment and Peace of Mind”, which is one of the ideas incorporated into STEP. Subaru believes that a car is more than just a means of transport; it is a partner that enriches people’s lives and minds.

We believe that the value expected by customers is “Enjoyment and Peace of mind”; that is to say, the expectation that customers will not only gain the sense that their car is safe and reliable, but also experience the joy of driving.

Accordingly, we fitted the e-Boxer power unit, which combines a horizontally-opposed engine with electrification technology, to the Forester and the Subaru XV in FYE2019 for the first time. The electric motor power assistance offers acceleration performance more powerful than a gasoline engine vehicle, making even everyday driving a joy.

The new Outback (US model) launched in FYE2020 combines the value cultivated through previous models with the latest technology to provide drivers with an even greater sense of “Enjoyment and Peace of Mind.”

When it comes to “Resonance and Coexistence”, our job is to become a company that is trusted by and resonates with consumers, so that they opt to buy our cars. Coexistence with people in surrounding communities is also vital to business activities.

In 2008, at Subaru of America, Inc., the US sales company where I used to work, we launched the LOVE campaign, which was inspired by customers’ emotional attachment to their beloved cars. We subsequently expanded this into the Subaru Love Promise, a campaign linked into our social contribution activities.

This received tremendous support not only from customers, but also from dealerships and society as a whole. Indeed, it would be fair to say that the campaign truly embodied “Resonance and Coexistence.”

At the same time, we believe that regaining the trust that we have lost within Japan comes down to taking the views of all stakeholders seriously and responding to them with integrity. All Subaru Group executives and employees take seriously not only product quality, but also the quality of everything associated with our operations, including the business units, people, and mechanisms involved. Going forward, we will all work together single-mindedly to regain the trust of our stakeholders.

“Peace of Mind” is at the core of the Subaru brand and is an absolutely non-negotiable part of our corporate DNA. With a concentrated focus on protecting lives, we have set a target of achieving zero fatal road accidents* by 2030. We also aim to produce top-class cars with Level 2 autonomous driving capabilities (partial automation).

As well as Primary Safety, Active Safety, Preventive Safety, and Passive Safety, we will work on connected car technologies.

Our focus on “Peace of Mind” extends further than our products alone. We must achieve “Peace of Mind” in all aspects of our business, creating a safe workplace environment in which everyone employed by the Subaru Group can work with peace of mind and building relationships to ensure local communities know that they can rely on Subaru to offer peace of mind. In particular, we are striving to improve the workplace environment, based on the awareness that improving employee motivation will lead directly to quality reforms.

In the area of “Diversity”, companies increasingly bear a crucial responsibility to put in place an environment where a diverse array of personnel can demonstrate their particular abilities to the fullest and enable diverse ways of working. Subaru regards promoting active roles for female employees, employing people with disabilities, promoting employment of the elderly, and planning and promoting employment of non-Japanese as priority themes. Among them, Subaru has placed particular emphasis on efforts to promote active roles for female employees. Subaru has set the numerical target of increasing the number of female managers by five times the figure for 2014 by 2020 under the system of promotion through merit based on demonstrated ability and is on track to achieve this goal. We have now set a new target of at least 12 times the 2014 figure by 2025 and will further enhance initiatives aimed at training female managers.

At the same time, respecting various forms of market value and providing diverse products that increase options for our customers are also an important aspect of “Diversity” for us. We have sought to deliver diversity in products, bringing together the high levels of dynamic quality that Subaru has cultivated over the years and the outstanding environmental performance required today. In FYE2019, we progressively launched the new Forester and Subaru XV models fitted with the e-Boxer power unit, which combines a horizontally-opposed engine with electrification technology, while in the US, we launched the Crosstrek Hybrid, Subaru’s first plug-in hybrid.

It goes without saying that delivering diversity in products requires diversity in our employees’ viewpoints. We believe that striving to achieve diversity of employees and diversity in products is an approach to diversity unique to Subaru, which will lead to sustainable corporate growth. When it comes to the “Environment”, with the automotive and aerospace businesses as the pillars of Subaru’s operations, our fields of business are the earth, the sky and nature. As such, we are devoting our energies to initiatives aimed at coexistence with nature.

We regard initiatives to tackle the global challenge of climate change as one of the most important of these and will continue to contribute to the Paris Agreement’s goal of keeping the increase in global average temperature to well below 2°C above pre-industrial levels.

The Subaru Group has set a target of reducing direct CO₂ emissions (Scope 1, 2) by 30% compared with the FYE2017 level by FYE2031 and is in the process of formulating the Subaru Environmental Action Plan for initiatives to be implemented from FYE2022. In addition, we have begun work on achieving a reduction of approximately 20,000 tons of CO₂—equating to around 3% of annual emissions—by FYE2021 by implementing some initiatives ahead of schedule.

On the other hand, when looking at the overall life cycle of a motor vehicle, reducing CO₂ emissions from car use is extremely important. Vehicle electrification is therefore likely to progress further in the medium to long term. Subaru will continue to consider its technology and product strategies for addressing changing social expectations, customer needs, and environmental regulations, as well as earning appropriate profits, thereby ensuring the sustainable growth of both society and the Subaru Group. In June 2019, as part of these efforts, we announced an agreement with Toyota Motor Corporation for the joint development of both a dedicated platform for electric vehicles (EVs) and an EV SUV model. We will bring together both companies’ strengths to take on the challenge of developing products with the appeal that only EVs can offer.

“Compliance” is one of our most important tasks, as it is the prerequisite for our business activities in society. As a result of the incidents involving improper conduct of final vehicle inspection processes, all members of the Subaru Group have become painfully aware that neglecting compliance inconveniences our stakeholders—customers, shareholders and suppliers alike—and could even threaten the survival of our business.

We will dedicate the whole of the Group to promoting initiatives aimed at becoming a company trusted by all stakeholders. Taking to heart the instructions “do not let it happen again” and “never forget, under any circumstances,” each and every person will remain vigilant and continue their ceaseless efforts to ensure compliance.

* Elimination of accidents resulting in the death of drivers or passengers in Subaru vehicles and accidents resulting in the death of pedestrians, cyclists, or other persons due to collision with Subaru vehicles

Aiming to Transition “From a Company Making Things, to a Company Making People Smile”

Through our initiatives to date, I have come to feel that CSR means enhancing the quality of management and operations through our core business; in other words, it is nothing other than management itself.

Our aim in practicing CSR is to create a company at which each and every employee can feel proud to work. We will step up the pace of our initiatives as we aim to bring to fruition the 2025 goal set out in STEP: to transition “From a company making things, to a company making people smile.”

Naturally, the fruits of our labors will not appear overnight, but I believe that steady, ongoing efforts to engage sincerely with the views of society and leverage them in corporate management will bring us closer to being the kind of company that we aspire to be.

Our CSR initiatives in Japan and the US have features that reflect Subaru’s individuality and merits in those countries. Having experienced working in both countries, I want to blend the best of both and transform them into strengths for the Group as a whole.

Going forward, we will provide society with value that only Subaru can offer, contributing to the resolution of social issues and creating a sustainable society. In addition, in both our automotive and aerospace businesses, we will make swift, steady, and strong progress toward our goal of ensuring that the Subaru Group is trusted by all stakeholders, thereby laying solid foundations for sustainable growth.

Tomohiro Nakamura

Representative Director of the Board, President and CEO



Cases of Improper Conduct of Final Vehicle Inspections

Subaru has so far published the following investigation reports concerning a number of cases of impropriety.

Please refer to the relevant press releases and reports for further details.

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- | | |
|-------------------|--|
| 11/05/2018 | › Final Vehicle Inspections at Gunma Manufacturing Division Expansion of Scope of Recalled Japanese Domestic Market Vehicles and Implementation of Additional Measures |
| 09/28/2018 | › Results of Investigation into Improper Conduct during Final Vehicle Inspections at Gunma Manufacturing Division |
| 06/05/2018 | › Reinvestigation of the Measurement of Fuel Economy and Emissions during Final Vehicle Inspections at Subaru's Gunma Manufacturing Division |
| 04/27/2018 | › Investigation Report on Measurement of Fuel Economy and Emissions During Final Vehicle Inspections at Gunma Manufacturing Division |
| 12/19/2017 | › Investigation Report and Countermeasures to Prevent Recurrence of Nonconforming Final Vehicle Inspection Works at Gunma Manufacturing Division |
| 10/27/2017 | › Statement Concerning Findings of Internal Investigation on Final Inspection of Subaru-Made Vehicles |
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Special Feature: Company-wide Efforts to Change the Culture

Becoming a Company Open to New Ideas

Our mid-term management vision STEP, which was published in July 2018, established reforms of our corporate culture as a priority theme under the slogan “Change the Culture.” As part of these efforts, we have made a commitment to promote activities aimed at becoming a company that truly does the right thing in the right way.

Over the last year, we have conducted general self-inspections, with cross-divisional issues and problems that are difficult for individual divisions to resolve being designated company-wide issues. Following several rounds of discussion and deliberation concerning ways of tackling those issues, the management team has set to work on improvements. On April 1, 2019, the functions of the “Tadashii-Kaisha” Promotion Department (Tadashii-Kaisha: A company doing the right thing in the right way), which had been at the heart of activities aimed at becoming a company that truly does the right thing in the right way, were transferred to the company’s nerve center, the Corporate Planning Department. With this change, we have laid the foundations for constantly promoting reforms of the culture throughout the company.

First, to bring the senior executive management closer to the shop floor, it is vital for everyone to cultivate an interest in the shop floor, ensuring that they spend time there and acquire the habit of considering things from a shop-floor perspective. Furthermore, when we encounter obstacles to solving problems, we believe that it is important not only to discuss them within the company, but also to learn from others, including case studies from other companies.

To change the corporate culture, the entire management team from the executives needs to change its ways of thinking and acting. We believe that we can create a company that is more open to new ideas and where people can say what they want by enhancing communication and ensuring that senior staff and their subordinates properly engage with each other. We will continue to resolutely promote initiatives aimed at creating a company that does the right thing in the right way in the true sense.

Our Ambition

We aspire to become a company that is trusted by our stakeholders, including customers, society, and employees. Three things are essential to achieving this: engaging in the right business, the right operations and the right actions in the right way; ensuring that our activities as a company are accepted and supported by society; and enabling all employees to feel pride in their work and to grow. At the same time, we will reform the corporate culture to create one with good communication in all directions, in which each and every employee can readily and cheerfully speak their mind.

Main Activities in FYE2019

To enable us to become the company that we aspire to be, we set the following two goals in FYE2019 and have been working to achieve them since then.

(1) To create a situation in which issues are identified as a company, so that we can execute our business in the right way

(2) To ensure that all employees feel that the workplace culture has changed, so that we become a company that is more open to new ideas and where people can say what they want

Company-wide Initiatives

Initiative	Details
Activities by each business division to build a company that does the right thing in the right way	Directors of all business divisions draw up a list of issues and improvement measures for their division and serve as leaders in promoting those activities
Simultaneous company-wide general self-inspection	Every employee identifies issues in their own work and discusses improvement measures with other members of their workplace
Simultaneous company-wide legal compliance violation survey	Each workplace summarizes its compliance issues, assigns an order of priority to them, and works on achieving improvements
Periodic publication of the "Doing the Right Thing in the Right Way" newsletter as a supplement to the company's in-house magazine "Shuho"	Increases the visibility of each business division's activities and shares them with others throughout the company, while helping to revitalize activities and foster awareness
Establishment of the Employee Compliance Advice Line	Name changed to increase recognition and reduce psychological hurdles to its use
Publication of "Compliance Manual-Essential Version"	Distributed to all Group employees to ensure that awareness of compliance permeates the whole organization
Compliance Awareness Training	Training is provided for all managers in the automotive business as part of measures to prevent recurrence
Company-wide compliance training led by an executive	Executives give a lecture on "My Perspective on Compliance"
Discussion of "Change the Culture" at an executive camp	All executives engage in exhaustive discussion of changing the culture. The executives transform themselves to transform their business divisions
Making effective use of the results of the employee attitudes survey	Introduces additional questions and operates the PDCA cycle for the activity as a whole

Main Initiatives by Each Business Division

Division	Details of Initiative
Japan Sales and Marketing Division	<ul style="list-style-type: none"> • All general managers operate the PDCA cycle monthly regarding activities to build a company that does the right thing in the right way and the general self-inspection, thereby steadily promoting these initiatives
Overseas Sales and Marketing Division 2	<ul style="list-style-type: none"> • Enhancing and expanding divisional training sessions to remind all staff of the practical knowledge needed to underpin their thinking skills, as well as increasing this knowledge -Reminding staff of important points concerning export operations and dealing with overseas dealerships -Fostering proficiency in the Subaru Way of Sales & Marketing
Cost Planning and Management Division	<ul style="list-style-type: none"> • Encouraging the sharing of information and greater operational efficiency within the division
Product and Portfolio Planning Division	<ul style="list-style-type: none"> • Review of regulations with the participation of all staff • Optimization of business processes • Revising the system for managing administrative duties within the division
Purchasing Division	<ul style="list-style-type: none"> • Holding communication workshops involving all division staff



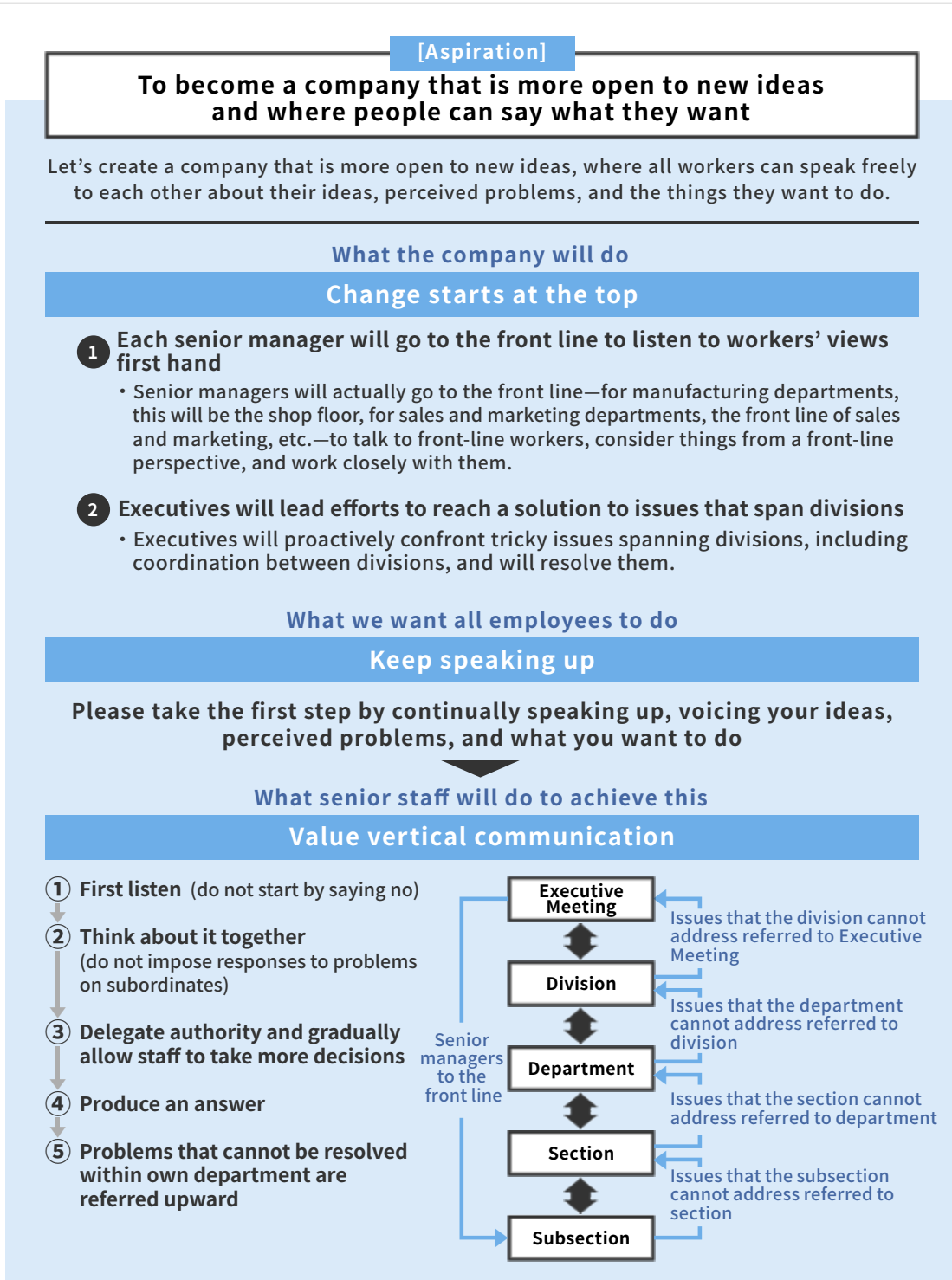
Working group
(Product and Portfolio Planning Division)



Communication workshop involving all staff
(Purchasing Division)

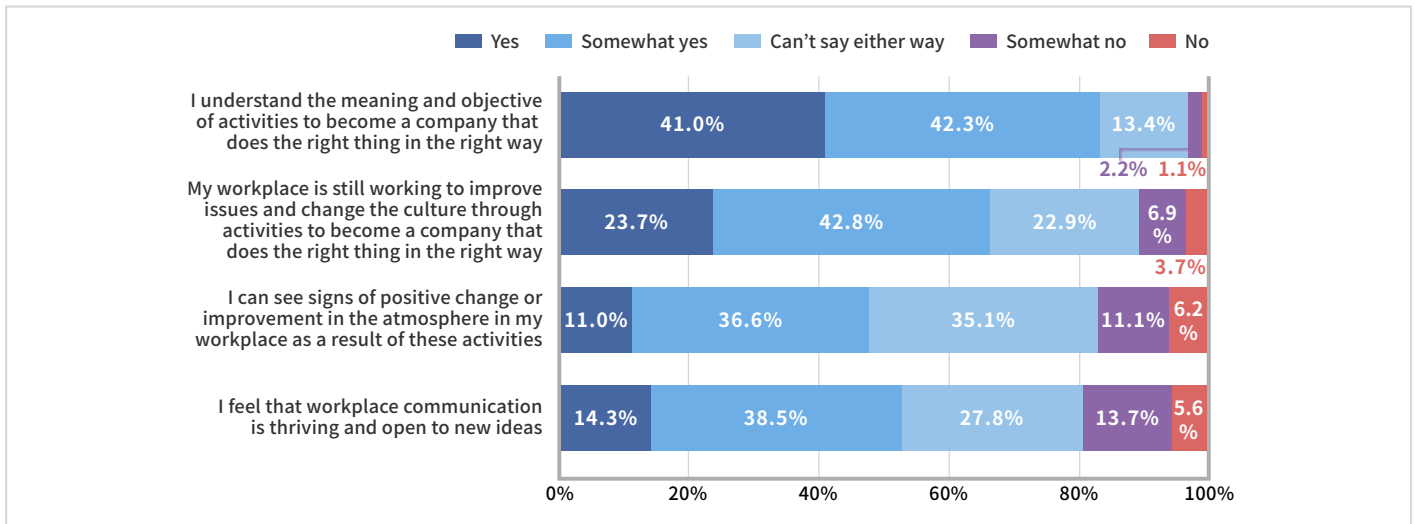
Change the Culture

We declared to all employees that change starts at the top in our mission to create a company that is more open to new ideas and where employees can speak freely to each other, including voicing their ideas, perceived problems, and the things they want to do. We then told each and every employee that they need to make their voices heard and stated again that we will aim to create a company that is more open to new ideas, in which all employees value vertical communication.



Results of the Employee Attitudes Survey

We conduct an annual survey of attitudes among all regular employees, to which we have added questions about activities to become a company that truly does the right thing in the right way and creating a company that is more open to new ideas. These questions have given us an insight into employees' understanding of the promotion of activities, the status of initiatives, and the effects thereof. While understanding of the meaning and objective of activities has steadily grown over the last year, not so many employees report actually having felt that changes have resulted from these activities. We will continue these activities and step them up going forward.



Executives Give Serious Consideration to “Change the Culture”

In March 2019, 28 new and existing executives got together for a workshop on changing the culture. With an external facilitator leading proceedings, the executives shared the issues that they face and discussed the importance of changing the culture once more. In addition, they learned about ways of creating an atmosphere in which people can freely speak to each other, which is a role that only senior management can fulfill. The participating executives then split up into groups and engaged in spirited discussions.

Declaration of Conduct by Every Executive

To close the workshop, each and every executive made a declaration concerning what they themselves were determined to do to change the culture. After returning to their divisions and workplaces, the executives shared this declaration with their staff and began putting it into action. Adopting the slogan “Progressive change starts from the top,” all executives will play their part to change the culture in earnest.



Scene from the executive workshop

Overview of FYE2019 Activities to Become a Company That Truly Does the Right Thing in the Right Way

In FYE2019, the whole company engaged in activities to become a company that truly does the right thing in the right way, in order to fulfill our aspiration of being a company that is trusted by our stakeholders, including customers, society, and employees. After a year, we looked back and gained an overview of the activities, which we used to identify issues that would form the basis for the next year's activities.

Overview (perception of the current situation)

1 Improvement activities aimed at doing business in the right way

- We have more or less finished identifying current company-wide issues through our general self-inspection and legal compliance violation survey. We divided the issues that emerged into issues that individual divisions should resolve and cross-divisional, company-wide issues. We then implemented systematic improvements while assigning an order of priority to the issues.

- △ There are differences between divisions in terms of the initiatives implemented and status of improvements (and also differences in the status of feedback to division members). While repeated rounds of deliberation aimed at improving company-wide issues have achieved progress, they have not yet resulted in any concrete improvements, so employees do not feel that the company has changed.

2 Changing the culture to become a company that is more open to new ideas and where people can say what they want

- Opportunities for communication have increased through general self-inspection activities. In addition, actions aimed at stimulating vertical communication have gradually begun in each workplace. Change is starting to occur at some workplaces, with large numbers of employees stating that senior staff speak to them more often and that communication has become easier than before.

- △ There are major differences between workplaces in terms of whether individuals feel that the culture has changed, which means that the activities have not yet led to the whole workforce feeling a change.

- △ Along with the difficulty of changing attitudes and behavior among the management team, structural issues are a major factor behind the failure of vertical communication to result in improvement. Specifically, these issues are the expanded span of management and the heavy workload of the management team.

Facing the Future

In FYE2019, the whole company engaged in activities to become a company that does the right thing in the right way, to fulfill our aspiration of being a company that is trusted by our stakeholders, including customers, society, and employees. While the company has steadily changed, we still need to continue and sustain this process of change; in addition, we are still only halfway through our efforts to change the culture.

In FYE2020, as the department with direct links to senior executive management under the president, the Corporate Planning Department will take the lead in changing the culture, which is a key theme in the mid-term management vision, and will spare no effort in promoting this change throughout the company to be a company that is always trusted.

Based on the motto "Don't leave anything incomplete; don't let the memory fade," executives and employees alike will work together in conjunction with other company-wide activities to ensure that all employees can feel that this is a company more open to new ideas, by ensuring that we maintain the best parts of last year's activities, while improving on the weaknesses.

Quality Reform Initiatives

Initiatives to improve quality are the most important theme in the mid-term management vision STEP. To regain the trust of our customers and other stakeholders, we are promoting quality reforms in which we will review all processes in which quality is built into Subaru cars, from product planning to production, to underpin efforts to change the culture and foster quality consciousness.

Message from the CQO



Atsushi Osaki
Executive Vice President and
CQO

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 can be broadly defined to include everything from product quality to customer service quality, the quality of the day-to-day work of individual employees, and the quality of corporate activities, and it is important to steadily improve these dimensions of quality. To ensure that SUBARU moves forward with the creation of high-quality products that are attuned to customer lifestyles and further enriches people’s lives and with improvement of service quality, I intend to play a leading role in instilling a standard so that SUBARU Group employees make quality the highest priority above all else.

Airbag defects and other problems that lead to recalls and service campaigns have continued to occur, and I deeply regret that we have caused concern and inconvenience to our shareholders, customers, and many other stakeholders. Although we have seen steady improvement in the results of third-party quality assessments for the U.S. market, our relative quality ratings in comparison with other automakers are regrettably declining, and I consider this a critical issue.

In response to these problems and issues, in new vehicle development we aim to eliminate recalls and service campaigns by further reinforcing milestone management at each stage of development and systematically working to prevent any reoccurrence of past defects. We will make high-quality products that are easy for customers to understand and use, taking into account customer usage conditions, and simultaneously work to minimize vehicle downtime and increase customer satisfaction by undertaking call center expansion, building a system for the smooth provision of replacement parts and repair parts, and improving efficiency in service operations.

Quality reforms are a top priority in STEP, SUBARU’s mid-term management vision. For this reason, we are reviewing all business processes, from product planning and parts procurement by supplier to production and shipping at our plants, and implementing reforms. To ensure that the departments involved in these processes do not waver in the philosophy that quality is key, we will also strengthen the authority of the CQO and rigorously reinforce quality management systems across all product development and manufacturing functions.

In addition, we will invest in facilities for quality-related technology development, in simulators and other control-related evaluation facilities, and in facilities with modifiable temperature and atmospheric pressure control for environmental and durability evaluation. In manufacturing, whereas until now we have made capital expenditures mainly for the purpose of increasing capacity, from now on we will invest heavily in the renewal of aging facilities and the enhancement of traceability to raise the level of quality, while also utilizing IoT. We will actively invest in areas that contribute to quality improvement, including human resources investment, and aim to be No. 1 in the kind of quality that makes our products suitable for long-term use with peace of mind.

Initiatives to Ensure a Quality-first Mentality

We continue to implement various initiatives aimed at encouraging a change in both mentality and behavior among each and every employee, to ensure that they put quality first. A leading example of these initiatives is the April 2019 revision of our Quality Policy.

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 the voice of our customers.
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

In revising the Quality Policy, we attached importance to (1) communicating a strong message about valuing quality above all else; (2) aligning the focus of all our activities toward the customer; (3) encouraging a change in both mentality and behavior among each and every employee in a manner that is easy to understand; and (4) explicitly emphasizing compliance. The whole workforce will tap into this policy in their day-to-day work, under the leadership of senior management.

In addition to this revision of the Quality Policy, we will continue the following activities to support our quality reforms.

1. Awareness activities focused on regular publication of articles about quality reforms in the company's in-house magazine "Shuho"
2. Organization of the Quality Caravan, an initiative taking place during Quality Month in November and launched in FYE 2019, to inform employees at all of our business sites and our suppliers about quality at Subaru and feedback from our customers
3. Addition of a workshop to foster quality consciousness to rank-specific training for employees, starting in FYE 2020

We are striving to cultivate a quality-first mentality among employees through these activities. We believe that such initiatives have gradually increased awareness among employees and plan to ensure that they become firmly established, rather than being a temporary measure.

Putting Quality First

In June 2019, we set up a special section on the Subaru website, entitled “Putting Quality First.” This section provides a detailed timeline and facts concerning the final vehicle inspection problems and explains the current situation, as well as offering information about changes to equipment and systems at our sites and other measures that we have taken to prevent a repeat of such problems. It also describes our efforts to change the culture and implement other company-wide initiatives to prevent recurrence and put quality first.



Subaru Website:
Putting Quality First

› [Putting Quality First \(Japanese version only\)](#)

● We Will Transform Manufacturing Sites!



Kazuo Hosoya
Representative Director of
the Board, Deputy President
Chief General Manager of
Manufacturing Division and
Gunma Plant

For the Subaru Group, as an automobile manufacturer, manufacturing is one of the three key pillars of our business, alongside development and sales. We believe that the Subaru Group cannot achieve growth unless our Manufacturing Division undergoes transformation for the future.

With this understanding, we believe that the key points in this will be as follows.

1. Implementing initiatives that get to the heart of the issue through a precise understanding of sites, products, and facts under all circumstances.
2. Continuing to challenge things at all times, rather than being defensive. But ensuring that such challenges are appropriate and never superficial or reckless.
3. Not only completing each individual task appropriately, but also formulating proper plans and putting them into action after gaining an overview of the whole.
4. Drawing up a vision of what we aspire to be and then stepping up the pace while determining what work is truly necessary.

As transformation is accomplished from the top, we in the management team must first change ourselves with this in mind. We believe that we can harness the power of the whole organization if we then demonstrate leadership and involve the entire workforce.

This is not something that can be done overnight, of course. However, if we unfailingly move forward with our initiatives behind the scenes, major changes will result once they germinate. Bearing this in mind, we will continue to implement initiatives to transform both the Manufacturing Division and the Group as a whole.

●Working to Regain the Trust of Customers and Society



Yoichi Sato
Corporate Vice President,
Chief General Manager
Japan Sales and Marketing
Division

The final vehicle inspection problems have been causing not only our customers, but also our suppliers and the public as a whole anxiety and concern for some time.

As the closest part of the company to the customer, the Japan Sales and Marketing Division has always relayed customer feedback to the rest of the company, as well as rigorously carrying out our customer-facing work. We are also doing our utmost to promote the creation of a workplace that is more open to new ideas and where people can frankly express their opinions to each other, using the question “Does this really benefit the customer?” as our yardstick for decision making.

Meanwhile, our sales dealerships are the front-line sites that come into direct contact with the customer. We will develop an even closer relationship with these front-line sites, promoting deeper communication with our sales dealerships and provide the support they require from the manufacturer to enable them to provide proper customer service. This year, we have organized tours of Subaru plants for around 250 executives and managers from sales dealerships across Japan. We have also begun holding training courses that offer dealership service staff the chance to experience vehicle development process at an automaker, as we believe that such initiatives help to enhance the customer service provided at dealerships.

All employees at Subaru and our sales dealerships will work together as one, sparing no effort to ensure that we offer customers enjoyment and peace of mind and meet their expectations.



The Subaru Group's CSR

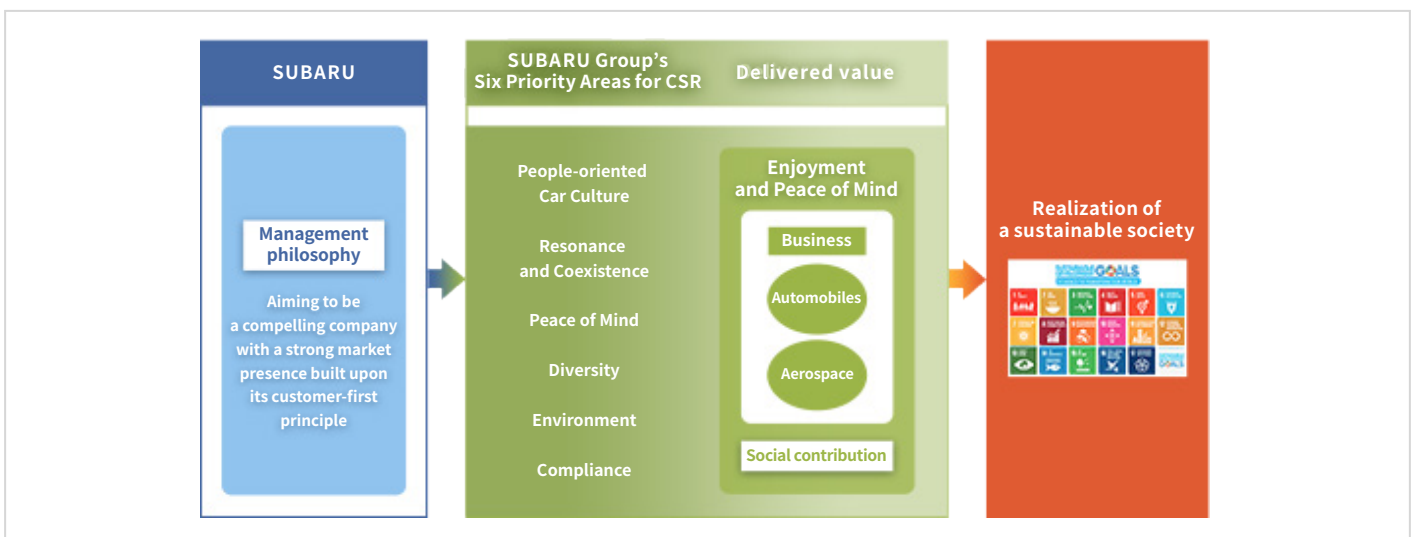
The Subaru Group engages in CSR activities with the aim of contributing to society through its business and achieving a sustainable society.

Our Approach to CSR

Challenges for society abound in Japan and overseas, such as global warming, human rights issues, and an aging and declining population, and there are rising expectations that corporations would help resolve these issues. The Subaru Group's business domain also requires initiatives on diverse themes such as reducing environmental impact, preventing traffic accidents, and alleviating traffic congestion.

Therefore, we naturally develop, manufacture, and sell products with outstanding safety and environmental performance and quality, but as a corporate citizen we also work on CSR activities to meet the needs of society and address social challenges in good faith. The 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. Thus in FYE2019 we reviewed the Eight CSR Action Items to date and have newly set the Subaru Group's Six Priority Areas for CSR to promote our activities.

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.



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.
-

Corporate Code of Conduct

To carry out our corporate activities based on the corporate philosophy, we set down a corporate code of conduct to act in compliance with laws and regulations fulfilling our social responsibilities. We will continue to strive to become a company loved by all our stakeholders and contribute to making society more affluent by each employee respecting each other, respecting the corporate code of conduct and acting on the same sense of values.

Corporate Code of Conduct

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.
-

Management Philosophy

Aiming to be a compelling company with a strong market presence built upon its Customers First Principle.

CSR Policy

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

Revised in June 2009

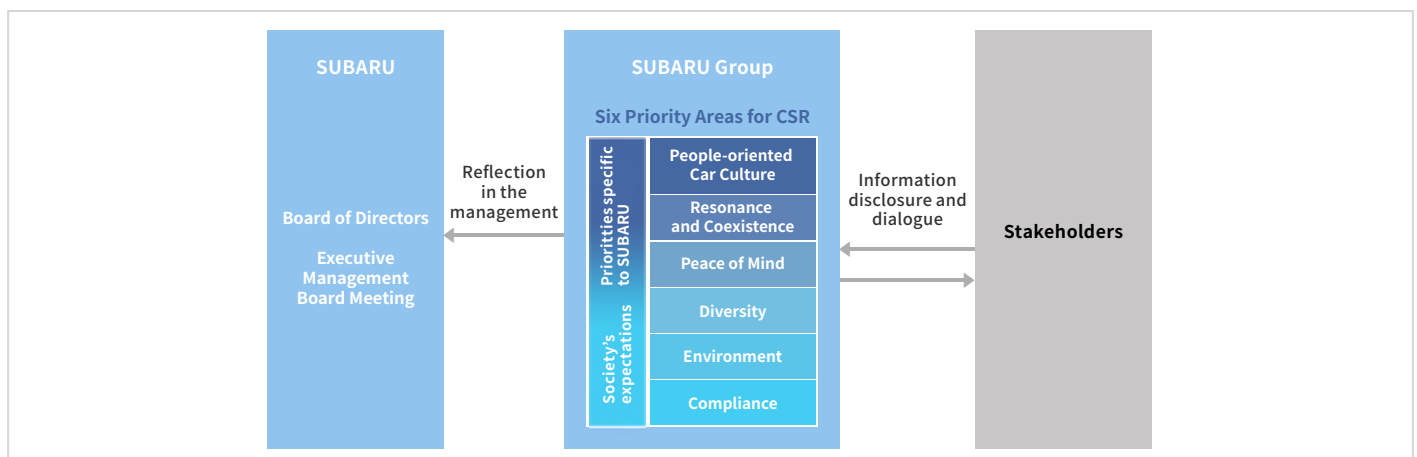
The Process of Formulating the Six Priority Areas for CSR

In accordance with our mid-term management vision STEP, Subaru Group reviewed the Subaru Group's Eight CSR Action Items for CSR initiatives and 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, 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. Finally, Subaru Group considered the areas from two perspectives: areas that enable us to contribute to society by tapping into our business strengths, and areas that meet the demands of society. As a result, Subaru Group selected People-Oriented Car Culture, Resonance and Coexistence, Peace of Mind, and Diversity as the four areas where Subaru could contribute to society by tapping into our business strengths, and Peace of Mind, Diversity, Environment, and Compliance as the four areas where Subaru Group should 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 the diversity required by society, but also to diversity in a broad sense, including in the products that Subaru Group offers to customers.

Disclosing information to stakeholders, engaging in dialogue with them, and reflecting this in the management of the business are all essential to restoring trust in our company. Accordingly, in addition to the 6 Priority Areas (6M, where M=materiality), Subaru will focus on stakeholder information disclosure and dialogue, and its reflection in the company's management (1E, where E=engagement) by undertaking 6M+1E initiatives.

Reflecting Subaru Group's Six Priority Areas for CSR in Management

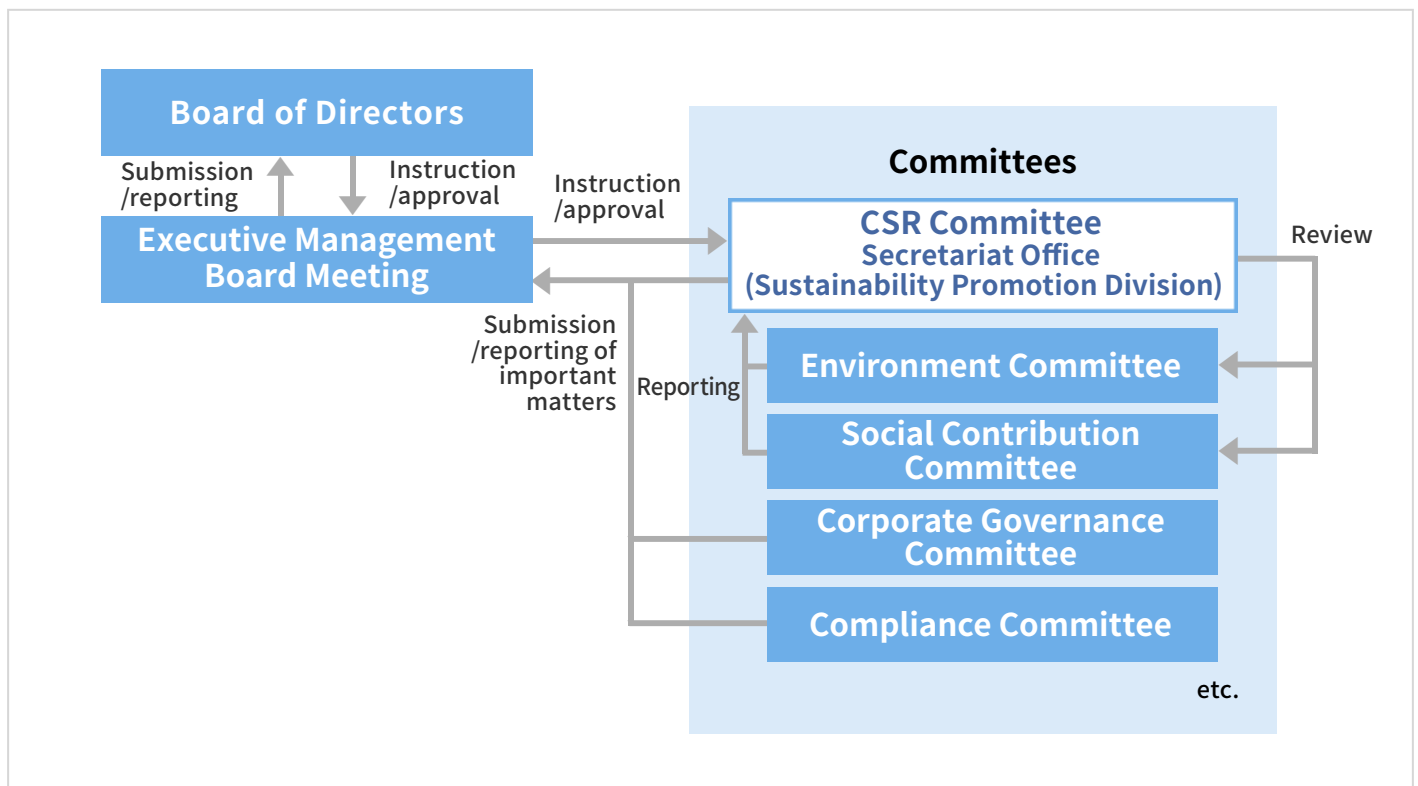


CSR Promotion System

Subaru Group holds a CSR Committee twice a year as a venue to discuss our CSR initiatives and confirms the status of PDCA operation of each related committee and division.

The CSR Committee, headed by the Representative Director of the Board and the President, is joined by all executives as members. The Committee ponders business from the social aspect and works to strengthen CSR efforts.

CSR Promotion System



Initiative for CSR Permeation

Creation of Rank-specific Opportunities to Deepen CSR Understanding

In FYE2019, the Subaru Group provided opportunities for executives and managers to think about CSR in order to promote the CSR initiatives.

For the management, we held a lecture session, inviting Yukiko Araki, Corporate Officer, Executive General Manager of Sustainability Promotion Division of Hitachi, Ltd. as the lecturer in February 2019, and had every one of our officers in Japan attend the session.

For managers, who play a major role in CSR promotion, CSR Briefings to find out more about Subaru Group's CSR, and CSR Study Groups to understand the relations between their business and CSR were held for five months at each division starting in February 2019.

The CSR Briefings titled "the Subaru Group's CSR" provided opportunities to understand the necessity of CSR and the contents of six priority areas for CSR selected in FYE2019. About 90% of participants commented afterwards that they mostly or more or less understood the necessity of CSR and the six priority areas for CSR.

On the other hand, in regard to the relations between their business and CSR, it became clear that having a clear image of what they need to do and setting targets were difficult.

Accordingly, at the CSR Study Groups, Subaru officers became lecturers and explained, showing examples, how business and CSR can relate to each other using Environment and Compliance among the six priority areas for CSR as the themes of the lecture. By introducing concrete examples, many participants expressed that their understanding on the relation between their business and CSR had deepened.

A total of 1,500 people attended the CSR Briefings and CSR Study Groups. They have become the key persons to promote CSR at their divisions with an understanding of relations between their business and CSR initiatives, and their efforts are steadily making progress.

In FYE2020, rank-specific trainings will be held for new managers, associate managers and new recruits, so that more employees can have the opportunity to deepen their understanding of the Subaru Group's CSR.

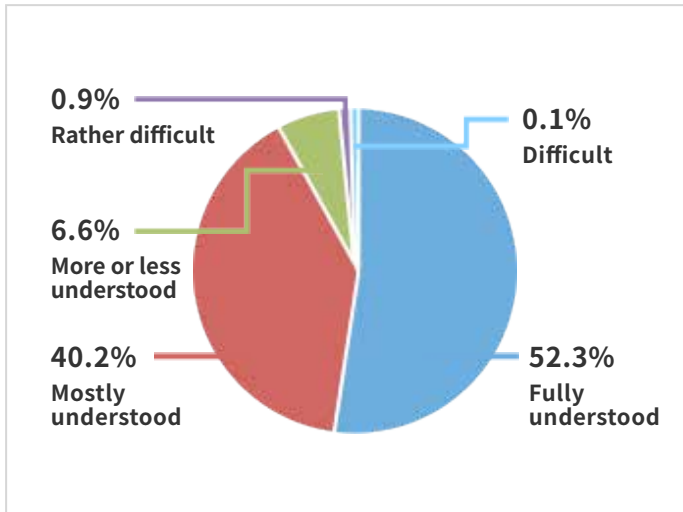
In January 2019, at the Group Company Presidents Meeting, there was an opportunity for them to deepen their understanding of the Subaru Group's CSR.



CSR Study Group

Results of Questionnaire Survey at CSR Briefings

Level of Understanding of Six Priority Areas for CSR



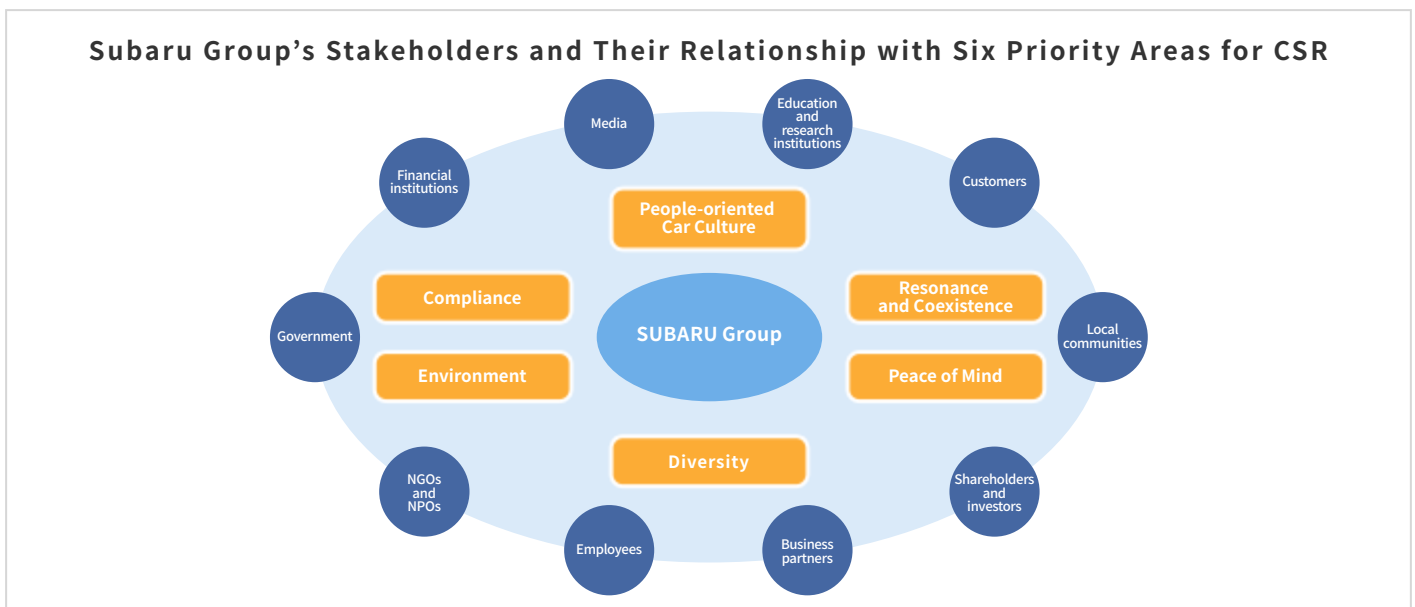
Participants' Comments

- I understood the six priority areas for CSR and their overview, and would like to think carefully about their relations to our department (me).
- The six priority areas are literally important, and it was valuable to have this opportunity to understand the background specific to the six priority areas.
- As someone had mentioned at the Q&A session, I would also like to deliberate on what we can do from the perspective of diversity in products.

Relationship to Stakeholders

Subaru Group believes that Subaru Group's CSR initiatives must place importance on the relationship with stakeholders and 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" 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.

Subaru Group's Relationship to Stakeholders



The Subaru Group's Stakeholders and Communication Methods

Stakeholders	Communication Methods
Customers	Establish Subaru Customer Consultation Centers, implement satisfaction surveys, and hold events.
Shareholders/investors	Hold shareholders meetings (annual), issue reports, release information on the Internet. Hold interviews with institutional investors and investor briefings. Hold factory tours.
Financial organizations	Release information on the Internet, make explanations at the account settlement, and hold monthly discussions.
Educational/research institutions	Implement work place visits, implement school visit project in elementary and middle schools, and hold plant tours (about 96,000 visitors annually).
Governments	Participate in economic organizations and meetings of industrial groups, and have discussions and exchanges with local governments.
Media	Hold financial report briefings for media and analysts (quarterly), and release information on the Internet.
Employees	Hold labor-management consultations, carry out stress check and employee awareness survey, and conduct educational training by profession and rank.
Business partners	Hold procurement policy briefings, practice regular exchange of information, and recognize business partners that are making major contributions in technology, quality, etc.
NGOs/NPOs	Respond to questionnaires and surveys, implement regional and social contribution activities and make donations through support of the philosophy.
Local communities	Encourage traffic safety through safety workshops and traffic guidance. Schedule cleanup activities by employees and hold exchanges with local residents.

Initiatives toward Sustainable Development Goals

Sustainable Development Goals (SDGs) for 2030 are development goals to achieve a sustainable future, and Subaru Group recognizes the importance of responding to these goals. With regard to response to climate change, in particular, we aim at the 30% reduction of CO₂ directly emitted by the Subaru Group (Scope 1, 2) in FYE 2031 (compared to absolute emissions in FYE 2017) and now expect to reduce about 3% of our annual CO₂ emission by FYE2021. As for the reduction of death and casualties due to traffic accidents, zero deaths due to accidents* in 2030 are our aim and we continue our efforts to that end. As such, Subaru contributes to the creation of a sustainable society.



* 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.



Basic Concept

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.

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. 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.

The Subaru Group will transition from being a company making things to a company making people smile. Continuing to cherish the human emotions of enjoyment and peace of mind experienced by each and every one of our customers, 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.

› [The Process of Formulating the Six Priority Areas for CSR](#)

Overview of Initiatives in FYE2019

Subaru believes that a car is more than just a means of transport.

This concept runs right through our brand principle of providing customers with enjoyment and peace of mind, which is one of the ideas incorporated into “STEP.” Subaru believes that the value expected by customers is enjoyment and peace of mind; that is to say, the expectation is that customers will not only gain the sense that their car is safe and reliable, but also experience the joy of driving.


The new Forester launched in July 2018 is equipped with the e-Boxer power unit, which combines the newly developed 2.5 L NA horizontally opposed direct-injection engine with electric technology. The electric motor power assistance offers acceleration performance more powerful than a gasoline engine vehicle, making even everyday driving a joy. This model is also equipped with Subaru’s pioneering Driver Monitoring System*¹, which detects when the driver appears drowsy or looks away from the road for too long, and issues a warning to alert the driver. The system marks a further evolution in the preventive safety measures that are Subaru’s strong point. Passive safety measures have also evolved, with pedestrian protection airbags—developed to reduce harm in the unlikely event of a collision—fitted as standard. Developed to be a crossover vehicle that stimulates intellectual curiosity and encourages new discoveries, the new Outback (US model) launched in April 2019 combines the value cultivated through previous models with the latest technology to provide drivers with an even greater sense of enjoyment and peace of mind. For example, it is available with two engine types: a 2.4 L turbocharged horizontally opposed four-cylinder direct-injection engine delivering strong torque output from low RPM and a 2.5 L naturally aspirated horizontally opposed four-cylinder engine with improved efficiency from its direct injection system. The new engine is combined with the Subaru Global Platform, which optimizes body rigidity, thereby further enhancing the Outback’s long-established reputation for dynamic performance.

Subaru has added Lane Keep Assist function and automated steering that follows the preceding vehicle in the same lane to our EyeSight driver assist system and combined it with the Driver Monitoring System, which supports safe driving. Subaru has thereby further increased the peace of mind that our cars inspire as partners supporting an active lifestyle.

As well as pursuing enjoyment and peace of mind, Subaru will continue with development efforts aimed at ensuring that our cars offer top-class driver assistance.

*1: The Driver Monitoring System is designed to alert the driver and does not prevent drivers from failing to keep their eyes on the road or accidents. In the US model, it is called Driver Focus.

Related Initiatives

- › [Making Safe Vehicles](#)
- › [Social Contribution > Traffic Safety](#)
- › [Subaru’s Automobile Manufacturing](#) 



Basic Concept

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.

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.

› [The Process of Formulating the Six Priority Areas for CSR](#)

Overview of Initiatives in FYE2019

Subaru's job is to become a company that is trusted by and resonates with consumers, so that they opt to buy our cars.

Coexistence with people in surrounding communities is also vital to Subaru's business activities. Subaru believes that regaining the trust that we have lost within Japan comes down to taking the views of all stakeholders seriously and responding to them with integrity. All Subaru Group executives and employees take seriously not only product quality, but also the quality of everything associated with our operations, including the business units, people, and mechanisms involved. Going forward, we will all work together single-mindedly to regain the trust of our stakeholders.

Related Initiatives

- › [Making Safe Vehicles](#)
- › [Customers](#)
- › [Social Contribution](#)
- › [Subaru's Automobile Manufacturing](#) 



The Subaru Group's Six Priority Areas for CSR

Peace of Mind



Basic Concept

Subaru will become a company that provides all stakeholders with the utmost peace of mind.

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 to last the distance. Attaching particular importance to protecting lives, Subaru will work to achieve our target of zero fatal road 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

› [The Process of Formulating the Six Priority Areas for CSR](#)

Overview of Initiatives in FYE2019

Subaru's approach to CSR is informed by the desire to become a company that provides all stakeholders with the utmost peace of mind. As such, Subaru takes seriously the fact that a massive recall was required in FYE2019. Accordingly, in FYE2019 we returned to our quality-first approach, tirelessly reviewing all quality-related processes.

Subaru took all feasible steps to address the final vehicle inspection problems, including improving the equipment used in the final vehicle inspection process, undertaking refresher training of final vehicle inspectors, revising personnel deployments, and implementing organizational changes. Subaru has also examined the effects of measures to prevent recurrence on the production line and has confirmed that they are effective.

However, Subaru's quality reforms are not confined simply to cases of impropriety. In January 2019, Subaru had to halt the production line due to a defect in a part received from a supplier. This was a very tough decision as a manufacturer, but quality is our top priority and we took this step to minimize the inconvenience to our customers. The basic assumption enabling people to travel in Subaru cars with peace of mind is that they are of high quality. However, we must not stop there: it is necessary to increase the quality of all aspects of our operations, including manufacturing, development, and corporate management.


On a more positive note, Subaru's safety performance has been highly rated by third-party bodies. The 2019 models of the Ascent, Outback, Legacy, Crosstrek, Impreza (sedan), Impreza (5-door), WRX, and Forester*¹ sold in the US (all fitted with EyeSight and Steering Responsive Headlights with High Beam Assist) received the Top Safety Pick+ (TSP+) rating from the Insurance Institute for Highway Safety (IIHS) in its 2019 safety evaluation. All eight models achieved the top rating (Good) in all crashworthiness tests and the top rating (Superior) in the front crash prevention test. Following its full model change in July 2018, the new Forester was rated Advanced Safety Vehicle Triple Plus (ASV+++), the highest rating in the JNCAP preventive safety performance assessment for FYE2019, which was conducted by the Ministry of Land, Infrastructure, Transport and Tourism and the National Agency for Automotive Safety and Victim's Aid (NASVA). Subaru regards this as renewed evidence of the high standard of safety performance achieved by Subaru cars in a wide range of fields, from reducing the risk of accidents to mitigating the harm caused by collisions.

Subaru will continue to strive to further increase safety performance, with the aim of achieving our target of zero fatal road accidents*² by 2030. The Subaru Group will continue to work as one to regain the trust of our customers and other stakeholders in this area, just as it will in the area of resonance and coexistence.

*1. Vehicles produced since January 2019

*2. 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.

Related Initiatives

- › Making Safe Vehicles
- › Human Resources > Occupational Health and Safety
- › Quality
- › Subaru's Automobile Manufacturing 



Basic Concept

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.

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.

› [The Process of Formulating the Six Priority Areas for CSR](#)

Overview of Initiatives in FYE2019

Subaru seeks to deliver diversity in products, bringing together the high levels of dynamic quality that we have cultivated over the years and the outstanding environmental performance required today. FYE2019 saw the Japanese launch of the new Forester, which combines a horizontally-opposed engine with electrification technology, while in the US, we launched the Crosstrek Hybrid, Subaru's first plug-in hybrid.

Subaru regards promoting active roles for female employees, employing people with disabilities, promoting employment of the elderly and planning and promoting employment of non-Japanese as priority themes in the promotion of diversity. Among them, Subaru has placed particular emphasis on efforts to promote active roles for female employees. Subaru has set the numerical target of increasing the number of female managers by five times the figure for 2014 by 2020 under the system of promotion through merit based on demonstrated ability and is on track to achieve this goal, as planned. Subaru has now set a new target of at least 12 times the number of female managers that the company had in 2014 by 2025 and will further enhance initiatives aimed at training female managers.

To bolster the supervisory functions of corporate management over the execution of business, the executive structure has been strengthened by increasing the number of outside directors from two to three. This move, which was approved at the 88th Ordinary General Meeting of Shareholders, created a structure in which outside directors make up one-third of the board of directors (three outside directors out of nine directors). At the same time, Subaru appointed our first female executive (outside corporate auditor) and has been promoting diversity management.

While pursuing diversity in products, Subaru will continue to promote diversity among all those who work for the Subaru Group.

Related Initiatives

[> Human Resources > Diversity](#)

Diversity in Products

[> New model "Forester"](#)

[> Crosstrek Hybrid](#)



Basic Concept

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.

Why It Is Important to Us

In FYE2018, 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 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.

› [The Process of Formulating the Six Priority Areas for CSR](#)

Overview of Initiatives in FYE2019

Subaru regards initiatives to tackle climate change as one of our most important tasks and will continue to contribute to the Paris Agreement's goal of keeping the increase in global average temperature to well below 2°C above pre-industrial levels. The Subaru Group has set a target of reducing direct CO₂ emissions (Scope 1&2) by 30% compared with the FYE2017 level by FYE2031 and is in the process of formulating the Subaru Environmental Action Plan for initiatives to be implemented from FYE2022. In addition, Subaru has begun work on achieving a reduction of approximately 20,000 tons of CO₂—equating to around 3% of annual emissions—by FYE2021 by implementing some initiatives ahead of schedule.

On the other hand, when looking at the overall automobile life cycle, reducing CO₂ emissions from car use is extremely important. Vehicle electrification is therefore likely to progress further in the medium to long term.

Subaru will continue to consider our technology and product strategies for addressing changing social expectations, customer needs, and environmental regulations, as well as earning appropriate profits, thereby ensuring the sustainable growth of both society and the Subaru Group. In June 2019, as part of these efforts, Subaru announced an agreement with Toyota Motor Corporation for the joint development of both a platform dedicated to battery electric vehicles (BEVs) for midsize and large passenger cars, and a C-segment-class BEV SUV model. Following this agreement with Toyota, Subaru will now shift its existing EV development resources to this new joint project. Within this new framework, Subaru will continue its efforts to create attractive BEVs for our customers, while improving efficiencies in terms of engineering, development, purchasing, and other areas through the new joint project.

Related Initiatives

- › [Environment](#)
- › [Risk Management](#) › [Risks Associated with Business Activities](#)
- › [Social Contribution Activities](#) › [Environment](#)



The Subaru Group's Six Priority Areas for CSR

Compliance

Basic Concept

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.

Why It Is Important to Us

Having reflected on the previous lack of awareness of societal 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 reform Subaru's corporate 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 becomes a company that resonates with and inspires trust in our customers and all other stakeholders.

› [The Process of Formulating the Six Priority Areas for CSR](#)

Overview of Initiatives in FYE2019

Compliance is one of Subaru's most important tasks, as it is the prerequisite for our business activities in society. As a result of the incidents involving improper conduct of final vehicle inspection processes, all members of the Subaru Group have become painfully aware that neglecting compliance inconveniences our stakeholders—customers, shareholders and suppliers alike—and could even threaten the survival of our business.

Accordingly, in FYE2019, Subaru has implemented a number of measures, including simultaneous company-wide general self-inspection activities; efforts to raise awareness of the Employee Compliance Advice Line and enhance the response provided by the advice line; the publication of “Compliance Manual: Compliance Essentials,” a new compliance tool for the whole of the Subaru Group; and the implementation of compliance training led by executives. Taking to heart the instructions “do not let it happen again” and “never forget, under any circumstances,” each and every person will remain vigilant and continue their ceaseless efforts to ensure compliance.

Related Initiatives

- › [Management > Compliance](#)
- › [Environment > Environmental Management>Environmental Compliance](#)
- › [Environment > Preventing Pollution](#)



Our Basic Approach to Corporate Governance

- Subaru 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 of our stakeholders by achieving sustainable growth and improving our corporate value in the medium- and long-term, aiming for a vision of “From a company making things, to a company making people smile” based on our corporate philosophy and management philosophy.
- 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.
- Subaru ensures proper decision making and the oversight of corporate management and the execution of business operations as well as enhancing compliance and our risk management system through monitoring of our management and operations and advice provided by outside officers.
- Subaru implements proper and timely disclosure of information in order to improve the transparency of management.

Subaru has also created the Corporate Governance Guidelines with the objective of clarifying the basic concept, framework, and operating policy of our corporate governance.

See here for the Corporate Governance Guidelines and the Corporate Governance Report.

› [Corporate Governance Guidelines/Corporate Governance Report](#)

Overview of Corporate Governance System

As its corporate governance system, Subaru has chosen a company with board of company auditors, in which Board of Directors and the Board of Corporate Auditors perform decision making, oversight and auditing of the execution of important business operations.

In nominating candidates for director and auditor positions, the Board of Directors seeks to bring to fruition Subaru's corporate philosophy, achieve effective corporate governance and sustainable growth, and enhance its corporate value in the medium to long term by selecting individuals with the wealth of experience, high levels of skill and insight, and advanced expertise befitting Subaru directors and auditors.

The Board of Directors consists of 15 directors at the most, including both within and outside the company, in accordance with the Articles of Incorporation.

Due to the resignation of one director effective December 31, 2018, the Board of Directors consisted of seven directors as of March 31, 2019, two of whom were highly independent outside directors. At the 88th Ordinary General Meeting of Shareholders held on June 21, 2019, Subaru increased the number of outside directors by one to bolster the supervisory functions of corporate management. Accordingly, the Board of Directors is now composed of nine directors, three of whom are highly independent outside directors. The chairman of the company, who has no major executive responsibilities, chairs the meetings of the Board of Directors.

The Board of Auditors is composed of four corporate auditors, two of whom are outside corporate auditors. This structure enables Subaru to achieve sounder, more efficient business by increasing the effectiveness of monitoring of corporate management through the involvement of highly independent outside directors and outside corporate auditors.

Subaru has established two voluntary meetings: the Executive Nomination Meeting and the Executive Compensation Meeting. In order to maintain fairness and transparency in the process for nominating directors and corporate auditors, the members of the Executive Nomination Meeting, including the independent outside directors, engage in ample deliberations on candidates referred by the Board of Directors. The Meeting then reports the approved nomination proposals for directors and corporate auditors, and approved proposals for appointment and removal of executive officers, including the chief executive officer (CEO), to the Board of Directors. Nominations are discussed and decided by resolution of the Board of Directors. In order to maintain objectivity and transparency in the process for determining executive compensation, the Executive Compensation Meeting decides on the compensation system and specific sums paid in compensation to executives after ample deliberation by the meeting members, including the independent outside directors, based on the authority delegated to the Meeting by the Board of Directors. 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 Nomination Meeting and Executive Compensation Meeting are made up of Representative Directors, the Director in charge of the Secretarial Office, and Outside Directors, and are chaired by Representative Director Tomomi Nakamura.

The Executive Nomination Meeting was convened five times in FYE2019 and submitted reports mainly on the executive structure and appointments, the division of duties of executives, and the appointment of representatives of major subsidiaries.

The Executive Compensation Meeting was convened twice in FYE2019 to deliberate on compensation systems, and performance-based compensation for directors (excluding outside directors) and executive officers was determined based on evaluations and the amount of monetary compensation claims in respect of restricted stock compensation for each individual recipient.

With regard to the business operation system, we have established the Executive Management Board Meeting as a preliminary consultation body to conduct deliberations on companywide management strategies and the execution of important business before their presentation at the Board of Directors. The Executive Management Board is composed of the Representative Directors, directors who execute business, and Executive Vice Presidents, and is chaired by the President and Representative Director, who is the CEO. Full-time corporate auditors also attend the Executive Management Board Meeting.

In addition to employing an executive officer system, Subaru has established the Executive Meeting to serve as the decision-making body for the operations of the automotive business. The executives involved in the Executive Meeting are the Representative Directors, directors who execute business, the executive vice presidents, and the executive officers for the automotive business, with meetings chaired by the President and Representative Director, who is the CEO. Standing corporate auditors also attend the Executive Meeting. In addition, an in-house company system has been introduced for the Aerospace business division with the aim of clarifying responsibility and speeding up execution of its business operations.

Participation of Directors (Overview of the last five years)

	FYE2015	FYE2016	FYE2017	FYE2018	FYE2019
Number of meetings	14	15	15	17	16
Attendance rate	100%	96.3%	96.3%	99.0%	98.4%

* The attendance rates for the newly appointed directors is calculated for board of directors meetings held after the appointment

In order for them to fulfill their responsibilities, study groups are held for directors and auditors so that they can continually provide the information and knowledge related to industrial activities that are required to give oversight to management. In addition, in order to provide information continuously to the external directors on Subaru's management philosophy, corporate culture, and management environment, opportunities are provided for plant tours and business reports from the executive departments and an environment to encourage sharing of information and the exchanging of ideas among executives has been established.

Outside Directors: Reasons for Selection and Main Activity Status (as of the end of June 2019)

	Independent Director*1	Reasons for Selection of Outside Directors and Main Activity Status	Number of Meetings Attended		Key Posts Held Concurrently*2
			Board of Directors	Board of Auditors	
Outside Director					
Shigehiro Aoyama	○	Having held key posts at Suntory Holdings, Ltd., Shigehiro Aoyama has abundant experience and extensive knowledge as a business manager, as well as a high level of expertise in the field of marketing. Mr. Aoyama's term of office as an independent outside director of Subaru will be three years at the conclusion of the 88th Ordinary General Meeting of Shareholders. During this time, he has used his abundant experience, extensive knowledge, and deep insight into corporate social responsibility to provide useful advice on the management of Subaru. We therefore selected him to continue in his post as outside director in the belief that he is capable of providing adequate advice and supervision from an independent standpoint on all aspects of Subaru's management.	16 of 16	-	External Director, Takamatsu Construction Group, Co., Ltd. Outside Director, Miraca Holdings Inc. President, The Distribution Economics Institute of Japan

<p>Yasuyuki Abe</p>	<p>○</p>	<p>Having been involved in both the supervisory and executive aspects of corporate management as Representative Director Senior Managing Executive Officer of Sumitomo Corporation, Yasuyuki Abe has abundant experience and extensive knowledge as a business manager, as well as a high level of expertise in the field of IT. Mr. Abe's term of office as an independent outside corporate auditor of Subaru will be three years at the conclusion of the 88th Ordinary General Meeting of Shareholders. During this time, as well as auditing the execution of duties by directors, he has gained an understanding of the true nature of the challenges faced by Subaru and has provided frank comments to the senior management team in a timely and appropriate manner. The company therefore selected him for the post of outside director, expecting at the time of his appointment that he should be capable of providing adequate advice and supervision from an independent standpoint on all aspects of Subaru's management.</p>	<p>14 of 16</p>	<p>12 of 13</p>	<p>Director of the Board (External), JVC KENWOOD Corporation Advisor, ORANGE AND PARTNERS CO., LTD.</p>
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<p>Natsunosuke Yago</p>	<p>○</p>	<p>Having held the posts of President and Representative Director, and Chairman of the Board at Ebara Corp., Natsunosuke Yago has abundant experience and extensive knowledge as a business manager. Moreover, he has a particularly high level of expertise in the field of internal controls and governance. The company therefore selected him for the post of outside director, expecting at the time of his appointment that he should be capable of providing adequate advice and supervision from an independent standpoint on all aspects of Subaru's management.</p>	<p>-</p>	<p>-</p>	<p>Representative Director, The Ebara Hatakeyama Memorial Foundation</p>
<p>Outside Corporate Auditor</p>					
<p>Shigeru Nosaka</p>	<p>○</p>	<p>Having been involved in both the supervisory and executive aspects of corporate management as Director and Executive Vice President, and Vice Chairman of the Board of Oracle Corp. Japan, Shigeru Nosaka has abundant experience and knowledge as a business manager. Having also served as Oracle Japan's Chief Director of Finance for many years, Mr. Nosaka has a high level of expertise in finance and accounting. The company therefore selected him for the post of outside corporate auditor at Subaru, expecting at the time of his appointment that he should be able to fulfill the relevant duties appropriately.</p>	<p>-</p>	<p>-</p>	<p>Vice Chairman of the Board, Oracle Corp. Japan (Due to retire in August 2019)</p>

Kyoko Okada	○	Kyoko Okada has abundant experience and knowledge, primarily in the fields of CSR and corporate culture at Shiseido Co., Ltd., and also has experience of corporate auditing as a corporate auditor at Shiseido. As Ms. Okada comes from a company that handles a great deal of products for women, the company selected her for the post of outside corporate auditor at Subaru, expecting at the time of her appointment that she should be able to fulfill the relevant duties appropriately, such as commenting on the challenges faced by Subaru from the standpoint of a woman, thereby providing a perspective that had not hitherto been available.	-	-	Director, Japan Cancer Society Corporate Auditor, NS Solutions Corp.
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(Notes) 1. Aside from the number of meetings of the Board of Directors listed in the table above, there was one resolution in writing, which is regarded as a resolution of the Board of Directors based on Article 370 of the Companies Act and the Articles of Incorporation.

2. Cases of improper conduct in other final vehicle inspection processes and during vehicle sampling inspections involving fuel economy and emissions data were discovered after the identification of improper conduct in final vehicle inspection processes in October 2017. The outside directors and outside corporate auditors were not previously aware of the facts in question. The outside directors and outside corporate auditors routinely made recommendations concerning compliance and internal controls based on their abundant experience and deep insight. After the facts in question were revealed, they received reports as required concerning the investigation of the causes of the improper conduct and steps being taken to prevent recurrence, and made various recommendations. In the wake of these recommendations, Subaru made organizational changes and appointed a Chief Risk Management Officer (CRMO) effective April 1, 2019, with the objective of increasing the effectiveness of internal controls and risk management.

Aside from meetings of the Board of Directors, the Executive Council, which is composed of directors and corporate auditors, provides another forum for discussion of changing the culture and quality reforms. In these discussions, the outside directors and outside corporate auditors fulfill their responsibilities by contributing their external viewpoints and offering the recommendations needed to transform Subaru in such areas as changing the culture, improving quality, and achieving stronger, more thorough compliance, including at affiliated companies.

*1 Outside directors and outside corporate auditors who do not pose a risk of a conflict of interest with the ordinary shareholders as stipulated by the stock exchange

*2 As of March 31, 2019

* Please refer to the Corporate Governance page on Subaru's website for the Corporate Governance Guidelines (attachment: Independence Standards for Outside Executives) and the Corporate Governance Report.

Executive Compensation, etc.

Policy for Determining the Amount of Compensation for Subaru Executives or the Calculation Method Thereof

Compensation of directors is determined based on the following:

- An appropriate, fair, and well-balanced level commensurate with the directors' roles and responsibilities.
- A system that takes into account the need to secure outstanding personnel and motivate them to achieve sustained improvements in corporate performance and corporate value.

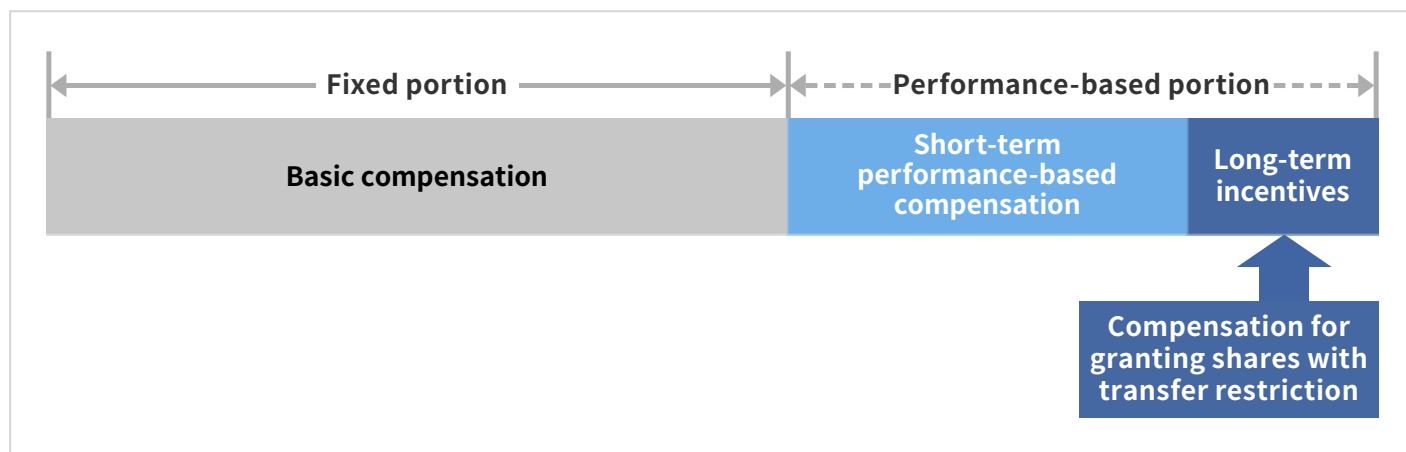
Specific compensation consists of the following items. Note that standards for each item are set according to corporate responsibilities and are differentiated between internal and external status by using survey data from external expert institutions.

(1) Basic compensation	Fixed portion amount based on position held and taking into consideration the business environment, etc.
(2) Short-term performance based compensation	Performance based portion based on consolidated ordinary income results and taking into consideration ROE*, capital adequacy ratio improvement, human resources development, business environment, etc.
(3) Long-term incentives	Compensation for granting shares with transfer restriction to provide incentive for sustained improvement of corporate value and to further enhance value sharing with shareholders.

*ROE: Return on Equity

In view of the role of outside directors in management monitoring and oversight from an independent standpoint, we do not provide short-term performance based compensation or long-term incentives to outside directors.

Compensation System for Directors (excluding outside directors)



Total compensation for directors was resolved to be no more than 1.2 billion yen per year (of which, compensation for outside directors was to be no more than 200 million yen per year) at the 85th Ordinary General Meeting of Shareholders held on June 28, 2016. Within that sum, total monetary compensation associated with long-term incentives is capped at 200 million yen per year. Subaru's Articles of Incorporation stipulate that the company may have no more than 15 directors.

In determining the compensation paid to directors, the Executive Compensation Meeting decides on the compensation system and specific sums paid in compensation to executives after ample deliberation by the Meeting members, including the independent outside directors, based on the authority delegated to the Meeting by the Board of Directors. 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 is made up of Representative Directors (two), the director in charge of the Secretarial Office (one), and Outside Directors (three), and is chaired by Representative Director Tomomi Nakamura.

In STEP, the mid-term management vision published in July 10, 2018, Subaru set out a profit plan for operating income of 950 billion yen over the three years from FYE2019 to FYE2021. Under this plan, Subaru will ensure an equity ratio of 50% or higher and ROE of 10%, while aiming for 15% or higher. Consolidated ordinary profit in FYE2019 was 196.2 billion yen, while the equity ratio was 53.8% (down 0.4% from the previous year) and ROE was 9.4%. Under the authority delegated to it by the Board of Directors, the Executive Compensation Meeting determined the sums to be paid in short-term performance-based compensation to each director based on these results.

Total compensation for auditors was resolved to be no more than 100 million yen per year at the 75th Ordinary General Meeting of Shareholders held on June 27, 2006. Within this amount, the basic compensation to be paid is determined based on the rank with consideration to business environment, etc.

Subaru's Articles of Incorporation stipulate that the company may have no more than five corporate auditors.

Total Compensation of Executives by Executive Category, Total Sum by Compensation Type, and Number of Executives Eligible

88th Term (FYE2019)

Classification	Number (persons)	Total Compensation, etc. (million yen)				
		Basic Compensation (monthly fixed sum)	Performance-based Compensation			
			Short-term Performance-based Compensation	Long-term Incentive		
Directors (excluding outside directors)	9	291	80	51	422	
Auditors (excluding outside auditors)	2	56	-	-	56	
Outside Directors	4	46	-	-	46	
Total	15	393	80	51	524	

Note: The table above includes four directors who stepped down before the final day of this financial year. As of the end of this financial year, there are 7 directors (2 of whom are outside directors) and 4 corporate auditors (2 of whom are outside corporate auditors).

Reference: 87th Term (FYE2018)

Classification	Number (persons)	Total Compensation, etc. (million yen)				
		Basic Compensation (monthly fixed sum)	Performance-based Compensation			
			Short-term Performance-based Compensation	Long-term Incentive		
Directors (excluding outside directors)	8	298	151	37	486	
Auditors (excluding outside auditors)	2	56	-	-	56	
Outside Directors	4	46	-	-	46	
Total	14	400	151	37	588	

Note: The table above includes two directors appointed before the final day of this financial year. As of the end of this financial year, there are 8 directors (2 of whom are outside directors) and 4 corporate auditors (2 of whom are outside corporate auditors).

Policies for Cross-shareholding

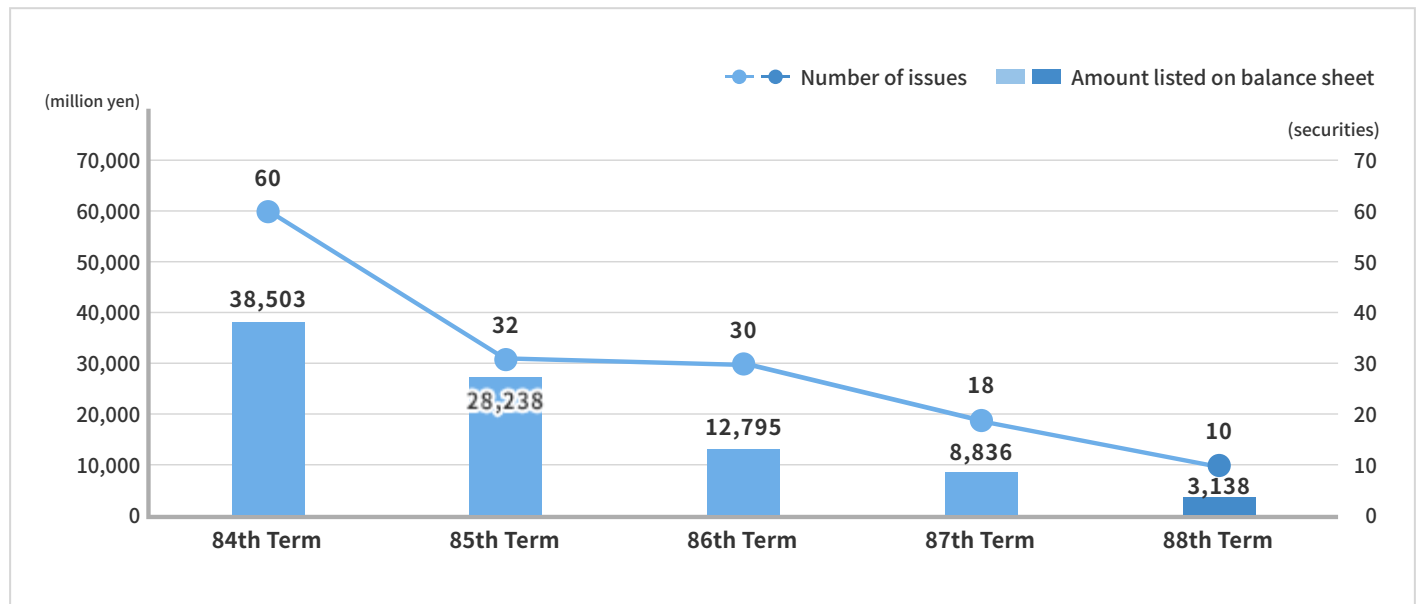
In FYE2019, Subaru reviewed whether the holdings of these shares will contribute to the corporate management of the company in the medium- to long-term by examining economic rationality on a risk-return basis, while giving comprehensive consideration to such factors as medium- to long-term improvements in corporate value, their importance from the perspective of business strategy, and relationships with business partners. Starting in FYE2020, Subaru will scrutinize each of its major listed shares held as cross-shareholding at annual meetings of the Board of Directors, examining the purpose of the shareholdings and whether their benefits are commensurate with the capital cost, and will continue to hold those deemed to contribute to the company's medium- to long-term management and business strategies.

Subaru has steadily reduced its major listed shares held as cross-shareholding since the Corporate Governance Code entered into force. As a result, Subaru's major listed shares held as of March 31 each year for policy purposes fell from 60 securities in 2015 to 32 in 2016, 30 in 2017, 18 in 2018, and 10 in 2019.

Subaru's Shareholdings for Purposes Other Than Investment Alone: Number of Securities and Total Value as Recorded in the Balance Sheet

		84th Term FYE2015	85th Term FYE2016	86th Term FYE2017	87th Term FYE2018	88th Term FYE2019
Number of Issues (Securities)	Listed	60	32	30	18	10
	Unlisted	31	31	32	31	31
	Total	91	63	62	49	41
Value Listed on Balance Sheet (million yen)	Listed	38,503	28,238	12,795	8,836	3,138
	Unlisted	552	526	544	535	535
	Total	39,055	28,764	13,339	9,371	3,673

Subaru's Shareholdings for Purposes Other Than Pure Investment: Number of Securities and Total Amount as Recorded on the Balance Sheet



Preventing Conflicts of Interest Involving Members of the Board of Directors

- 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 concurrently that would hinder the performance of their duties).

Summary of the Results of Effectiveness Evaluation of the Board of Directors

Subaru has created and published the [Corporate Governance Guidelines](#) with the objective of informing all stakeholders about the basic concept, framework, and operating policy of our corporate governance, in order to ensure the sustainable growth of the Subaru Group and enhance its medium- to long-term corporate value.

In accordance with the Guidelines, the Board of Directors analyzes and evaluates the effectiveness of the Board and examines and implements improvement measures to tackle the issues identified.

In FYE2019, as well as conducting fixed-point observation based on the FYE2018 evaluation, the Board of Directors undertook analysis and evaluation focused primarily on checks of initiatives to tackle issues identified in the FYE2018 evaluation. The results are reported below.

Timing of implementation: March 2019

Respondents: All directors and all corporate auditors (11, including outside directors)

Method: Self-evaluation using a questionnaire drawn up by a third-party body

- (1) Third-party body conducts an anonymous self-evaluation questionnaire among all directors and all corporate auditors.
- (2) Third-party body collates and analyzes results.
- (3) Board of Directors reviews and discusses the report received from the third-party body.

Focus of questions

- 1) Operational structure of the Board of Directors
- 2) Supervisory functions of the Board of Directors
- 3) Dialogue with shareholders
- 4) Initiatives to tackle issues identified in the FYE2018 evaluation

As well as the self-evaluation section in which each person rates themselves on a four-rank scale, the questionnaire has a free-response section in which respondents can list the areas in which Subaru's Board of Directors is achieving excellence and areas where it needs to increase its effectiveness. The questionnaire is submitted directly to the third-party body.

Results of Evaluation

Subaru has received the following report on the results from the third-party body commissioned to conduct the evaluation.

- As with the evaluations conducted through to FYE2018, the evaluation found that healthy, frank discussion from a company-wide perspective took place at meetings of the Board of Directors.
- On the other hand, the trend in the FYE2019 evaluations was for results to be the same as or lower than in the previous evaluation (see Collated Results of the Questionnaire). This appears to be due to the increased awareness of the need for further improvements that has resulted from the cases of improper conduct and the directors' and corporate auditors' involvement in dealing with them.
- The evaluation showed that there was a strong awareness of issues in such areas as cultivating successors and providing information to outside directors, so further improvements and functional enhancements are expected in these areas.

[Issues recognized in the FYE2018 evaluation]

- In FYE2019, directors and corporate auditors tackled the following issues recognized in the FYE2018 evaluation.
 - (1) Strengthening the system for identifying and managing risk
Efforts to address the cases of improper conduct have been a catalyst for progress with efforts to promote revisions and improvements, and questionnaire responses demonstrated the importance of sustaining future initiatives and ensuring that they become firmly established.
 - (2) Enhancing medium- to long-term discussions
Responses demonstrated a common awareness of the need to further increase opportunities for discussion of Subaru's medium- to long-term business strategy and ambitions concerning the company that it aspires to be.
- Effective April 1, 2019, Subaru established the new Corporate Planning Division to accelerate management strategy planning and implementation, and established the Market Strategy Department and Logistics Management Department under the new division; we also established the post of Chief Risk Management Officer (CRMO) and the Risk Management and Compliance Office overseen by the CRMO, to increase the effectiveness of internal controls and risk management.

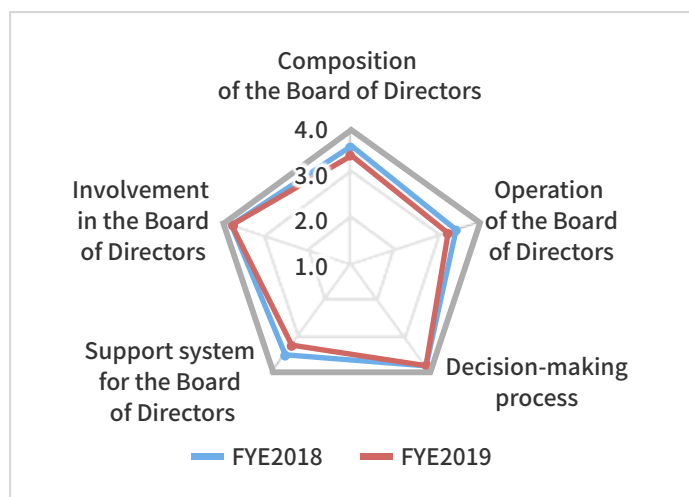
Future Initiatives

The Board of Directors reviewed and discussed the evaluation report received from the third-party body. As a result, the Board of Directors confirmed that it will continue to work on strengthening Subaru's risk identification and management system and ensure that it becomes firmly established, as well as striving to enhance discussions about medium- to long-term management strategy and discussing policies for successor planning and cultivation at meetings of the Board of Directors.

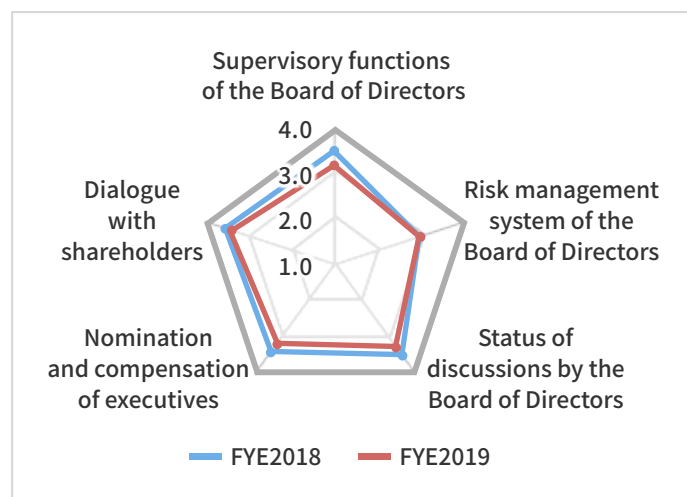
The Board of Directors will continue to undertake the evaluation of its effectiveness in the future, thereby promoting efforts to improve the functions of the Board of Directors, enhance corporate governance, and achieve ongoing increase in corporate value.

Collated Results of the Questionnaire

Operational Structure of the Board of Directors



Supervisory functions of the Board of Directors and dialogue with shareholders



Focus of Questions

Category	Diagnostic Item		
I. Operational structure of the Board of Directors			
(1) Composition of the Board of Directors	Scale 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)
(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	-

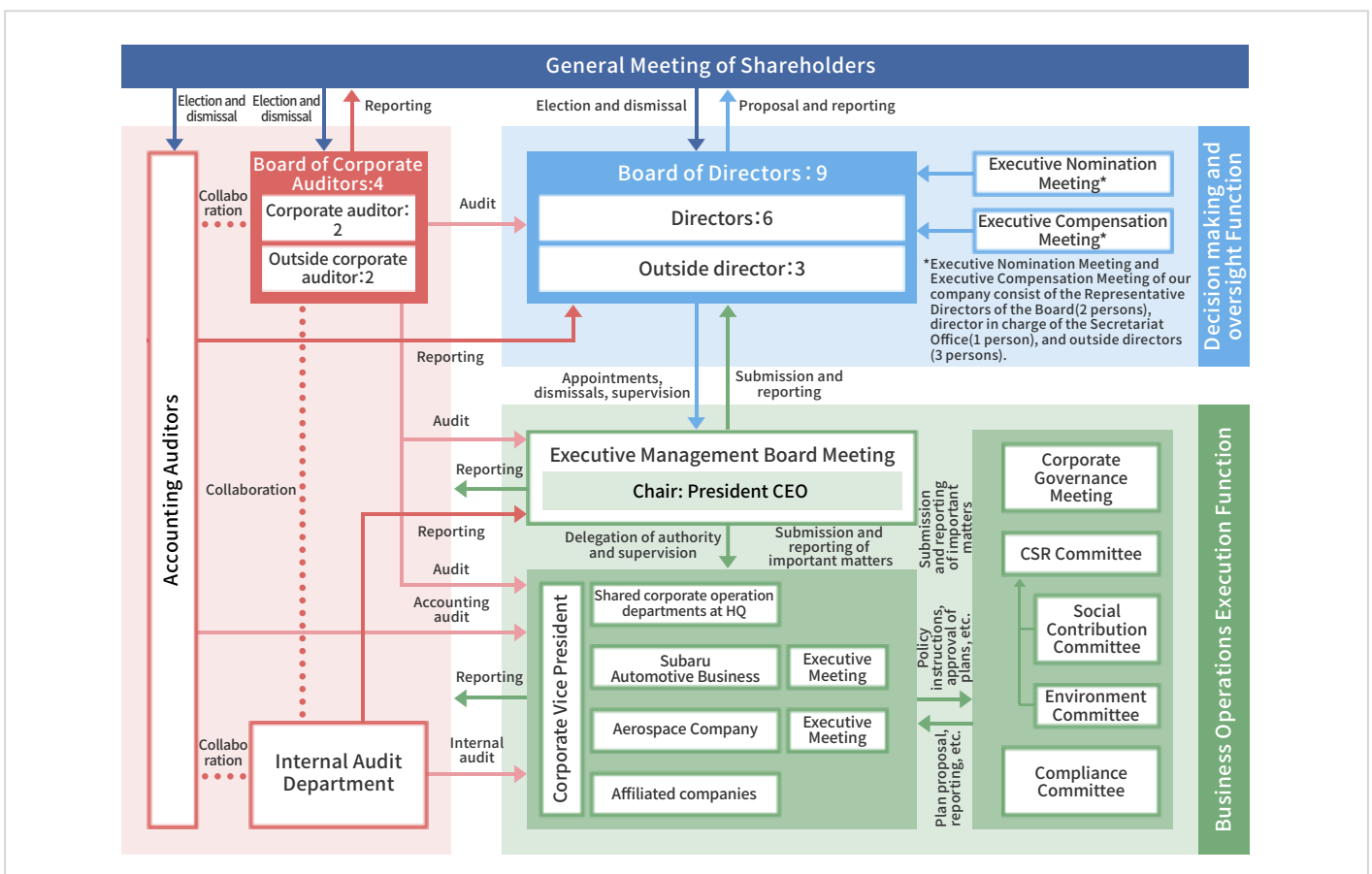
II. Supervisory functions of the Board of Directors

(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-shareholdings for policy purposes
	Discussion of strengthening governance	Response to social and environmental problems	-
(4) Nomination and compensation of executives	Composition of the Executives Appointment Committee and Executive Compensation Committee	Cultivating successors	Incentive compensation

III. Dialogue with shareholders

(1) Dialogue with shareholders	Sharing the views of shareholders and investors	Enhancing dialogue with shareholders and investors	-
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System of Corporate Governance



Strengthening Internal Controls and Governance

Subaru has established two new departments—the Risk Management and Compliance Office and the Sustainability Promotion Department—to increase the effectiveness of internal controls and risk management by consolidating organizations and clarifying reporting lines.

In conjunction with this, Subaru established the new post of Chief Risk Management Officer (CRMO) and created the Risk Management Group as an overarching structure bringing the two new departments together with the General Administration Department, the Group Company Management Department, the Legal Department, and the Internal Audit Department.

<Risk Management & Compliance Office>

The Compliance Office was restructured to add the role of planning and implementing group-wide internal controls and risk management to its existing function of enhancing Subaru's compliance initiatives.

<Sustainability Promotion Department>

The CSR & Environment Department was restructured to add the role of planning and implementing group-wide activities focused on the environment, society, and governance to the department's existing functions in the area of the environment and corporate social responsibility.

Development of Internal Control Systems

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.

Status of Auditing

Status of Auditing by Corporate Auditors

Subaru's corporate auditors attend meetings of the Board of Directors and other important meetings, inspect business sites and subsidiaries, interview members of the audit department, and audit the execution of duties by the directors and others, based on the audit policy and audit plan established by the Board of Corporate Auditors.

(Status of efforts to ensure the effectiveness of audits by corporate auditors)

Subaru has put in place a system that enables corporate auditors to gather information as required from directors and employees in the event of risks causing significant harm to the company, or a serious breach of laws, regulations or the Articles of Incorporation, or any other critical compliance issue. Under this system, Subaru employees are deployed to assist the corporate auditors in their duties, to enable the corporate auditors to execute their duties smoothly.

Subaru's corporate auditors attend important meetings, including meetings of the Board of Directors, the Executive Management Board Meeting, the CSR Committee, and the Compliance Committee, at which they give their opinions as needed, thereby ensuring the effectiveness of the audit process.

The corporate auditors also check the state of the development and operation of internal control systems by holding regular meetings with the directors and executive officers, and making site visits to major business establishments and affiliated companies.

They receive monthly reports from the Internal Audit Department and the Legal Department, as well as receiving reports as needed from departments in charge of managing subsidiaries concerning the state of those subsidiaries. In addition, the corporate auditors hold meetings with the corporate auditors of major group subsidiaries.

The corporate auditors met with the accounting auditors quarterly to exchange information and opinions, thereby facilitating their efforts to work together, and also held discussions concerning the appointment of Accounting Auditors.

Status of Internal Auditing

Subaru has established the Audit Department as an internal auditing organization and conducts internal audits of business execution at Subaru group. At the beginning of the fiscal year, the Audit Department prepares an internal audit plan for the fiscal year that takes into consideration the internal control status of the Group as a whole and systematically implements the plan. The Department prepares and distributes to the directors, corporate auditors, and concerned parties audit reports on the results of internal audits and reports quarterly at the Executive Management Board Meeting.

Subaru's Internal Audit Department and corporate auditors achieve closer collaboration and strengthen their auditing functions by holding monthly internal audit reporting meetings to hear the department's findings, as well as quarterly dialogues on the status of internal control activities, which are also attended by the director in charge of the Internal Audit Department. The Audit Department and corporate auditors also endeavor to strengthen auditing functions by quarterly information sharing with accounting auditors.

› [Message from the Outside Directors](#)  PDF/101kB

Evaluation of the 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 & 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, 2019 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.

Group Governance (Affiliated Companies in Japan)

Affiliated companies will play an ever-greater role in enabling Subaru to survive the automobile industry's epochal transformation once in a hundred years. As well as further highlighting the strengths of Subaru's affiliated companies and striving to improve them as companies in qualitative terms, Subaru faces the pressing issue of enhancing the group governance of these companies to ensure that society trusts them as members of the Subaru Group.

Group companies

In the Subaru Group, the Business Oversight Department administers the businesses of group companies, while the Group Company Management Department supports the management of those group companies. They work in partnership to strengthen group governance by three-in-one activities for ensuring sound business activities by group companies. In FYE2020, the Group Company Management Department became part of the new Risk Management Group, which is overseen by the Chief Risk Management Officer (CRMO). In conjunction with these efforts to strengthen the organization, Subaru will seek to make these three-in-one activities more effective in FYE2020 by promoting initiatives focused on the following three priority issues.

1. Three-in-one activities tailored to the actual circumstances at each company
 - (1) Ensuring that the Business Oversight Department and Group Company Management Department work as a more integrated team to assist each group company in formulating a medium-term business plan and promoting activities
 - (2) Dispatching personnel from the Business Oversight Department and Group Company Management Department to play a part in the management of group companies by serving as part-time directors and part-time corporate auditors
2. Supporting efforts to strengthen each company's corporate management (strengthening and enhancement of auditing system and education/training system)
 - (1) Strengthening the auditing system by increasing the number of full-time corporate auditors (from 8 to 11)
 - (2) Holding periodic directors' workshops (once a year) and corporate auditors' workshops (twice a year)
 - (3) Strengthening governance through the Subaru Internal Audit Department's efforts to share examples of auditing with each company
 - (4) Promoting highly comprehensive auditing through the introduction of computer-assisted audit techniques (CAATs)
3. Revising means of communication with each company
 - (1) Revitalizing decision-making bodies
Revising and revitalizing the regular Meeting of Group Company Presidents to make it a forum more conducive to two-way exchanges of opinions
 - (2) Use of the web
Sharing information via the Subaru Group Multi Communication Site website for group companies

Subaru Dealerships

Subaru dealerships are the company's point of contact with customers. Subaru is therefore striving to strengthen group governance at its dealerships, believing that getting even closer to the voice of the customer and working with Subaru dealerships to become an integrated team serving customers is crucial to foster trust on the part of our customers.

1. Management system support

- (1) Deploying directors (part-time) and corporate auditors (all presiding companies)
- (2) Holding periodic training for executives (newly appointed directors, directors in their third year, corporate auditors)

2. Sharing Subaru's policies with Subaru dealerships

- (1) Directors Council meeting (twice a year)
- (2) Specialist committee meetings (sales and marketing / used cars / service and parts / general affairs and IT)
- (3) Internal Audit Department Liaison Committee meeting (twice a year)



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

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.

Compliance Regulations

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.

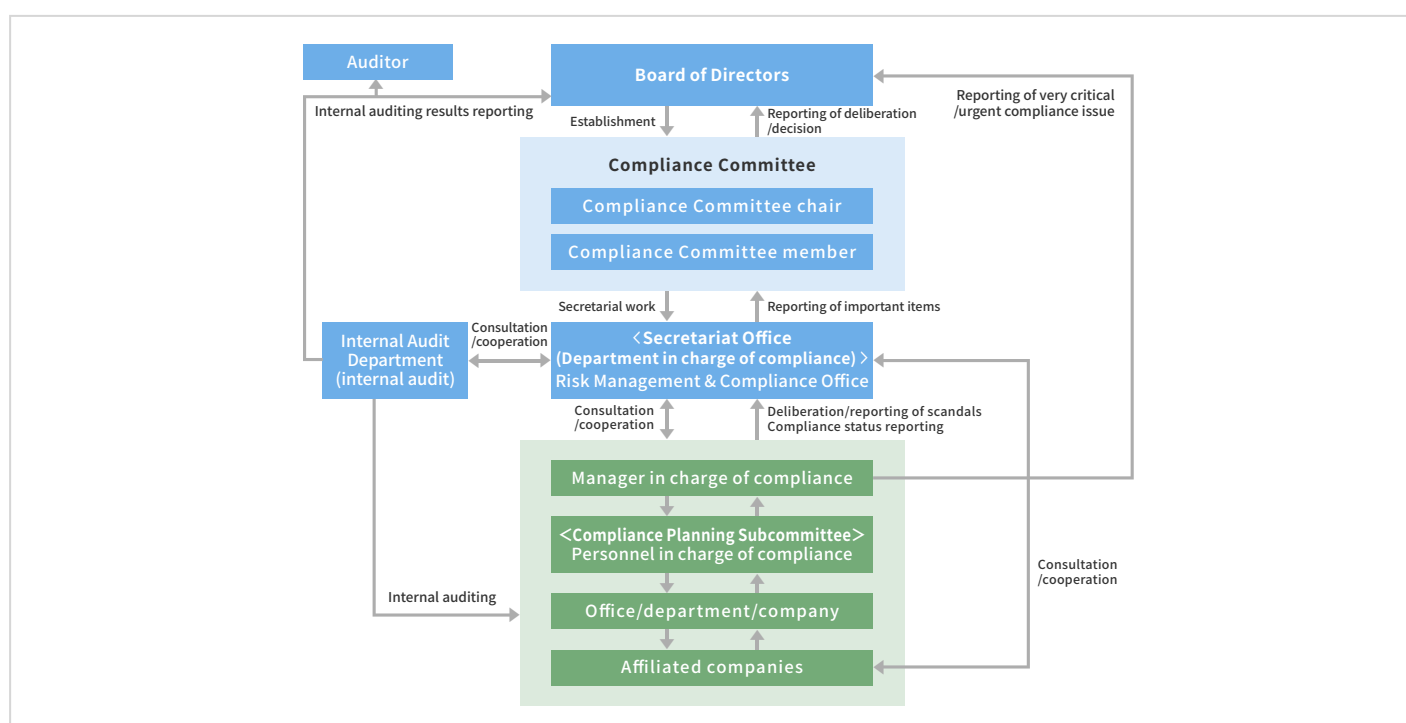
Compliance System/Organization and Administration

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.

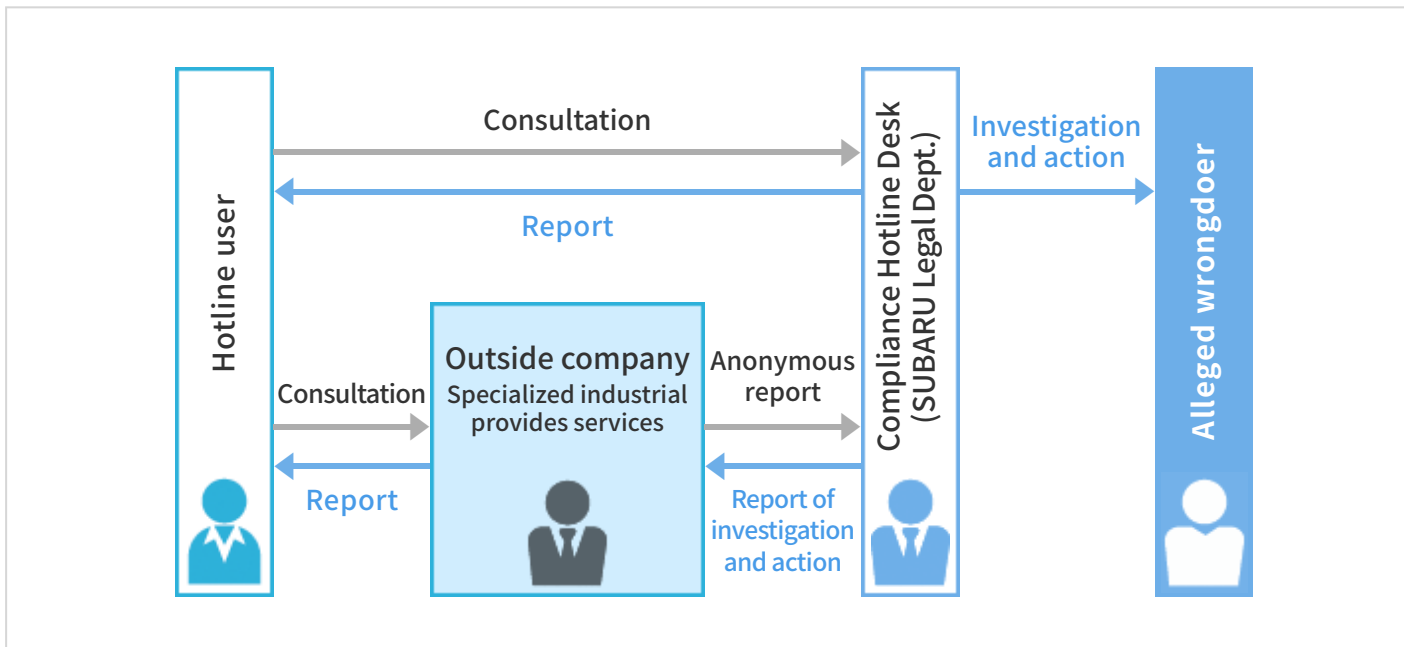
The number of consultations to the Compliance Hotline in FYE2019 was 199 and its breakdown is as follows. In order to respond to these issues, Subaru looks into the facts carefully and resolves compliance issues as quickly as possible with the Subaru Compliance Office Manager (since the beginning of 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

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.

Security and Export Control Initiatives

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.



Status of Development of Risk Management System

At Subaru, the Corporate Planning Department, which plays a central role in the common functions of each business, and other company-wide shared corporate operations departments maintain close links with each department and company to enhance risk management.

In addition, the Audit Department performs planned audits of each department and affiliated companies. Subaru has also created and operates a system and organization to ensure compliance, which is the foundation of risk management, in order to assist with the development of the internal control system. Subaru has established the Compliance Committee which deliberates, discusses, determines, exchanges information, and liaises on important compliance issues to promote the implementation of company-wide compliance. Subaru has assigned a compliance officer and compliance staff for each department and company to organize a system that meticulously implements compliance at each workplace. Subaru also systematically provides education and training for officers and employees on a routine basis as well as raising awareness about compliance through such means as in-house publications as necessary. Furthermore, in order to promote the implementation of compliance in the Subaru Group, Subaru conducts education and training and provide information through in-house publications for affiliated companies in addition to raising the effectiveness of these activities through the participation of affiliated companies in the Subaru internal reporting system (Compliance Hotline.)

With the objective of bolstering efforts to address compliance issues and change the culture, Subaru established the new Risk Management and Compliance Office on April 1, 2019, and also created the new position of Chief Risk Management Officer (CRMO) to oversee the newly formed Risk Management Group, which includes the new Risk Management & Compliance Office, along with the General Administration Department, the Group Company Management Department, the Sustainability Promotion Department, the Legal Department, and the Internal Audit Department.

Message from the CRMO

In an organizational change effective April 1, 2019, SUBARU newly established the Risk Management Group and the position of Chief Risk Management Officer (CRMO), who oversees this Group.

Although this reorganization is part of efforts to strengthen internal control, which has been strongly required of companies in Japan and abroad since the 2000s, I consider this a matter of particular importance for SUBARU, which was shaken by final vehicle inspection problems.

Although to date SUBARU has taken several measures to strengthen internal control, such as establishment of the Corporate Administration Division, by once again clarifying reporting lines concerning risk management and internal control and clearly defining the communication route between workplaces and management, SUBARU is attempting to reduce the sense of distance between them and enhance and strengthen management involvement in internal control, in both form and substance. Since there were serious concerns about the risk management response level under the previous organizational structure, SUBARU newly established the Risk Management & Compliance Office to put in place a system for systematically engaging in Group-wide risk management.

SUBARU combined the Risk Management & Compliance Office with the Legal Department, the Sustainability Promotion Department (the former CSR & Environment Department), and other departments closely involved with risk management and with the General Administration Department, which serves as the secretariat office of the Emergency Response Headquarters, to form an organization overseen by the CRMO.

The automotive industry is said to be facing a once-in-a-century transition period. Managing a business in such turbulent circumstances is like navigating a ship in a fog that limits visibility. I believe that at such a time risk management fulfills the role of a sea captain who helps keep the ship on a steady and sure course.

I will devote myself each day to ensuring that the Risk Management Group provides guidance to enable maintenance of sustainable management.



Yoichi Kato
Director of the board,
Executive Vice President
and CRMO

Risks Associated with Business Activities

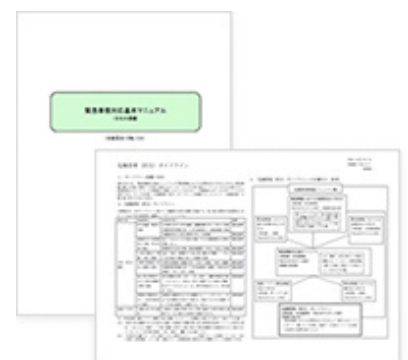
At the Subaru Group, Subaru believes that Subaru can minimize the impact of risks associated with our business activities by gaining an understanding of those risks and addressing them appropriately. Accordingly, Subaru identifies key risks and consider measures to combat them. The risks relating to the state of our business and accounting that could have a major impact on investor decisions are listed below.

Please note that this is not an exhaustive list of all risks relating to the Subaru Group.

- (1) Economic trends
- (2) Exchange rate fluctuations
- (3) Dependence on specific businesses
- (4) Fluctuations in market valuation
- (5) Purchase of specific raw materials and parts
- (6) Protection of intellectual property
- (7) Product defects
- (8) Retirement benefit obligation
- (9) Environment-related legal regulations
- (10) Impact of disasters, war, terrorism, strikes, etc.
- (11) International business activities
- (12) Information security impacts
- (13) Compliance and reputation

Crisis-level Risks

Subaru defines risk as uncertain elements with the potential for negative impact on our business operations. While there are many types of risk, 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 categorize them as follows: natural disaster, accident, internal human factors, external human factors, social factors (domestic, overseas), and compliance. Subaru has created manuals for dealing with each type of emergency, which delineate what communication channels are to be used once a risk is recognized, how to form crisis management headquarters, and other methods to follow to respond optimally to the situation.



Subaru’s emergency response procedure manual and crisis management (disaster prevention) guidelines

Establishment of Location-specific BCP

Subaru formulates location-specific BCPs*¹ to ensure that the correct actions are taken swiftly for the continuity of Subaru's business and its recovery as soon as possible in the event of various emergencies. Subaru's objective in doing so is to minimize the loss of business opportunities or corporate value due to any decline in customer service or reduction in market share. Subaru also promotes business continuity on the basis of our Emergency Response Policy. In FYE2019, the Head Office General Administration Department held periodic interviews with risk owners*² from each department to facilitate the sharing of information about departmental issues and is addressing those issues based on the results of its reviews. The department also compiled a report for senior executive management on the results of its review of the seismic safety of buildings built to older earthquake resistance standards at each location. In addition, the department conducted a survey of the current state of each location's emergency response systems for dealing with major natural disasters and accidents, and shared details of the issues it identified. Subaru will continue to check and revise its BCPs so that it can make full use of any remaining capacity in the event of an emergency that damages Subaru's business resources (human, physical, and financial), minimize any interruption to prioritized business activities, and return to the pre-emergency operational status as soon as possible.

*1 BCP: Business Continuity Plan

*2 Risk owner: An individual (or organization) with responsibility and authority regarding risk management and accountability.

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.

Efforts to Ensure Business Continuity

The Gunma Plant has installed a storm water detention tank with a capacity of some 1,000 m² beneath the pavement of the Main Plant's visitors' car park, to combat flooding of the plant at times of heavy rainfall. This also helps to curb flooding of the surrounding area. Grass has been planted in the car park to reduce the total area of asphalt, thereby alleviating issues caused by heat reflection due to the heat island effect.



Car park with a flood prevention measure (Gunma Plant)

The Utsunomiya Plant has frequently suffered damage due to flooding of the plant at times of intense heavy rain. Accordingly, storm water channels at the plant were revised and drainage work was carried out in FYE2018 to combat flooding due to intense heavy rain. In addition, storm water gutter sizes and routes were revised and new facilities were installed to facilitate discharge into the river (culvert) to the east of the plant, thereby bolstering storm water drainage capacity. As a result, the plant suffered no flooding in FYE2019. The measures also helped to combat flooding of the surrounding area.



Flood prevention measure (drainage grid) (Utsunomiya Plant)

Information Security Protection Initiatives

In carrying out business operations, the use of digital data is essential for Subaru and Subaru Group companies for our sustainable development. They are used in diverse realms, from conventional IT systems to facilities, products, and the whole range of services that Subaru offers.

Being aware of our social responsibility to handle digital data in these realms safely, Subaru has established the Basic Cybersecurity Policy to earn the trust of our customers and society as a whole and the Subaru Group as a whole is undertaking information security protection activities.

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.

Established in June 2018

Major Initiatives in FYE2019

Subaru revised relevant regulations in FYE2019 and notified the Subaru Group concerning the revisions.

In addition, Subaru has built a company-wide security system that encompasses its product ranges and is striving to bolster the Subaru Group’s information security.

Subaru provides employees with e-learning courses and group training concerning information security in general, which emphasize the importance of security, and also provides group training for the 20 group companies within Japan.

Personal Information Protection Initiatives

To comply with the Act on the Protection of Personal Information, Subaru has reviewed its internal systems and rules and publicly disclosed its privacy policy.

In particular, since Subaru dealerships in Japan handle a wide range of customer information, Subaru has reviewed the compliance of each of the 44 dealerships, including affiliated companies, with our rules, and created and distributed a Personal Information Protection Handbook for Subaru Dealerships to all dealerships. In this way, Subaru is working to ensure that all employees understand the importance of protecting personal information.

Also in accordance with implementation of the revised Act on the Protection of Personal Information in May 2017, Subaru reviewed our existing systems and regulations, and decision-making method regarding personal information protection and changed our operation. Subaru is still now in the process of creating and reviewing the systems of personal information protection and of different tools.

In FYE2019, Subaru implemented the following key initiatives and is engaged in continuous improvement activities via the PDCA cycle.

- Training for all departmental and office directors concerning the Act on the Protection of Personal Information
- Identification of management issues through an inventory of personal information held by all departments
- Formulation of detailed rules on the management of contractors and anonymously processed information

In addition to these actions in response to Japan's Act on the Protection of Personal Information, the Subaru Group has built a system based on the May 2018 entry into force of the EU's General Data Protection Regulation (GDPR) and the adequacy decision between Japan and the EU. In addition, the Subaru Group has put in place a privacy policy and regulations, and is conducting training concerning them.



Our emergency response procedure manual and crisis management (disaster prevention) guidelines



Workshop on the Act on the Protection of Personal Information

Intellectual Property Protection Initiatives

After identifying our strengths and weaknesses, Subaru has put together a vision for Subaru's intellectual property activities that focuses on tapping into our strengths in mass-production niches. Using this approach, Subaru is promoting intellectual property activities that make a positive contribution to our earnings, guided by the following three-point basic policy.

Basic Intellectual Property Policy

1. Throughout Subaru, Subaru will dedicate ourselves to creating intellectual property that generates turnover and deploying effective intellectual property rights
2. Subaru will respect the intellectual property rights of others and work thoroughly for patent clearance in product development
3. Subaru will appropriately manage our intellectual property portfolio to protect and enhance our brand

Established in April 2017

Intellectual Property Protection and Risk Management

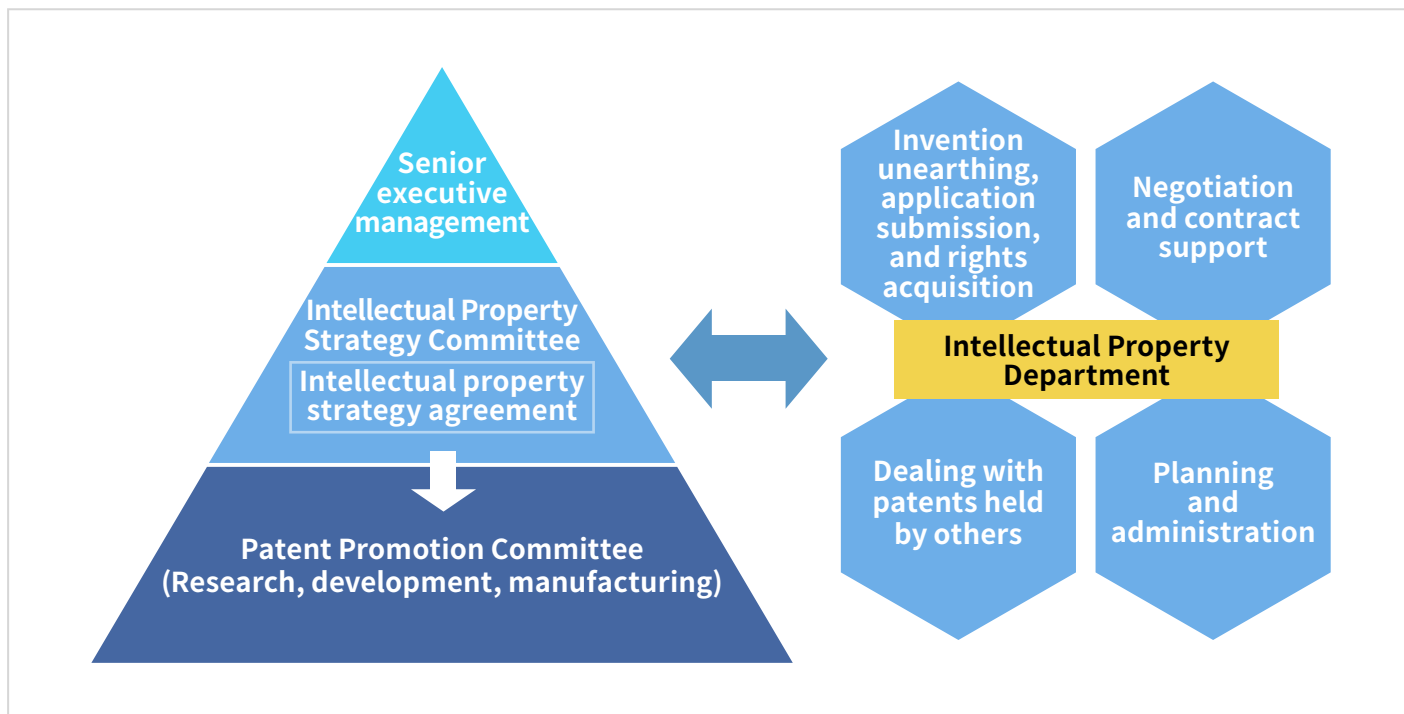
Subaru's Intellectual Property Department makes full use of the Subaru Group's intellectual property rights and protects them against infringement. It also promotes various in-house activities such as the following to ensure that Subaru does not infringe the intellectual property rights of others.

1. The department will acquire rights to technologies, marks, naming, design, and other intellectual property, and will also appropriately manage Subaru's intellectual property portfolio
2. The department will undertake exhaustive investigations to identify any problems concerned with intellectual property that could be detrimental to our business and will prevent or resolve them
3. The department will tackle counterfeit goods via monitoring of online sales and seeking for border enforcement measures by customs authorities
4. The department will secure ownership of intellectual property and usage rights in technology agreements

Subaru joined the License on Transfer Network, with the objective of curbing patent litigation by NPEs*.

* NPEs (Non-practicing entities): These are organizations or groups that collect patents for technologies developed by others without any intention to make use of those patents other than for the purpose of making a profit from the exercise of rights against third-parties working related technologies (via patent royalties or out-of-court financial settlements, etc.).

Intellectual Property Promotion System



Intellectual Property Management Awareness Activities

At Subaru, in addition to managing intellectual property of the Subaru Group in general, the Intellectual Property Department regularly undertakes awareness activities such as the following aimed at ensuring that compliance with the law is firmly established as standard practice.

1. Implementation of rank-specific training for employees involved in development, tailored to their year of entry into the company and their position
2. Establishment of Patent Promotion Committee to promote invention and patent application activities in each department, and implementation of awareness activities through this committee
3. Promotion of reviews aimed at investigating the intellectual property rights of others and securing patent clearance in development departments

The department also holds charity bazaars utilizing merchandising rights and makes ongoing donations to charitable organizations of funds raised.



Our Approach to Customer Satisfaction Activities

The Subaru Group strives to put Customers First in all business activities. Subaru strives to promote customer satisfaction activities across the Group, particularly at dealerships, 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.”

Efforts to Reflect the Voice of the Customer in Corporate Management

Subaru seeks to deliver enjoyment and peace of mind by adopting precision, speed, relevance, fairness, impartiality, and kindness as our basic principles of conduct in dealing with customers. We also feed our customers’ valuable opinions, requests, and comments back to relevant departments, which reflect them in quality and product improvements, as well as making good use of them to enhance solutions and after-sales service.

Establishment of SUBARU Customer Center

Subaru Call



0120-052215

Please note that your call will be recorded to confirm the contact

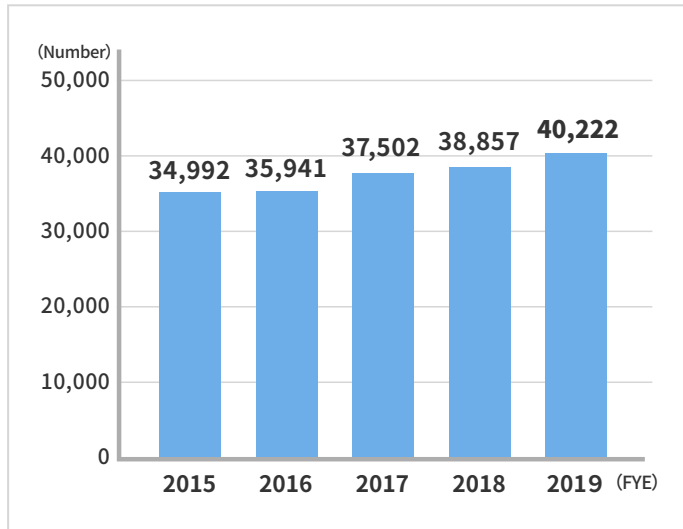
Please contact SUBARU Customer Center if you have any inquiries as below.

1. Opinion/Comment
2. Information (Catalog, dealership, address change, etc.)
3. Inquiry/Request for assistance

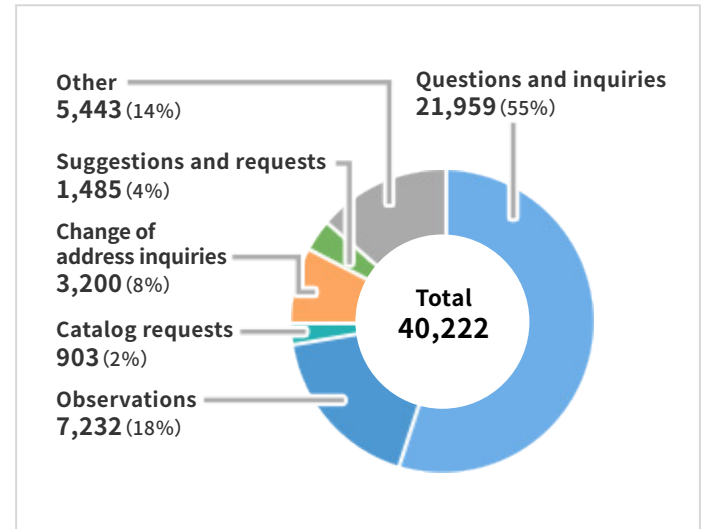
Office Hours 9:00am - 5:00pm (Weekdays)*
9:00am - 12:00am / 1:00pm - 5:00pm
(Weekends, and public holidays)

* On weekdays between 12:00am and 1:00pm, and on weekends and public holidays, only services 1 and 2 are available.

Trends in the Number of Inquiries from Customers



Breakdown of the Number of Requests for Assistance from Customers



In FYE2019, we extended the Customer Center's opening hours to offer a 24/7 service throughout the year.

Establishment of SUBARU Recall Inquiry Line

Subaru established the SUBARU Recall Inquiry Line in November 2016 independent of the traditional toll-free number to specifically handle recall inquiries such as the airbag recall problem. In FYE2019, we extended the Recall Inquiry Line's opening hours to offer a 24/7 service throughout the year.

SUBARU Recall Inquiry Line



0120-412215

Please note that your call will be recorded to confirm the content.

Subaru is open to the following inquiries.

- Inquiry/question regarding recalls

Office Hours 9:00am - 5:00pm
(Japan Time) (Weekdays/Weekends, Holidays)

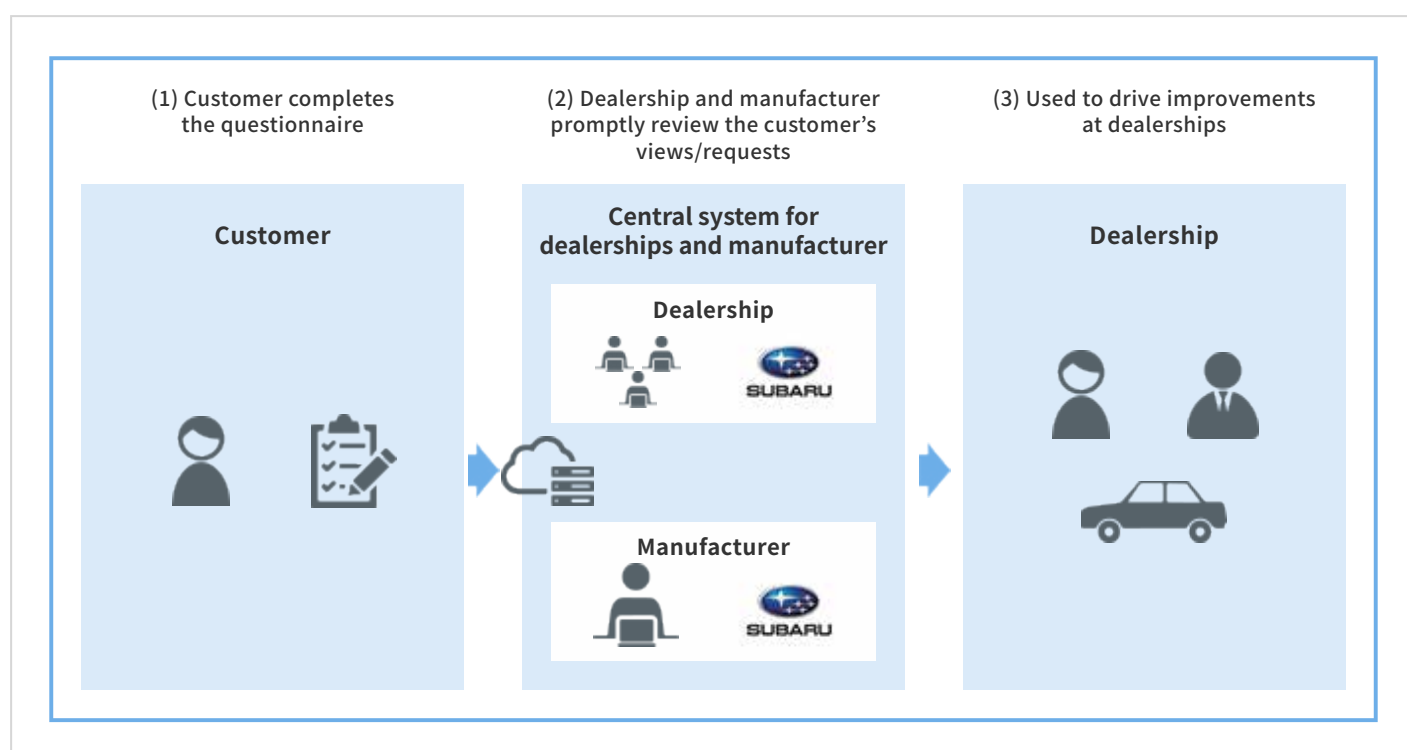
The Number of Inquiries from Customers

34,821 inquiries (April 2018-March 2019)

Customer Satisfaction Survey

Continuing Implementation of the Subaru Customer Questionnaire

Subaru conducts Subaru Customer Questionnaire directed at customers who bought a 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 those comments and requests are fed back to our dealerships so that they can utilize them for improvement activities.



*The central system was introduced in FYE2018

FYE2019 Results

<Number of valid responses>

As in FYE2018, we were fortunate enough to receive more than 100,000 comments from customers in FYE2019.

FYE	FYE2015	FYE2016	FYE2017	FYE2018	FYE2019
No. of responses	84,090	95,324	98,127	107,350	102,571

<Customer rating results>

We measure the effectiveness of customer service at Subaru dealerships using a measure called Total Loyalty Points (maximum score: 200 points), which is composed of two elements: customer satisfaction (maximum score: 100 points) and trust (maximum score: 100 points) with how they were treated at the showroom.

Total Loyalty Points	[New car] Customers one month after delivery	[New car] Customers 3 years and 5 years after purchase	[Used car] Customers one month after delivery
Target values	176.0P	171.0P	171.0P
FYE2019 Results	177.5P	169.9P	175.2P
Difference from previous year	+1.4	-1.3	+4.4

<Evaluation of FYE2019 Results>

We achieved our targets for both “[New car] Customers one month after delivery” and “[Used car] Customers one month after delivery” and scored higher than the previous year. However, we not only failed to meet the target for “[New car] Customers 3 years and 5 years after purchase,” but also scored lower than the previous year, due in part to criticism in the wake of the recall following the discovery that final vehicle inspections had been improperly conducted until last year. Subaru and Subaru dealerships within Japan take the views of our customers seriously and will work together on activities aimed at achieving further improvements.

<Improvements in FYE2020>

Amid ongoing efforts to deal with the recall necessitated by the improper conduct of final vehicle inspections until last year, we believe that it is important to gain a more detailed insight into the voice of the customer than before, to ensure that customers feel that they can trust our dealerships. We have therefore switched to a survey scheme that enables customers to candidly express their views concerning the dealership they visited.

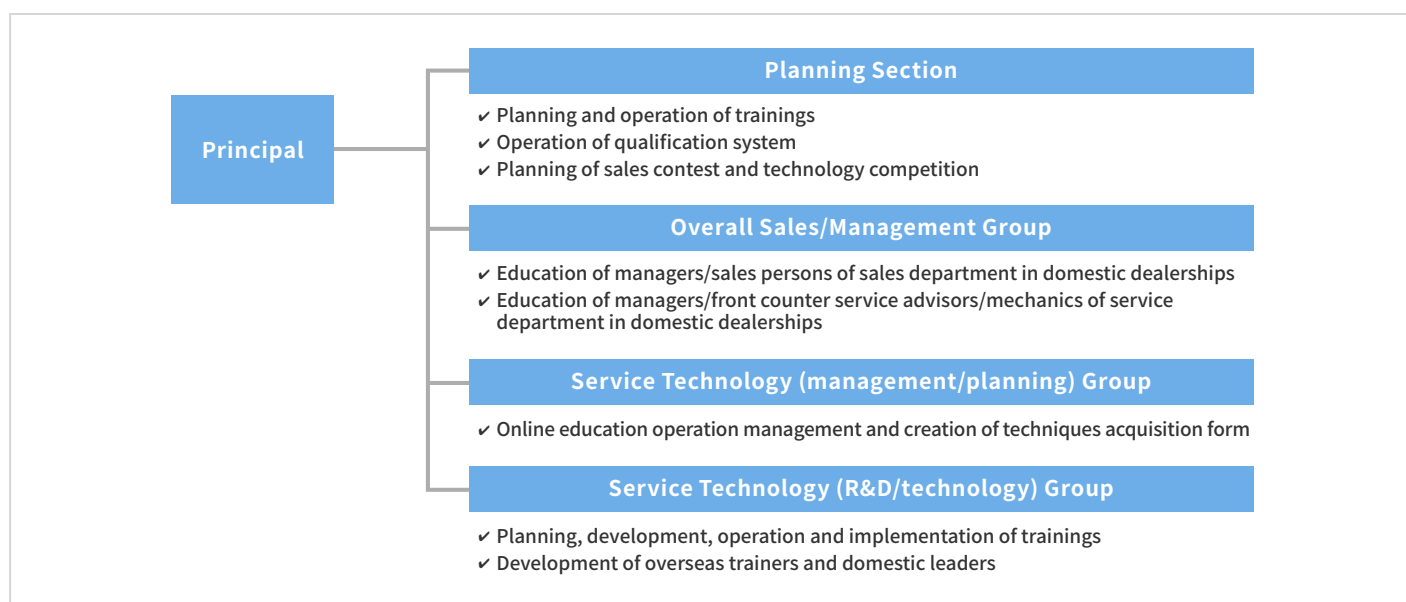
Training Human Resources at Dealerships to Deliver “Enjoyment and Peace of Mind”

Domestic Initiatives

With the vision of “Having Customers Say 'Let’s Choose SUBARU Again' through Our Customer Service,” SUBARU Academy* is dedicated to training human resources at dealerships so that they can deliver “Enjoyment and Peace of Mind” to customers.

For trainings in Japan, Subaru develops and provides trainings that meet the fast environmental change in sales and services. For overseas service staff, Subaru provides curriculums that meet specific regional needs.

Organizational Structure of SUBARU Academy



No. of Educational Program Participants (including training during business trips)

	FYE2019
Manager/Sales staff/Service staff	3,388

* Subaru has established the Subaru Academy as a dedicated organization in the development of human resources for dealerships in and out of Japan. The Subaru Training Center, opened in 2005 in Hachioji City in Tokyo, houses various training rooms, a test course, various servicing /training equipment as well as accommodation facilities (consisting of 133 rooms with a maximum capacity of 134 people).



The Subaru Training Center

STARS Sales Professional Certification Program

To demonstrate that staff have the ability to propose “Enjoyment and Peace of Mind” to customers and support them, Subaru has established the Subaru Staff’s Training and Rating System (STARS)*, a sales professional certification program, based on stringent standards.



Training provided for STARS certification

To determine salespersons’ certification levels, Subaru runs tests covering areas such as knowledge, techniques, and customer service skills based on their performance on sales, etc.

As of March 2019: Sales STARS Level 1 – 46 salespeople, Level 2 – 1,324 salespeople, Level 3 – 3,318 salespeople

For the service staff, the certification levels are determined based on the tests on service operation knowledge, customer service skills, and technical capabilities.

As of April 2019: Service STARS

Mechanical levels: Level S – 18 mechanics, Level 1 – 936 mechanics, Level 2 – 1,138 mechanics, Level 3 – 1,022 mechanics, Level 4 – 387 mechanics

Front counter service levels: Level S – 14 persons, Level 1 – 363 persons, Level 2 – 502 persons.

* STARS: Rating system to help salespersons develop themselves through repeated Off-JT (study), OJT (practice) and qualification tests (challenge).

International CS Initiatives

At Subaru, the Customer Service Division works to enhance their educational systems and overall structures with the goal of distributors around the world providing uniformly high-level after-sales service through dealers so that SUBARU customers can drive with peace of mind.

Subaru is building a corporate structure that can deliver customers service that meets their needs while ensuring that our distributors and dealers worldwide offer service worthy of Subaru's "Confidence in Motion."

Technical Training

Improving the technical skills of our service staff is essential to delivering service that gives our customers peace of mind. To this end, Subaru offers the Advanced Technical Training (ATT) and STEP Trainer Training (STT) as technical training curriculums to develop trainers who provide training to our service staff worldwide and to train service staff to be able to handle increasingly sophisticated automobile technology. In addition, Subaru works to improve technical capabilities by using skill certification testing to provide motivation for learning.

Starting in FYE2017, Subaru plans to increase the technical training that our employees run at overseas distributors in addition to utilizing affiliated colleges in five countries around the world. Moreover, Subaru assigned external trainers certified by us to countries with annual sales of at least 1,000 cars with the aim of further enhancing service.



Service Advisor Training Program Material (excerpts)

Organizational Reinforcement

Subaru works to improve the technical and customer service skills of distributors outside Japan under the partnership between the Customer Service Division and those distributors so that customers continue to choose Subaru.

Implementation of recalls that is increasing in number in recent years is a serious issue for the Subaru Group. Identifying the laws and regulations and the status of recall operations of each market, Subaru shall provide support to enhance the recall operation rates. To this end, we have established the Service Support Department in April 2017 to expedite our response to the market, including overseas and domestic recalls.

Subaru also supports overseas distributors readily to establish necessary facilities and systems to introduce vehicles equipped with new technologies. To carry out these activities, close communication is necessary. Subaru holds conferences in Japan that bring together overseas distributors from eight leading countries (most recently in June and November in 2018), and also seek close communication by holding meetings with each region in North America, Europe, Central and South America, Oceania, China, Southeast Asia, etc. with the aim of speeding up the resolution of any issues. Each region also holds its own regional meetings. Subaru also continuously holds trainings for high-level technical skills necessary for repairs in markets in North America, Australia, Europe, Chile, etc.



Service Advisor Training Program Material (L&E) of Meeting bringing together overseas distributors from eight leading countries

Our Approach to Welfare Vehicles

Subaru aspires toward sharing the happiness and freedom of living through cars for everybody. Subaru is working to develop and increase the popularity of welfare vehicles so that people with physical disabilities and the elderly can travel by car in comfort and with peace of mind.


“TRANSCARE Series” from Standard-sized Cars to Mini Cars

Subaru started producing and selling welfare vehicles for disabled people in 1980 and now they are well known as the “TRANSCARE series.”

The TRANSCARE series offers a wide range of options, from standard-sized cars to mini cars. Subaru aims to develop vehicles that provide comfortable driving both for people who are in care and for care providers.

In FYE2019, we began offering the TRANSCARE series in the “Advance” grade of the new Subaru XV model fitted with the e-Boxer power unit. We have also enhanced the content of the Subaru website introducing the TRANSCARE series to ensure that those considering a welfare vehicle for people with disabilities have the information they require to make an informed choice.

Going forward, Subaru will continue promoting a range of efforts to enable even more customers to feel the “enjoyment and peace of mind” of Subaru cars.

› [See videos for the TRANSCARE series here.](#)
(Japanese version only) 



CHIFFON/CHIFFON CUSTOM



SUBARU XV TRANSCARE/
Wing Seat (Lift type)

Efforts at the Aerospace Company

With the aim of enabling aircrafts delivered to Japan's Self Defense Force and other customers to be kept in service, the Aerospace Company actively listens to customers' problems and works to address the issues together. To check whether this initiative functions effectively, the Aerospace Company also conducts various questionnaires in addition to regular customer visits to ascertain customers' needs in detail and to raise customer satisfaction towards Subaru's products and services through maintenance and operation.

In the questionnaire results, Subaru has been continuously receiving a high rating (best score 5.0) with the score of 3.8 (FYE2017), 4.0 (FYE2018), and 3.8 (FYE2019) for the overall rating for product quality, service skill, emergency response, service visits, etc. Subaru will continue to work on to enhance customer satisfaction with our further improvement activities from the perspective of customers.

In addition, Subaru's maintenance personnel involved in production visit forces to deepen their understanding of the work of customers who actually engage in maintenance in order to improve the quality of work.



Meetings



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.

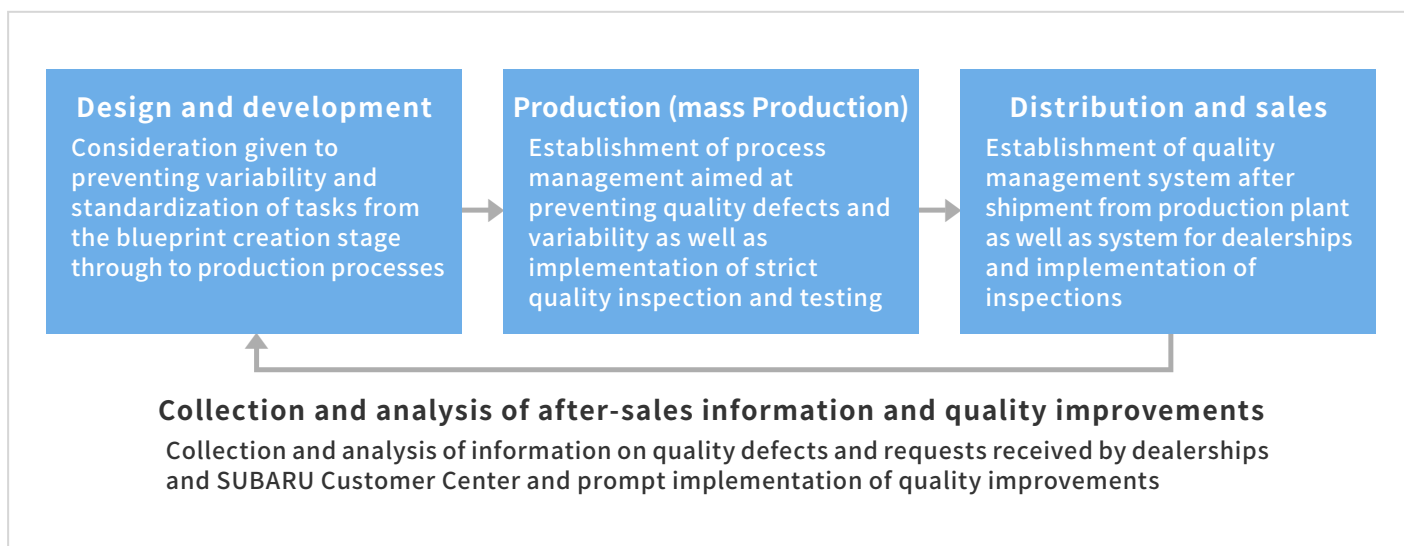
Quality Management System

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.

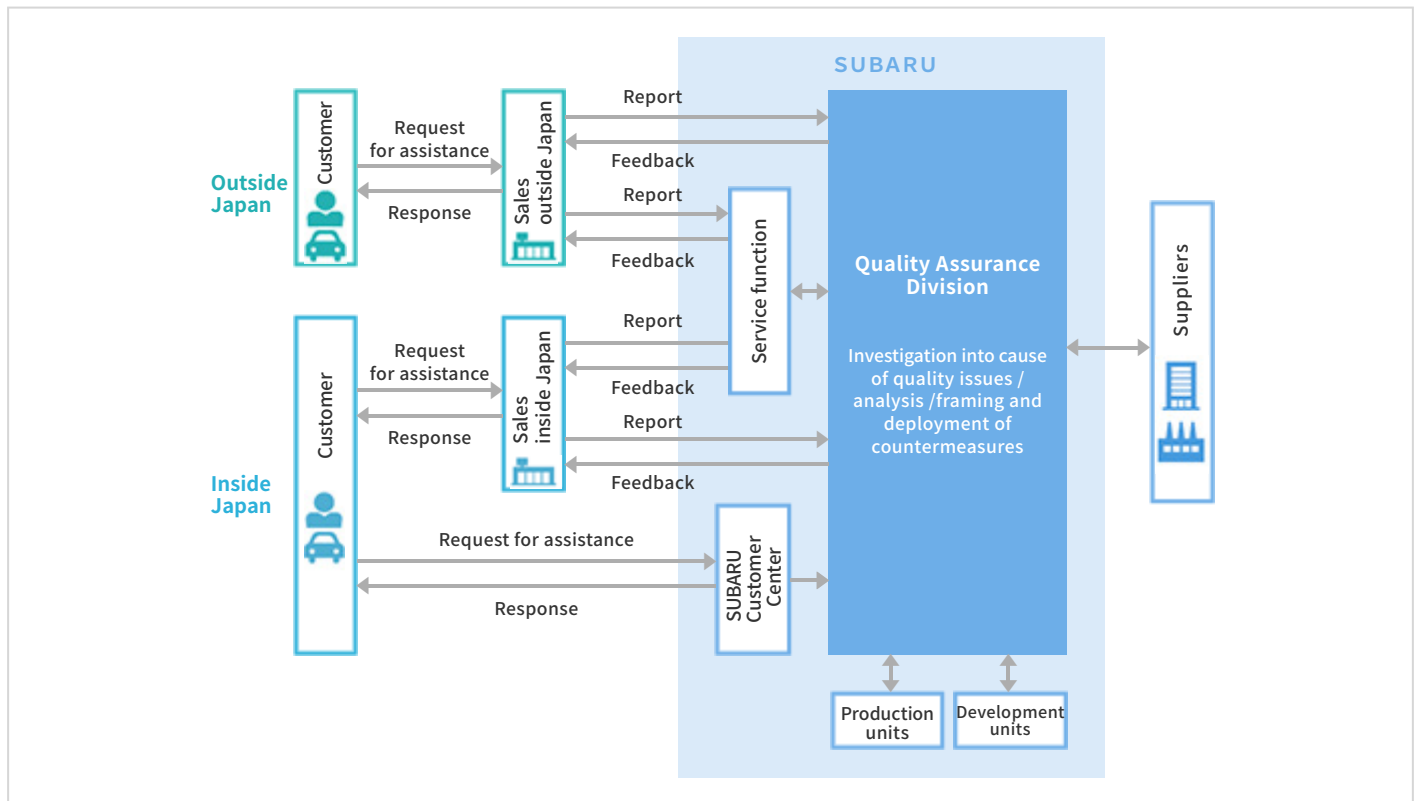
Quality Management Cycle



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



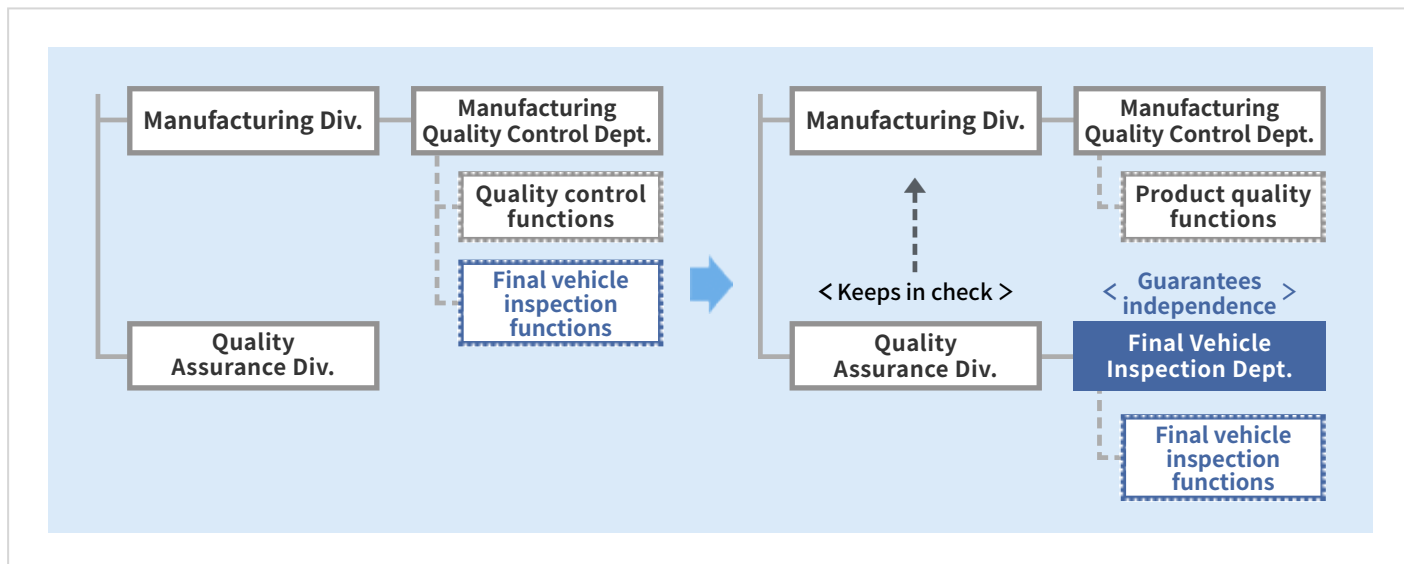
The COP* Supervision Section established in FYE2018 has been at the heart of efforts to steadily promote measures to prevent recurrence of the Final Vehicle Inspection Issue.

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)

Revision of the Final Vehicle Inspection System



Efforts Aimed at Improving Quality

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.



G8 service meeting

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.



Quality Caravan

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)

Number of Cases in Japan	FYE2016	FYE2017	FYE2018	FYE2019
Recalls*2	5	15	9*4	11
Corrective Action*2	1	2	1	1
Service Campaigns*3	3	1	2	4
Total	9	18	12	16

*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.)

Efforts at the Aerospace Company

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.

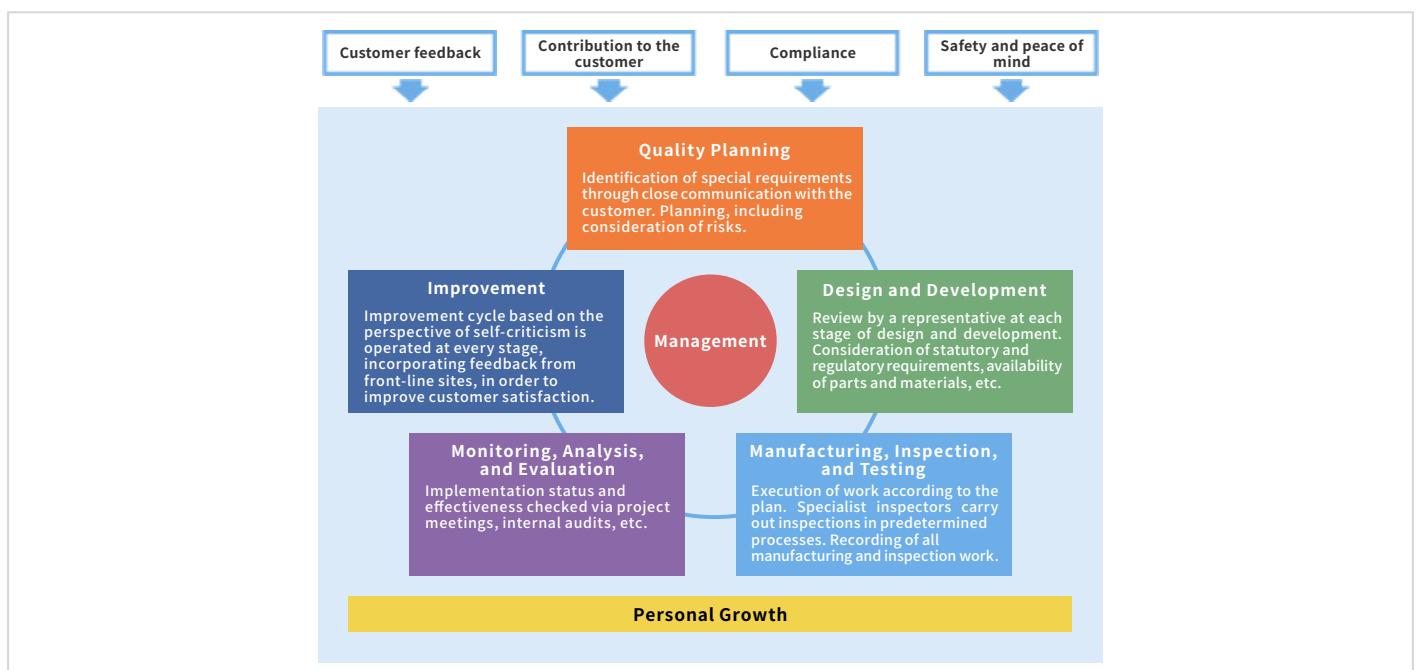
Based on this policy, Subaru has built and act under the quality management system that conforms to the latest JISQ9100:2016 quality management system requirements for Aviation, Space and Defense Organizations.

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



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

Course Topic		Target	Frequency
Quality Education	Basic manners training for inspectors	Inspectors	Once a year
	Quality refresher training	Mainly manufacturing employees	Twice a year
	Human factor training	Mainly manufacturing employees	Once a year
	Aeronautical safety training	Mainly manufacturing employees	Once a year
	QMS consolidation training	All employees	Twice a year
Basic Training for Inspectors	New accreditation / periodic renewal training	Inspectors	Upon accreditation/every 3 years
	Skills enhancement training for inspectors	Inspectors	Once a month
Skills Training for Inspectors	Techno-school	Inspectors	Ten times a year

Lectures for Quality Month

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.



Lecture held during the Quality Month



Safety is Our DNA

Having roots in the aircraft industry, the Subaru Group considers safety to be the most important feature underpinning automobiles. Since the launch of Subaru 360 more than half a century ago to this day, Subaru has engaged in automotive manufacturing with a philosophy of “All-Around Safety” and maximum emphasis on safety performance.

SINCE 1917

Ensuring Safety for Pilots

Our DNA of safety is inherited from aircraft development.

At the core of Subaru’s safety development expertise lies traits acquired from developing aircrafts. Given the lethal ramifications of a crash, aircraft development requires designs that consider all possible emergency situations, hence the implementation of ideas and countermeasures within the aircraft’s basic structure to prevent the onset of danger. In addition, one of the indispensable safety features of smaller 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 Subaru released the Subaru 360, all of our vehicles have been developed with an emphasis on safety features, starting with unobstructed visibility.

SINCE 1960

Ensuring Safety for Drivers



Subaru 360

Going ahead of the times

Developing a vehicle body for collision safety based on All-Around Safety

Subaru 360, launched in 1958, had played an important role in expanding the popularization of automobiles during the period of high economic development. Since that period, 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 passengers with a cabin structure of robust strength.

Early on, safety was not yet emphasized as part of the value of vehicles and there were no crash test dummies in existence. Subaru’s development team, however, pushed forward independent research on car body structure and how it affects human body. Through trial and error, Subaru pursued superior collision safety technologies ahead of the times.

Horizontally-opposed engine and AWD Developing proprietary technologies for enhanced driving safety

Fundamental automobile performance in terms of driving, turning, and braking differs depending on the vehicle's structure. In particular, the location of the center of gravity and the type of drive train have a significant effect. The lower the center of gravity is, the more stable the cornering would be, while a drive train that delivers power to all of the wheels gives constant stability when driving. This is the perspective that led Subaru, in 1966, to launch the Subaru 1000—a FWD vehicle with a horizontally-opposed engine—and, in 1972, the 4WD Subaru Leone. Since that time, Subaru has further honed our proprietary technologies and continued to pursue safe and stable driving performance.



Launching our flagship Legacy Embarking on development of driving support systems.

Our flagship Legacy model, launched in 1989, demonstrated both reliable driving performance and mechanical endurance when it set a world speed record in January of that same year for 100,000 km of continuous driving. Furthermore, around this period, Subaru started development of a driving support system using stereo cameras. In 1999, Subaru commercialized ADA, Active Driving Assist, which was the predecessor of our current EyeSight technology.

Commercialized EyeSight, fitting the latest advanced safety features—pedestrian protection airbags and EyeSight Touring Assist—as standard equipment on all vehicles

In 2008, Subaru commercialized our EyeSight technology with stereo cameras constantly surveying the area forward of the vehicle, and warnings and pre-crash braking functions for preventing accidents or 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.

We have also added automated steering that follows the preceding vehicle in the same lane, teamed with Adaptive Cruise Control to assist drivers with automated control of acceleration, braking, and steering on expressways.

The new Forester launched in 2018 is equipped with Subaru's pioneering Driver Monitoring System. A dedicated camera installed in the visor of the Multi-Function Display monitors the driver to support safe driving.

If the system detects signs of drowsiness in the driver, it sounds and illuminates a warning in both the instrument cluster and the Multi-Function Display to alert both the driver and the passengers. If it sees the driver's eyes off the road for too long, it sounds and illuminates a warning in the instrument cluster to alert the driver, thereby supporting safe driving.

In addition, we have fitted the latest advanced safety features—pedestrian protection airbags and EyeSight Touring Assist—as standard equipment on all vehicles.



Adaptive Cruise Control has been combined with EyeSight Touring Assist in the Forester, marking the first time that this model has been equipped with the Lane Keep Assist function and automated steering that follows the preceding vehicle in the same lane. This offers automated control of acceleration, braking, and steering at speeds of 0–120 km/h on expressways, thereby providing support for driving. These features will greatly reduce fatigue on vehicle-only roads.

In addition, we have fitted the latest advanced safety features—a pedestrian protection airbags and EyeSight Touring Assist—as standard equipment on all vehicles.

Inspired by our overall safety philosophy, Subaru’s goal of making vehicles that deliver enjoyment and peace of mind for all passengers has resulted in the class-leading safety performance, offering safe and enjoyable driving at all times - not just in an emergency.

Subaru’s safety philosophy has also informed the enhanced safety features in the new Outback (US model), which had its world premiere at the 2019 New York International Auto Show. The Outback is fitted with EyeSight Touring Assist and the Driver Monitoring System, further increasing the peace of mind as a partner to support an active lifestyle.

In addition to increased body and chassis rigidity, the new Subaru Global Platform that we began introducing in 2016 achieves a dramatic increase in body strength, due to an optimized frame structure, multiplexed load transmission paths, and the use of high-strength materials. This all adds up to an increase of about 40% in the efficiency of impact energy absorption compared with the previous level.

Having started with the Impreza launched in 2016, Subaru equipped the new Subaru XV with this platform in 2017, followed by the new Forester and Outback (launching in North America in autumn 2019) in 2018, and plans to continue expanding the number of models using it in the future.

INTO THE FUTURE

Working toward Achieving A Safer Society

Attaching particular importance to protecting lives and aiming for zero fatal road accidents* by 2030

Subaru’s intention does not lie in changing everything automatic, but in “Respect what humans are good at and leave what humans are not good at to automobiles for safe transportation.” With this idea, Subaru further strives to polish our driver assist technology and to enhance our collision safety performance.

We aim to achieve zero fatal road accidents by 2030 by interlinking the five fields of safety: the four conventional fields of Primary Safety, Active Safety, Preventive Safety, and Passive Safety, plus Connected Safety.

In addition, the evolution of advanced driver assistance systems (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 is expected to remain under the current situation, primarily accidents caused by the behavior of others, which are typically due to an oncoming car straying outside its lane or a pedestrian or animal dashing out into the road. We are addressing this by developing technology that will increase safety standards in all five safety fields and will continue to pursue our goal of achieving zero fatal road accidents by 2030.

Our Approach to Making Safe Vehicles

Subaru 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.

Having roots in the aircraft industry, the Subaru Group has, 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, 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.

Published in July 2018, our mid-term management vision STEP describes our efforts to enhance safety and peace of mind by focusing on protecting people's lives and setting a target of achieving zero fatal road 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.

Thoughts on Primary Safety

Automobile safety technology is evolving on various fronts. The ideal is that no danger should be encountered, and the basis of this is for drivers to make correct judgment and operation.

Primary Safety is based on an approach that enhances safety through initial and basic design techniques for the automobile form and interface. To realize safe, concentrated driving without distraction, Subaru pays meticulous attention to details of the instrument panel and seat design, including visibility design.

Related information

[Subaru's automobile manufacturing](#) > [TECHNOLOGY: Safety](#) > [Primary Safety](#) 

Thoughts on Active Safety

Active Safety is an approach to safety based on preventing accidents, assuming that accidents may occur. In the event of an accident, for safe avoidance it is important to maintain vehicle stability no different from normal, under a variety of weather and road conditions.

Based on the idea that the ultimate drive fosters safety, Subaru puts the exceptional fundamental performance delivered by our horizontally-opposed BOXER engine and Symmetrical All-Wheel Drive (AWD) as the basis for refinement of vehicle performance that enables users to drive with confidence in any kinds of environment and climate.




Horizontally-opposed engine



Symmetrical All-Wheel Drive

Related information

[Subaru's automobile manufacturing > TECHNOLOGY: Safety > Active Safety](#) 

Thoughts on Preventive Safety

Preventive Safety is an approach that assists driver's driving operations and predicts hazards with the aim of helping reduce damage in the event of a collision.

Subaru, quick to introduce the idea of preventive safety, has proceeded with the development of EyeSight. It adopts a stereo camera for judging conditions in front of the vehicle as well as linkage to the engine, transmission and brakes for hazard avoidance, and has been highly evaluated as an advanced driving support system. The new EyeSight (Ver.3) is now installed in Levorg, WRX, Legacy, Impreza, SUBARU XV, and Forester.

Related information

[Subaru's automobile manufacturing > TECHNOLOGY: Safety > Preventive Safety](#) 

Thoughts on Passive Safety

Passive Safety is an approach to safety technology that aims to minimize damage in the event of an accident. Subaru has promoted development considering safety in all aspects of a vehicle. With an original crash safety body featuring a new Ring-Shaped Reinforcement Frame Body Structure, and engine layout, etc., for mitigating collision impact on vehicle occupants, cabin occupants are, of course, protected. But Subaru also considers collision with pedestrians in its safety system, for which it is highly acclaimed, not only in Japan but also throughout the world.

Furthermore, with the next generation platform “Subaru Global Platform,” Subaru has achieved greater passive safety capability by increasing the amount of energy absorbed at the time of impact by a factor of 1.4 over past systems.

Beginning with the Impreza launched in 2016, Subaru has equipped the new model Forester with this Subaru Global Platform in 2018 and plans to continue expanding the models with it in the future.

Related information


[> Subaru’s automobile manufacturing > TECHNOLOGY: Safety > Passive Safety](#) 



Image of Forester JNCAP* Frontal Offset Crash Test
Source: National Agency for Automotive Safety & Victims’ Aid

* JNCAP: Japan New Car Assessment Program: testing and assessment of vehicle safety performance conducted by the Ministry of Land, Infrastructure, and Transport (MLIT) together with the National Agency for Automotive Safety & Victims’ Aid (NASVA).

FYE2019 Car Assessment Results

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., EuroNCAP*² in Europe, and ANCAP*³ in Australia, and have gained the highest rank of assessment in most of them.

In FYE2019, the Forester won the JNCAP Five Star Award and the Grand Prix Award for earning the highest score in the JNCAP collision safety performance assessment. In addition, the Forester, Impreza, and Subaru XV received the Advanced Safety Vehicle Triple Plus (ASV+++)
rating, the highest rating, in the JNCAP preventive safety performance assessment.

*¹ IIHS: Insurance Institute for Highway Safety.

*² EuroNCAP: European New Car Assessment Programme: a program for publishing vehicle safety information conducted in Europe.

*³ ANCAP: The Australasian New Car Assessment Program: a safety assessment program that has been provided by an independent organization composed mainly of the transportation authorities of Australia and New Zealand since 1993.

FYE2019 Commendations

Assessed automobiles	Assessment organization	Assessment
Forester, Impreza, SUBARU XV	 JNCAP, Japan	Forester Collision Safety Performance Assessment: 5★ Collision Safety Performance Assessment Grand Prix Preventive Safety Performance Assessment: ASV+++ Impreza, Subaru XV Preventive Safety Performance Assessment: ASV+++
Legacy, Outback, Impreza, Crosstrek, Forester, WRX, and Ascent models fitted with EyeSight and specific headlights	 IIHS, USA	2019 TSP+ Award*
Forester	 ANCAP, Australia	5★ in 2019

* In the IIHS's publication of vehicle safety information, 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 Side Crash Test, the Rear Impact (Whiplash) Test and the Roof Strength Test, the rating of "Acceptable" or higher in the Passenger-side Small Overlap Front Test and the Headlight Evaluation, as well as the rating of "Advanced" or higher in the Front Crash Prevention Test. In addition to these ratings, vehicles are awarded the TOP SAFETY PICK+ (TSP+) if they earn the rating of "Good" in both the Passenger-side Small Overlap Front Test and the Headlight Evaluation.

Towards Zero Fatal Road Accidents by 2030

Subaru conducted a survey of the number of personal accidents by Subaru vehicles sold within Japan from FYE2011 to FYE2015. The results showed that vehicles with the EyeSight Driver Assist Technology (version 2) had about 80% fewer rear-end collision accidents and about 50% fewer pedestrian accidents compared to vehicles without EyeSight per 10,000 vehicles, and about 60% fewer accidents in the survey overall.*

* For this survey, Subaru based our independent calculations on data from the Institute for Traffic Accident Research and Data Analysis (ITARDA). The occurrences of personal accidents by EyeSight (version 2) available models of Subaru vehicles that were sold in Japan from FYE2011 to FYE2015 (246,139 units had EyeSight (version 2) installed; 48,085 did not) were categorized in the survey.

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



SUBARU Environmental Policies

< SUBARU Sustainability Principles >

“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 societal 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 carbon-dioxide 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 lifecycle 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 societal needs and by publicizing our activities as Team Subaru.

[Established in April 1998, revised in April 2017]



➤ **Environmental Management**



➤ **Environmentally Friendly Automobiles**



➤ **Climate Change**



➤ **Resource Recycling**



➤ **Water Resources**



➤ **Biodiversity**



➤ **Preventing Pollution**



➤ **Environmentally-conscious Procurement**



➤ **Environmental Communication**



➤ **Environmental Data**



Appropriate Environmental Management Enhances the Results of Environmental Initiatives

Environmental initiatives need to go beyond merely setting goals and targets to be achieved. Subaru believes that the process of putting into practice efforts to bring them to fruition is also important.

Subaru began implementing our Voluntary Plan for the Environment in FYE1994 and we are currently promoting our sixth plan (FYE2018–FYE2021).





Subaru has introduced ISO 14001 and Eco Action 21 as needed at appropriate sites, with the aim of achieving our Voluntary Plan for the Environment, and also maintain a system (the PDCA cycle) for efficiently creating and maximizing the effects of our initiatives.

Practical efforts to protect the environment from a medium- to long-term perspective are needed now more than ever to ensure the sustainable growth of both Subaru and society as a whole. Subaru will further enhance our efforts to contribute to the environment through our business.

As part of these efforts, Subaru has set to work on formulating our new Environment Action Plan, which will take effect in FYE2022, following the end of the Sixth Voluntary Plan. Having already set some of the plan's targets (aspirations), Subaru is considering the content of specific initiatives and putting them into practice.

Initiatives and Results

1. The 6th Voluntary Plan for the Environment (FYE2018-FYE2021)

- › [1] Global Warming Measures 
- › [2] Resource Recycling 
- › [3] Pollution Prevention and Reduction of Hazardous Chemical Use 
- › [4] Environmental Management 

The 6th Voluntary Plan for the Environment (FYE2018 to FYE2021)

[1] Global Warming Measures

Field	Item	Up to FYE2021 Target/Initiative	FYE2019		FYE2020 Target/Initiative	
			Target	Results		
Products	Fuel economy improvement	◆Continue to improve fuel economy through full model changes and annual improvements.	◇Innovate to an environmental engine, and realize category top level fuel efficiency. ◇Introduce horizontally opposed direct-injection downsized turbo engines to the market.	• Adopt newly developed power unit "e-BOXER" that combines the horizontally opposed engine and electrification technology to new Forester. Also added the e-BOXER model to new SUBARU XV. • Move to mass production phase of the horizontally opposed direct injection downsized turbo engine.	• Launched the new Forester and Subaru XV with the new e-Boxer power unit, which combines a direct injection engine with an electric motor. • Moved to performance evaluation stage of mass-produced vehicles equipped with the downsized turbo engine.	• Expand global rollout of the new Forester and Subaru XV fitted with the new e-Boxer power unit. • Complete the development phase for mass production of the downsized turbo engine and move to production readiness.
	Clean energy use	◆Promote introduction of electric vehicles.	◇Introduce plug-in hybrid vehicles into the main markets in FYE2019. ◇Promote research for introducing electric vehicles into the market.	• Starting production of plug-in hybrid vehicle based on Crosstrek (in Japan, SUBARU XV) and introduce to the US market by the end of 2018. • Based on the last fiscal year's achievement, aim for electrification system with improved electric efficiency.	Launched Subaru's first plug-in hybrid vehicle based on "Crosstrek" (Japanese name: SUBARU XV) in the US market.	Move forward with efforts to have good prospects for basic advanced development for the next-generation electric vehicle designed with mass production in mind, with a view to expanding the rollout of electric vehicles.
	Road traffic improvement - IT technology (Automate driving technology and preventive safety technology)	◆Make efforts to expand deployment of advanced driver assist system and development of automated driving technology, further advance technological development to prevent accidents, and contribute to CO ₂ reduction through preventing traffic congestion - due to accidents and improving traffic flow with driving support technology.	◇Promote technological development of advanced driver assist system technology and preventive safety technology, focused on the EyeSight advanced driver assist system, and expand to more markets. ◇Introduce the traffic jam assist feature that keeps a car in the same lane on expressways to the market in FYE2018. ◇Introduce the highway automatic driving feature including lane changes to the market in FYE2021.	• Promote development that aims zero fatal road accidents. Assist driving operations in all speed ranges on highways. • Continue to promote development of advanced driver assist system technology, focusing mainly on expanded deployment of EyeSight Touring Assist and popularization and dissemination of accident damage reduction technology using assessment. • Continue to promote activities based on promotion plans of industry/government/academia such as SIP/ASV.	• Expanded rollout of EyeSight Touring Assist to the new Forester. • New Forester was awarded ASV+++, the highest rating in the JNCAP preventive safety performance assessment for FYE2019. • Moved forward with the development of technology to facilitate automatic driving on expressways, with the aim of making this function available in 2020.	Promote development that aims zero fatal road accidents by 2020. Continue to promote development of advanced driver assist system technology, focusing mainly on expanded deployment of EyeSight Touring Assist and popularization and dissemination of accident damage reduction technology using assessment. Continue to promote activities based on promotion plans of industry/government/academia such as SIP/ASV.
Production	Production facilities	◆Reduce CO ₂ emissions per unit of production at domestic production facilities.	◇Reduce CO ₂ emissions per unit of production by 14% from FYE2007 level by FYE2021 at domestic production facilities.	Reduce CO ₂ Emission per unit of production at domestic production facilities by 12% from FYE2007 level.	Reduced CO ₂ Emission per unit of production at domestic production facilities by 40% from FYE2007 level.	Reduce CO ₂ Emission per unit of production at domestic production facilities by 13% from FYE2007 level.
		◆Promote activities to reduce CO ₂ emissions at overseas production facilities*	◇For overseas production facilities, set medium term CO ₂ emissions reduction targets and continue to promote activities to attain them.	Improve production efficiency and continue to reduce CO ₂ emissions.	Maintained CO ₂ emissions per vehicle produced at the 0.56 t-CO ₂ level, broadly in line with the figure achieved in the previous fiscal year.	Improve production efficiency and continue to control and reduce CO ₂ emissions.
Distribution/Sales	Distribution	◆Promote CO ₂ emissions reduction activities synchronized with the Energy Saving Law.	◇Use FYE2007 per unit of CO ₂ emission as a benchmark, and reduce emission by 1% every year.	Review transport efficiency and routes, and aim for 1% reduction every year. [Target: 30.32kg/vehicle]	Achieved the target of 1% reduction. [Achieved : 28.57kg/vehicle]	Continue activities synchronized with the Energy Saving Law, and aim for 1% emission reduction every fiscal year with FYE2007 result as a benchmark.

* SIA : Subaru of Indiana Automotive, Inc.

The 6th Voluntary Plan for the Environment (FYE2018 to FYE2021)

[2] Resource Recycling

Field	Item	Up to FYE2021 Target/Initiative	FYE2019		FYE2020 Target/Initiative	
			Target	Results		
Products	Recyclability improvement	◆Continue to implement measures to comply with the Automobile Recycling Law.	◇Promote new model design for recycle, and contribute to actual recycling rate of 95% by FYE2021.	Continue design for recycle and aim to achieve the actual recycling rate target.	• Continued to achieve an actual recycling rate of 95% or better. • Added/revised sections concerning Li-ion batteries for electric vehicles in the recycling design guidelines. Also promoted technology development that incorporates design for recycle.	• Continue to promote design for recycle, including large Li-ion batteries for PHEVs, etc. • Continue to promote the development of models designed with consideration for ease of dismantling
		◆Continue to implement measures to make parts and materials more detachable, separable, and sortable.	◇Promote technological development regarding easy dismantling of CFRP products.	Continue to promote technological development considering easy dismantling.	Began efforts to take ease of dismantling into consideration in development and design as part of the advanced development of CFRP products.	• Maintain an understanding of trends in the social environment and in laws and regulations, and promote the use of recycled materials in plastic parts
	◆Make efforts for CFRP recycling technology.	◇Promote release of LCA data from full model change vehicles.	Plan to release new Forester and hybrid vehicles.	Calculated and published LCA data for the new Forester (HEV).	Continue to promote technological development considering easy dismantling.	
	Promotion of life-cycle assessment	◆Promote disclosure of life-cycle assessment (LCA) data.	◇Promote release of LCA data from full model change vehicles.			No targeted vehicle to be released in FYE2020.
Production	Domestic dealerships and dismantlers	◆Establish processing schemes for difficult material to process, etc.	◇Improve recycling and proper treatment.	Promote and demonstrate high-level treatment and recycling.	Demonstrated treatment and recycling and established higher level treatment scheme.	Continue to promote high-level treatment and recycling, and demonstration experiment.
	Production facilities	◆Continue the appropriate disposal of waste and reducing waste generation.	◇Appropriately manage waste, and continue the waste reduction maintenance/management by improving yield and packaging.	Continue to reduce waste generation by thorough sorting and by charging cost.	Waste generation was reduced to 92% of the target value for FYE2019.	Appropriately manage waste and continue to maintain and manage waste reduction by improving yield.
		◆Continue zero landfill (zero landfill waste either directly or indirectly) at both domestic and overseas production facilities.	◇Continue zero landfill at both domestic and overseas production facilities.	Continue zero landfill at both domestic and overseas production facilities.	Achieved zero landfill at both domestic and overseas production facilities.	Continue zero landfill at both domestic and overseas production facilities.
		◆Manage volume of water used at both domestic and overseas production facilities.	◇Manage volume of water used at production facilities across Group companies in and outside Japan.	Properly manage volume of water use at production facilities in and outside Japan.	Properly managed volume of water used at production facilities across Group companies both domestic and overseas.	Properly manage volume of water use at production facilities in and outside Japan.

The 6th Voluntary Plan for the Environment (FYE2018 to FYE2021)

[3] Pollution Prevention and Reduction of Hazardous Chemical Use

Field	Item	Up to FYE2021 Target/Initiative	FYE2019		FYE2020 Target/Initiative	
			Target	Results		
Products	Reduction in emissions	<ul style="list-style-type: none"> Promote the introduction of low-emission vehicles to improve [3] Pollution Prevention and Reduction of Hazardous Chemical Use air quality. 	<ul style="list-style-type: none"> Japan: Increase the number of low emission standard certified models by WLTP (produced by Subaru). Overseas: Promote the introduction of low-emission vehicles to improve air quality in each country and region. 	To continue expanding destinations of vehicles with gasoline particulate filters (GPFs) that curb fine particulate matter.	Completed development of vehicles with gasoline particulate filters (GPFs) for mass production for the European market and began development of such vehicles for mass production for the Chinese market.	<ul style="list-style-type: none"> Bring vehicles with gasoline particulate filters (GPFs), which curb emission of fine particulate matter, to market. Undertake advanced development aimed at expanding the rollout of SULEV-compliant vehicles in North America.
	Reduction in the use of environmentally hazardous substances	<ul style="list-style-type: none"> 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. Promote switching to substances with lower environmental impact 	<ul style="list-style-type: none"> Strengthen management of chemical substances using IMDS. Promote switching to substances with lower environmental impact. 	<ul style="list-style-type: none"> Built an IMDS system to facilitate the management of substances in all parts and put it into operation. Completed the switchover of washer fluid to ethanol-based products for the European market. <p>Other efforts to reduce environmental impact include moving forward with the development of lead-free alternatives to the solder used in laminated glass ahead of the ban due to take effect in 2020 under the ELV Directive.</p>	<ul style="list-style-type: none"> Chemical substance management Continue to enhance chemical substance management using IMDS. Promote alternatives to Substances of Concern Promote alternatives in line with policies on alternatives to phthalates and other regulated substances.
Production	Automobiles	<ul style="list-style-type: none"> Further reduce per unit of VOC emissions (g/m²) at production lines. 	<ul style="list-style-type: none"> Reduce per unit of VOC emissions. 	Set the per unit of emission target lower than that of FYE2018 and continue to make efforts to reduce environmental burden.	Per unit VOC emissions were curbed at about 96% of the FYE2019 target (a reduction of about 5% from the FYE2018 target).	Set the per unit of emission target lower than that of FYE2019, and continue to make efforts to reduce environmental burden.
		<ul style="list-style-type: none"> Continue to reduce emissions of 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. 	Continue aggregation management of chemical substances regulated by the PRTR law.	Continued aggregation management of chemical substances regulated by the PRTR law, and reported the FYE2019 results.	Continue aggregation management and control of chemical substances regulated by the PRTR law.
	Management and emission reduction of environmentally hazardous substances at production facilities	<ul style="list-style-type: none"> Promote activities targeting the elimination of occurrences of hazardous substances leaking off site, complaints, and exceeding legal standards. 	<ul style="list-style-type: none"> Promote activities targeting the zero occurrence of environmental accidents, complaints, and cases exceeding legal standards through environmental risk reduction activities. Set stricter voluntary standards and conduct small-risk elimination activities. 	Continue efforts to reduce environmental risk (enlightenment, education, and coexistence with community).	As a result of environmental risk reduction activities, there were no offsite leakages, six onsite leakages, no instances of exceeding legal standards, two complaints about odor, five complaints about noise, and no complaints about vibration.	Continue to implement environmental risk reduction activities (enlightenment, education, and coexistence with community), and aim to achieve the FYE2020 target of reducing instances of the issues listed on the left to zero in all cases.

The 6th Voluntary Plan for the Environment (FYE2018 to FYE2021)

[4] Environmental Management

Field	Item	Up to FYE2021 Target/Initiative	FYE2019		FYE2020 Target/Initiative	
			Target	Results		
Procurement	Green procurement activities	<ul style="list-style-type: none"> Request both domestic and overseas suppliers to establish, maintain, and strengthen environmental management systems (EMS). 	<ul style="list-style-type: none"> Continue to establish and maintain the EMS including new suppliers. 	Continue to maintain the structure to establish EMS including new suppliers.	Continued to maintain the structure to establish EMS including new suppliers.	Continue to maintain the structure to establish EMS including new suppliers.
		<ul style="list-style-type: none"> Reduce environmentally hazardous substances. 	<ul style="list-style-type: none"> Encourage suppliers to further improve management of and reduce the use of environmentally hazardous substances contained in parts and materials. 	Continue to investigate content of environmentally hazardous substances by using alternatives.	Sort out the latest edition of the Technical Standard (TS) and requests to participate in a survey concerning the International Material Data System (IMDS) to suppliers.	Continue to investigate content of environmentally hazardous substances by using alternatives.
		<ul style="list-style-type: none"> 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 corporate policy, and request suppliers to deploy, disseminate, and comply with the guidelines. 	Publish the revised guidelines and deploy and disseminate them to suppliers.	Published the revised guidelines and deployed and disseminated them to suppliers.	As necessary, publish the revised guidelines, and deploy and disseminate them to suppliers.
Distribution/Sales	Promotion of environmental conservation activities among dealerships	<ul style="list-style-type: none"> Provide support to Subaru dealerships' environmental activities. 	<ul style="list-style-type: none"> Support all dealerships maintain "Eco Action 21" certification. Support voluntary implementation of environmental measures, such as energy conservation and waste reduction measures, under "Eco Action 21". 	<ul style="list-style-type: none"> Continue to support voluntary environmental risk reduction activities of each company. Integrate environmental related reports from dealerships to D-SPES system so that work efficiency is improved and compliance with laws and regulations is strengthened. 	<ul style="list-style-type: none"> All dealerships subject to renewal examination appeared to be able to maintain EA21 certification. Set to work on the Inspection for Transition to the 2017 Version of the EA21 Guidelines. Continued to support the use of D-SPES. Integrated responses to the revised Fluorocarbons Act (management of periodic inspections, leakage reporting, etc.) into the system and promoted greater operational efficiency. 	<ul style="list-style-type: none"> Provide individual companies with education and other support to ensure that each dealership can undergo the Inspection for Transition to the 2017 Version of the EA21 Guidelines without fail.
		<ul style="list-style-type: none"> Promote environmental conservation activities, including biodiversity conservation, in cooperation with local communities Conduct cleanup and greening activities, including biodiversity conservation efforts, near factories. Support activities of and work with environmental organizations. 	<ul style="list-style-type: none"> Continue to provide factory tours, hold on-site events, and carry out environmental exchange classes. Continue cleanup activities around factories and offices. Promote greening activities taking biodiversity into consideration. 	<ul style="list-style-type: none"> Continue to provide school visits to lecture on the environment and invite visitors to the Guma Visitor Center. Continue to carry out community cleaning activities. Concrete forest conservation projects to be carried out in Guma, Itsumiya and BiFuwa, where Subaru has close ties with communities. 	<ul style="list-style-type: none"> Continued to provide school visits (35 times) and invited visitors to the Guma Visitor Center. Continued to carry out community cleaning activities in communities that have close ties with each of our business sites. Based on the agreement made with related municipalities on environmental conservation activities, launched initiatives. 	<ul style="list-style-type: none"> Continue to provide school visits to lecture on the environment and invite visitors to the Guma Visitor Center. Continue to carry out community cleaning activities. Continue to carry out concrete forest conservation projects in Guma, Itsumiya and BiFuwa, where we have close ties with communities.
Disclosure of environmental information	<ul style="list-style-type: none"> Disclose environmental information through regular publication of environmental reports and other documents in a timely manner. 	<ul style="list-style-type: none"> Provide environmental report. Provide updated information on the website. 	<ul style="list-style-type: none"> Write to bring to improve the quality of information, publicize CSR Report of the next fiscal year. Promote active answering to third-party survey that contributes to ESG investment promotion. Carry out timely information provision by press releases, etc. 	<ul style="list-style-type: none"> Published the Japanese edition of the 2019 CSR Report in October 2019 and the English edition in December 2019. Responded to GRI, DJSI, Nikkei Environmental Management Survey, etc., and cooperated with the Ministry of the Environment's Environmental Reporting Platform Development Pilot Project. Carried out timely information disclosure by means of press releases, etc. 	<ul style="list-style-type: none"> Aim to publish the 2019 CSR Report in August 2019. Respond with integrity to surveys conducted by external organizations, while also taking cost-effectiveness into account. Carry out timely information disclosure by means of press releases, etc. 	<ul style="list-style-type: none"> Aim to publish the 2019 CSR Report in August 2019. Respond with integrity to surveys conducted by external organizations, while also taking cost-effectiveness into account. Carry out timely information disclosure by means of press releases, etc.
		<ul style="list-style-type: none"> Improve and enhance the contents of Environmental Report (to be in compliance with Environmental Reporting Guidelines, and inclusion of Group companies in the scope of reporting) 	<ul style="list-style-type: none"> Improve compliance of Environmental Report to Environmental Reporting Guidelines of the Ministry of the Environment, and improve the contents of environmental reporting. 	Collect information regarding the new Environmental Reporting Guidelines (Ministry of the Environment) and the GRI Standards, and feed the information gathered back to our company's reporting contents.	A guideline used for the 2019 CSR Report is transitioned to the GRI Standards from the GRI G4.	Using the GRI Standards and the Environmental Reporting Guidelines as a reference, transition from using the 2012 edition of the Environmental Reporting Guidelines to the 2018 edition.
		<ul style="list-style-type: none"> Participate in environmental events and publicize corporate environmental activities. 	<ul style="list-style-type: none"> Participate in Eco-Products Exhibitions, etc. to widely publicize the company's eco-friendly activities. 	Plan to participate in the EcoPro 2018.	Participated in the EcoPro 2018, and disseminated our environmental initiatives among a wider audience.	Consider methods of gaining understanding of Subaru's environmental initiatives among a wider audience and put them into practice.
Promotion of environmental education and awareness activities	<ul style="list-style-type: none"> Continue environmental and social education under the in-house education system Continue employee education through in-house magazines and other media. Continue to hold lectures and workplace meetings to present improvement examples. 	<ul style="list-style-type: none"> Hold more environmental education, enlightenment and presentation events. 	Promote education, enlightenment, presentation regarding environment-related law and regulations, in particular.	<ul style="list-style-type: none"> Updated environmental education texts and delivered e-learning courses, etc. Provided training on the Waste Management and Public Cleansing Act for practitioners. 	<ul style="list-style-type: none"> Continue to use e-learning and other methods to deliver environmental education and aim to further enhance the education provided. Implement initiatives aimed at increasing understanding of the Waste Management and Public Cleansing Act. 	
		<ul style="list-style-type: none"> Establishment of an Environmental Management System 	<ul style="list-style-type: none"> Each and every Subaru site to maintain ISO14001 integrated certification. Make continuous improvements to the Environmental Management System. Increase cooperation with subsidiaries and suppliers, and maintain and improve the establishment of consolidated environmental management system. 	<ul style="list-style-type: none"> Promote sharing the internal auditing and environmental education systems for more practical EMS activities. Promote acquiring the ISO 14001 integrated certification, including three subsidiaries (Subaru Logistics Co., Ltd., Kiyu Industrial Co., Ltd., and Fuji Machinery Co., Ltd.), in order to further improve the system. Deploy the EA21 value chain to subsidiaries and suppliers. 	<ul style="list-style-type: none"> Maintained ISO 14001 group certification. Expansion was delayed as timing overlapped with the switchover to the FYE2018 edition of EA21. 	<ul style="list-style-type: none"> Maintain eligibility for certification. Progressively revise methods of deploying the EA21 Value Chain.
		<ul style="list-style-type: none"> Each and every Subaru site to maintain ISO14001 integrated certification. 	<ul style="list-style-type: none"> Hold more environmental education, enlightenment and presentation events. 	Promote education, enlightenment, presentation regarding environment-related law and regulations, in particular.	<ul style="list-style-type: none"> Updated environmental education texts and delivered e-learning courses, etc. Provided training on the Waste Management and Public Cleansing Act for practitioners. 	<ul style="list-style-type: none"> Continue to use e-learning and other methods to deliver environmental education and aim to further enhance the education provided. Implement initiatives aimed at increasing understanding of the Waste Management and Public Cleansing Act.

*Eco Action 21 (EA21): An environmental management system designed by the Ministry of the

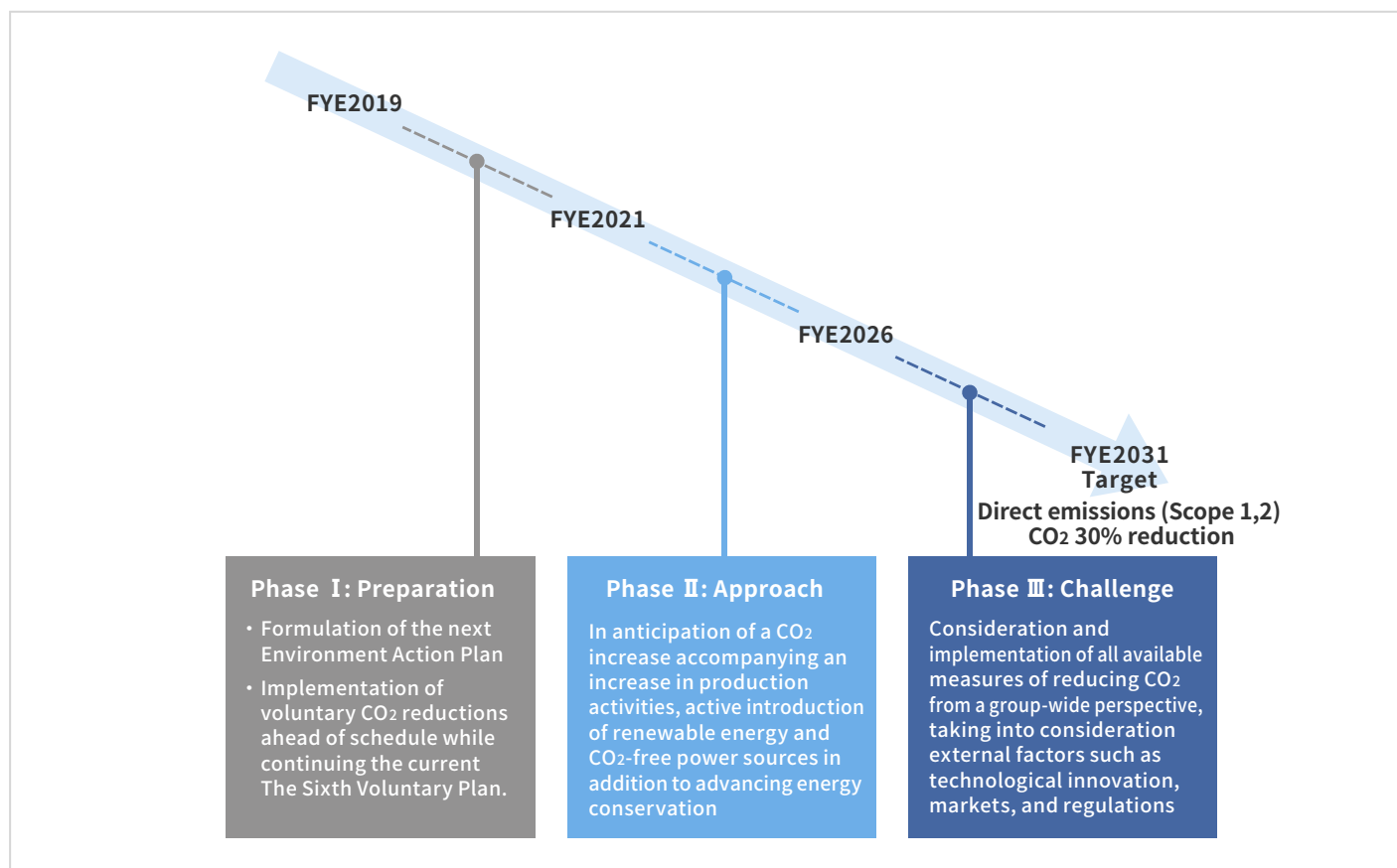
2. Formulation of the Environment Action Plan

Among the various environmental problems currently facing humankind, climate change in particular will have significant impacts on societies and economies, so initiatives to address this problem from a long-term perspective are a pressing issue. Subaru has positioned efforts to address climate change as a priority and has set a target of reducing the Subaru Group's direct CO₂ emissions (Scope 1 and 2) to 30% below FYE2017 levels (on a total emissions volume basis) by FYE2031.

As a growing company, achieving a 30% cut in CO₂ on a total emissions volume basis will certainly not be easy for Subaru. However, Subaru believes that aiming for common standards shared by society is vital, to ensure that the Paris Agreement's goal of keeping the increase in global average temperature to well below 2°C above pre-industrial levels is met.

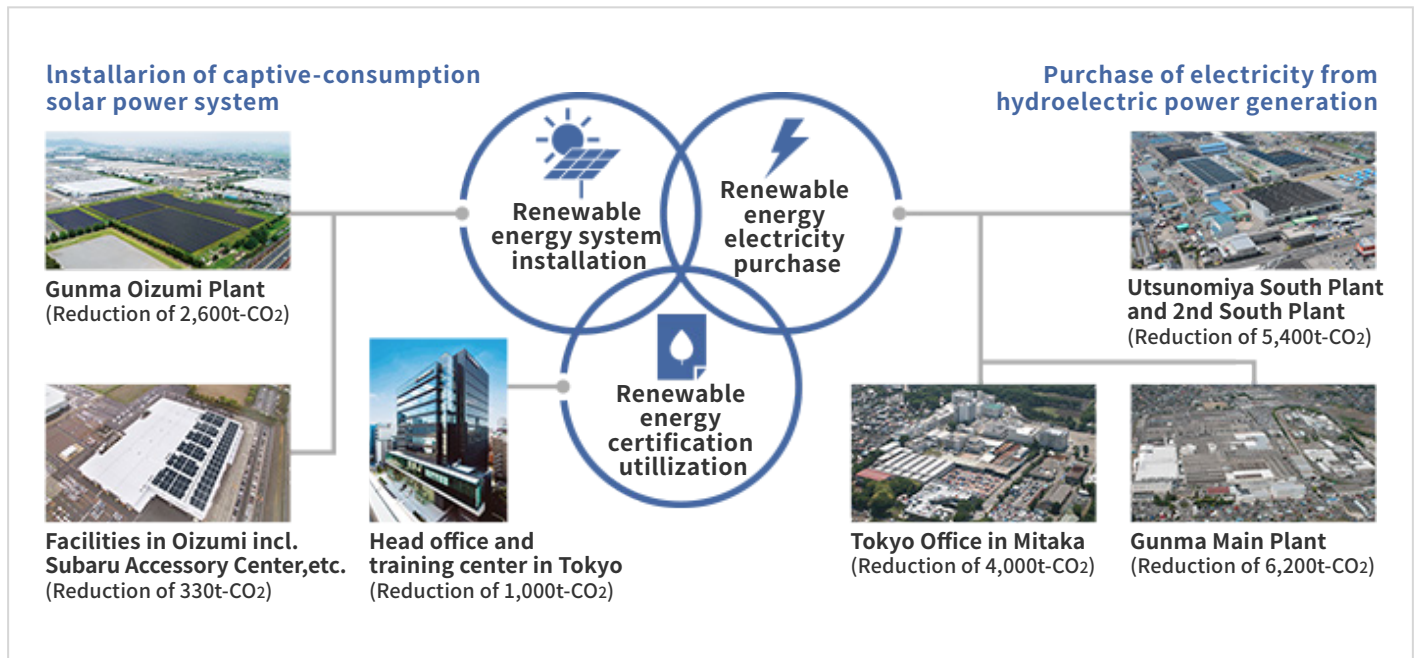
Accordingly, Subaru has drawn up a roadmap for the period up to FYE2031 and is examining proposals for initiatives based on this roadmap.

Roadmap towards FYE2031



Regarding initiatives to tackle climate change as a matter of urgency, Subaru, based on the above Roadmap Phase 1, is implementing ambitious CO₂ reductions ahead of schedule. Our aim is to reduce the Subaru Group's direct CO₂ emissions by approximately 20,000t-CO₂/year, equivalent to around 3% of annual emissions, by FYE2021, and then to further reduce the direct CO₂ emissions to 30% below FYE2017 levels by FYE2031.

Subaru's Main Initiatives Aimed at a Reduction of 20,000 t-CO₂



Related information

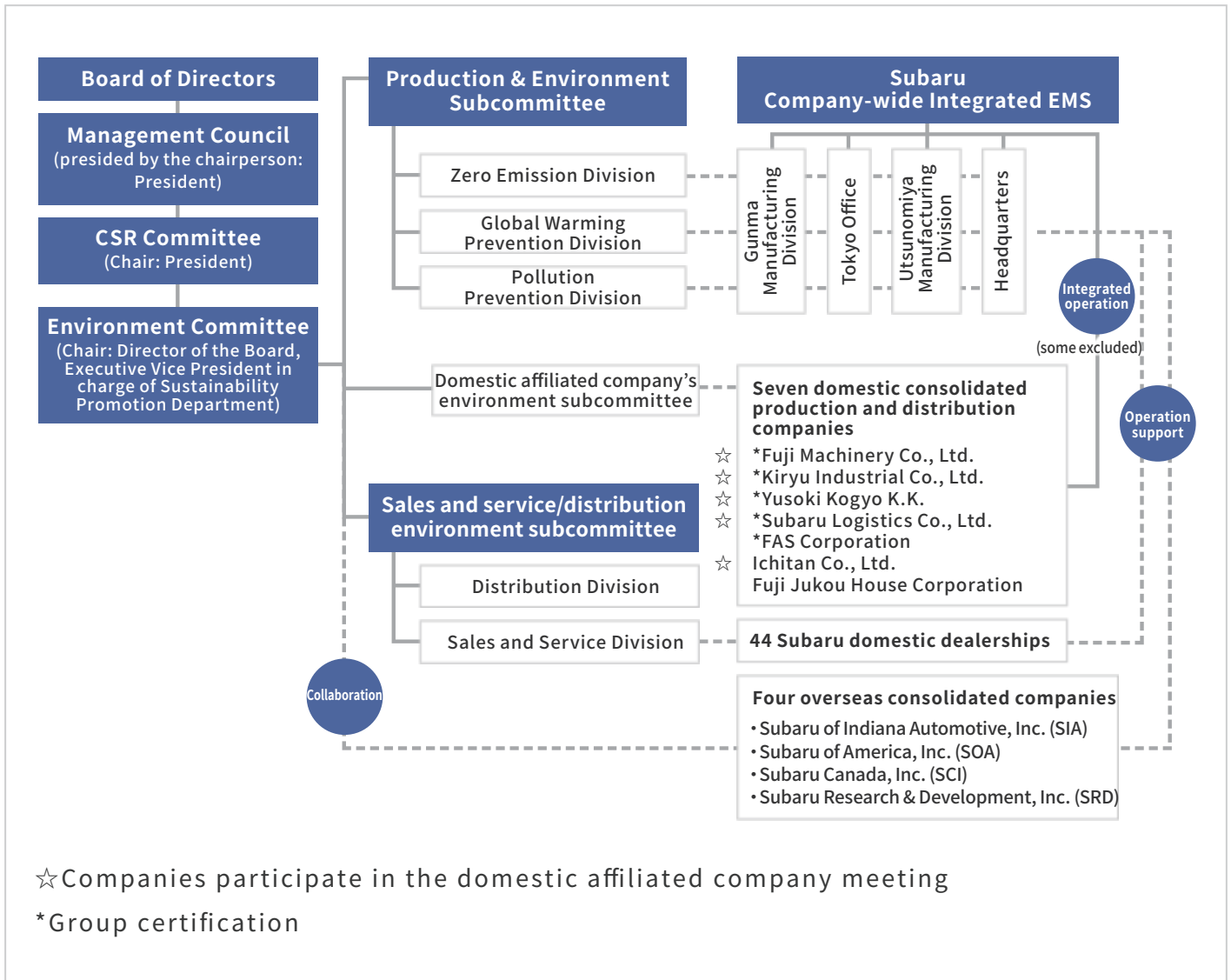
> [KPIs: Where We Want to Go](#)

Organization

Subaru established an environmental management structure across the organization with two pillars of the company-wide Environmental Management System (EMS) and the Environment Committee in order to reach the goals of our Environmental Policy and Voluntary Plan for the Environment.

Serving as the head of the company-wide EMS and the chairperson of the Environment Committee, the director responsible for environmental issues conducts reviews twice a year, and what has been discussed at the Environment Committee is reported to the CSR Committee. Also the director reports important problems to the Management council and the Board of Directors. The director proactively promotes environmental conservation activities, comprehensively managing the progress and the direction of our efforts.

Subaru Group Environmental Management Organization



Status of Establishing the Environmental Management System

Subaru, actively engaging in establishing an environmental management system for the entire Subaru Group, has established environmental management systems at offices, business partners, foreign and domestic consolidated manufacturing companies, and foreign and domestic Subaru dealerships, and has acquired third-party certification.

Subaru, the seven domestic consolidated production and distribution companies (among them, five companies with * obtained group certification) and three North American consolidated manufacturing and sales companies have obtained ISO14001 certification.

In March 2011, all of our 44 domestic dealership companies and their 700 stores obtained Eco Action 21 (EA21) *¹ certification, and this was the first in Japan among all dealerships of automobile manufacturers. And we introduced the Eco Action 21 Value Chain Model Business promoted by the Ministry of the Environment of Japan. In addition, in May 2012, Subaru of Indiana Automotive, Inc. (SIA), the US production site for Subaru, became the first automobile production plant in the US to obtain ISO50001*² certification, which is the international standard for energy management systems (EnMS), and continues to actively promote their activities.

Furthermore, Subaru Logistics Co., Ltd. obtained ISO39001*³ certification, the international standard for road traffic safety management systems, in August 2015, and ISO9001*⁴, the quality management systems standard, in February 2016.

In addition to these achievements, Subaru Group, through global business activities, will continue to promote green procurement in the supply chain, a company-wide environmental management system establishment, and green procurement to reduce environmentally hazardous substances.

*1 Environmental conservation activity promotion program for small- and medium-size enterprises formulated by the Ministry of the Environment, Japan. It is an environmental management system that addresses three areas: environmental management systems, environmental efforts, and environmental reporting, based on the guidelines.

*2 An international standard applicable to all organizations that specifies the requirements for establishing an energy use mechanism that will enable business operators to set policies, objectives, and targets; formulate plans; decide on procedures; and systematically implement activities.

*3 An international standard for road traffic safety management systems that requires organizations to appropriately manage accident risk sources and to effectively and efficiently reduce those risks, in order to reduce the number of people killed or seriously injured in road traffic accidents.

*4 A quality management standard introduced by the International Organization for Standardization (ISO) as an international unified standard in 1987. ISO 9001 (Standard for Quality Management Systems) is the element of the ISO 9000 series and is a certification registration system. It is based on the concept that putting together a quality management system to systematically engage in quality management is essential to improve quality.

Status of Subaru Group's EMS/EnMS Establishment

Factories and Offices					Dealerships/Distributors	
Category	Subaru Corporation	Business Partners	Domestic Consolidated Production and Distribution Companies	Overseas Consolidated Production Company	Domestic Consolidated Dealerships	Overseas Consolidated Distributors
Divisions	Gunma plant Tokyo Office Utsunomiya Plant Handa Plant West Handa Plant Headquarters	Green procurement Raw material suppliers	*Fuji Machinery Co., Ltd. *Kiryu Industrial Co., Ltd. *Yusoki Kogyo K.K. *Subaru Logistics Co., Ltd. *FAS Corporation Ichitan Co., Ltd. Fuji Jukou House Corporation Total: 7	SIA	All Subaru dealerships Total: 44	SOA SCI Total: 2 distributors
Acquired EMS/EnMS	ISO14001	Either ISO 14001, Eco Action 21, or voluntary diagnosis	ISO14001	ISO14001 ISO50001	Eco Action 21	ISO14001

*: Group certification

Subaru and affiliated companies indicated by * check the status of each other's establishment of EMS by conducting reciprocal internal audits within the scope required for group certification of ISO 14001.

Introduction of Eco Action 21 Value Chain Model Business

Subaru was the first automobile manufacturer to acquire Eco Action 21 certification for all domestic dealerships and outlets in March 2011 and are promoting operation under these guidelines. In November 2016, this achievement was recognized and approved as the “First Value Chain Model Business” for further promotion of the certification by the Ministry of the Environment of Japan. We plan to develop and promote Eco Action 21 to the Group while receiving instruction and support from Institute for Promoting Sustainable Societies (IPSuS)*, an accreditation institute for eco action. We support our business partners’ Eco Action 21 certification registration in order for the value chain as a whole to promote the certification.



* Institute for Promoting Sustainable Societies (IPSuS): This organization studies, plans and implements new initiatives for building sustainable societies by integrating initiatives related to business, such as Eco Action 21, and initiatives related to products and services that make use of the supply chain.

Related information

› [Environmentally-conscious Procurement](#)

Scope 3 Calculation

Regarding greenhouse gas emissions, it is a demand of society for companies to calculate and disclose emissions of their entire supply chain. Subaru has participated in the Ministry of the Environment’s project of “Supply Chain Greenhouse Gas Emissions Accounting Support for an Environmental Reporting Platform Development,” and receives assistance from NTT Data Institute of Management Consulting, Inc. in Scope 3 calculations. We will continue to promote calculating and managing GHG emissions. For detailed performance of Scope 1*¹, Scope 2*², and Scope 3*³, please refer to the section on climate change.

*1 Direct emissions of greenhouse gases from a company’s own facilities.

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

*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 emissions arising from employee commuting, business travel, etc.

Related information

› [Climate Change](#)

Management of Chemical Substances (Operation of the IMDS)

Since the enforcement of the European Union's Registration, Evaluation and Authorization of Chemicals (REACH) regulation*1, End-of Life Vehicles (ELV) Directive*2, Chemical Substance Control Law of Japan*3, etc., various chemical substances have been regulated, and at the same time, the automobile industry has been required to disclose information and foster proper management regarding the use of chemical substances in automobiles.

Subaru is promoting strengthened supply chain management by using the IMDS*4 in order to identify the names and amounts of chemical substance used in every one of several tens of thousands of parts that are in automobiles.

Through this initiative, we are managing the restricted substances (lead, mercury, cadmium, hexavalent chromium, etc.) before use, promoting replacement of newly regulated substances with alternatives, and establishing a management system that can promptly disclose information regarding the usage of substances requiring management under EU REACH, etc. Furthermore, Subaru promotes reduction and management of environmentally hazardous substances in cooperation with entire supply chain.

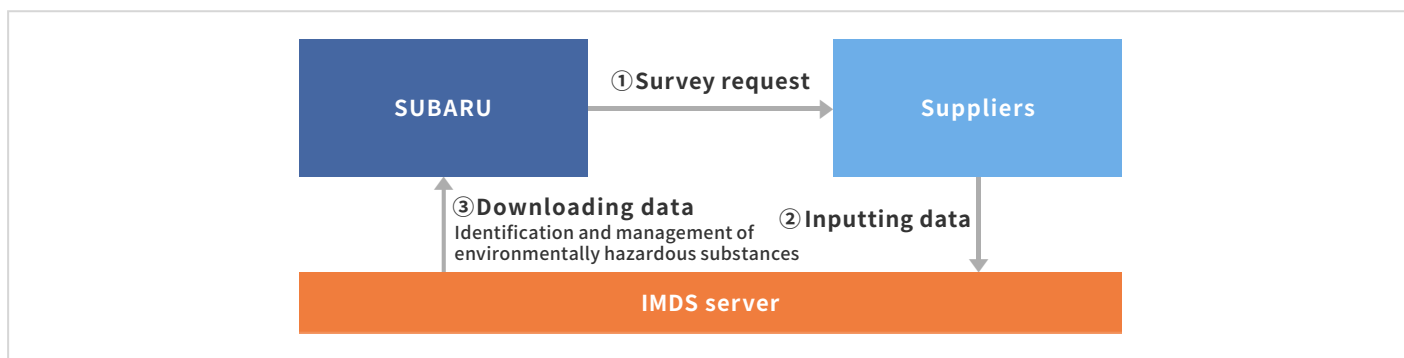
*1 European regulation on chemical substances, requiring all chemical substances to be subject to management or restriction measures commensurate to the risk that they pose to humans and the environment.

*2 The End-of Life Vehicles Directive: European Union (EU) directive brought into force in 2000 to reduce the environmental impact from the scrapping of used 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.

*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 pose a risk of harming human health or interfering with the habitat or growth of flora and fauna.

*4 Chemical Substance Management

Environmentally Hazardous Substances Management System through IMDS



Related information

> [Prevention of pollution](#)

International Material Data System

> [International Material Data System \(IMDS\)](#)

Environmental Risk Management

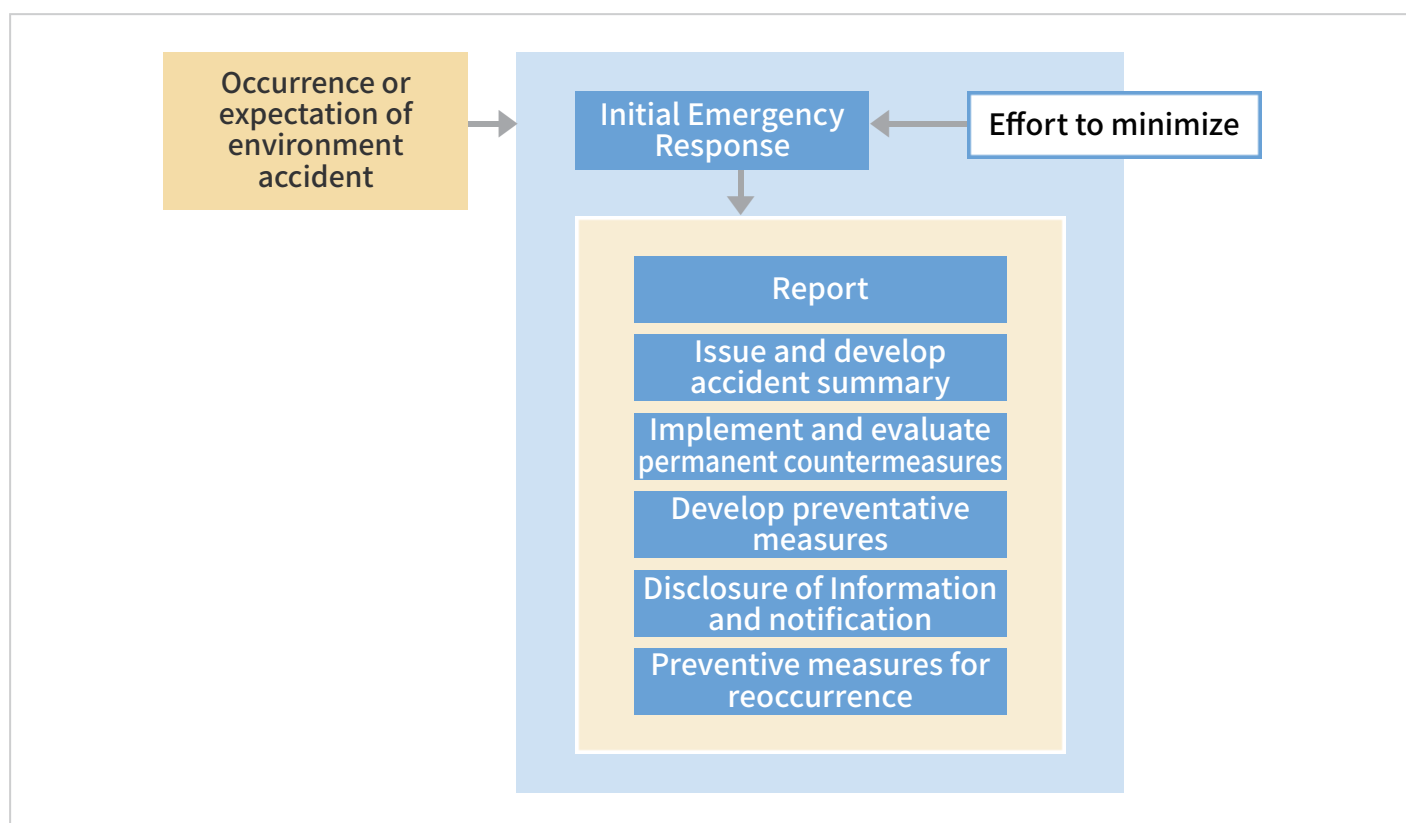
Subaru works to prevent and minimize environmental risk in our business activities (such as environmental accidents, pollution, or non-compliance with laws and regulations) by periodic sampling/identification and promoting management of environmental risks.

In addition, by standardizing the management process when an environmental risk is discovered and by carrying out training during normal times, we strive to quickly implement emergency measures and measures to prevent recurrence so that secondary risks due to confusion can be avoided.

Implementation of Environmental Audits

- (1) Regular audit in accordance with the ISO14001 Environmental Management System
- (2) On-site review at the contractors for the proper treatment of industrial wastes
- (3) Review of compliance status with environmental laws and regulations

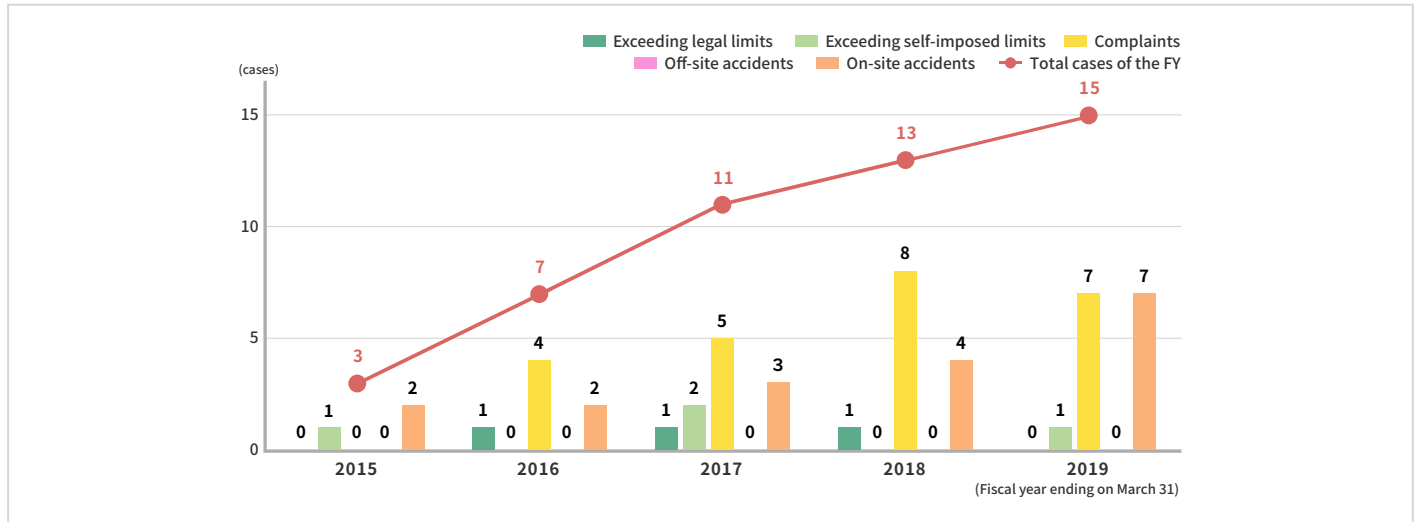
Process When An Environment-related Accident Occurs



Environmental Compliance

Status of Compliance with Environmental Laws and Regulations

Subaru strives to be in compliance with environmental laws and regulations, and to eliminate environment-related accidents and complaints. The graph below shows the results of the last five years.



Status of Compliance with Environmental Laws and Regulations in FYE2019

Subaru sets self-imposed voluntary standards, which are 20% stricter than those set by environmental laws. We are committed to achieving “zero non-compliance” with both the legal and voluntary standards. There was no case of exceeding legal standards in FYE2019.

Environmental Complaints Received in FYE2019

We are striving to achieve the goal of zero environmental complaints. However, we received seven complaints in FYE2019 and took corrective measures.

Name	Number of Cases
Gunma Plant	6 cases
Utsunomiya Plant	1 case

Status of Environmental Accident Occurrences in FYE2019

We are striving to achieve the goal of zero accidents, both on and off site. While there were no off-site accident, there were six incidents of on-site water flow accidents, and we took measures to prevent recurrence.

Name	Number of Cases
Gunma Plant	5 cases
Utsunomiya Plant	1 case

Environmental Education

Subaru regards initiatives for environmental issues as one of social responsibilities as a corporation, and provides employees at all ranks and of all tasks with a range of environmental education programs.

In April 2018, we implemented “New Employee Environmental Education” for the 566 new employees. Our personnel in charge of environment gave lectures on global environmental issues and Subaru’s environmental policy and conservation activities, including the importance of each employee’s participation in these initiatives using case studies.

We also held the ISO14001 New Internal Auditors Training Seminar to enhance the internal auditing system for the ISO14001 environmental management system and to strengthen environmental conservation activities conducted at workplaces. In this seminar, external lecturers were invited for the two-day session, in which participants gained knowledge necessary as internal auditors.

We believe it is important for employees to be fully aware of environmental problems and environmental efficiency on a daily basis, and to exercise this awareness in business and environmental activities. To this end, we continue to promote environmental education and enlightenment for employees.

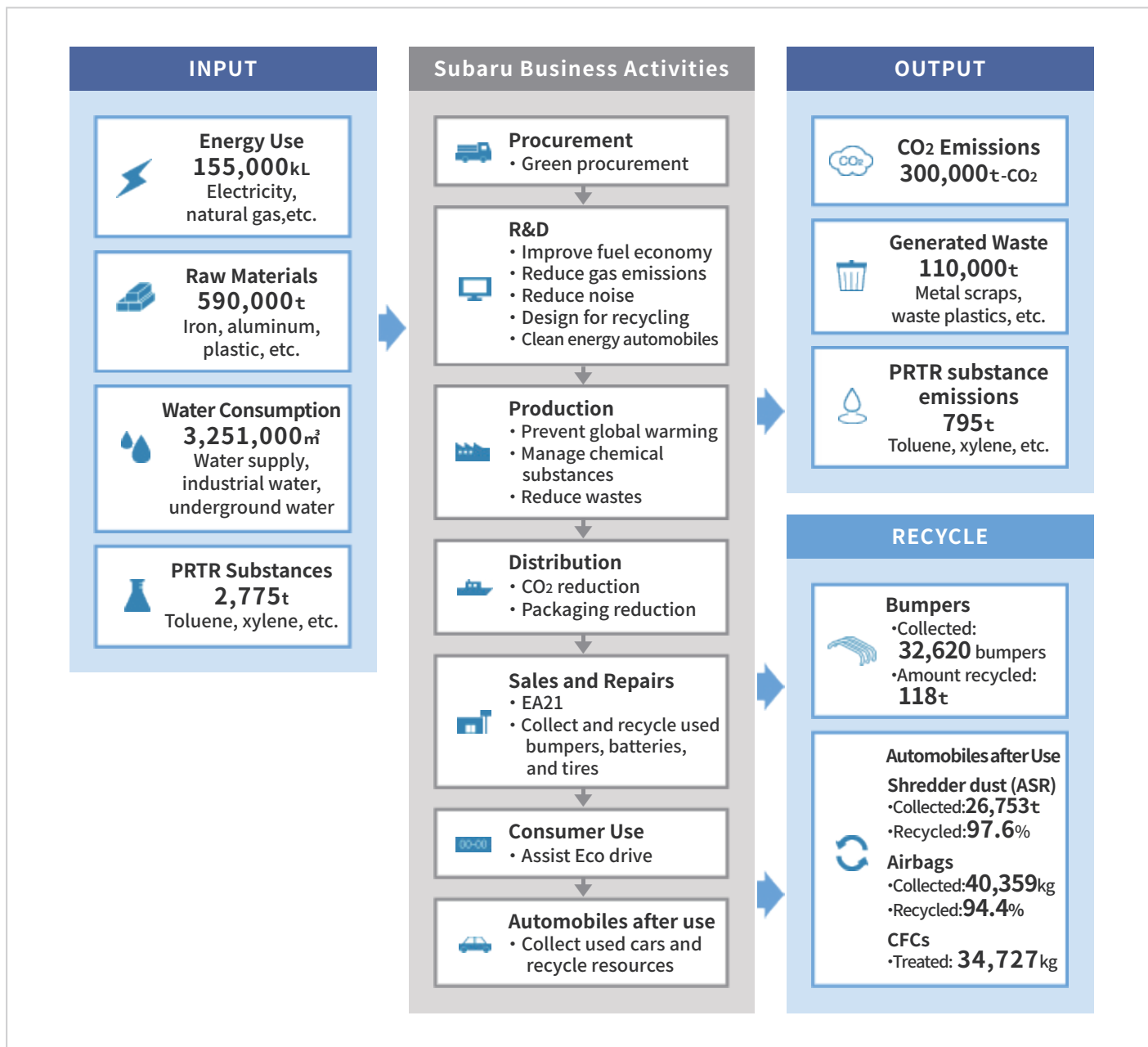


New Employee Environmental Education



ISO14001 New Internal Auditors Training Seminar

Overall Image of Subaru's Environmental Impact concerning Automobiles



Note: These are the main environmental impacts arising from our automobile manufacturing, sales, etc. In addition to this, we carry out LCA and Scope 1, 2, and 3 calculations.

Target: Tokyo Office, Gunma Plant

Energy use, CO₂ emissions: Calculated according to the Mandatory Greenhouse Gas Accounting and Reporting System based on the Act on the Promotion of Global Warming Countermeasures.

PRTR: Chemical substances listed under the PRTR Law of Japan

Environmental Accounting

Our Approach to Environmental Cost and Its Calculation Method

Subaru's independent guidelines had been established for our environmental conservation activity organizations, and environmental costs are calculated and summarized according to these guidelines (Group companies also use the same guidelines for calculations.).

FYE2019 Calculation Results

Subaru Group's environmental cost came to 31.7 billion yen, decreased 4.09 billion yen. The cost decrease was mainly due to a decrease in research and development costs (4.16 billion yen on a non-consolidated basis).

Looking at consolidated indicators of environmental management, environmental costs/revenues came to 1.03% increase.

Environmental Costs and Effects Calculation Results (FYE2019)

(Unit: million yen)

Item	Category	Subaru (non-consolidated)				Consolidated			
		FYE2018		FYE2019		FYE2018		FYE2019	
		Investment	Cost	Investment	Cost	Investment	Cost	Investment	Cost
(1) Cost in the business area	①Pollution prevention cost	452	316	189	433	452	325	189	466
	②Global environmental conservation cost	112	42	176	11	139	45	314	54
	③Resource recycling cost	0	618	0	659	4	889	4	809
(2) Upstream and downstream costs	Recycling related cost arising from changes in product materials	2,773	34,504	2,277	30,349	2,884	34,546	2,292	30,388
Grand total		3,337	35,480	2,642	31,452	3,479	35,804	2,799	31,717

Note: Due to rounding, the sum may not exactly match the corresponding total.

Economic Effect Calculation Results (FYE2019)

(Unit: million yen)

Item	Economic effect	
	Non-consolidated	Consolidated
Reduction in energy cost from energy conservation	18	22
Sales from recycling (sales of valuable items: metals, waste liquids, and cardboard boxes)	1,662	1,958
Reduced raw material cost due to recycling (packaging cost, etc.)	0	0

[Companies included in the consolidated calculation]

Six domestic affiliated companies: Yusoki Kogyo K.K., Fuji Machinery Co., Ltd., Ichitan Co., Ltd., Kiryu Industrial Co., Ltd., Subaru Logistics Co., Ltd., Industrial Products Co., Ltd.



Our Approach to Environmentally Friendly Automobiles

Subaru believes that automobile manufacturers have a corporate social responsibility to engage in ongoing efforts to reduce emissions of CO₂, which are said to be one of the factors contributing to global climate change. The Subaru Group aims not only to increase the environmental performance of our products, but also to protect the global environment throughout the automobile life cycle, from extracting raw materials, manufacturing, transport, and use, right through to disposal. In this way, the Subaru Group hopes to contribute to achieving the Paris Agreement’s goal of keeping the increase in temperature to well below 2°C, adopted in 2015.

Efforts to Reduce CO₂ Emissions in New Cars

Subaru believes that finding ways to improve fuel economy, which is a measure of our products’ environmental performance, is key to reducing emissions of CO₂, which is said to be one of the causes of global warming. While continuing to further improve the fuel economy of our gasoline engine vehicles, Subaru will strive to reduce CO₂ emissions by expanding our range of electric vehicles (EVs) and furthering the development of EVs with a view to the imposition of increasingly stringent fuel efficiency regulations in various countries.

The EV age has not yet got underway in earnest, so customer needs for conventional gasoline engine cars are still high; even hybrid vehicles use a combination of electric technology and a gasoline engine. Accordingly, the evolution of the internal combustion engine is essential to reducing CO₂ emissions. The Forester launched in July 2018 has been equipped with a newly developed 2.5 L direct injection engine, which provides increased fuel efficiency through the use of a more aerodynamic body, a higher compression ratio, and the active valve control system (AVCS) on the exhaust side. As a result, it achieved the class-top level of fuel economy performance in the small SUV class. The new Outback and Legacy due for launch in the US in fall 2019 is also equipped with this gasoline engine, with further improvements in fuel economy provided through its use in combination with an improved continuously variable transmission (CVT).



Newly developed 2.5 L direct injection engine

At the same time, Subaru is systematically enhancing our EV lineup. The Forester*¹ is equipped with the new e-Boxer*² power unit, which installed a horizontally opposed boxer engine with electric technology and which has already established its reputation in the Subaru XV. In December 2018, Subaru began accepting orders in the US for Subaru's Crosstrek Hybrid, original plug-in hybrid electric vehicle (HEV), which leverages Toyota Motor Corporation's knowledge of hybrid vehicle technology. Subaru will continue to expand and develop our range of hybrid vehicles into the 2020s by blending the electric technology that we have cultivated over the years with Subaru's unique qualities.



Crosstrek Hybrid

*1 Adopted in Advance grade.

*2 "e-BOXER" is a generic term used for "horizontally-opposed engine + electrification technology" which offers Subaru's characteristic driving enjoyment, as well as being environmentally friendly.

Subaru has also ensured that we will be ready when the EV age gets underway in earnest by taking advantage of our alliance with Toyota. In June 2019, Subaru announced an agreement with Toyota for the joint development of both a platform dedicated to battery electric vehicles (BEVs) for midsize and large passenger cars, and a C-segment-class BEV SUV model. By bringing together both companies' strengths—such as the electrification technology that Toyota is employing to bring together other companies that share its aspiration and the all-wheel drive (AWD) technology that Subaru has built up over the years—we are taking up the challenge of creating attractive products with appeal that only BEVs can offer, aiming for launch in the first half of the 2020s.



Image: BEV-dedicated platform Toyota and Subaru will jointly develop

Subaru intends to help protect the global environment through product development by developing and delivering products to meet societal needs and contribute to the environment through advanced technologies. Accordingly, with utility and customer preferences in mind, we will continue to promote the development of electric vehicles and expand our offering, gradually increasing the share of eco-friendly vehicles in our product line-up and enhancing availability in each market.

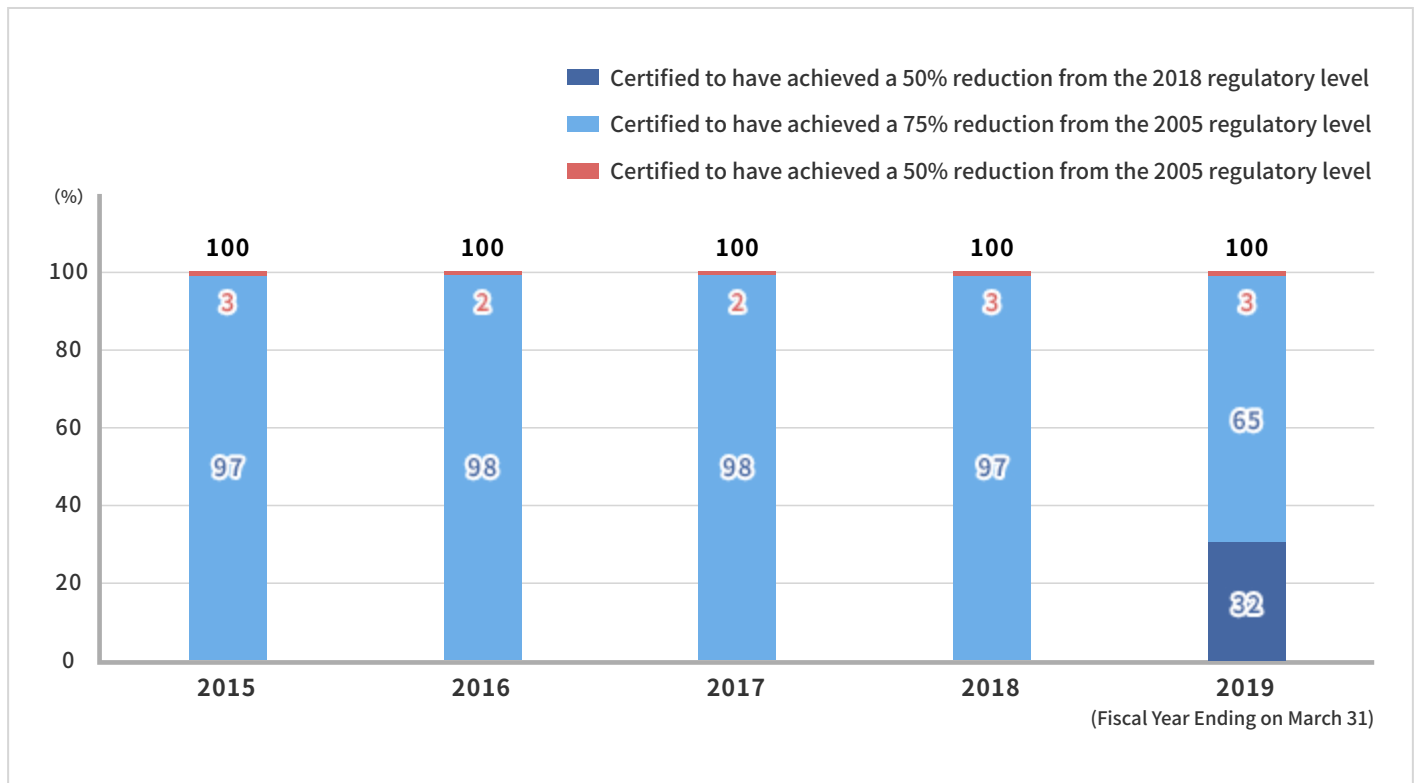
Clean Gas Emissions

Improvement and Popularization of Certified Low Emission Vehicles

In FYE2019, Subaru was certified by the Ministry of Land, Infrastructure, Transport and Tourism in Japan as having achieved a 50% reduction in exhaust gases from the 2018 regulatory level, having conformed to the new exhaust gas regulations, which incorporate the WLTP* into the exhaust gas testing procedure. We will continue to adapt to new exhaust gas regulations as they are introduced.

* Worldwide harmonized Light vehicles Test Procedure

Percentage of Low Emission Gasoline-powered Passenger Vehicles



Reducing Environmentally Hazardous Substances

Subaru is also actively working on reducing the environmentally hazardous substances in automobiles.

We promote achieving the Japan Automobile Manufacturers Association (JAMA) reduction targets for automobiles in development, further reducing lead and mercury and using alternatives to environmentally hazardous substances such as brominated flame retardants.

Reduction Targets of JAMAs Voluntary Action Program and Achievement Status

Substance	Target	Subaru's achievement
Lead	Implemented in Jan. 2006. Reduce the amount used per vehicle to less than 1/10 of 1996 levels.	All models achieved the target (Target achievement still continuing since Jan. 2006.)
Mercury	Use prohibited since Jan. 2005, with the following exceptions. (The following parts used for traffic safety are excluded.) (1) Liquid crystal panels for navigation, etc. (2) Combination meter (3) Discharge lamp (4) Interior lighting	All models achieved the target (Target achievement still continuing since Jan. 2005.)
Hexavalent Chromium	Use prohibited since Jan. 2008.	All models achieved the target (Target achievement still continuing since Jan. 2008.)
Cadmium	Use prohibited since Jan. 2007	All models achieved the target (Target achievement still continuing since Jan. 2007.)

Reducing VOCs 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), such as formaldehyde and toluene, which are said to cause nose and throat irritation.

In the LEGACY, LEVORG, IMPREZA, FORESTER, and SUBARU BRZ, we achieved the voluntary target by JAMA*¹ by reducing the concentration of the 13 substances defined by the Ministry of Health, Labor and Welfare to levels below the indoor concentration guideline values. We will continue our efforts to reduce the levels of VOCs*² to further make the environment in vehicle interiors comfortable.

*1 Voluntary target by JAMA: To reduce cabin concentrations of the 13 substances designated by the Ministry of Health, Labor and Welfare to levels equivalent to or lower than the figures stipulated in the guidelines for new models (produced and sold in Japan in FYE2007 and after) under the Voluntary Approach in Reducing Cabin VOC Concentration Levels initiated by JAMA.

*2 Volatile organic compounds (VOCs) are organic compounds that easily volatilize at ordinary temperature, such as formaldehyde and toluene, which are said to cause nose and throat irritation.

› [The Japan Automobile Manufacturers Association's voluntary approach to reducing volatile organic compounds \(VOCs\) in the cabins of passenger cars \(Japanese version only\)](#) □



Overview: Subaru's Basic Approach to Climate Change and Specific Initiatives to Tackle the Problem

Our Approach to Climate Change

As the earth, the sky and nature are Subaru's fields of business, we regard nature's bounty as essential.

Characterized by increasingly frequent and devastating abnormal weather events, climate change is a threat to all of humanity. Reducing anthropogenic greenhouse gases (referred to below as "CO₂" for the sake of convenience), which have been pinpointed as the cause of climate change, is a crucial task that will ensure the sustainable growth of both Subaru and society as a whole.

Based on this approach, the Subaru Group aims not only to increase the environmental performance of our products, but also to protect the global environment throughout the automobile life cycle, from extracting raw materials to manufacturing, transport, and use, right through to disposal. In this way, the Subaru Group will contribute to achieving the Paris Agreement's goal of keeping the increase in global average temperature to well below 2°C above pre-industrial levels, adopted in 2015.

Product Initiatives

Subaru believes that finding ways to improve fuel economy, which is a measure of our products' environmental performance, is key to reducing emissions of CO₂, which is said to be one of the causes of global warming. While continuing to further improve the fuel economy of our gasoline engine vehicles, Subaru will strive to reduce CO₂ emissions by expanding our range of electric vehicles (EVs) and furthering the development of EVs to take account of the increasingly stringent fuel efficiency regulations being imposed by various countries.

One example of improved fuel economy in our gasoline engine vehicles can be found in the Forester launched in July 2018, which achieved the class-top level of fuel economy performance in the small SUV class. The Forester has been equipped with a newly developed 2.5 L direct injection engine, which achieves increased fuel efficiency through the use of a more aerodynamic body, a higher compression ratio, and the active valve control system (AVCS) on the exhaust side. The All-New Outback and Legacy due for launch in the U.S. in fall 2019 is also equipped with same gasoline engine, with further improvements in fuel economy provided through its use in combination with an improved continuously variable transmission (CVT).

At the same time, the Forester*¹ launched to expand Subaru's lineup of EVs is equipped with the new e-Boxer*² power unit, which combines a horizontally opposed boxer engine with electric technology and which has already established its reputation in the Subaru XV. In December 2018, Subaru began accepting orders in the U.S. for our very own plug-in hybrid, the Crosstrek Hybrid, which leverages Toyota Motor Corporation's knowledge of hybrid vehicle technology. Subaru will continue to expand and develop our range of hybrid vehicles into the 2020s by blending the electric technology that we have cultivated over the years with Subaru's unique qualities.

*1 Adopted in Advance grade.

*2 "e-BOXER" is a generic term used for "horizontally-opposed engine + electrification technology" which offers Subaru's characteristic driving enjoyment, as well as being environmentally friendly.

To ensure that Subaru is ready when the age of EVs gets underway in earnest, we announced an agreement with Toyota, with which Subaru is in alliance, in June 2019 for the joint development of both a platform dedicated to battery electric vehicles (BEVs) for midsize and large passenger vehicles, and a C-segment-class BEV SUV model. By bringing together both companies' strengths—such as the electrification technology that Toyota is employing to bring together other companies that share its aspirations and the all-wheel drive (AWD) technology that Subaru has built up over the years—we are taking up the challenge of creating attractive products with appeal that only BEVs can offer, aiming for launch in the first half of the 2020s.

Initiatives at the Production Stage

Subaru's direct CO₂ emissions (Scope 1 & 2) are minimal in comparison to the total emissions, including Scope 3 emissions. However, in our Environmental Policy, Subaru has set ourselves the challenge of protecting the environment throughout the value chain, so we believe that taking the initiative in efforts to reduce direct CO₂ emissions will help to enhance activities by the Subaru Group as a whole.

Accordingly, we have set ourselves the target of reducing our direct CO₂ emissions (Scope 1 & 2) to 30% below FYE2017 levels on a total emissions volume basis by FYE2031. Furthermore, we will bring forward a part of our program to tackling climate change, which is an issue that brooks no delay. As such, we aim to achieve a reduction of approximately 20,000 t-CO₂—equivalent to around 3% of annual emissions, by FYE2021 through the introduction of renewable energy, among other measures.

Related information

› [KPIs: Where We Want to Go](#)

Community partnership: The Subaru Forest Project

Subaru is dedicating considerable energies to the conservation of forests, which are carbon sinks, in order to conserve local natural capital.

More specifically, we are working to conserve local forests by expanding the Subaru Forest Project, concluding agreements with local governments in Gunma Prefecture, Utsunomiya City in Tochigi Prefecture, and Bifuka-cho in Hokkaido, which are communities with strong links to Subaru's business.

Related information

[> Social Contribution > Subaru Forest Project](#)

Background: Key Risks and Opportunities Related to Climate Change

Approach to Risks and Opportunities

If no steps were taken to address climate change, Subaru's markets such as Japan and North America would be severely impacted and Subaru would be unable to continue doing business. Subaru has set a long-term target of keeping the temperature increase to "well below 2°C," as specified in the Paris Agreement, and has analyzed the short- to medium-term scenarios for achieving this goal, taking into account various factors.

In the case of our products, keeping in mind the fuel economy regulations set by the governments of countries where Subaru does business, we have examined a range of scenarios that comprehensively take into account the scenarios for electrification drawn up by the IEA and relevant governments, the progress of electrification in the automotive markets and the development of social infrastructure, technology that can withstand actual consumer use, the need to secure appropriate profits, and progress in achieving low-carbon/zero-carbon outcomes in upstream and downstream of product processes.

Looking at production, Subaru has set the FYE2031 target with reference to Japan's Nationally Determined Contribution (NDC); the stable supply and price of low-carbon energy in Japan and the U.S.; and progress in the energy mix promoted by governments, along with carbon pricing. While making energy conservation activities the cornerstone of our efforts, Subaru is currently formulating the Subaru Environmental Action Plan, which takes into account the installation of energy-saving equipment and the introduction of renewable energy.

[Main Risks Identified]*¹

Relating to products

- (1) If Subaru does not abide by fuel economy regulations in Japan, the U.S., Europe, and China, we could incur additional costs or losses via negative incentives, such as fines or non-penal fines for violating laws and regulations, and costs associated with purchasing credits. Opportunities to sell Subaru products could also be limited if we do not meet certain fuel economy standards.
- (2) A sudden shift toward electrification at a stage when EVs do not yet meet customer needs could not only give rise to unnecessary development costs and a decline in customer satisfaction, thereby leading to unexpected losses and reduced sales opportunities, but also stall progress in electrifying Subaru products.
- (3) Ensuring profitability while pursuing low-carbon/zero-carbon outcomes at every stage, from procurement to use and disposal, is crucial in electrification. If Subaru's initiatives do not cover the whole of the value chain from upstream to downstream, we might not be able to achieve its objectives throughout the product life cycle.
- (4) Subaru regards electrification as a trend that will progress steadily from a medium- to long-term perspective and there is a possibility that EVs will suddenly permeate the market at some stage. Our product sales opportunities might be seriously impacted if we have not prepared appropriate technologies and products at that point.

Relating to production phase

- (1) If Subaru continues to use energy from fossil fuels, we could incur rising costs, due not only to geopolitical factors associated with petroleum and the like, but also to government carbon taxes and regulations on emission quotas.
- (2) Subaru believes that renewable energy will become mainstream in the medium to long term. However, cost and stable supply remain challenges at this stage, so cost-effectiveness must also be considered.

Relating to business management in general

- (1) Failure to implement adequate initiatives to achieve low-carbon/zero-carbon outcomes could harm Subaru's brand value and negatively impact the company's ability to hire personnel and sales. Capital costs could also rise, due to difficulty in securing financing from investors in the medium to long term.
- (2) Some say that the current Nationally Determined Contributions under the Paris Agreement are not enough to achieve the "well below 2°C" target, so if countries adopt more stringent targets, Subaru's business could be severely affected.

[Main Opportunities Identified]*1

- (1) If efforts to make products more environmentally friendly advance appropriately and global efforts to adapt to and mitigate climate change progress, Subaru will be able to maintain our main markets and receive even greater support for the safe and reliable products that are Subaru's strong point, even in the face of the extreme weather conditions that cannot, to some extent, be avoided in certain parts of the world. This has the potential to expand business opportunities, for example, creating new markets.
- (2) Meeting expectations around climate change could increase Subaru's brand value, thereby generating positive effects on the company's sales and ability to hire personnel. This could make it easier to secure financing from investors in the medium to long term, thereby reducing capital costs.*2
- (3) By transitioning to renewable energy, while still taking cost-effectiveness into account, Subaru could be freed from the risk of price fluctuations inherent in energy derived from fossil fuels, thereby preventing future cost increases.

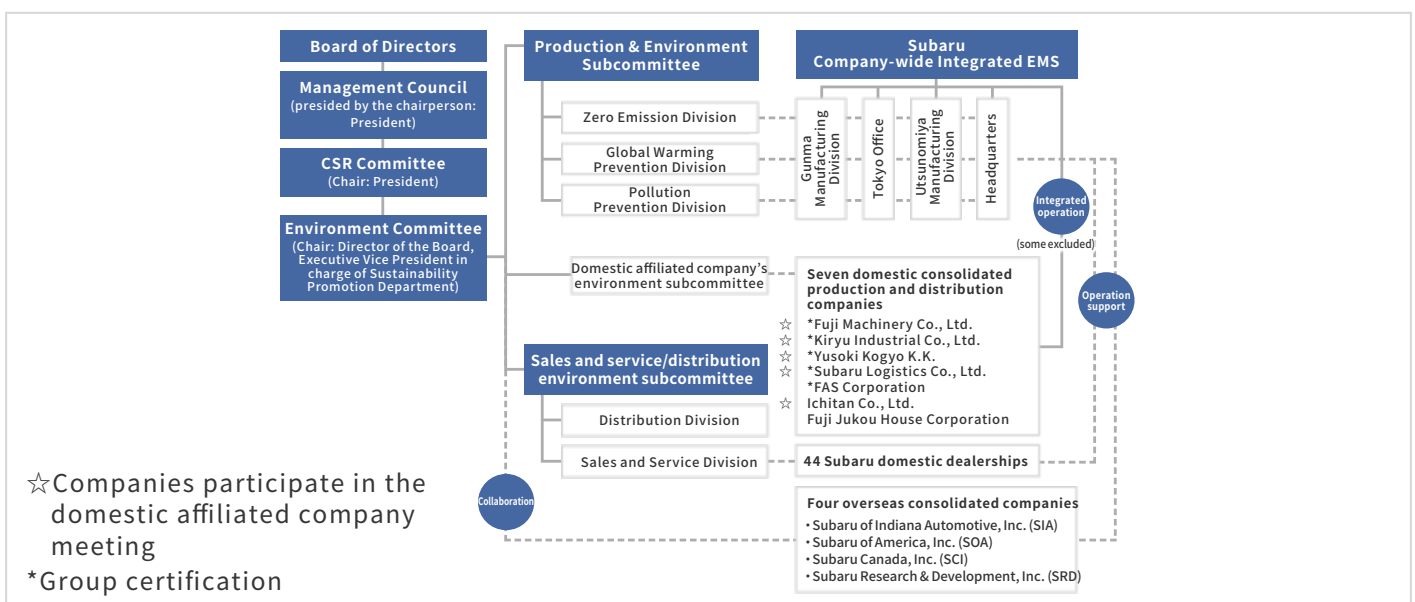
*1 The risks and opportunities described above are based on past facts and currently available information and may change significantly due to such factors as future economic trends and the business environment facing Subaru.

*2 The content represents an opportunity for SUBARU products to contribute to climate change adaptation and is not expecting degradation of climate change.
SUBARU regard initiatives to tackle the global challenge of climate change as one of the most important of these and will continue to contribute to the Paris Agreement's goal.

Systems: Governance Structure Relating to Climate Change

Subaru has established the Environment Committee to contribute to the sustainable growth of both society and the company, and to conserve the global environment. As well as discussing targets and measures in a broad and medium- to long-term perspectives that meet the environmental standards required by future societies, the committee evaluates progress in implementing and achieving these. The Environmental Committee is chaired by the Corporate Executive Vice President and Representative Director in charge of the Sustainability Promotion Department. Details of discussions by the Environment Committee are reported to the CSR Committee. There is also a system for raising/reporting matters to the Executive Management Board and Board of Directors if necessary.

Governance Structure Relating to Climate Change



KPIs: Where We Want to Go

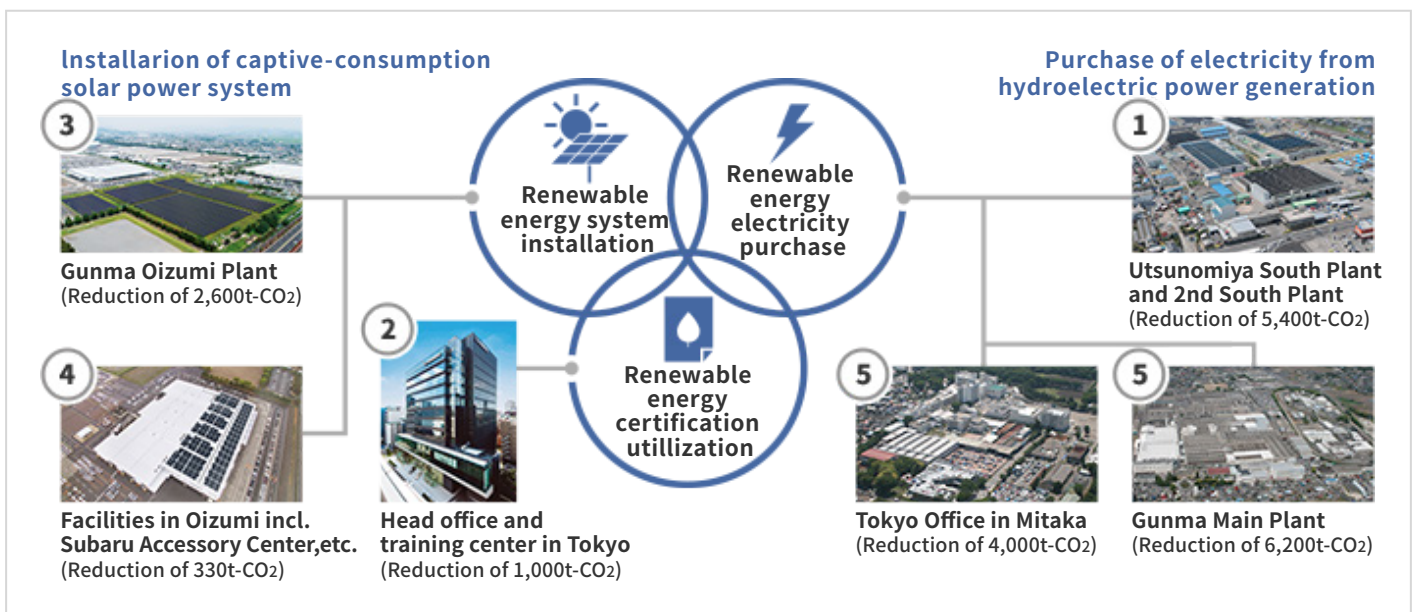
Subaru aims to reduce our direct CO₂ emissions (Scope 1 & 2) to 30% below FYE2017 levels on a total emissions volume basis by FYE2031.

As a first step toward this target, Subaru is moving forward with initiatives aimed at achieving a reduction of approximately 20,000 t-CO₂/year, by FYE2021, which will equate to around 3% of the annual emissions.

<Breakdown of efforts for CO₂ emissions reduction by FYE2021>

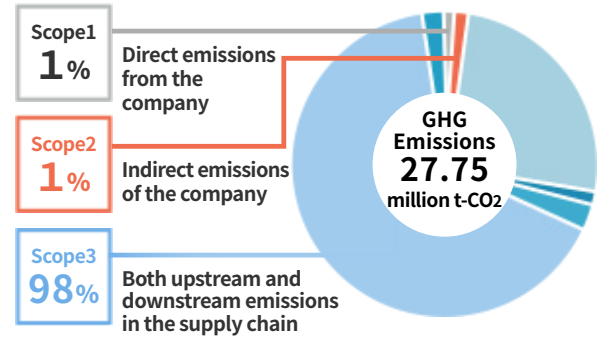
Starting year	Efforts		CO ₂ reduction
FYE 2019	1	Introduction of zero-CO ₂ -emission electricity at South Plant and 2nd South Plant of Aerospace Company's Utsunomiya manufacturing site	5,400t-CO ₂
	2	Utilization of the Green Power certification / Green Heat certification program at Head Office in Ebisu and the Subaru Training Center in Hachioji	1,000t-CO ₂
FYE 2020	3	Installation of captive-consumption solar power system at Gunma Oizumi Plant'	2,600t-CO ₂
	4	Installation of captive-consumption solar power system at Subaru Accessory Center and Kanta POI Center in Oizumi	330t-CO ₂
	5	Introduction of zero-CO ₂ -emission electricity at Main Plant in Gunma and Tokyo Office in Mitaka	10,200t-CO ₂

Efforts to achieve CO₂ emissions reduction of 20,000 t-CO₂



Performance

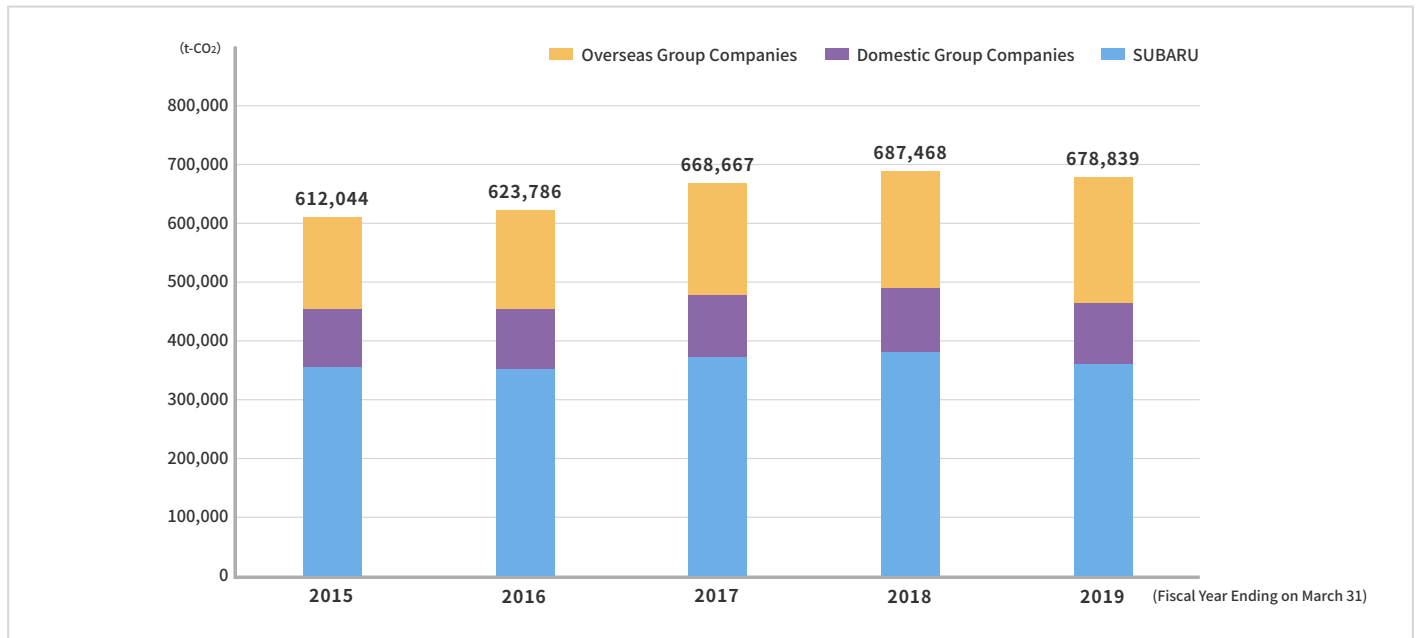
Greenhouse gas emissions in the supply chain for FYE2019 (Scope 1, 2 and 3) were 27.75 million t-CO₂. Subaru participated in the Ministry of the Environment “Support for Calculating Supply Chain Greenhouse Gas Emissions toward an Environmental Information Disclosure Infrastructure,” and received assistance from NTT Data Institute of Management Consulting, Inc. in Scope 3 calculations. We will continue to promote identifying and managing GHG emissions.



- > [CO₂ Emissions \(Scope 1, Scope 2\)](#)
- > [CO₂ Emissions \(Scope 3\)](#)

CO₂ Emissions (Scope 1, Scope 2)

CO₂ Emissions



Targeted companies Subaru Corporation
 Domestic Group Companies: Yusoki Kogyo K.K., Fuji Machinery Co., Ltd., Ichitan Co., Ltd., Kiryu Industrial Co., Ltd., Subaru Logistics Co., Ltd., Industrial Products Co., Ltd., Subaru dealerships
 Overseas Group Companies: Subaru of Indiana Automotive, Inc., Subaru of America, Inc., Subaru of Canada, Inc., Subaru Research & Development, Inc.

<Changes in emission factor>

This year, Subaru has changed the basis for CO₂ emissions calculations from "non-adjusted greenhouse gas emissions" to "adjusted greenhouse gas emissions", which are based on the Act on Promotion of Global Warming Countermeasures. Based on this change, we recalculated and revised the figures as far back as to FYE2015.

CO₂ Emissions (Scope 3)

Scope 3 * Breakdown

Division		Category	Greenhouse Gas Emissions (t-CO ₂)	Calculation Scope, etc.
Upstream	1	Purchased goods and services	7,418,726	Domestic and overseas
	2	Capital goods	372,211	Domestic and overseas
	3	Fuel and energy related activities not included in Scopes 1 or 2	78,815	Domestic and overseas
	4	Transportation and delivery (upstream)	1,162,964	Domestic and overseas
	5	Waste generated in operations	28,361	Domestic and overseas
	6	Business travel	4,446	Domestic and overseas
	7	Employee commuting	11,996	Domestic and overseas
	8	Leased assets (upstream)	-	N/A
Downstream	9	Transportation and delivery (downstream)	-	N/A
	10	Processing of sold products	4,027	Domestic and overseas
	11	Use of sold products	17,375,396	Domestic and overseas
	12	End-of-life treatment of sold products	556,250	Domestic and overseas
	13	Leased assets (downstream)	-	N/A
	14	Franchises	53,531	Domestic and overseas
	15	Investments	-	N/A

* In FYE2014, Subaru participated in “Support for Calculating Supply Chain Greenhouse Gas Emissions toward an Environmental Information Disclosure Infrastructure” project of the Ministry of the Environment, and calculated the figures using a method developed with the assistance of NTT Data Institute of Management Consulting, Inc.

Initiatives in Production

Based on the Act on the Rational Use of Energy, Subaru has set the mid-term targets (the 6th Voluntary Plan for the Environment) and has been making efforts to quantitatively reduce CO₂ by replacing equipment and devices such as lighting with energy-saving equipment.

Related information

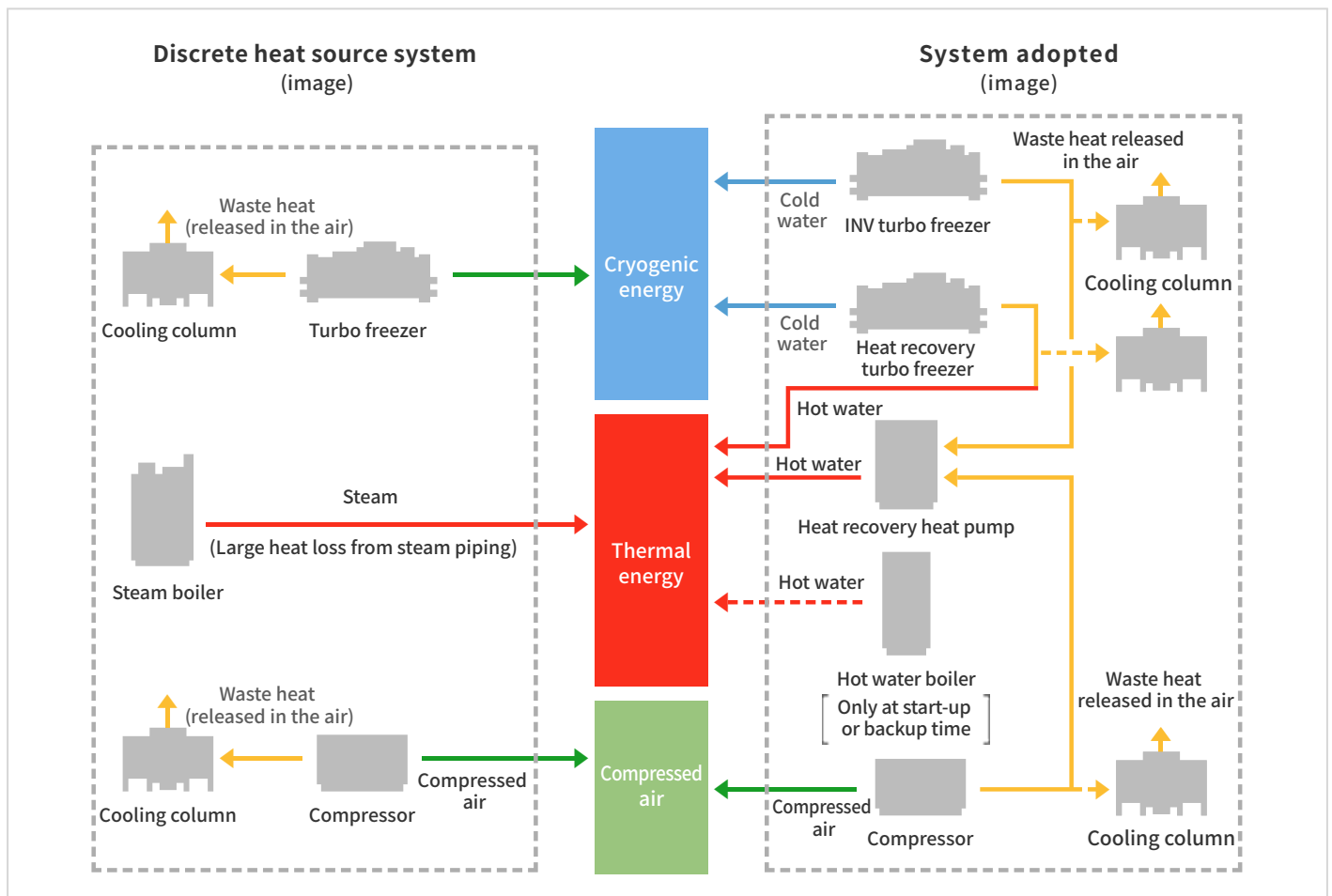
› [The 6th Voluntary Plan for the Environment](#)

Energy Conservation Initiatives

Installed latest energy-saving equipment

In the automobile painting process, it is necessary to repeat “warm up” and “cool down,” which requires much energy. Thus at the Yajima Plant of Gunma Plant, we introduced a highly efficient heat source system centered on the heat pump in 2018 and efficiently produce hot and cold heat compared to conventional technology (individual heat source system).

As a result, in FYE2019, Subaru cut CO₂ emissions by 2,221 t-CO₂ (39 percent down compared with the individual heat source systems).



Updated cogeneration facilities

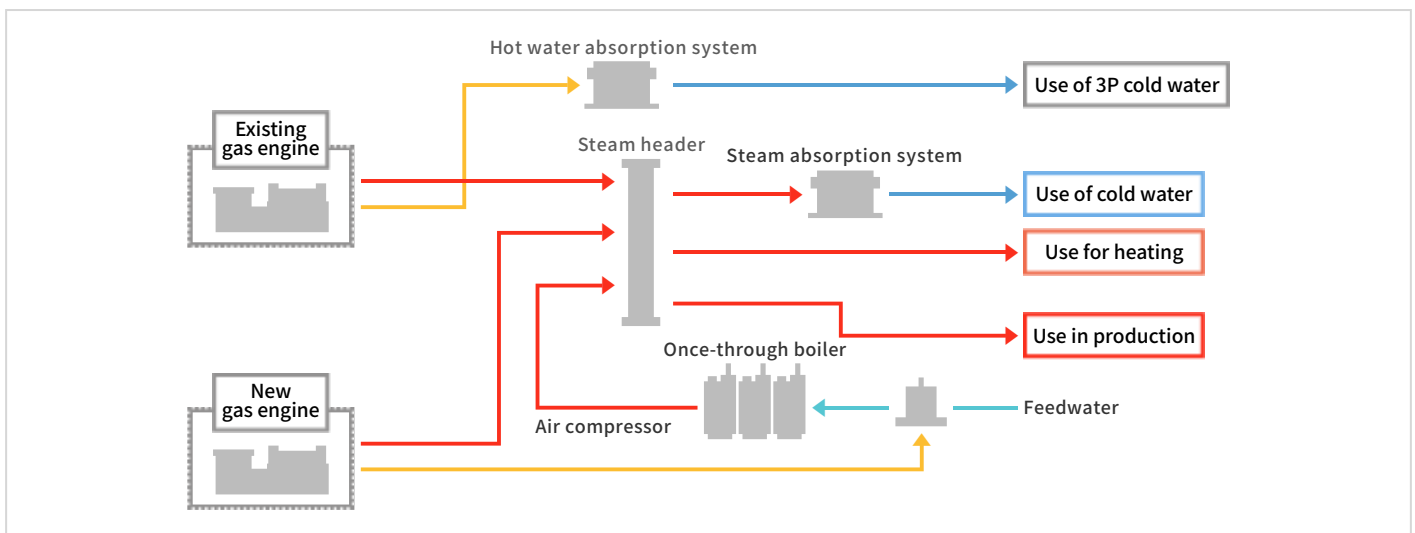
As 15 years had passed since the cogeneration facilities were first installed in Subaru's Gunma Plant, we updated these aging facilities.

(New facilities began operating in February 2019)

In updating the facilities, we chose a model with specifications that will make a greater contribution to energy conservation, taking into account the energy mix used at present.

Performance comparison of old and new facilities	(Old ⇒ New) *The old system used a gas turbine with a variable heat to electricity ratio, while the new system uses a gas engine
Power generation output	4,200-6,190kW ⇒ 9,730kW
Volume of steam generated	3.0-9.4t/h ⇒ 5.2t/h
Power generation + Steam efficiency	49.8-80.9% ⇒ 63.5%

In the three months after it began operating, the reduction in CO₂ emissions achieved by the new system was 1,532 t-CO₂ compared with the old system.



Subaru of Indiana Automotive, Inc. (overseas initiatives)

1. Replacement with the latest air compressor and dryer equipment cut electric power consumption by approximately 707,069 kWh.



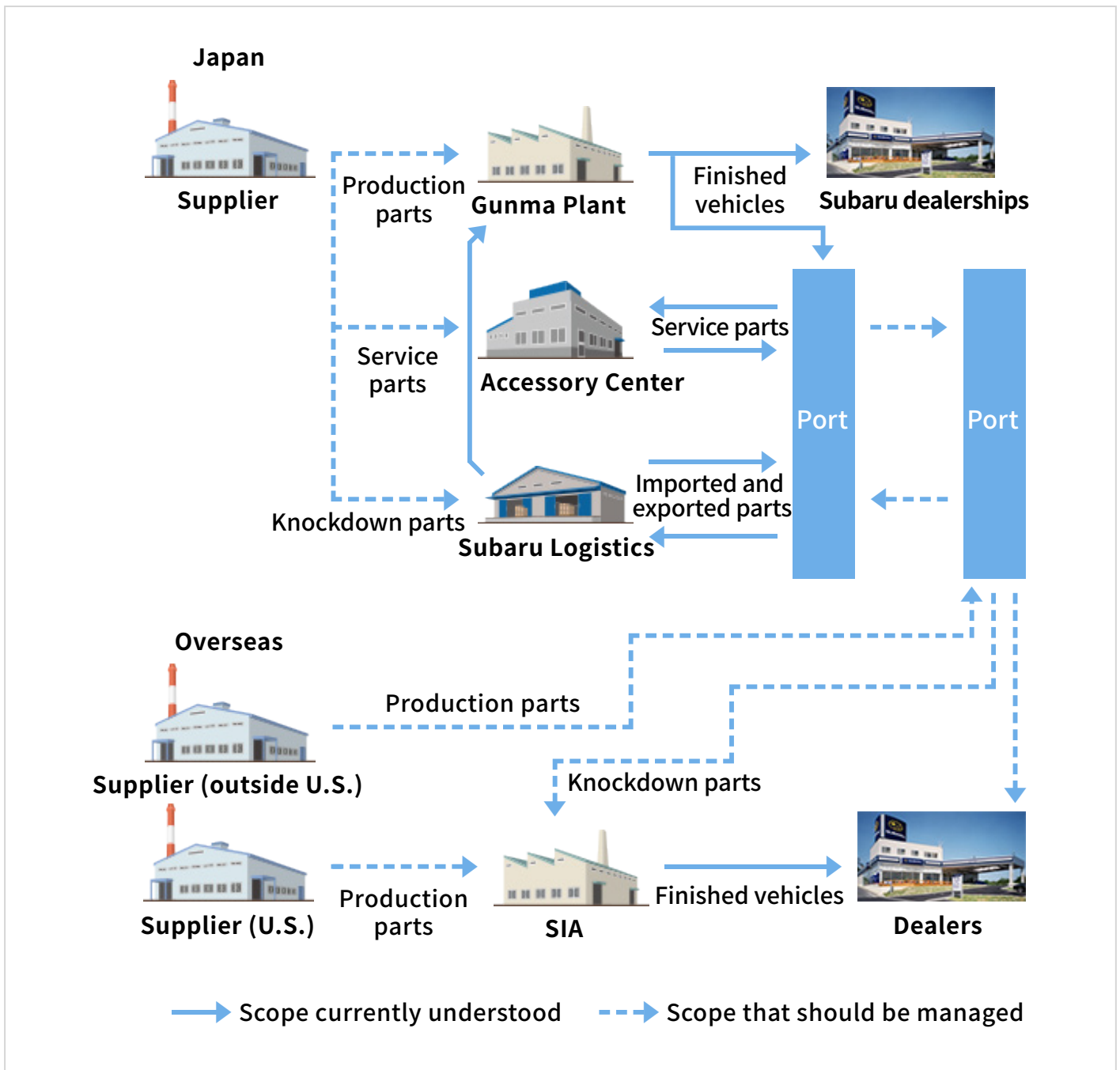
2. Some work processes were revised and the in-process compressed air knife process was eliminated, reducing electric power consumption by approximately 354,794 kWh.



Initiatives in Distribution

Reducing Environmental Impact at Subaru

In accordance with the 6th Voluntary Plan for the Environment, the Subaru Group as a whole is working with our logistics companies and dealerships to cut CO₂ emissions by promoting more efficient transportation of finished vehicles and export parts.



Initiatives in Transport of Finished Vehicles

Subaru is striving to reduce the environmental impact by ensuring more efficient transport of finished vehicles. The measures taken by the company include establishing optimal standard routes, changing the model composition of the finished vehicles being shipped, and adapting flexibly to bigger vehicles, as well as increasing loading efficiency, introducing digital tachographs*¹ to promote energy conservation, and promoting modal shifts*².



As a result of the consolidated and standardized transportation routes for finished vehicles, in FYE 2019, the CO₂ emissions during transport per Subaru vehicle decreased by 5.8%, compared with a target of a 1% reduction per year from the FYE2007 level. Subaru will continue our efforts to achieve further reductions.

- *1 This system automatically records journey information such as vehicle speed and driving time, and saves it to a memory card, etc. It is being introduced to manage driving in industries that involve the commercial operation of vehicles. As the system provides a clear visible record of such events as sudden acceleration and deceleration, fuel waste due to engine idling, and dangerous driving, it can help to increase awareness of safe driving and reduce fuel use.
- *2 Switching the mode of cargo transport from truck freight to modes that impose less of an environmental impact, namely rail or sea freight.

Initiatives Involving Exported Parts

Subaru is striving to reduce the company's environmental impact through efforts to achieve greater efficiency in transport, including establishing optimal container fill rates for the shipment of parts for export, the introduction of container round use*¹, and the use of inland container depots*².

Subaru Logistics Co., Ltd., which packages and ships parts for overseas production of Subaru vehicles, is engaged in an ongoing effort to improve the container fill rate by reducing wasted space in containers, such as the introduction of slimmer packages and lighter-weight packaging materials. Due to the introduction of a larger packaging specification for the Ascent produced in the U.S., the fill rate in FYE2019 fell 9.4% from the previous year to 78.9%

	FYE2015	FYE2016	FYE2017	FYE2018	FYE2019
Fill rate	83.2%	84.0%	88.7%	88.3%	78.9%

In July 2017, Subaru introduced round use of containers, thereby in FYE2019 achieving a reduction of 600 tons in CO₂ emissions from the previous year.

Subaru will continue our efforts to achieve further reductions in CO₂ by improving container fill rates and developing more efficient shipping routes.

- *1 Round use involves an empty sea freight container that has been used for import being directly reused for export, without first being returned to the port. This reduces the shipment of empty containers from ports, as containers are transported directly from importers to exporters.
- *2 A depot for the consolidation of container cargo located inland, to reduce the shipper's transport costs and facilitate more efficient transport through the revision of the overland portion of sea freight container transport systems.

Initiatives in Transportation Vehicles

Subaru of Indiana Automotive, Inc. (SIA), the US production base of Subaru automobiles, is in cooperation with Venture Logistics, a company in charge of parts delivery, and proceeding with the introduction of natural gas vehicles.

Compressed natural gas (CNG) has a lower environmental impact than diesel fuel and is superior in terms of cost efficiency and reliability. One significant hurdle to CNG was that there were no supply stations for natural gas close by. SIA financed the Venture Logistics with CNG truck installation fee of more than \$ 1 million in 2014 and established a natural gas stand at the SIA property site to promote the introduction. As a result of introducing CNG fleet trucks, 1,097 tons of CO₂ emissions per day were eliminated (corresponding to 85% of emissions before the introduction). Energy costs were also reduced by a total of \$389,136 compared to using diesel fuel.

Initiatives in Sales

Energy Conservation Initiatives in Domestic Dealerships

In order to reduce greenhouse gas emissions, Subaru Domestic dealerships are sequentially switching to LED lights and high-efficient type air conditioners whenever the need to replace old equipment arises.

Initiatives in Plants

As global warming measures, Subaru is rolling out measures to curb rising temperatures within our plants by painting the roofs of some factories with thermal insulation paint, as well as installing insulation sheets, to limit radiant heat from sunlight.

In FYE2019, these measures were introduced at the Utsunomiya Plant and the Subaru Accessory Center, among other sites.

In addition, Subaru has begun switching to LED lighting at some sites, including affiliated companies, replacing approximately 5,000 fluorescent lamps with LED lamps. This has reduced CO₂ emissions by around 660 t-CO₂ per year.



Insulation sheets attached to a plant roof

Initiatives in Offices

Use of Green Power Certificates

Subaru aims to achieve zero-CO₂-emission offices at our headquarters at the Ebisu Subaru Building and the Subaru Training Center by purchasing Green Power Certificates and Green Heat Certificates in respect of the power and heat consumed by those offices.

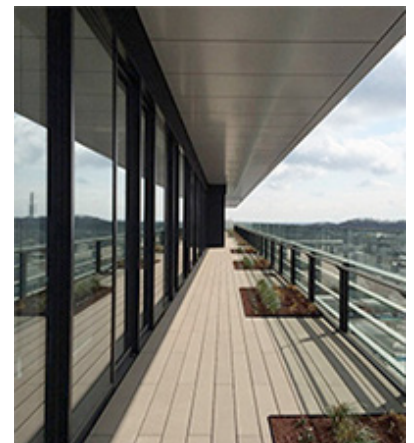
Subaru achieved a reduction of approximately 1,000 t-CO₂ in FYE2019, our first year of using this system.

Introduction of Environmentally Advanced Buildings

Use of Environmental Technologies to Reduce Environmental Impact (Gunma Plant)

The West Building in Gunma Plant completed in April 2016 had introduced various environmental technologies for reducing environmental impacts. Solar panels generate 20kW of energy. In addition, a new-generation lighting system combining individual address type control and image sensing type human sensor is introduced in the high-efficiency LED lighting. The air conditioning uses high-efficiency air-cooled heat pump chillers.

It has also introduced low-emissivity glazed window glass with high heat shielding and heat insulating properties, and a cool heat trench that takes outside air from a ventilation tower through an underground isolation layer to pre-cool or preheat the air and supplies to each floor. The building plans also introduced several innovations such as providing balconies to create a solar radiation shielding effect while creating rest areas, contributing to both energy conservation and a comfortable working environment without relying only on machinery.



Solar radiation shielding due to the effect of the balcony eaves

Initiatives Aimed at Obtaining LEED Certification (Subaru of America, Inc.)

The buildings housing the new headquarters and training center for Subaru of America, Inc. (SOA), whose construction in Camden, New Jersey was completed in April 2018, were designed with an eye to gaining LEED certification, which is awarded to buildings that take environmental impacts into consideration. In October 2018, the new headquarters building was awarded Silver certification, which indicates that it meets a higher standard than that required for basic certified level. An application for certification of the training center has also been submitted.

The LEED certification scheme aims to contribute to global environmental conservation by promoting the reduction of costs and resource use, and consideration for efforts to achieve positive effects on human health, as well as encouraging the introduction and use of clean, renewable energy. SOA launched a project dedicated to obtaining LEED certification. In March 2019, this project was recognized by the U.S. Green Building Council New Jersey Chapter as one of the most innovative green projects of 2019.



SOA's new headquarters building and training center with consideration for the environmental impact

* LEED certification: Leadership in Energy and Environmental Design (LEED) is a green building certification system developed and operated by the U.S. Green Building Council (USGBC). The program provides an objective indication of the overall environmental performance of a building, by evaluating energy efficiency and environmental impacts in terms of building planning, design, construction, operation and maintenance. As such, there are growing moves to obtain LEED certification, primarily in the U.S..

External Partnerships

Subaru is striving to address climate change through partnerships with suppliers, customers, and industry groups.

In our supplier selection and management mechanisms, Subaru has set out a code of conduct that incorporates key performance indicators (KPIs) for climate change concerning climate-related problems, and shares these at orientation sessions to ensure thorough adherence to them. In addition, environment-related accidents and defects have declined due to the voluntary acquisition of ISO14001 certification by suppliers. Subaru also builds and operates its own mechanisms to support the acquisition of Eco Action 21 certification by Tier 2 suppliers, if they so wish.

All of approximately 700 SUBARU dealerships in Japan have obtained Eco Action 21 certification, with ongoing environmental activities and compliance guaranteed through undergoing regular environmental audits. The Subaru Group is linked to each other via our own environmental report data system, which gives us access to environmental data (on the use of energy, CO₂, and water, and the volume of waste generated), enabling Subaru to respond promptly in the event of any environment-related issues.

Subaru also shares a greenhouse gas (GHG) emission management system with 15 domestic dealerships that are non-consolidated subsidiaries. Subaru is implementing an engagement campaign to raise consumer awareness of the impact of climate change, and also exchanges views on GHG reduction methods and the effectiveness thereof through Eco Action 21 briefings and the Eco Action 21 data aggregation system.

Subaru is a member of the Japan Automobile Manufacturers Association's (JAMA) committee on climate change measures. In addition, the President and Corporate Executive Vice President of Subaru participate in the industry group's decision-making process as JAMA executives and the decisions taken by JAMA are reflected in Subaru's mid-term management vision STEP.

* A secondary subcontractor that supplies parts to motor vehicle manufacturers.

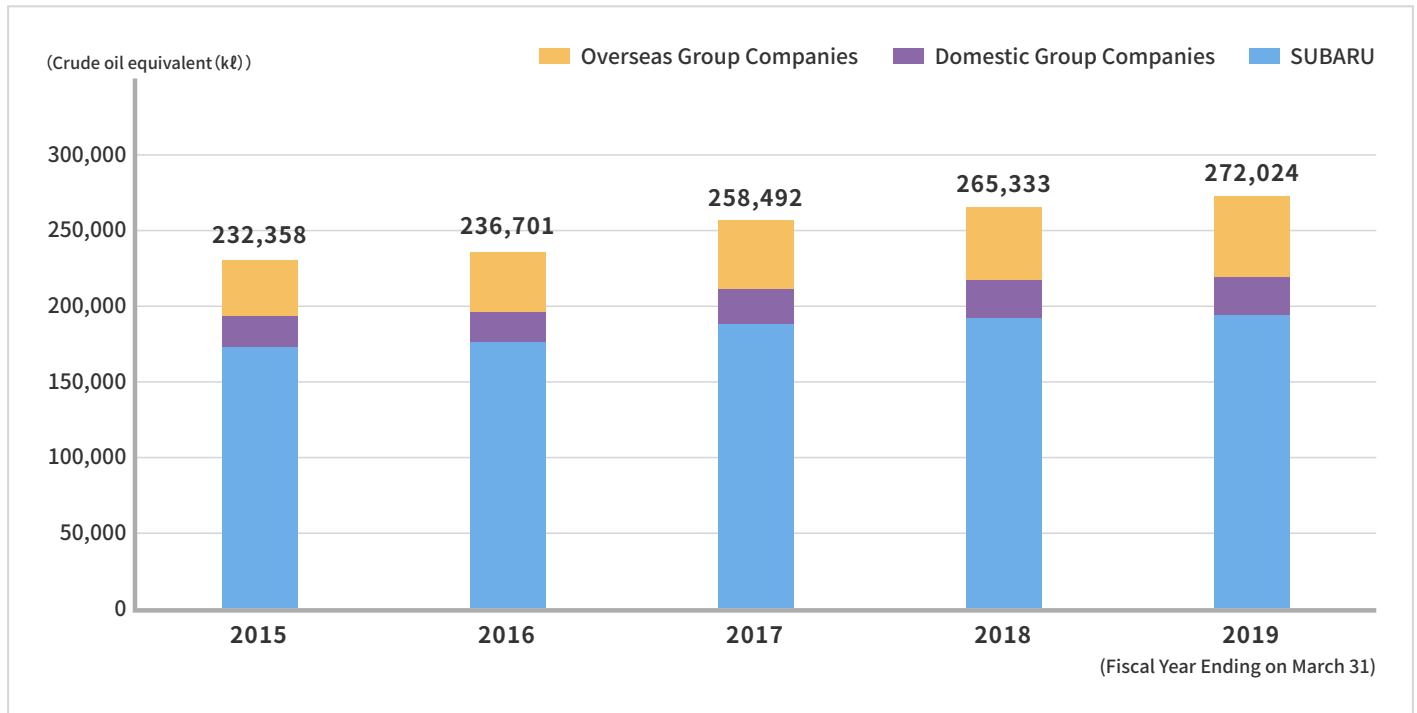
Basic Concept regarding Energy

Based on the Law Concerning the Act on the Rational Use, etc. of Energy, we are working on energy conservation through switching facilities and equipment including lighting equipment and through use of renewable energy.

We are working to replace the lighting in all buildings throughout the company with LEDs and other high-efficiency lighting by FYE2026, with the aim of conserving energy and reducing CO₂. So far, Subaru has reduced annual electricity consumption by approximately 1,388,052 kWh by changing lighting in this way.

Energy Consumption

Energy consumption in FYE2019 increased by 6,691 kℓ from the previous fiscal year. Going forward, we will aim to reduce energy consumption by introducing the latest energy-saving equipment and renewable energy.



Targeted companies Subaru Corporation
 Domestic Group Companies: Yusoki Kogyo K.K., Fuji Machinery Co., Ltd., Ichitan Co., Ltd., Kiryu Industrial Co., Ltd., Subaru Logistics Co., Ltd., Industrial Products Co., Ltd., Subaru dealerships
 Overseas Group Companies: Subaru of Indiana Automotive, Inc., Subaru of America, Inc., Subaru of Canada, Inc., Subaru Research & Development, Inc.
 Subaru Corporation: Calculated based on the notification of the Energy Conservation Law.

Related information

- > [Overall Environmental Impact](#)
- > [CO₂ Emissions \(Scope 3\)](#)

Introduction of Renewable Energy

Subaru installed solar power system facilities at the Subaru Research and Experiment Center building and the Oizumi Plant of Fuji Machinery Co., Ltd in FYE2018. Utilization of renewable energy such as solar power system is becoming an increasingly important option as an energy source that does not emit CO₂. It is also effective for securing stable supply by diversifying energy sources. At the Gunma Oizumi Plant, we are planning to reduce CO₂ emissions of about 2,600 tons-CO₂ in FYE2020 by installing the Japan's largest-scale solar power generation system (an annual approximate output of 5,000 MWh/year). In addition, Subaru plans to steadily expand the introduction of the system facilities to the Subaru Accessory Center and the Kanto PDI Center.



Subaru Research and Experiment Center



Oizumi Plant of Fuji Machinery Co., Ltd.

In the Tokyo Office, two 10kW solar power generation systems in December 2009 and March 2014 and one 5kW facility in January 2014 on the main office building roof, one 2kW system in March 2014 in the guardhouse, and one 2.7kW facility in 2016 in the special high-voltage substation were introduced. We now generate 33,809.7 kWh per year, and effectively utilize it as part of the electric power of the Tokyo Office.



Solar power generation system with the output corresponding to the use by 100 detached houses.

In FYE2015, we introduced solar power system with a rated output of 420 kW (corresponding to 100 detached houses) in Kiryu City, Gunma Prefecture, and started a project to generate and sell electricity of 427,706 kWh per year.

Establishment of Environmentally Conscious Parts Center and Training Center

Subaru of America, Inc.'s Parts and Training Center in Florence, New Jersey, opened in June 2013, is equipped with a solar power generation system with 1 MW power generation capacity on the rooftop, and a new server with about half the power consumption compared to the conventional one.



1 MW Power Generation Facility



Parts and Training Center in Florence

In FYE2018, SOA switched the lighting fixtures to LED light bulbs, reducing the total electricity consumption by 13.13%.

In FYE2019, the Subaru Group generated 8,940 MWh of power using renewable energy and consumed 8,131 MWh.

Introduction of Aqua Premium Power from Zero-Carbon Hydroelectric Generation

Subaru will partially adopt the Aqua Premium electricity rate plan at the main plant in Gunma and the Tokyo Office. Under this price plan, the electricity supplied is derived solely from hydroelectric power generation, which emits no CO₂. Subaru expects to achieve a reduction of approximately 10,000 t-CO₂ in emissions (equivalent to 21 GWh of electricity generation annually) as a result.

Introduction of Micro-Hydroelectric Power Generation System using circulating water

In January 2014, the Tokyo Office installed micro-hydroelectric power generation system (2.9 kW) as an energy recovery system using cooling circulating water at some of its research facilities, and its system is now generating about 13,000 kWh of electricity per year (corresponds to electricity use of three households). This system installs water wheel which rotates with falling water to generate electricity. Power generated by this system is used for circulating water pump.



Tochigi Furusato Denki Program for Locally Produced and Consumed Electricity

In April 2018, Subaru's Aerospace Company adopted the Tochigi Furusato Denki program* in the South Plant and 2nd South Plant at our Utsunomiya manufacturing site (Utsunomiya City, Tochigi Prefecture). Under this initiative, which is Japan's first program for local production and local consumption of electricity, power generated by hydroelectric plants belonging to Tochigi Prefecture is supplied to the participating plants.

Through the introduction of this program, Subaru expects to achieve a reduction of approximately 5,400 t-CO₂, equivalent to around 15% of its total annual CO₂ emissions at the Subaru Aerospace Company's Utsunomiya Plant. Part of the electricity charges paid by Subaru via this program will be used for environmental protection initiatives in Tochigi Prefecture.

* The Tochigi Furusato Denki program is an initiative run by Tochigi Prefecture Public Enterprise Bureau and TEPCO Energy Partner, Inc. The program supplies electricity generated by eight hydroelectric power plants run by the prefectural government, enabling CO₂ emissions arising from electricity use to be reduced to zero, as hydropower generation emits no CO₂.



Our Approach to Resource Recycling

The Subaru Group understands that constructing a recycling-based society, that is to promote resource efficiency by recycling material and in business activities based on recycling, is an important theme that deeply involves us as a corporation in the manufacturing industry.

In the product life cycle of our vehicles from development, procurement, manufacturing, transportation and to disposal, we will strive to recycle resources as speedy and short as possible, continuing zero landfill of our domestic and overseas production plants. Going forward, we intend to build a recycling-based society aiming for 3R (Reduce, Reuse and Recycle) with an integrated approach that is one dimension higher in our business activities.

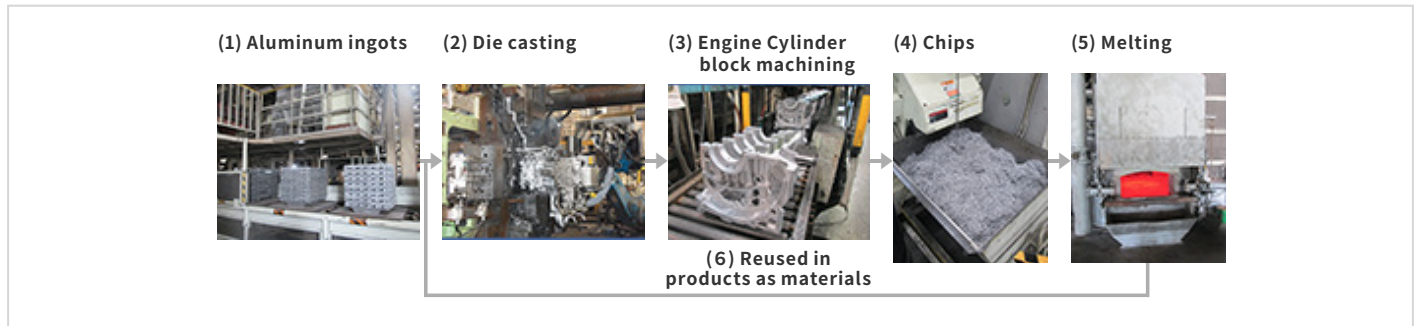
Specifically, we put “resource recycling” as one of the themes of Subaru’s Voluntary Plan for the Environment, and we will steadily implement our environmental conservation voluntary action plan based on it.

Recycling of Raw Materials

By reusing the discard generated at the time of Subaru’s automobile production, scraps, collected used materials, etc. in place of new materials to be used such as iron, aluminum, plastics, etc., which account for a large proportion of the contents of the automobile, Subaru is working on the closed loop recycling*, which reduces natural resource consumption, environmentally hazardous substances, and wastes.

Raw material used in automobiles in FYE2019		Recycling method
Iron	575,580 ton	Provide professional dealers with iron scraps and they reuse them.
Aluminum	18,975 ton	Aluminum scraps are re-melted at plants and reused almost entirely.
Plastic	23,267 ton	Plastic scraps are crushed again at plants and partly reused.

< Recycle of Aluminum >

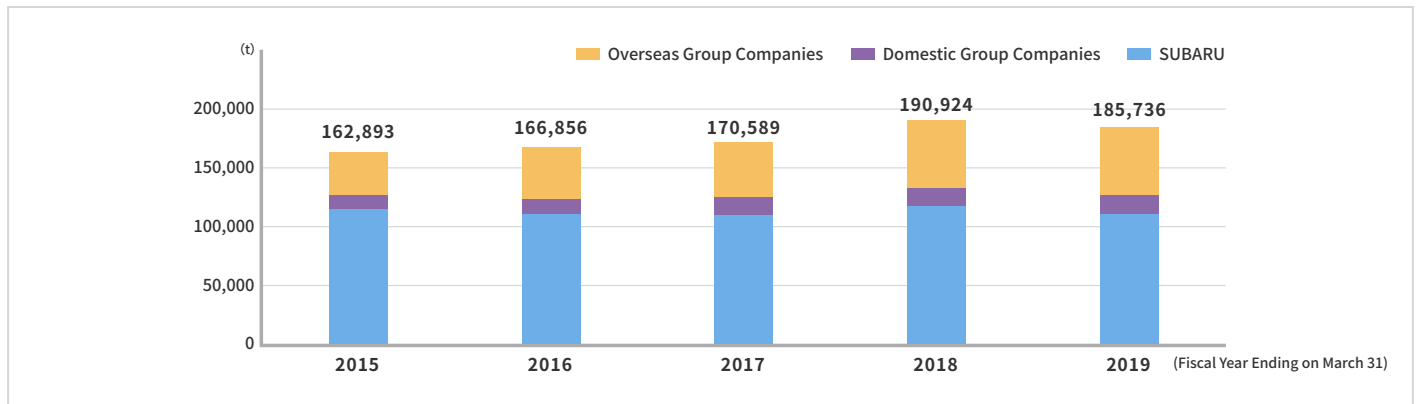


* A method in which waste and scraps generated during production as well as used products collected are recycled as materials for parts of the same quality, and then reused to make products of the same kind.

Wastes

Wastes generated in FYE2019 decreased by 5,188 tons from the previous year. It is mainly because of a decrease in the volume of automobile production. Considering wastes as valuable resources, we collect them and then reuse or appropriately treat them as much as possible to continue zero landfill.

Waste Generation



Targeted companies/divisions: Subaru:

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

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

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

* Includes scrap metal sold.

We do not import/export hazardous wastes stipulated in Basel Convention 2 Annex I, II, III, and IV.

Related information

> [Reuse of Packaging Materials](#)

Processing of End-of-Life Vehicles (ELVs)

Based on the End-of-Life Vehicle Recycling Law in Japan (Act on Recycling, etc. of End-of-Life Vehicles), car manufacturers are obliged to fully recover and appropriately recycle automotive shredder residue (ASR), airbags, and chlorofluorocarbons (CFCs) when cars they manufacture become end-of-life vehicles.

Subaru aims to ensure smooth recovery and recycling of three items, namely ASR, airbags and CFCs, generated from end-of-life vehicles, and to stably maintain a high level of recycling rates. Through ART*, a consortium Subaru and 12 other automobile manufactures, etc. have established, Subaru promotes proper recycling of ASR smoothly and efficiently. Regarding the recycling of airbags and CFCs, appropriate processing is carried out through Japan Auto Recycling Partnership Ltd., established jointly with domestic automobile manufacturers and importers.

The ASR recycling rate for FYE March 2019 was 97.6%, satisfying the legal standard of 70% of the Fiscal year ending March 2016 and after.

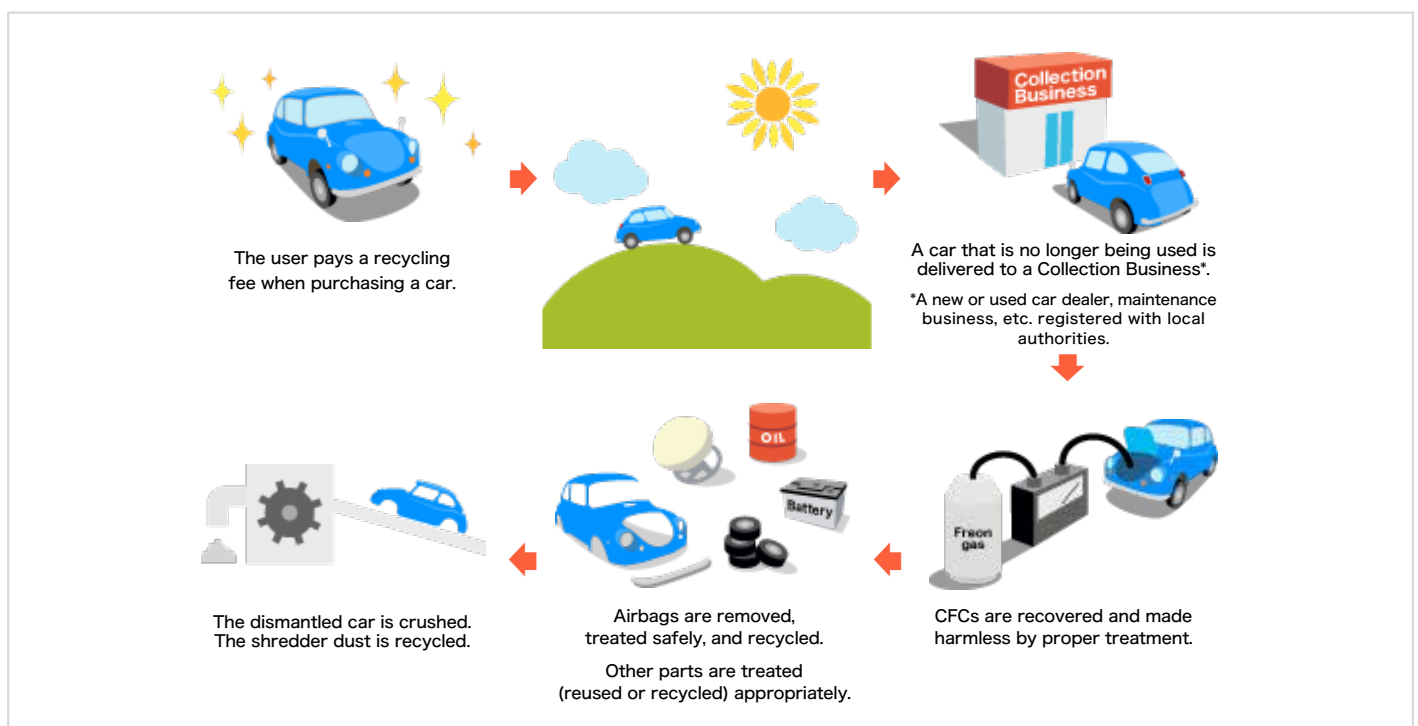
As for airbags, a recycling rate of 94.4% has been attained, exceeding the legal standard of 85%. Also, the entire amount of recovered CFCs was appropriately treated.

* ART: Automobile shredder residue Recycling promotion Team: A promotion team for automotive shredder residue (ASR) recycling, organized by 13 automobile manufacturers in December 2003. The team plans appropriate, smooth, and efficient recycling of ASR among the Parts Specified for Recycling, which are the parts that must be recycled.

Related information (Japanese only)

› [End-of-Life Vehicle Recycling Law](#)

Automobile Recycling Process



Promotion of Recycling Conscious Design

In order to use limited resources effectively, Subaru promotes recycling conscious design in automobile manufacturing.

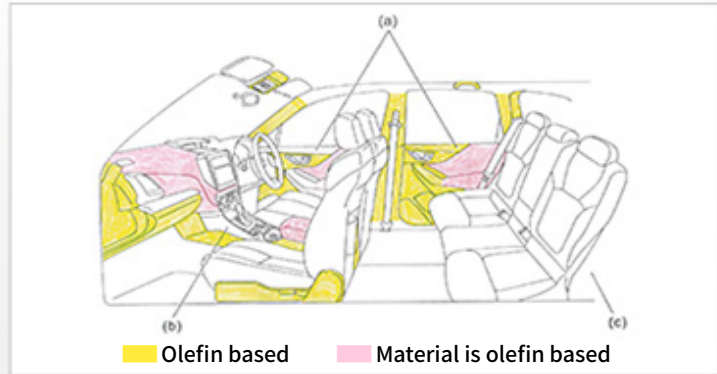
Improvement in Wiring Harness Dismantling

Adopted a harness layout and structure than can be recovered quickly and efficiently.



Use of Easily Recycled Materials

Actively adopted olefin resins that are easily recycled to use in internal parts.



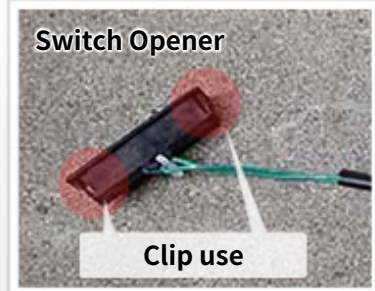
Improved Material Identification

Improved material separation by displaying the material identification not only on the inner surface of bumpers but also on the outer surface.



Adoption of Easily Dismantled Structures

Eliminated screws for the switch opener of the trunk and rear gate by using clips.

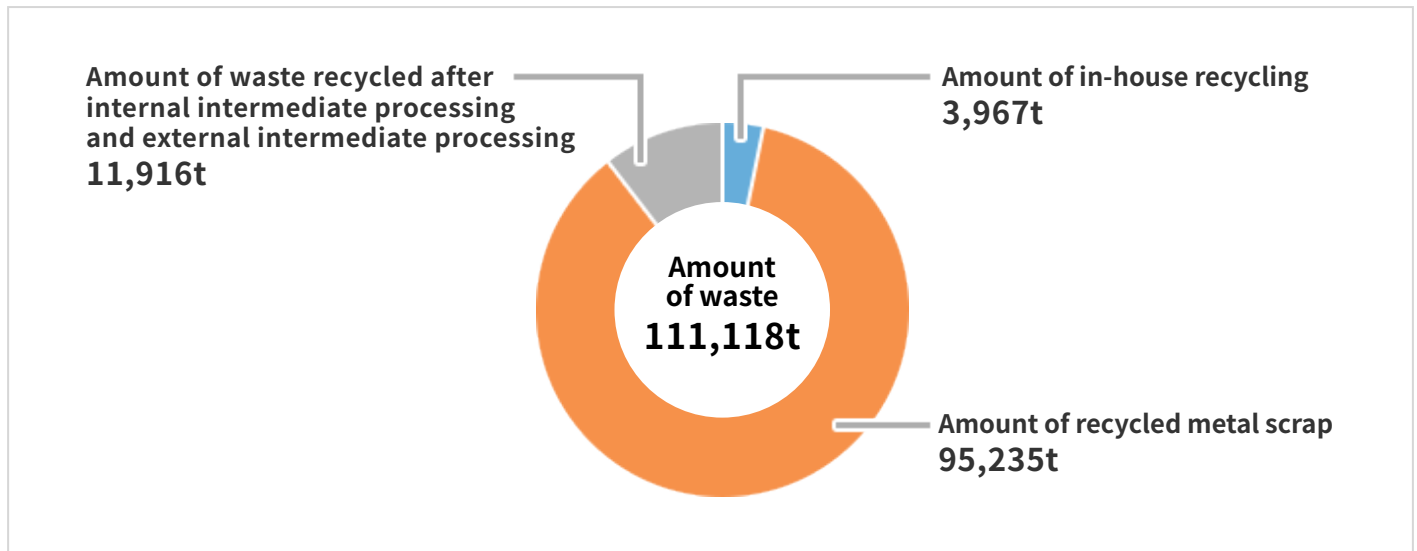


Initiatives in Production

Initiatives for Waste Reduction at Plants

All Subaru manufacturing plants in and out of Japan have maintained zero emission* of waste materials since Fiscal year ending March 2005.

Overview of Waste Generation and Processing of All Sites in FYE March 2019



Aggregation range: Gunma Plant, Tokyo Office, Utsunomiya Plant, Handa Plant, Handa West Plant

There is no landfill after external intermediate treatment.

* A system that utilizes waste and byproducts generated from an industry as resources for other industries, resulting in no waste discharge. This concept was proposed by the United Nations University (UNU) in 1994.

Primary Waste and Recycling Method

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

Initiatives in Distribution

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 environmental impact, focusing on the reuse of packaging materials.

The amount of reused packaging materials in Fiscal year ending on March 2019 was 776 tons, 11% increase from the previous year. This was due to an increase in shipments of parts for Ascent, of which production newly started in the United States, despite the partial unification of its packaging materials.

We will continue our active efforts to reduce environmental impact by expanding the reuse of packaging materials.

	FYE2015	FYE2016	FYE2017	FYE2018	FYE2019
The reused amount (t)	523	550	652	699	776
Intensity (kg/vehicle)	2.5	2.3	1.9	2.0	2.1

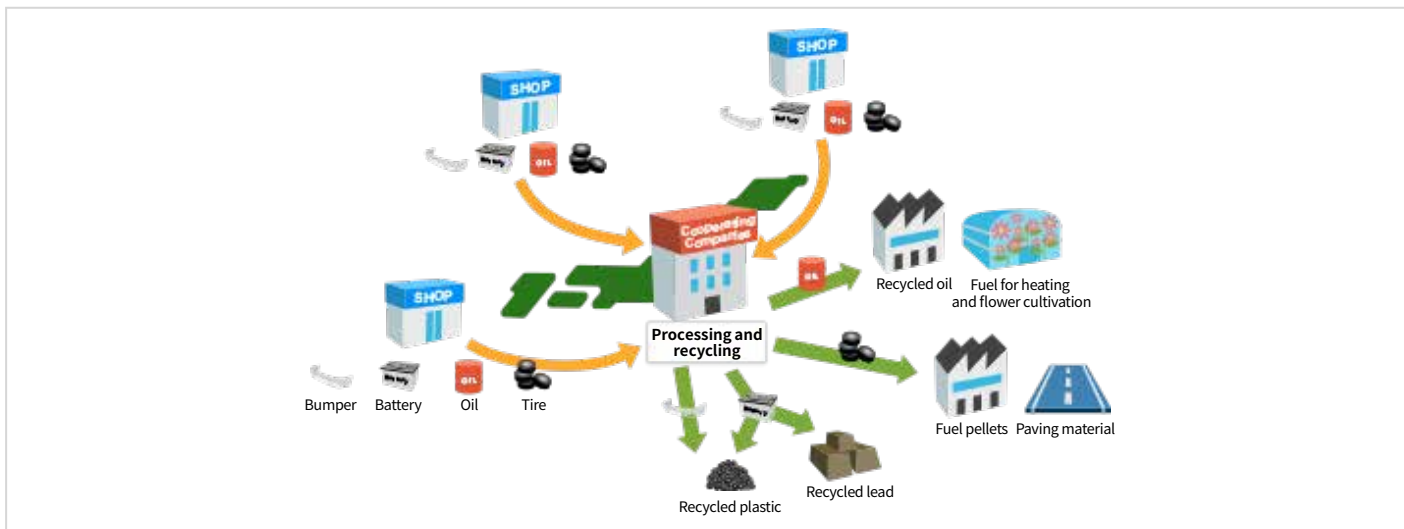
Initiatives in Sales

Zero Emission at Subaru Dealerships in Japan

From April 2012, Subaru domestic dealerships began improving appropriate treatment activities for waste generated from our business activities to promote environmental conservation.

Collaboration and cooperation with companies and industrial organizations are being carried out for resource recycling in addition to a review of conventional treatment methods, leading to zero emission activities targeting resource recycling within Japan. Various activities are being developed, including recycling of used lead-acid batteries, waste oil, used tires, etc. As the result of these activities in FYE2019, 1,511 tons of used lead-acid batteries (117,929 used batteries), 5,494 kiloliters of used oil, and 190,739 used tires were collected and recycled.

We believe that the zero emission activities of Subaru domestic dealerships, who are closest to stakeholders, are environmental conservation activities closer to home. They can also provide an environment with safety and peace of mind, in addition to products, by promoting more effective use and appropriate processing through defining corporate responsibility and recycling resources.



Recycling of Waste Oil

Waste oil generated at Subaru domestic dealerships during oil changes is recycled as recycled fuel oil based on the zero emissions scheme created by Subaru. Every year, farmers in Yamagata Prefecture grow beautiful poinsettia and cyclamen using this recycled fuel oil for heating greenhouses. Subaru distributed these cyclamens to visitors to Subaru events and EcoPro exhibition.



Poinsettia cultivated in horticultural farmers

Recycling of used tires

Used tires changed and collected at Subaru domestic dealerships are crushed and made into rubber chips, which are then reused as fuel at plants such as power plants, paper making companies (pulp), steelworks, etc. In addition to this kind of thermal recycling, we have started to reuse these chips as paving materials.

The used tires made into rubber chips are mixed in asphalt, or applied as an overlay of asphalt pavement. They can be used for parking lots, children's playgrounds, athletic fields, and sidewalks of hospitals/nursery homes, with varied blending ratios of chips depending on the use. We not only recycle the outer layer of the tires, but the entire rubber parts of those tires for pavement materials by sorting each part thoroughly, such as wires, rubber components, etc. We are the first car manufacturer to recycle all the rubber parts of a tire for pavement materials.



Animal Square in Stellar Town

Overseas Initiatives

Subaru of Indiana Automotive, Inc. Continuing Zero Landfill since 2004

Subaru of Indiana Automotive, Inc. (SIA) is the first automobile plant in the United States that achieved zero landfill in 2004, and is still making various improvements to maintain the achievement.



Masking when painting bumpers

In FYE2019, SIA reviewed the width of masking tape used for masking* in the painting process, resulting in a reduction of 2.2 tons of masking tape use.

* Masking: a process to make sure that no paint is applied to areas other than the painted area.

Subaru of America, Inc. Teaming up with TerraCycle® to Improve the Recycling Rate of Hard-to-recycle Waste

As of April 2018, Subaru of America, Inc. (SOA) launched a partnership with TerraCycle®, a recycling company in the United States, and started TerraCycle® Zero Waste™ Box™ program to promote the recycling of various wastes that have been thought of as hard-to-recycle. The program is a part of Subaru Loves the Earth, a project for improving the recycling rate.



Recycling collection boxes placed at a motor sports event

In the program, TerraCycle® Zero Waste™ Boxes™ (recycling collection boxes) are distributed to Subaru dealers in the US and customers, employees and community partners are encouraged to bring wastes which are thought of as hard-to-recycle and end up being landfilled or incinerated. Such wastes include snack wrappers/bags, disposable cups and lids, and creamer capsules. The collected wastes are then turned into products like park benches, picnic tables, and playground materials, and donated to Subaru community partners etc. through TerraCycle®. As of April 2019, SOA also places the recycling collection boxes in rally sports events as well, actively promoting the recycling of wastes.

Less than a year after the program's launch, SOA has achieved the recycling of more than one million pieces of waste through the participation of about 540 Subaru dealers in the United States.

Continuing the Zero Landfill Joint Initiative in the US National Parks

Taking advantage of the zero landfill experience of Subaru of Indiana Automotive, Inc. (SIA), which is the US production base of Subaru vehicles, Subaru of America, Inc. (SOA) has been working on a joint initiative with suppliers, the National Parks Conservation Association, the National Park Service, etc. 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).

Specific efforts for the initiative include reducing waste in national parks, improving the recycling rate, raising awareness among the park staff, promoting cooperation in local communities, and educating tourists. Since the initiative's launch in 2015, the three national parks have been steadily reducing the amount of waste generation through the efforts like promoting the composting of organic waste, increasing the number of water supply stations as well as placing more than 500 new trash bins in the park. SOA also successfully raised awareness of more than 33,000 visitors to the park by holding events etc.

SOA donated \$2.1 million to the National Park Foundation (NPF) in FYE2019, and since it started supporting NPF in 2013, the total amount of its donations has reached \$68 million. These donations were made under the Subaru's commitment to donate a certain amount of money when a customer purchased or leased a Subaru automobile. Also, at the New York International Auto Show held in April 2019, SOA exhibited at a booth that allows attendees to enjoy a simulated experience of national parks. When the exhibition is over, as most of the booth's materials are recyclable, they will be recycled or donated in addition to being reused at future auto shows and other events.



Subaru of America brings the Beauty of National Park



Our Approach to Water Resources

Water resources are one of the valuable resources indispensable to people's lives, livelihoods and business activities. However, due to the impact of droughts, floods and other natural disasters caused by climate change, as well as increased demand caused by global population growth and economic development, the risk of the shortage and pollution of water resources is predicted to grow in the future.

Water is an indispensable, precious resource to the Subaru Group's business activities. Therefore, the Subaru Group is committed to improving proper use of water as well as appropriately managing and dealing with water in order to reduce the environmental impact of water intake and drainage. At the same time, we are actively engaging in activities to conserve forests that have the function of water resource preservation.

Water Management

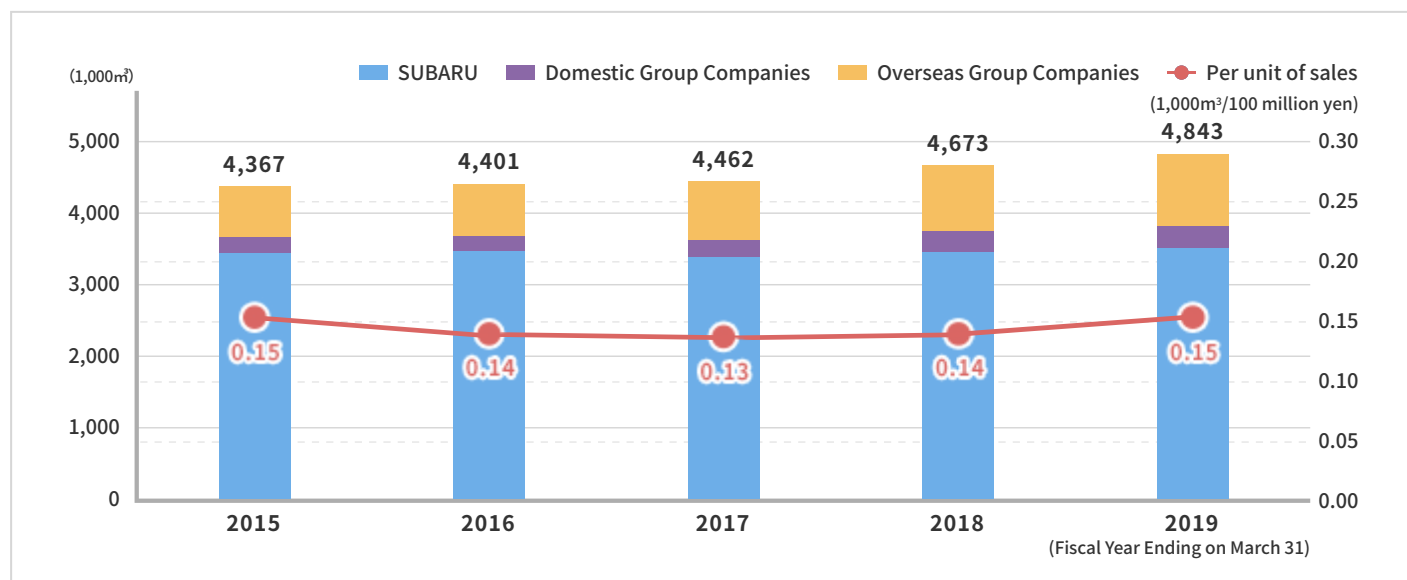
Subaru has established its own voluntary management standards of water quality to be 20% higher than the legal standards. Voluntary inspections and third-party inspections are conducted regularly for continual monitoring.

› [Status of Compliance with Environmental Laws and Regulations in FYE2019](#)

Water Consumption

The total amount of water use and water used per sales revenue are managed by totaling the amount of water for each facility. We report and verify these figures in biannual meetings, taking necessary measures as appropriate.

Water Consumption (Total Amount of Water Use)



Targeted companies/divisions:

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

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

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

Breakdown of Water Consumption by Water Source at Major Production Bases

(Unit: 1,000m³)

Region	Industrial Water	Tap Water	Source of Water Intake
Japan	3,252	300	Tone River, Watarase River
North America	0	961	Groundwater in the Teays Valley aquifer
Total	3,252	1,261	

Targeted companies/divisions:

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., Industrial Products Co., Ltd.

North America: Subaru of Indiana Automotive, Inc.

Water Risk Assessment at Production Bases

Subaru has a third-party expert implement a water risk assessment* related to water intake and discharge in order to use water resources sustainably. In FYE2017, it was conducted at Gunma Plant and Subaru of Indiana Automotive, Inc. (SIA), which are our automobile manufacturing bases. In FYE2018, it was also conducted at Utsunomiya Plant, which is our base for aerospace manufacturing.

The assessment estimated water supply and demand in the river basins where each base is located, and evaluated the possibility of water disaster, the impact on public health and ecosystem, etc. at five levels. We use the evaluation results to set priorities and perform measures.

Gunma Plant and Subaru of Indiana Automotive, Inc.

These sites, which are our bases for automobile manufacturing, currently have a moderate water supply and demand risk and it is expected that the current risk level will be maintained for the mid- to long-term even when taking climate change into consideration. No biodiversity protection areas have been confirmed downstream and a low vulnerability to water pollution has been confirmed.

Utsunomiya Plant

The Utsunomiya Plant, which is our base for aerospace manufacturing, currently has a moderate water supply and demand risk. However, it is predicted that in the future river flow rate increases while the water demand decreases, and thus the water supply and demand risk is expected to improve in the future. Since the site is not in a flood inundation area and a sediment disaster area, a low water disaster risk was confirmed. No biodiversity protection areas and rare aquatic life are confirmed 10 km downstream of the site, and a low ecosystem risk was confirmed.

Going forward, we will review our use and conservation of water resources to meet the local demand based on this assessment.

* Reference database

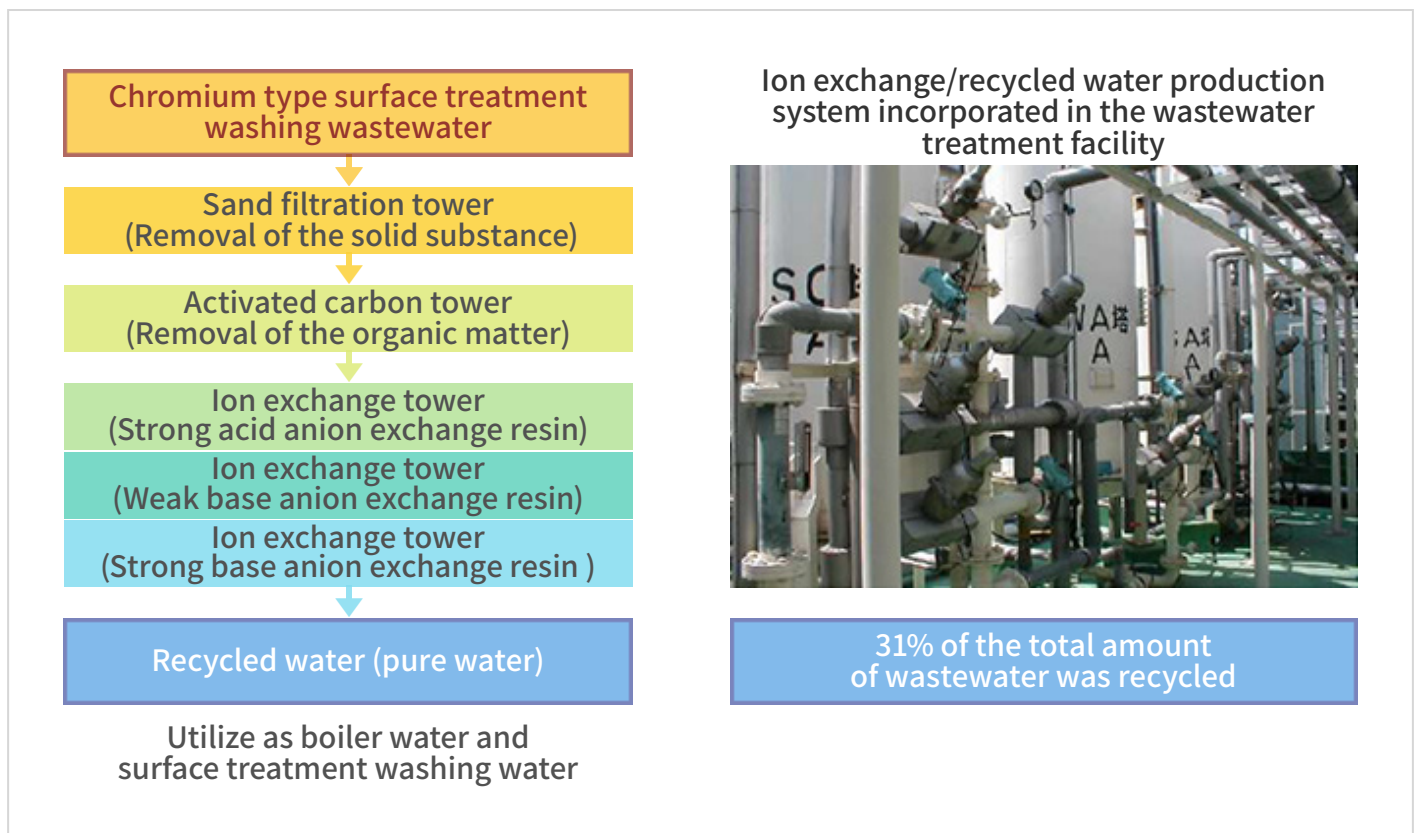
(1)WRI Aqueduct water risk atlas, WWF-DEG Water Risk Filter, PREVIEW Global Risk Data Platform, Climate Change Knowledge Portal, Integrated Biodiversity Assessment Tool, NCD-VfU-GIZ Water Scarcity Valuation Tool (Version 1.0), Costing Nature / Water World, National Land Numerical Information: Possible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

Water Reuse

An Initiative to Reuse Water at A Production Base

Utsunomiya Plant introduced a surface treatment facility incorporating an ion exchange /recycled water production system, and reprocesses wastewater to utilize it as recycled water (pure water). In FYE2019, 42,800 m³ (31%) of the total 140,140 m³ of water used in the surface treatment facility was treated and used as recycled water. Recycled water is utilized in the plant as washing water for the surface treatment facility.

Recycling Treatment of Surface Treatment Wastewater (Image)



Subaru of Indiana Automotive, Inc. (SIA) added filters to its water tanks equipped with electrodeposition apparatus that are used to clean the car body prior to the painting process, and started water reuse. As a result, SIA was able to reduce its water consumption by approximately 1,080 m³ in FYE2019.



Our Approach to Biodiversity

The Subaru Group's business activities could have an impact on biodiversity, which is the source of blessing from nature. In addition, biodiversity is rapidly disappearing on a global scale. Therefore, recognizing the importance of biodiversity conservation, Subaru clearly states in its Subaru Environmental Policies that it aims to coexist with nature and addresses global environmental issues including biodiversity, in all its business activities.

In promoting biodiversity conservation, while referencing external initiatives such as the Guidelines for Private Sector Engagement in Biodiversity and the Declaration of Biodiversity: Guide to Action Policy by Keidanren (Japan Business Federation), an economic organization, we are actively working on biodiversity conservation through participation in the Japan Business and Biodiversity Partnership.

Establishment of Guidelines on Biodiversity

Subaru launched a working group across all its business sites in FYE2015 to study the relationship between our business activities and biodiversity, identify potential risks and priority issues, and then formulate roadmaps. Thus, we have been steadily addressing and promoting the issues across the entire Subaru Group.

Informed by these activities, Subaru instituted the Subaru Guidelines on Biodiversity in April 2019 to serve as the basis of our biodiversity conservation efforts, so that we can continue to engage in business activities that take biodiversity into consideration. In establishing the guidelines, Subaru sought to ensure that they took into account international trends regarding biodiversity and were consistent with the Six Priority Areas for CSR and Subaru's Environmental Policy, as well as ensuring 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 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

Domestic Initiatives

Subaru Forest Project

Since FYE2018, Subaru has been committed to the Subaru Forest Project, an initiative directly links to biodiversity conservation. Among various corporate activities, this project embodies “coexistence with nature” of Subaru Environmental Policies.

Subaru Forest Bifuka in Hokkaido

In a forest of 115 hectares that is in the Subaru Test & Development Center Bifuka Proving Ground site, Subaru started forest management and conservation activities in June 2017, including tree-planting, forest-thinning and nature conservation programs. We are seeking to carry out these activities in collaboration with local communities such as Bifuka-cho.



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

Sponsorship of a Tree-planting Ceremony to Mark Bifuka-cho’s 120th Anniversary of Its Development

Subaru was the corporate sponsor of a tree-planting ceremony to mark the 120th anniversary of Bifuka-cho’s Development in September 2018, with nine people from the company taking part. In his greeting at the opening ceremony, the Mayor of Bifuka-cho said, “I want you to see how big the trees we plant today have grown 10 and even 20 years from now.” The participants planted a total of 1,600 Todo fir (*Abies sachalinensis*) trees—a variety chosen for its suitability to the local climate—on the 0.7 ha site as an expression of their wish to bequeath healthy, abundant forests to the next generation. Participants sweated as they struggled to dig holes for the trees, because the soil was hard, but everyone helped each other out and managed to carefully plant each of the trees. These Todo firs will be ready for felling 50 years after they were planted.



About 280 people participated in the tree-planting ceremony

Donations to Fund Environmental Conservation Activities at Matsuyama Marsh

In February 2019, Subaru signed a three-party partnership agreement on Bifuka-cho's forest environment conservation with the Bifuka-cho municipal government and the Kamikawa General Subprefectural Bureau. Based on this agreement, Subaru will use the corporate hometown tax system to donate three million yen over three years between FYE 2020 and FYE 2022 to fund forest conservation efforts such as wetland boardwalk improvements and guided tours to promote biodiversity in Matsuyama Marsh* through the Hokkaido Government's Matsuyama Marsh Forest Project.

* Located within Bifuka-cho, Matsuyama Marsh is Japan's northernmost high-altitude wetland, situated 797 m above sea level. As Matsuyama 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.



View of Matsuyama Marsh

Subaru Friendship Forest Akagi: Gunma Prefectural Forest Park

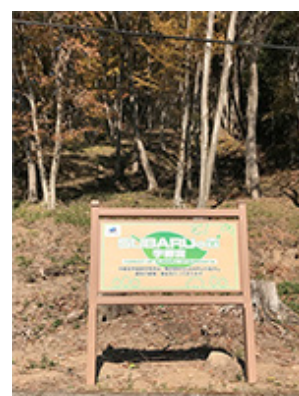
In April 2018, Subaru obtained the naming rights of a Prefectural Forest Park in Gunma Prefecture, where one of Subaru's automobile production plant is located. The park will be referred to as "Subaru Friendship Forest Akagi" for five years to 2023, and we support conservation and management activities in the prefectural forests. In FYE2019, we supported the maintenance of sign posts within the site and thinning work in forest maintenance.



Maintaining sign posts in the site

Subaru Forest Utsunomiya: Forest Park in Utsunomiya City, Tochigi Prefecture

Part of a municipal forest in a forest park in Utsunomiya City, Tochigi Prefecture, where the Aerospace Company is located, is referred to as "Subaru Forest Utsunomiya". There, Subaru will support forest conservation and management activities in collaboration with Utsunomiya City. In FYE2019, we supported the maintenance of sign posts within the site and thinning work in forest maintenance.



Maintaining sign posts in the site

Related information

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

Activities for Preserving Rare Species

In Tokoji Temple in Kitamoto City, Saitama Prefecture, there stands IshitoKabazakura, a cherry tree with the estimated age of 800 years. It is also one of the five major cherry trees in Japan and designated as Japan's natural monument in 1922. Subaru's Saitama Logistics Center in Kitamoto City inherited the descendants of the tree from Kitamoto City in March 2003 and is carefully nurturing them in its site.



The IshitoKabazakura tree brings forth pretty cherry blossoms every spring.

Green Space Initiatives with Careful Consideration to Biodiversity

Utilizing Ikimono Plus^{®*}, a simple evaluation tool for biodiversity, we planted the boundary areas of the north and east sides of the Tokyo Office premises with East Asian beautyberry (*callicarpa japonica*) and bamboo-leaf oak (*quercus myrsinifolia*), both of which grow wild around the Musashino area, in consideration of biodiversity. Through this initiative, we are contributing to creating the Musashino landscape rich in nature.

* Ikimono Plus[®]: A simple evaluation tool for biodiversity jointly developed by 8 major construction companies.



Green space with consideration for biodiversity in nature-rich area around Musashino, Tokyo

Flower Distribution Activities Contributing to Biodiversity Consideration

Gunma Plant promotes biodiversity contribution initiatives as part of activities carried out by Subaru Community Exchange Association.

Flower distribution activities

Three times a year, flower seedlings are distributed to member corporations of the Subaru Community Exchange Association. We changed the seedlings to the varieties that contribute to biodiversity in September 2015, and since then each corporation is promoting greening activities in consideration with biodiversity.



Creating flower beds to contribute to biodiversity

Elementary school flower bed contest

A flower bed contest is held for the elementary schools in Ota City and Oizumi Town. We have donated flower seedlings that contribute to biodiversity to the elementary schools to create flower beds since September 2015.

In FYE2019, 366 students from 14 schools participated in the contest. We believe that the participants were able to have rich experiences such as having fun by raising flowers and making new discoveries through creating flower beds.

Overseas Initiatives

The SUBARU Forest Ecology Conservation Project in China: 31 Forest Star Tours

Subaru of China Ltd. (SOC) established The SUBARU Forest Ecology Conservation Project at the end of 2012 in collaboration with China Wildlife Conservation Society in China National Forestry Administration.

Since 2013, SOC has established 31 Subaru Ecology Conservation Forests in nature reserves in 31 provinces in China, in collaboration with China Wildlife Conservation Society. By 2018, it has carried out “31 Forest Star Tours” events that aim at afforestation and rare species protection for six consecutive years. For those events, SOC has regularly provided vehicles and needed goods. As a result, over 300,000 or so people in total have participated, with touring over 60 nature reserves throughout China making the total traveled distance over 60,000 km. Now, the 31 Forest Star Tours is widely recognized in China.

In China, the “Forests of China Public Interest Platform” (Forests of China) was established under the leadership of the government in 2014, promoting natural environment protection and forest ecology protection at national level. SOC has partnered with Forests of China in 2015 and has cooperated with their ecological conservation activities. Having been appreciated for its activities, SOC together with Forests of China received a “Letter of Appreciation” from the United Nations, and gained international recognition. After being nominated by the China Wildlife Conservation Association of the National Forestry and Grassland Administration, representatives of SOC and about 50 members of Forest of China Organizing Committee visited the Jiangxi Province city of Jingdezhen, where conservation of wild Chinese fringe flower (*Loropetalum chinense*) is taking place. Many specimens of Chinese fringe flower were lost due to deforestation, so members of the delegation learned about the ecosystem and conservation activities focused on the plant.

SOC will continue to perform activities in harmony with the local natural environment and will promote initiatives to conserve biodiversity.



Visit to Jingdezhen to learn about Chinese fringe flower conservation

> [SOC 6th “31 Forest Star Tours” Program](#) 

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

Subaru of Indiana Automotive, Inc. (SIA) worked on ecosystem protection by improving the water retention area and surrounding greenery within its premises to make them easy to inhabit for local wildlife. As a result, it was certified by the National Wildlife Foundation (NWF) in 2003 as an area that wildlife lives. This was the first certification as a U.S. automobile production plant.

Wild Canadian wild geese, herons and American bald eagle use the water field installed inside the circulation circuit of the test course on the north side of the factory as feeding and resting grounds and many wild deer inhabit the green area behind the recreation center. SIA still now maintains a factory surrounded by rich nature.



SIA surrounded by rich nature



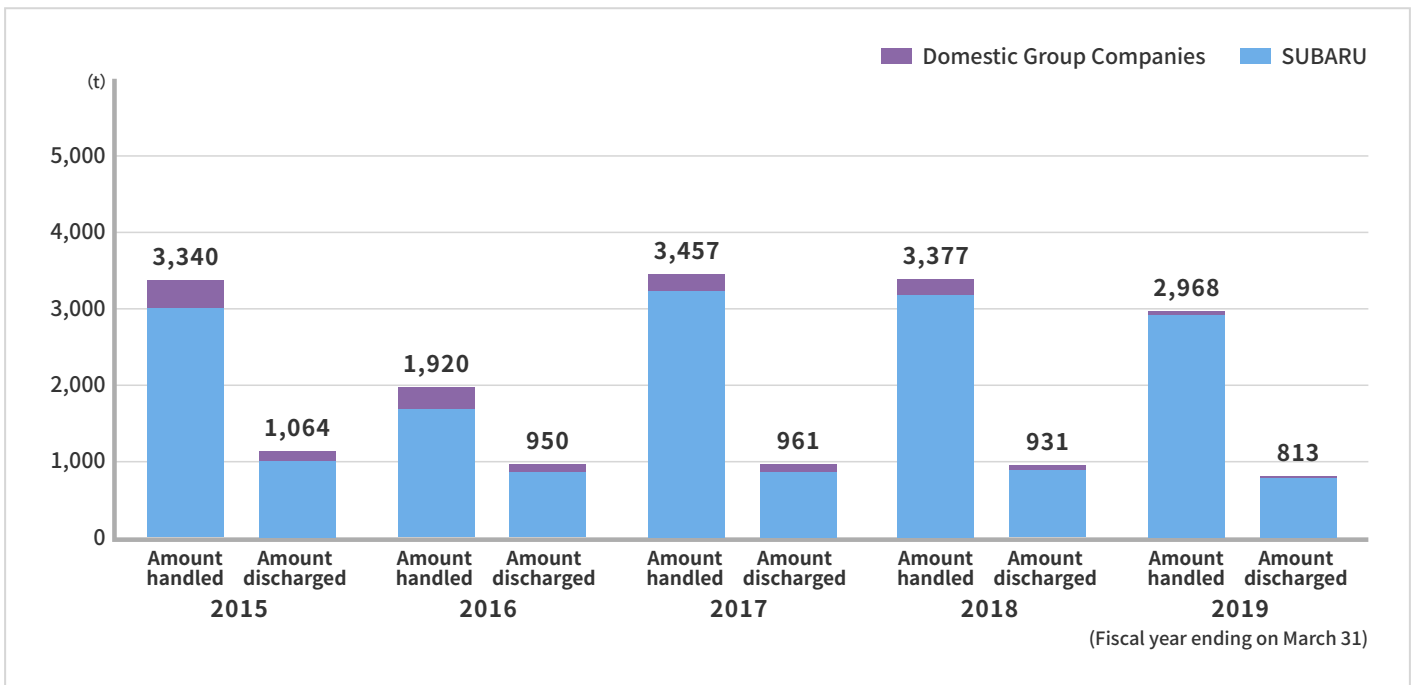
Our Approach to Preventing Pollution

The Subaru Group has “The earth, the sky and nature” are Subaru’s fields of business as its environmental policy and understands that the prevention of pollution of the soil, air, and the like is an important responsibility for the continuation of a sustainable society and our business. Accordingly, we established voluntary action standards above and beyond the legal standards and have dealt appropriately with soil, air, noise, etc.

Reducing Environmentally Hazardous Substances

PRTR Substances Handled and Emitted

PRTR Substances: Japan’s Pollutant Release and Transfer Register (PRTR) Law.

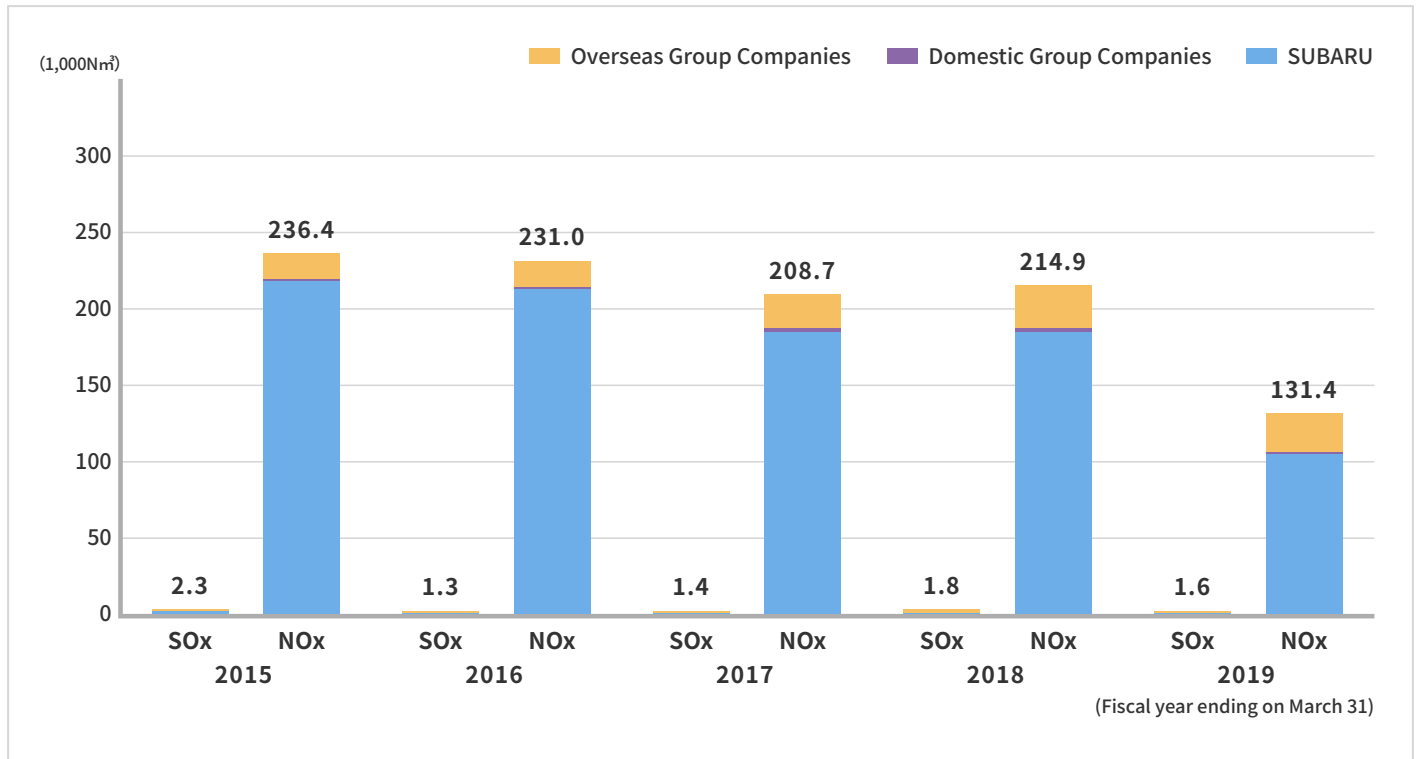


Targeted companies/divisions:

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

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

NOx and SOx Emissions



Targeted companies/divisions:

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

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

Overseas Group Company: Subaru of Indiana Automotive, Inc.

VOC Emissions

The Amount of volatile organic compounds (VOCs) Subaru emitted from the automobile coating process in FYE March 2019 was 45.8g/m², down 42.6% from the FYE March 2001 level.

We realized the reduction in VOC emission was mainly by decreasing the use of cleaning thinners and increasing the recovery of used thinners.

Prevention of Soil and Underground Water Pollution

Subaru has voluntarily performed soil and groundwater tests at our facilities since 1998, and has implemented purification measures and groundwater monitoring as required. Since 2003 when Soil Contamination Countermeasures Act came into effect, we have been filing reports and conducting tests in accordance with the law.

Status of Storage and Management of PCB Wastes

Subaru stores polychlorinated biphenyl (PCB) wastes appropriately according to the law, and plans to complete the disposal by a predetermined time.

Significant Spills

Subaru promptly and appropriately responds in accordance with relevant laws and regulations in the event of significant spill accidents. The number of the accident was zero in FYE March 2019.

Transportation of Hazardous Waste

Subaru had no significant spills and transportation of hazardous wastes specified in the Basel Convention Annex I, II, III, and VIII.

Related information

› [Management of Chemical Substances \(Operation of the IMDS\)](#)



Approach to Environmentally-conscious Procurement

The Subaru Group recognizes that working on improving environmental issues through business activities is an urgent social issue imposed on corporations and that we bear the responsibility to accomplish this, and is working on environmentally-conscious procurement activities throughout the supply chain with the aim of achieving sustainable society. Our 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.

Fundamental Procurement Policy

Fundamental Procurement Policy

Subaru has been promoting procurement activities under the following basic policies.

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. Establishment of 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).

Green Procurement

Initiatives at Subaru

Subaru has informed business partners about our environmental policies in order for them to conduct transactions with the understanding of our approach to the environment, while having summarized our expectations for business partners regarding environmental initiatives in the “Subaru Green Procurement Guidelines”. The guidelines primarily request cooperation in the following six areas:

Green Procurement Guidelines

[Expectations for Business Partners]

◆ Expectations for business partners regarding environmental management

1. Compliance with environmental laws and regulations
2. Establishment of environmental management systems (EMS)
3. Submission of environmental manager registration forms
4. Improvement of environmental performance

◆ Expectations regarding parts, materials, and services delivered to our company

5. Management of environmentally hazardous substances
6. Reductions in CO₂ emissions and packaging material in logistics

Compliance to these guidelines is considered a necessary criterion for selecting business partners. In addition, we recommend new business partners to acquire ISO14001*¹. Currently, all of our Tier1*² business partners have already acquired ISO14001 certification. In case our new business partners have difficulty acquiring ISO14001, we review their compliance status by having them submit reports on their voluntary assessment based on environmental guidelines, while supporting them with the acquisition of Eco Action 21*³.

*1 International standard for environmental management systems (EMS) established in September 1996 by the International Organization for Standardization (ISO). ISO14001 is a management system standard to certify that an organization considers the environment and has built a system for continuously reducing environmental impact.

*2 Companies that directly supply parts to car manufacturers. They are primary business partners. Tier2 business partners are companies that supply Tier1 with those parts that make up the Tier1 company parts.

*3 Environmental conservation activity promotion program for small- and medium-size enterprises formulated by the Ministry of the Environment, Japan. It is an environmental management system that addresses three areas: environmental management systems, environmental efforts, and environmental reporting, based on the guidelines.

Related information

> [Subaru Green Procurement Guidelines](#)  PDF/546KB

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*¹ and ELV Directive*². 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.

*1 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 Directive: European Union (EU) directive brought into force in 2000 to reduce the environmental impact from the scrapping of used 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 usages of the biological resources of leather and plant-derived materials to make sure that there is no negative impact on the ecosystem during the procurement of raw materials. In addition, our main office has switched to regenerated copy paper with 100% recycled paper pulp that does not use any new plant resources and we plan to sequentially switch over at other facilities as well.

Environmental Management System Request to Business Partners

Subaru requests, based on the Green Procurement Guidelines, that business partners formulate an environmental management system with the acquisition of ISO14001 third-party certification at its base. We request the business partners who have difficulty acquiring ISO14001 to acquire Eco Action 21 or to pass our voluntary examination. To those business partners who have passed our voluntary examination, we make inquiries or perform audits as necessary and request them to continue efforts toward early acquisition of third-party certification for environmental management.



Our Approach to Environmental Communication

Subaru values the relations with all our stakeholders, and to become a trustworthy corporation that brings peace of mind to our stakeholders as well as promotes environmental conservation activities, we widely disseminate information in an easy-to-understand manner utilizing various opportunities.

Exhibit at “EcoPro 2018 -Environment and Society of the SDGs Era, and to the Future-”

For three days starting on December 6, 2018, we participated in the EcoPro 2018 held at Tokyo Big Sight.

Our exhibition booth, with the theme of “Coexistence with Nature,” projected on the large screen the images of “SUBARU Forest” in the Bifuka Town, Hokkaido, where we have the Subaru Test & Development Center Bifuka Proving Ground. We also exhibited the Forester, so that visitors can imagine the joy of driving in nature. During the event, over 6,200 people visited the SUBARU booth, which gave us a great opportunity to let many people acknowledge our environmental initiatives. Additionally, as an effort to reduce CO₂ emissions, we participated in J-Credit Scheme for disaster area reconstruction support and committed to offset CO₂ emissions resulting from the exhibition by 12.0 t-CO₂.



Exhibition booth with the image of SUBARU Forest



Carbon Offset Certificate

Communication with Local Residents

Subaru communicates daily with people in the community who live near the factories, dormitories, and corporate housing in order to become a company that is open to the community.

At the Gunma Plant, representatives of the factories visit local government representatives every month to exchange information about circumstances in the area and requests to our factories while introducing Subaru events.

We also hold briefings on the status of the Gunma Plant and our environmental initiatives so that visitors can gain deeper understanding of our efforts to live together with the community. We hold factory visits once a year in order that visitors can further their understanding of our production activities by directly watching Subaru's automobile manufacturing and asking questions.

At the Aerospace Company, we give advance notice so that local residents are made aware of construction involving noise and vibration.

Checking the Perimeter of our Factories for Odor, etc.

At the Gunma Plant, we check the perimeter of the factories on a daily basis because as a rule of thumb, the levels of odor, noise and the like are greatly different between the levels shown by the measuring instruments and how people actually feel. In addition, by setting up the consultation desk and holding a dialogue and factory tours, we closely communicate with neighboring residents, and improve production facilities as appropriate, based on their valuable feedback.

Accepting factory tours

At the Gunma Plant, we invite elementary school children to utilize factory tours for their field trips. In FYE2019, 95,797 people, including the public, visited our factory. Also, in the SUBARU Visitor Center, we exhibit what is being recycled and what comes out of the recycling in the panel on the wall, which helps visitors to learn about recycling of automobiles.

The Utsunomiya Plant has been participating in the "Environmentally Friendly Factory Tours" hosted by Utsunomiya City as part of environmental education since FYE2018, and accepts 50 school children every year. The tour introduces the activities of our environmentally friendly factories, such as promoting recycling, utilizing solar power generation, and manufacturing for low fuel consumption, and encourages children to think about environmental issues.



Area to learn about automobile recycling

Eco-Science Fair and Go Green Event

Since FYE2017, Subaru of Indiana Automotive, Inc. (SIA) has been sponsoring the Eco-Science Fair, which students from elementary to high school conduct research and presentations on the environment. In April 2018, the third year, there were 286 participants. SIA also made a \$ 3,000 donation to the school that did a great job.



SIA booth introducing recycling activities

Related information

> [Social contribution initiatives](#)



Environmental Data Performance*

(Fiscal year ended March 31, 2019)

In addition to complying with the laws and regulations, Subaru also manages voluntary standards that are 20% higher than the legal regulation values.

We have complied with all the regulation values of the legal standards.

* Data are measured values of major regulated substances/facilities in each plant and office.

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	51	33
Particulate matter	Paint drying oven	g/Nm ³	0.2	0.16	0.005	0.002
VOC	Paint booth, etc.	ppm-C	700	-	602	218

Yajima Plant

Substance	Equipment/facility	Unit	Regulation	Voluntary standard	Maximum	Average
NOx	Paint drying oven	ppm	230	184	63	36
Particulate matter	Paint drying oven	g/Nm ³	0.2	0.16	0.004	0.002
VOC	Paint booth, etc.	ppm-C	700	-	345	81
VOC	Paint booth, etc.	ppm-C	400	-	298	56

Oizumi Plant

Substance	Equipment/facility	Unit	Regulation	Voluntary standard	Maximum	Average
NOx	Aluminum melting oven	ppm	180	144	68	36
Particulate matter	Aluminum melting oven	g/Nm ³	0.3	0.24	0.110	0.048

Ota North Plant

There is no applicable equipment/facility.

Tokyo Office

There is no applicable equipment/facility.

Aerospace Company

Utsunomiya Plant

Main Plant

Substance	Equipment/facility	Unit	Regulation	Voluntary standard	Maximum	Average
NOx	Cogeneration	ppm	600	480	181	181
NOx	Drying oven	g/Nm ³	170	136	<100	<100
Particulate matter	Drying oven	ppm-C	0.2	0.16	<0.01	<0.01

South Plant and 2nd South Plant

There is 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	2 ton boiler	ppm	180	144	34	23
Particulate matter	2 ton boiler	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	<0.002	<0.002
NOx	2 ton boiler	ppm	180	144	37	29
Particulate matter	2 ton boiler	g/Nm ³	0.1	0.08	<0.002	<0.002

Water Quality

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

Automotive Business

Gunma Plant

Main Plant

Item	Unit	Regulation (Prefectural regulations)	Voluntary standard	Maximum	Minimum	Average
Concentration of hydrogen ion (pH)	-	5.8~8.6	6.1~8.3	7.4	7.3	7.4
Biochemical oxygen demand (BOD)	mg/ℓ	25	20	16.3	1.9	7.3
Suspended solids (SS)	mg/ℓ	50	40	3.6	1.2	2.6
n-hexane extract content (Mineral oil content)	mg/ℓ	5	4	<1.0	<1.0	<1.0
n-hexane extract content (Animal and plant oils and fats content)	mg/ℓ	30	24	<1.0	<1.0	<1.0
Fluorine and its compounds	mg/ℓ	8	6.4	1.3	<0.2	0.7
Zinc content	mg/ℓ	2	1.6	0.501	0.015	0.162
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	2.9	0.1	1.5
Nitrogen content	mg/ℓ	120(60)	48	20.5	2.9	10.8

[Effluent is discharged into public rivers. Measurement was conducted 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

Item	Unit	Regulation (Prefectural regulations)	Voluntary standard	Maximum	Minimum	Average
Concentration of hydrogen ion (pH)	-	5.8~8.6	6.1~8.3	7.4	7.1	7.3
Biochemical oxygen demand (BOD)	mg/ℓ	25	20	14.1	3.4	7.5
Suspended solids (SS)	mg/ℓ	50	40	7.2	2.0	4.1
n-hexane extract content (Mineral oil content)	mg/ℓ	5	4	<1.0	<1.0	<1.0
n-hexane extract content (Animal and plant oils and fats content)	mg/ℓ	30	24	2.6	<1.0	1.3
Fluorine and its compounds	mg/ℓ	8	6.4	2.3	0.9	1.6
Zinc content	mg/ℓ	2	1.6	0.9	0.653	0.786
Soluble iron content	mg/ℓ	10	8	0.2	<0.1	0.1
Soluble manganese content	mg/ℓ	10	8	0.2	<0.1	0.1
Phosphorus content	mg/ℓ	16(8)	6.4	0.4	0.2	0.3
Nitrogen content	mg/ℓ	120(60)	48	6.3	4.6	5.5

[Effluent is discharged into public rivers. Values for total phosphorus content and total nitrogen content are daily averages.]

Oizumi Plant

Item	Unit	Regulation (Prefectural regulations)	Voluntary standard	Maximum	Minimum	Average
Concentration of hydrogen ion (pH)	-	5.8~8.6	6.1~8.3	8.0	7.1	7.4
Biochemical oxygen demand (BOD)	mg/ℓ	10	8	4.5	<1.0	2.3
Suspended solids (SS)	mg/ℓ	10	8	8.0	<1.0	2.9
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 oils and fats 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	0.156	0.061	0.120
Soluble iron content	mg/ℓ	5	4	0.2	<1.0	1.0
Soluble manganese content	mg/ℓ	5	4	<1.0	<1.0	<1.0
Phosphorus content	mg/ℓ	16(8)	6.4	0.1	<0.1	0.1
Nitrogen content	mg/ℓ	120(60)	48	14.3	8.8	12.0

[Effluent is discharged into public rivers. Values for total phosphorus content and total nitrogen content are daily averages.]

Ota North Plant

Item	Unit	Regulation (Prefectural regulations)	Voluntary standard	Maximum	Minimum	Average
Concentration of hydrogen ion (pH)	-	5.8~8.6	6.1~8.3	7.7	7.6	7.7
Biochemical oxygen demand (BOD)	mg/ℓ	25	20	<1.0	<1.0	<1.0
Suspended solids (SS)	mg/ℓ	50	40	5.2	<1.0	3.1
n-hexane extract content (Mineral oil content)	mg/ℓ	5	4	<1.0	<1.0	<1.0
n-hexane extract content (Animal and plant oils and fats 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	0.043	0.026	0.036
Soluble iron content	mg/ℓ	10	8	0.2	<0.1	0.2
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	1.3	1.2	1.3

[Effluent is discharged into public rivers. Values for total phosphorus content and total nitrogen content are daily averages.]

Tokyo Office

Item	Unit	Regulation*	Voluntary standard	Maximum	Minimum	Average
Concentration of hydrogen ion (pH)	-	5~9	5.4~8.6	8.4	7.1	8.2
Biochemical oxygen demand (BOD)	mg/ℓ	600	480	410	46	147
Suspended solids (SS)	mg/ℓ	600	480	440	39	125
n-hexane extract content (Mineral oil content)	mg/ℓ	5	4	<4	<4	<4
n-hexane extract content (Animal and plant oils and fats content)	mg/ℓ	30	24	17	<4	6
Total phosphorus	mg/ℓ	16	12.8	6	1	4
Total nitrogen	mg/ℓ	120	96	54	10	30
Soluble manganese	mg/ℓ	10	8	0	0	0
Cyanogen	mg/ℓ	1	0.8	<0.01	<0.01	<0.01

[Effluent is discharged into public sewer.]

* Water Pollution Prevention Act and Mitaka City Sewer Regulation.

Aerospace Company

Utsunomiya Plant

Main Plant

Item	Unit	Regulation	Voluntary standard	Maximum	Minimum	Average
Concentration of hydrogen ion (pH)	-	5~9	5.4~8.6	7.7	6.8	7.2
Suspended solids (SS)	mg/ℓ	600	480	303	<1.0	35
Biochemical oxygen demand (BOD)	mg/ℓ	600	480	325	0.6	54
n-hexane extract content (Mineral oil content)	mg/ℓ	5	4	<1.0	<1.0	<1.0
n-hexane extract content (Animal and plant oils and fats content)	mg/ℓ	30	24	23.8	<1.0	12.5
Fluorine compounds	mg/ℓ	8	6.4	0.9	<0.2	0.3
Cyanogen	mg/ℓ	1	0.8	<0.1	<0.1	<0.1
Cadmium	mg/ℓ	0.03	0.024	0.008	<0.003	0.004
Total chromium	mg/ℓ	2	1.6	0.25	<0.01	0.01
Hexavalent chromium	mg/ℓ	0.1	0.08	<0.02	<0.02	<0.02

[Effluent is discharged into public sewer.]

Main Plant

Item	Unit	Regulation	Voluntary standard	Maximum	Minimum	Average
Concentration of hydrogen ion (pH)	-	5.8~8.6	6.0~8.3	8.1	7.0	7.4
Suspended solids (SS)	mg/ℓ	50	40	<1.0	<1.0	<1.0
Biochemical oxygen demand (BOD)	mg/ℓ	30	24	3.8	<0.5	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 oils and fats 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

[Effluent is discharged into public rivers.]

South Plant

Item	Unit	Regulation	Voluntary standard	Maximum	Minimum	Average
Concentration of hydrogen ion (pH)	-	5~9	5.4~8.6	8	6.9	7.3
Suspended solids (SS)	mg/ℓ	600	480	123	4.4	40
Biochemical oxygen demand (BOD)	mg/ℓ	600	480	310	2.2	100
n-hexane extract content (Mineral oil content)	mg/ℓ	5	4	<1.0	<1.0	<1.0
n-hexane extract content (Animal and plant oils and fats content)	mg/ℓ	30	24	21.3	<1.0	6.7
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

[Effluent is discharged into public sewer.]

South Plant

Item	Unit	Regulation	Voluntary standard	Maximum	Minimum	Average
Concentration of hydrogen ion (pH)	-	5.8~8.6	6.0~8.3	7.8	6.9	7.2
Suspended solids (SS)	mg/ℓ	50	40	2	<1.0	1.0
Biochemical oxygen demand (BOD)	mg/ℓ	30	24	21.9	<0.5	2.3
n-hexane extract content (Mineral oil content)	mg/ℓ	5	4	<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

[Effluent is discharged into public rivers.]

2nd South Plant

Item	Unit	Regulation	Voluntary standard	Maximum	Minimum	Average
Concentration of hydrogen ion (pH)	-	5~9	5.4~8.6	8.6	6.9	7.4
Suspended solids (SS)	mg/ℓ	600	480	164	<1.0	35
Biochemical oxygen demand (BOD)	mg/ℓ	600	480	189	1.3	41
n-hexane extract content (Mineral oil content)	mg/ℓ	5	4	<1.0	<1.0	<1.0
n-hexane extract content (Animal and plant oils and fats content)	mg/ℓ	30	24	22.5	<1.0	4.3
Fluorine compounds	mg/ℓ	8	6.4	1.3	<0.2	0.4
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	0.7	<0.01	0.24
Hexavalent chromium	mg/ℓ	0.1	0.08	<0.02	<0.02	<0.02

[Effluent is discharged into public sewer.]

2nd South Plant

Item	Unit	Regulation	Voluntary standard	Maximum	Minimum	Average
Concentration of hydrogen ion (pH)	-	5.8~8.6	6.0~8.3	7.8	6.3	7.1
Suspended solids (SS)	mg/ℓ	50	40	<1.0	<1.0	<1.0
Biochemical oxygen demand (BOD)	mg/ℓ	30	24	4.1	0.6	2.0
n-hexane extract content (Mineral oil content)	mg/ℓ	5	4	<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

[Effluent is discharged into public rivers.]

Handa Plant

Item	Unit	Regulation	Voluntary standard	Maximum	Minimum	Average
Concentration of hydrogen ion (pH)	-	5~9	6~8	8.0	6.9	7.4
Suspended solids (SS)	mg/ℓ	25	20	3.0	<1.0	1.2
Biochemical oxygen demand (BOD)	mg/ℓ	25	20	17.0	0.5	3.5
Chemical oxygen demand (COD)	mg/ℓ	25	20	14.0	1.6	6.0
n-hexane extract content (Mineral oil content)	mg/ℓ	5	1.6	<0.5	<0.5	<0.5
Cyanogen	mg/ℓ	1	0.8	<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

Item	Unit	Regulation	Voluntary standard	Maximum	Minimum	Average
Concentration of hydrogen ion (pH)	-	5.8~8.6	6.0~8.4	7.2	6.8	7.0
Suspended solids (SS)	mg/ℓ	30	15	5.0	3.0	3.8
Biochemical oxygen demand (BOD)	mg/ℓ	25	15	12.0	6.2	8.7
Chemical oxygen demand (COD)	mg/ℓ	20	15	11.0	6.9	8.6
n-hexane extract content (Mineral oil content)	mg/ℓ	5	2	<0.5	<0.5	<0.5
Cyanogen	mg/ℓ	1	0.8	<0.1	<0.1	<0.1
Cadmium	mg/ℓ	0.03	0.024	<0.005	<0.005	<0.005
Total chromium	mg/ℓ	0.2	0.16	<0.04	<0.04	<0.04
Hexavalent chromium	mg/ℓ	0.5	0.4	<0.04	<0.04	<0.04

Noise

(Noise Regulation Act, Prefectural Regulations and Agreements)

Automotive Business

Gunma Plant

Measurement Location	Unit	Regulation* (Night)	Voluntary standard	Measurement sites	Measured value
Main Plant	dB(A)	55	54	20	40~54
Yajima Plant	dB(A)	55	54	20	43~49
Oizumi Plant	dB(A)	55	50	20	40~53

* Gunma prefectural regulations, and Ota-Oizumi pollution prevention agreements.

Utsunomiya Plant

Measurement Location	Unit	Regulation	Voluntary standard	Measurement sites	Maximum
Main Plant	dB(A)	70	68	8	64
South Plant	dB(A)	65	63	4	49
2nd South Plant	dB(A)	65	63	3	61

Handa Plant、Handa West Plant

Measurement Location	Unit	Regulation	Voluntary standard	Measurement sites	Maximum
Handa Plant	dB(A)	65	63	3	61
Handa West Plant	dB(A)	65	63	6	63

Kisarazu Office

Measurement Location	Unit	Regulation	Voluntary standard	Measurement sites	Maximum
Kisarazu Office	dB(A)	60	58	2	54

Vibration

(Vibration Regulation Act, Prefectural Regulations and Agreements)

Automotive Business

Gunma Plant

Measurement Location	Unit	Regulation (Night)	Voluntary standard	Measurement sites	Measured value
Main Plant	dB(A)	65	64	20	17.1~40.8
Yajima Plant	dB(A)	65	64	20	25.3~42.4
Oizumi Plant	dB(A)	60	59	20	19.9~36.1

Utsunomiya Plant

Measurement Location	Unit	Regulation	Voluntary standard	Measurement sites	Maximum
Main Plant	dB(Z)	70	68	8	35
South Plant	dB(Z)	65	63	2	<30
2nd South Plant	dB(Z)	65	63	3	34

Handa Plant、Handa West Plant

Measurement Location	Unit	Regulation	Voluntary standard	Measurement sites	Maximum
Handa Plant	dB(Z)	70	68	3	43
Handa West Plant	dB(Z)	70	68	5	63

Kisarazu Office

Measurement Location	Unit	Regulation	Voluntary standard	Measurement sites	Maximum
Kisarazu Office	dB(Z)	60	58	2	34

Odor

(Offensive Odor Control Act)

Automotive Business

Gunma Plant

[Odor index]

Measurement Location	Regulation	Voluntary standard	Measurement sites	Measured value
Main Plant	21	20	6	<10
Yajima Plant	21	20	8	<10
Oizumi Plant	21	20	6	<10

PRTR Substances Handled and Emitted

PRTR Substances: Japan's Pollutant Release and Transfer Register (PRTR) Law.

Automotive Business

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

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

Chemical substance	Amount handled	Atmospheric emissions	Water emissions (Public waters)	Amount moved (Sewage)	Amount moved	Amount consumed	Amount removed through processing	Amount recycled
Water soluble zinc compounds	86,414	0	1,407	0	0	85,007	0	0
Ethylbenzene	418,657	226,978	0	0	0	42,707	30,764	118,209
Xylene	614,315	263,912	0	0	0	168,613	103,382	78,409
1,2,4-Trimethylbenzene	221,276	12,026	0	0	0	199,797	6,364	3,088
1,3,5-Trimethylbenzene	33,864	21,198	0	0	0	2,048	4,677	5,941
Toluene	730,195	241,637	0	0	0	335,961	99,556	53,041
Naphthalene	10,814	7,219	0	0	0	0	2,887	708
Nickel compounds	5,519	0	146	0	3,282	2,091	0	0
Bis (2-ethylhexyl) phthalate	7,318	0	0	0	150	7,168	0	0
Hydrogen fluoride and its water-soluble salts	4,220	0	3,840	0	0	380	0	0
N-hexane	114,902	425	0	0	0	114,477	0	0
Benzene	20,428	77	0	0	0	20,351	0	0
Formaldehyde	13,669	7,628	0	0	1,341	0	2,852	1,849
Manganese and compounds	8,754	0	221	0	3,909	4,624	0	0
Dioxins Unit: mg-TEQ/year	-	0.0050	0	0	0.000	-	-	-
Cumene	12,381	8,110	0	0	0	0	1,760	2,511
Methylnaphthalene	14,821	74	0	0	0	14,747	0	0
Polyoxyethylene alkyl ether(C12-15)	1,888	0	51	0	893	944	0	0
Total	2,319,435	789,283	5,665	0	9,576	998,915	252,241	263,754
		794,949						

[Unit: kg/year]

Chemical substance	Amount handled	Atmospheric emissions	Water emissions (Public waters)	Amount moved (Sewage)	Amount moved	Amount consumed	Amount removed through processing	Amount recycled
Ethylbenzene	13,759	0.14	0	0	0	13,759	0	0
Ethylene glycol	2,184	0.00	0	0	0	2,184	0	0
Xylene	60,804	0.56	0	0	0	60,803	0	0
1,3,5-Trimethylbenzene	12,861	0.02	0	0	0	12,861	0	0
Toluene	234,517	7.07	0	0	0	234,510	0	0
1,2,4-Trimethylbenzene	46,288	0.16	0	0	0	46,288	0	0
Benzene	7,653	0.87	0	0	0	7,652	0	0
n-Hexane	24,169	6.21	0	0	0	24,163	0	0
Total	402,235	15.03	0	0	0	402,220	0	0
		15.03						

Aerospace Company

[Unit: kg/year]

Chemical substance	Amount handled	Atmospheric emissions	Water emissions (Public waters)	Amount moved (Sewage)	Amount moved	Amount consumed	Amount removed through processing	Amount recycled
Toluene	21,991	11,895	0	0	3,365	6,731	0	0
Xylene	7,547	4,102	0	0	1,570	0	0	0
Manganese	1,463	0	0	0	585	878	0	0
Hexavalent chromium	532	0	0	0	130	274	128	0
Total	31,533	15,997	0	0	5,650	7,883	128	0



Human Resources

The Subaru Group believes that enabling each one of our employees to fully demonstrate his/her ability enhances the attractiveness of the Subaru brand, which in turn leads to sustainable growth of the Group's corporate value.

To this end, it is important to achieve "From a company making things, to a company making people smile" as stated in the view of the Mid-term Management Vision "STEP," and to become a company that is trusted by customers and other stakeholders.

And the key to realizing this is our human resources.

The Subaru Group will work to provide an environment that enables all employees to feel pride in their work and to grow, and at the same time, will reform the corporate culture to create a company that is open to new ideas so that each and every employee can readily and cheerfully speak their mind.



▶ Human Resource Development

Aiming at helping each of our individual employees grow, Subaru not only provides a variety of training programs but also makes efforts into developing global human resources.



▶ Work-Life Balance Initiatives

Subaru works to enhance all kinds of schemes, primarily to support the balance between work and family life to enable each of our individual employees to fully express their unique abilities.



▶ Diversity

Subaru values diversity not only in terms of the uniqueness and values of our employees but also differences in gender, nationality, culture, and lifestyles, and Subaru strives to create workplace environments in which everyone finds it easy to work.

▶ Respect for Human Rights

Subaru clearly states "Subaru respects the rights and characteristics of individuals," and "Subaru does not unfairly discriminate on grounds of gender, LGBT, age, home town, nationality, race, ethnicity, beliefs, religion, social status, physical disability, disease or any other pretext."



▶ Occupational Health and Safety

Subaru's basic philosophy is "Subaru makes health and safety the first priority in all of our work." Based on this, Subaru strives to create systems and structures with the aim of zero disasters and accidents.

▶ Communication with Labor Union

Labor and management establish a relationship of mutual understanding and trust while maintaining communication through such forums as the Labor and Management Council.

▶ Personnel Data



Our Approach to Human Resource Development (HRD)

Subaru has positioned human resource development as an extremely important element in our efforts to achieve our aspiration of “From a company making things, to a company making people smile”, as outlined in “STEP”, our mid-term management vision. Subaru utilizes the personnel system, which consists of occupational skill certification programs, a performance appraisal system, a goal management system, personnel rotations, and the education and training systems, as a tool for the development of human resources, to help employees remain motivated to achieve personal growth.

In addition, SUBARU’s affiliated companies in Japan and overseas promote initiatives in accordance with the business content of each company and regional characteristics.

Fair Evaluations and Support for Development of Skills

In addition to objectively evaluating job outcomes and performance levels for skills through the operation of the personnel system, supervisors and their subordinates share the challenges necessary for growth.

Under the goal management system, all Subaru employees have an interview with their supervisors four times a year (goal setting, interim confirmation, outcome confirmation and evaluation sharing). Note that both men and women are treated properly and there is no gender gap in basic salary.

Establishing the Training System

Subaru has put in place a wide-ranging training system to enable all employees to fulfill the roles required of them at each qualification level.

Rank-specific education takes the form of Newly-Appointed Personnel Training, which is provided to all employees at the time of promotion and tailored to their qualifications. Subaru has established programs that facilitate growth through practice and reflection, to enable employees to certainly demonstrate the abilities specified under the occupational skill certification programs. For regular employees, these mainly focus on problem-solving, while for mid-level and manager class employees, they include human resource development and leadership. In FYE2019, about 2,000 employees took and completed these programs.

In the area of education by job skill, Subaru has established an in-house training program called the Professional Program, for which employees are encouraged to apply, with the aim of acquiring and improving business skills. Subaru also offer support mainly for mid-level employees to attend business schools. In the area of developing globally focused talent, Subaru has developed programs focused primarily on improving foreign language skills and encourages wide-ranging skills development tailored to the challenges and operational needs of individual employees.

Additionally, Subaru offers training for selected staff at the mid-level and manager class levels, with the aim of continually creating next-generation managerial talent.

Education and Training System Chart

Ability-based Grade	Rank-specific Education		Education by Job Skill	Globally Focused Talent Development	Managerial Talent Development	Self-development Support
Manager Class	Newly-appointed personnel training	Career plan training for manager class	Professional programs <Examples> • Logical thinking • Leadership • Presentation • Financial accounting, etc. • Support for attending business schools	Various education programs There is a variety of programs to choose from depending on the level and goal of each employee.	Training for selected staff	Training at each business site /official certification support, etc.
Mid-level /Regular Employee						
New employee training						

Initiatives to Transmit Skills

The transmission of skills at Subaru involves cultivating talent capable of safely and efficiently making high-quality products by improving their ability to adapt to change, ability to standardize and sustain that standardization, and the ability to achieve further enhancements through continuous improvement.

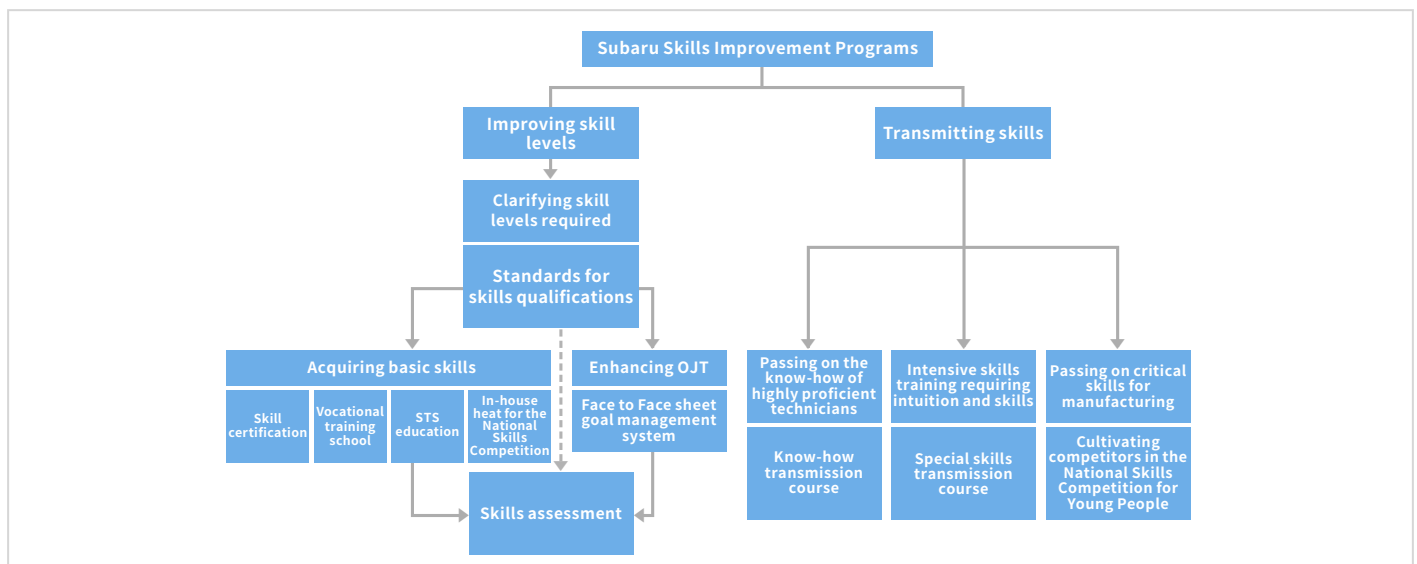
At Subaru's Gunma Plant, we are systematically cultivating technicians based on a program of skills education. A leading example of this is the Subaru Technical School (STS), which opened in 2006 with the goal of training young technicians to become future leaders. By teaching STS trainees technical expertise and skills tailored to each level, Subaru is striving to ensure that we offer high-quality products going forward.

In FYE2019, 560 employees took and completed the courses, bringing the cumulative total of successful trainees to 4,856.



Basic Skills Training at STS

Overview of Skills Training Programs



Comment from a Trainee at STS

Our instructors guided us with great enthusiasm. Everything we learned can be applied or put into practice on the shop floor immediately.

I intend to make full use of the technical expertise and skills I learned at Subaru Technical School in my front-line working environment, and aim to live up to the trust and expectations of customers by putting quality first in automotive manufacturing, taking pride in my work as a Subaru employee.



Tetsufumi Kojima
First Body Section, First
Production Department,
Manufacturing Division



Our Approach to Work-life Balance

The Subaru Group believes that it is vital to increase our employees' job satisfaction and put in place an environment in which each and every one of them can work with vitality and peace of mind, fully expressing their unique abilities, in order to make our customers smile. Subaru is working on promoting diversity in work styles as well as enhancing our schemes in order to respect the diversity of our employees and achieve Work-life Balance. In addition, SUBARU's affiliated companies in Japan and overseas promote initiatives to support work-life balance in accordance with the business content of each company and regional characteristics.

Efforts Aimed at Workstyle Reforms

Subaru's Response to the Work Style Reform Act *

Item	Details
Gaining an accurate understanding of working hours	In July 2018, Subaru introduced a company-wide attendance management system that centralized all electromagnetic records (computer logs and records of clocking in and out), to enable us to gain an accurate understanding of working hours
Encouraging employees to take five days of annual paid leave each year	In FYE2020, Subaru began efforts focused on the whole workforce As well as aiming to ensure that workers who have accrued at least 10 days for the first time take at least five days during the seven months after accruing the leave, Subaru has formulated rules for administering leave, to ensure that all employees can take at least five days, without fail
Regulations on the maximum permitted overtime hours	Subaru sets and operates stricter standards concerning the maximum hours than are required by law (No more than 590 hours per year, no more than 79 hours per month)
Raising the increase in wage rate payable for more than 60 hours' overtime in a month	Already addressed in FYE2011

* The Work Style Reform Act is a law enacted in June 2018 to revise labor laws aimed at promoting workstyle reforms.

Proper Time Management

When Subaru introduced an attendance management system in FYE2019 that enabled attendance to be monitored in one-minute increments, we rechecked our management of the time spent by employees at work based on electromagnetic records such as computer logs and discovered some instances of inappropriate time management. To check that no similar problems have occurred within the company, we conducted a survey of all employees in FYE2019 and paid backpay to those who were confirmed to have worked unpaid hours.

Initiatives Aimed at Reducing Long Working Hours

Establishment and Management of “Ultra Set Hours Days”

In addition to the Set Hours Days (no-overtime days) that we had already implemented, Subaru established a new system in FYE2016 called “Ultra Set Hours Days,” on which all employees, including managers, of all Subaru sites leave work on time. In addition, in FYE2018, Subaru launched an initiative centered primarily on the Gunma Plant and the Development Department at the Tokyo Office, in which the office doors are locked at 22:00, to ensure that people leave work. This initiative was extended to include all back-office divisions at the Gunma Plant in FYE2019. Employee awareness of working hours has improved by clearly specifying the upper limit on hours of overtime.

Flexi-time Work

Subaru introduced flexi-time work system in FYE1999. Starting in FYE2017, Subaru is reducing the core time of flexi-time work from four to two hours to facilitate work styles that are more tailored to various fluctuations in work. Employees can control their work hours; for example, at the times of low work load, they can go home early. This contributes to the fulfilment of employees’ private life and reducing working hours.

Paid Vacation Acquisition Rate (Subaru non-consolidated)

Subaru grants employees annual paid leave commensurate with their number of years of continuous service. At each business establishment, workers and managers work together on activities to encourage employees to take paid leave.

Implementation	Overview	FYE2015	FYE2016	FYE2017	FYE2018	FYE2019
Paid vacation acquisition rate (%)	Promotion of once per month	88.7	84.2	84.4	86.2	85.7

Supporting Balance between Work and Elderly Care

Subaru believes that putting in place an environment that helps to alleviate employees' and their family members' anxiety and burden of caring for elderly family members is crucial to ensure that our employees can work with peace of mind.

Providing information in advance is vital in order to ensure that employees do not become so anxious that they give up work. Accordingly, Subaru has distributed "The Elderly Care Support Handbook"—a booklet detailing the necessary preparations—to all Subaru employees and group companies, so that they are fully aware of the relevant systems and helplines both within the company and outside it.

In addition, as an elderly care support, Subaru has prepared an elderly care service menu in the Cafeteria Plan, which is an employee benefit plan, in order to reduce employees' burden.

The Number of Employees Who Obtained Elderly Care Leave (Subaru non-consolidated)

Implementation	Overview	FYE2015	FYE2016	FYE2017	FYE2018	FYE2019
Elderly care leave (persons)	System that enables employees to obtain leave to care for the elderly who are certified as in need of care.	5	9	4	5	9

Supporting Balance between Work and Childcare

Subaru has put in place systems that go beyond the company's statutory obligations to enable employees to balance work with their childcare responsibilities, as we believe that it is important to create an environment in which employees can continue their careers with peace of mind, without being alienated from work on the grounds of bringing up children.

These systems have had such a positive effect that employees in back-office divisions hardly ever leave their jobs on the grounds of bringing up children. Currently, Subaru is striving to enhance these initiatives further, so that employees can achieve career advancement while also combining work with childcare.

We believe that, in the front-line production departments at the Gunma Plant, we need to put in place a workplace environment in which rotating shift workers returning from childcare leave can work with peace of mind. In FYE2019, Subaru began a trial in which we offered an early-morning childcare service staffed by qualified nursery teachers and made company conference rooms available until nursery schools opened. We introduced this service as a full-fledged initiative in FYE2020.

We are striving to ensure that all employees are fully aware of these systems and to encourage them to use them, by such means as organizing lectures providing details of these systems during rank-specific training courses, as well as making "the Maternity Leave and Child Care Support Handbook" available on the intranet.

Childcare Leave System

Subaru stipulates that childcare leave can be extended to the end of the first April after the child becomes two years old.

Short Work-time System for Childcare

This is available until children commence 4th grade in elementary school, and is possible to be used with flexi-time work (core time: 2 hours).

The Number of Employees Who Took Childcare Leave (Subaru non-consolidated)

Implementation	Overview		FYE2015	FYE2016	FYE2017	FYE2018	FYE2019
System that enables employees to obtain leave for childcare	Childcare leave (persons)	Male	2	6	8	10	21
		Female	91	101	88	88	80
		Total	93	107	96	98	101
	Rate of returning to work after childcare leave (%)	Male		100		100	100
		Female	100	98	100	100	97.5
	Retention Rate one year after returning to work (%)	Male	100	100	87.5	83.3	100
Female		98.9	95	100	97.2	90	

Take-up of Child Care Leave by Male Employees

In FYE2019, 21 male employees took child care leave, with 15 taking at least a month.

- Average number of days taken by male employees who take child care leave: 80 days
- Longest period of child care leave taken by a male employee: 287 days

Under the Special Childbirth Leave system, those who have become parents can take up to five days of leave; 76% of male employees who became fathers in FYE2019 took this leave. Going forward, we aim to build a workplace environment that makes it easier for our employees to take both this leave and child care leave.

In accordance with the Next Generation Education and Support Promotion Act, Subaru formulated and implemented the corporate voluntary action plan. As a result of achieving the targets in the action plan, Subaru acquired certification, the Kurumin Mark, from the Minister of Health, Labor and Welfare three times.



The Kurumin Mark



Our Approach to Diversity

For Subaru Group to continue offering customers Subaru's unique value, each Subaru employee needs to be able to express his or her unique abilities as an individual with various values and characteristics. This is why Subaru values differences in gender, nationality, culture, and lifestyle of each employee and strives to create workplace environments where everyone finds it easy to work. In addition, SUBARU's affiliated companies in Japan and overseas promote initiatives in accordance with the business content of each company and regional characteristics.

Diversity Promotion System

Establishment of Diversity Promotion Office

Subaru established the Diversity Promotion Office in January 2015 in order to promote diversity at Subaru even more proactively. The Diversity Promotion Office has designated "promoting active roles of female employees," "promoting employment of people with disabilities," "promoting reemployment of the elderly," and "promoting employment of non-Japanese" as priority themes. Among them, Subaru has placed particular emphasis on efforts to promote active roles of female employees.

Diversity Promotion Initiatives

Promoting Active Roles of Female Employees

Subaru has set a target for the number of female managers in 2020 to be five times that of the number in 2014, and currently expects to achieve it by April 2020. Recently, Subaru has set a new target for the number of female managers to be 12 times or more that of the number in 2014 by 2025, and is further strengthening its efforts to increase female managers.

Number of Female Managers (Subaru non-consolidated)

Subaru is striving to increase the number of female managers in 2020 by five times or more that of the number in 2014.

2014: 4 managers

2019: 18 managers (as of April)

Supporting Female Career Development

For our specific efforts to support female career development, Subaru has conducted “career development training for female team leaders” since FYE2017 for the purpose of systematically developing the next-generation female candidates for managers, in addition to the mentor system for female managers and candidates for manager.

In FYE2019, 46 female employees participated in the training. In the future, Subaru will further strengthen job rotation, which helps female employees to expand their work horizon and grow furthermore.

Career development Training for Female Team Leaders

	FYE2017	FYE2018	FYE2019
Number of participants (persons)	49	37	46

《Comments from Participants》

- I had thought the challenge to become a manager was "after I got a little more confidence," but now I could think positively about taking a step further.
- I had given up being a manager due to the absence of the ability to lead others. I learned, however, through the story of a senior female employee that there were the kind of leaders who don't lead from the front but watch over the progress, and I was relieved that there could be various kinds of leaders.
- I had wanted to face my job with more responsibility, but I had had a hard time working while mothering. After listening to the lecture and the story from senior female employees, I realized that it is important to improve the working environment by communicating with supervisors, colleagues and related departments and by gaining their understanding.

In addition, starting in FYE2018, we have been conducted interviews with “employees returning to work after childcare leave” after their return for the purpose of supporting their early full-time return to work. It aims to ease their anxiety about building their career while balancing work and child-raising and to foster their career awareness.

Re-employment Applicant Registration System

Subaru also established a re-employment support system for employees who resigned due to unavoidable reasons, such as the relocation of their spouse. The registration began in FYE2010, and 10 employees have returned to work using this system.

Supporting Employees with Disabilities

Subaru strives to create workplace environments in which people with disabilities can truly shine through their work. To achieve this goal, Subaru leverages the ideas and opinions of our employees with disabilities and their family members.

As of April 2019, Subaru has 280 employees with disabilities, mainly in manufacturing work, and the percentage of employees with disabilities is 2.3%.

Going forward, Subaru will promote initiatives aimed at achieving the legal requirement concerning employment of those with disabilities at all domestic affiliated companies.



The height of automatic door switches and work stations is set at a level that is convenient for those using wheelchairs.

	April 2015	April 2016	April 2017	April 2018	April 2019
Number of employees with disabilities (person)	229	247	261	269	280
Employment rate of people with disabilities (%)	1.98	2.13	2.17	2.28	2.3

Universal Design Initiatives

With the goal of achieving the guidelines for a comfortable working environment*, Subaru systematically plans continuous workplace improvements in the areas of work environment, work methods, and environmentally responsible facilities, among others. Subaru practices universal design in our facilities, aiming to make break areas, toilets, smoking areas, and cafeterias as barrier-free as possible.

Subaru has made universal design a reality for entry and exit gates, toilets, and other facilities at the West Main Building at the Gunma Plant in Ota City, Gunma Prefecture, as Subaru did at our Head Office in Shibuya-ku, Tokyo.

* “Guidelines for measures to be taken by employers for the creation of a comfortable working environment” in the Industrial Safety and Health Act.



Entry and exit gates through which people in wheelchairs can also pass at the West Main Building at the Gunma Plant



Toilet that can be easily used by people in wheelchairs at the West Main Building at the Gunma Plant

Efforts at the Specified Subsidiary Company SUBARU Bloom Co., Ltd.

SUBARU Bloom Co., Ltd. (SBC), which gained accreditation as a specified subsidiary company under the Act on Employment Promotion, etc., of Persons with Disabilities in FYE2015, made active efforts to employ people with disabilities again in FYE2019. As of April 2019, 67 employees and 17 instructors engaged in cleaning operations for Subaru dormitories and plants.

In FYE2019, SBC has gone beyond simply employing people with disabilities to actively hosting people from the local areas for observation and tours. In addition, in response to a request from the Gunma Prefectural Board of Education, SBC introduced its efforts to people who are engaged in special needs education in the area. Also as a company actively and cooperatively promoting employment of people with disabilities since FYE2017, SBC has registered as a “Supporter Company for Employment of People with Disabilities” sponsored by the Department of Employment Support for People with Disabilities of Gunma Prefecture.

SBC will continue striving to improve management stability and operational quality as a specified subsidiary company while expanding the network of internal and external companies related to employing persons with disabilities in the future.

SBC will strive for employment, retention, and community contribution with the aim of being a company that helps the individuality of every single employee to bloom.



Certificate of Supporter Company for Employment of People with Disabilities issued by Gunma Prefecture

Senior Partner Program: Re-employment for Employees Over 60 Years Old

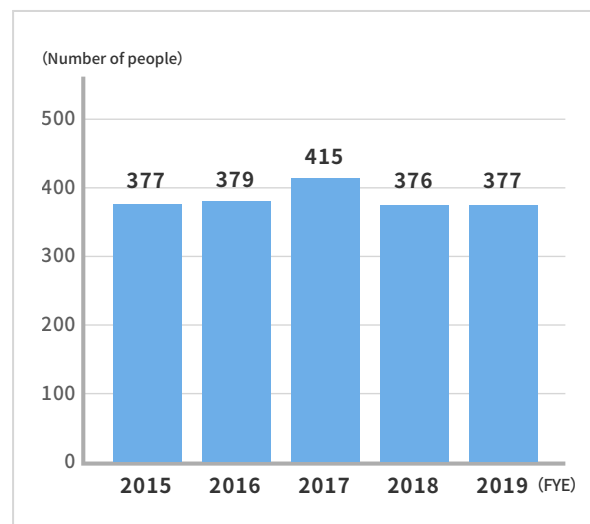
Subaru introduced the “Senior Partner Program, Senior Staff Program” in FYE2004 to re-hire employees after their 60-year-old retirement age. This program aims to resolve the problem of employment after retirement at 60 years old and seek utilization of human resources.

In addition to complying with the Revised Law Concerning Stabilization of Employment of Older Persons (implemented in April 2013), Subaru has revised the existing system so that retired workers can put their expertise and skills to further use and those who wish to work beyond their retirement age can keep working at our company or Subaru Group companies.

Subaru will promote re-hiring of those after their retirement at the age of 60 to tap into their experience and abilities for fostering a new generation of workers and passing down their skills.

In FYE2019, the number of employees over 60 years old is 377. After the implementation of the Revised Law Concerning Stabilization of Employment of Older Persons (April 2013), Subaru has hired all those wishing to be re-hired.

Number of Workers over the Age of 60



Re-employment Rate (Subaru non-consolidated)

FYE	Retirees (person)	Re-employment Applicants (person)	Re-employees (person)	Re-employment Rate
2016	183	155	155 (among them, 34 employed at group companies)	100%
2017	114	98	98 (among them, 29 employed at group companies)	100%
2018	108	83	83 (among them, 21 employed at group companies)	100%
2019	107	86	86 (among them, 27 employed at group companies)	100%

Initiatives for Non-Japanese Employees

Subaru recruits both new graduates and mid-career employees regardless of their nationality, and employs non-Japanese nationals as permanent and temporary employees. Multilingualization of manuals on safety, quality policy and work procedure, etc. is conducted to promote understanding of non-Japanese employees.

At the Gunma Plant with many non-Japanese employees, interpreters in English, Portuguese, Tagalog, Spanish, Chinese, etc. are stationed at each plant for communication with non-Japanese employees.

Subaru also provides employees with opportunities to receive language training and engage in extended training programs overseas, helping them enhance their communication with people from other countries and understand cultures different from their own. The interaction of international human resources also paves the way to the internal revitalization of our company and stable supply of human resources.

Subaru properly manages foreign trainee workers based on the Technical Intern Training Program. While Subaru provides basic education on safety and quality, our aim is for our training programs to lead the trainees to succeed in their home country after returning to their country.

Our overseas sites and affiliates each recruit human resources independently and make efforts to secure human resources that match the policies and business of each site.



Manual translated into five languages



Our Approach to Respect for Human Rights

As Subaru states “We respect the rights and characteristics of individuals.” in the Corporate Code of Conduct, we respect the rights of all stakeholders involved in our business activities.

Subaru is promoting the diversity of employees, including gender, LGBT, age, nationality, culture, and lifestyle, in order to allow each employee to fully express their unique abilities.

In addition, our basic concept is to make efforts to establish safe and comfortable work environments, including rejecting forced labor and child labor, in the Subaru Group and in the supply chain as well.

> [Subaru Supplier CSR Guidelines](#)  PDF/469KB

Respect for Human Rights Initiatives

Activities to Raise Awareness of Human Rights

Subaru’s Conduct Guidelines clearly state “We do not unfairly discriminate on grounds of gender, LGBT, age, home town, nationality, race, ethnicity, beliefs, religion, social status, physical disability, disease or any other pretext.”

In order to raise awareness of the respect for human rights, we have been working to deepen our understanding of the importance of diversity and Subaru’s initiatives by providing training courses for new recruits and managers since FYE2016. In FYE2019, we held training 10 times with 435 employees attending.

Preventing Harassment

Aiming at preventing all kinds of harassment, Subaru is prohibiting harassment in our work regulations and has established guidelines for that as well. To prevent power harassment, we prepared a power harassment Explanatory Booklet, which we have made available for all Subaru employees. In addition, we are addressing the issue of harassment by distributing the power harassment Prevention Handbook, which contains points to note in order to create a workplace free from power harassment, to all managers and supervisors.

As permanent contacts for harassment complaints, Subaru established the Compliance Hotline for Harassment and the Harassment Contacts in and out of the company, and created an environment in which all employees of Subaru and its group companies can consult on their concerns. By creating contacts that employees can easily get in touch, Subaru tries to resolve problems without delay.

Related information

› [Compliance Hotline for Harassment](#)

Building Positive Labor-Management Relations

Related information

› [Conduct Guidelines](#)

› [Communication with Labor Union](#)



Our Approach to Occupational Health and Safety

Subaru considers 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 of our work.”



Yajima Plant, Gunma Plant



Health and Safety Philosophy

Subaru makes health and safety the first priority in all of our work.

In line with the Corporate Philosophy, we consider occupational health and safety to be a critical management issue. Our Health and Safety Philosophy is “Subaru makes health and safety the first priority in all of our work.”

Based on this philosophy, all managers and employees work to ensure health and safety in their workplaces while continuously striving to make working environments more pleasant and comfortable for all.

Published April 2002 Central Safety and Health Committee

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.

Established April 2002 Central Safety and Health Committee

Group companies in Japan and overseas each establish occupational health and safety policies in accordance with their business content, regional characteristics, and the laws and regulations of each area, and promote initiatives based on these policies.

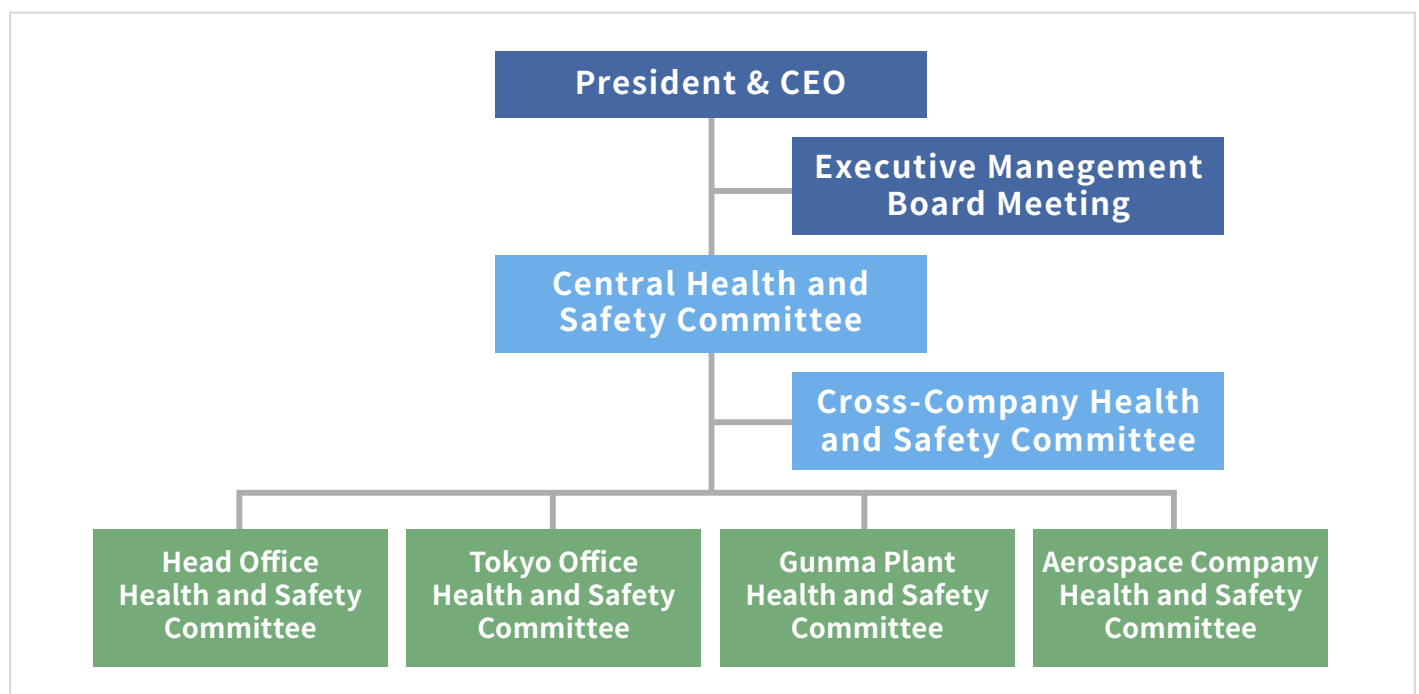
Occupational Health and Safety Management System

Subaru established the Central Health and Safety Committee composed of an equal number of members (8 people from each) from the company and the labor union for the purpose of preventing employees' industrial accidents and diseases and improving the working environment. The committee has one chairperson elected from the company and one vice-chairperson elected from the labor union.

The Central Health and Safety Committee engages in extensive discussion on themes that include the basic policy concerning occupational health and safety, the identification and elimination of risks that may cause industrial accidents, the risk assessment and minimization, the investigation into industrial accidents, the investigation into the causes of industrial diseases and countermeasures to them, improvement of the working environment, health and safety education, road safety, fire prevention and other topics.

In addition, based on the policies issued by the Central Health and Safety Committee, Site Health and Safety Committee has been set up at each business site to deliberate on the specific initiatives on health and safety of each site. Furthermore, under the Site Health and Safety Committee, Health and Safety Committees for plants, departments and sections are set up whenever necessary.

Health and Safety Organization Chart



Health and Safety Activities

At the start of each fiscal year, each of our business sites conducts Health and Safety Kickoff Meeting, where the general manager of each site talks to workplace leaders about the health and safety policies for the fiscal year to raise awareness about preventing industrial accidents, road safety, and health management. All employees confirm activity targets and plans, and participate in activities toward zero disaster and accidents as one united team.



FYE2020 Safety and Health Kick-off Meeting at Gunma Plant

Work Related Accident Prevention Activity

1. Wearing of the safety declaration badge

In order to raise their safety awareness, all employees of Subaru wear the safety declaration badge with the written phrase, “I always check for safety before performing any action.”



2. Pointing and calling promotion activity

To prevent mistakes and human errors, each business site thoroughly ensures employees' pointing and calling practice at crosswalks in the premises and at work. All employees confirm their action by pointing to the left, right, and forward with their fingers, which is expected to improve their levels of awareness of safety behavior and safety confirmation.

3. Road safety activities

In order to prevent all traffic accidents whether during work, commuting or private time, Subaru conducts awareness raising activities (sharing past cases, watching traffic safety DVD, etc.) before long holidays for all employees of the Automotive Business and the Aerospace Company, where commuting by car is popular. Also, at the company-wide Health and Safety Kickoff Ceremony, Subaru provides lectures aimed at improving driving manners by the competent police station chief, and conducts hands-on education for new employees, using training institutions.

In addition, Subaru has been conducting driving aptitude tests that incorporate psychology and a program using driving recorders to identify employees' driving habits

4. Our approach to health promotion

Subaru strives to promote the health of our employees, believing that creating a safe, comfortable workplace is essential, because the mental and physical health of our employees is the cornerstone of our business.

Specific activities include not only offering regular medical check-ups to facilitate the early detection and treatment of disease, but also preventive efforts, such as undertaking initiatives to encourage improved lifestyle habits, instituting a no smoking day, providing well-balanced meals with plenty of vegetables in staff cafeterias, and organizing seminars to promote better eating habits.

Established in FYE2019 with membership consisting mainly of public health nurses and registered nurses, Subaru's Health Promotion Subcommittee undertakes such activities as organizing lifestyle improvement programs and measures to combat smoking, with the aim of maintaining and improving the health of employees.

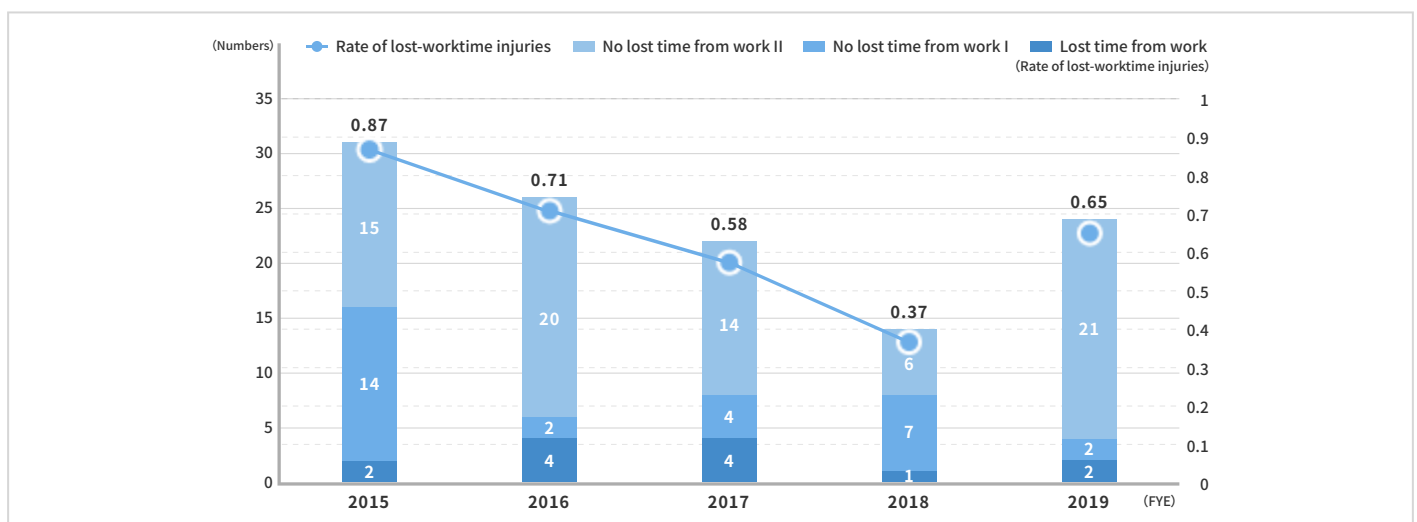
Subaru also strives to develop a workplace environment that offers peace of mind for employees through such mental health initiatives as organizing mental health courses for general employees and for managers at each business establishment, publishing the Mental Health Response Manual for Managers and Supervisors, and introducing a Return to Work Program (consisting of return to work on a trial basis and a gradual easing back into full duties), which aims to facilitate a smooth transition back to work for those who have taken time off for mental health reasons.

Since FYE2017, Subaru has conducted stress checks, and the results of which are reported to each individual, while the results of group analysis are fed back to the workplace. In addition, Subaru has begun conducting workplace improvement activities at high-risk workplaces, during which public health nurses exchange views with representatives of the workplace in question. Occupational health physicians hold individual consultations with those experiencing high stress levels, so that mental health care can be provided promptly.

Work Related Accidents

There were 25 work related accidents (of those, 2 resulting in lost time from work) in FYE2019. The overall accident frequency rate for Subaru was 0.65.

Occurrence of Work Related Accidents and Accident Frequency Rate (non-consolidated)



Employee Attitudes Survey

Subaru conducts the Employee Attitudes Survey with the aim of developing a workplace environment in which employees can feel motivated and work with vitality. Subaru uses the results of analysis to create mechanisms that enable employees to work with greater peace of mind and motivation. In the FYE2019 survey, 62% of respondents stated that they “feel proud of being a Subaru employee.”

We aim to develop workplaces where people can work safely and with peace of mind

Employees are the company’s most important management resource and are the source of the dynamism that creates a competitive company. The underlying premise for this is that employees can work safely and with peace of mind, and, above all else, that they are healthy.

As the secretariat of the Central Safety and Health Committee, I work in partnership with the safety coordinators, occupational health physicians, public health nurses, and registered nurses at each business establishment, proposing and implementing routine health and safety activities tailored to the actual circumstances at each site and striving to create workplaces where people can work safely and with peace of mind, so that employees feel happy when they leave home for work and go back home again.



Takayuki Hino
Safety Planning Coordinator,
Human Resources Department
Secretariat of the Central
Safety and Health Committee



Building Positive Labor-Management Relations

Subaru's employees belong to the Subaru Labor Union. Out of a total of 15,855 employees, 14,319 employees, excluding managers, etc., belong to the labor union (as of October 1, 2018). There are also labor unions at affiliated companies in Japan, and the Confederation of Subaru Affiliated Labor Unions (Subaru Rouren), which includes all these unions, has 26,785 members (as of October 1, 2018).

Labor-management relations have remained positive with the establishment of a relationship 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 both groups respect the legitimate use of these rights.

Subaru and its labor union hold a Labor and Management Council regularly for smooth corporate management and mutual communication, exchanging opinions regarding management policy and overviews of business results, production and sales as well as discussing issues such as labor conditions, issues concerning work styles and health and safety policies. In the spring negotiations, "wage revision (salary/bonuses)" is discussed. In the autumn negotiations, "other labor conditions" are discussed, and revisions or new establishments are made based on a labor-management agreement. Changes to operations that will have a significant impact on employees are, after due deliberations, communicated in advance to employees by both labor and management.



Employee Data

(Consolidated)

		FYE2015	FYE2016	FYE2017	FYE2018	FYE2019
Number of employees (persons)	Total	29,774	31,151	32,599	33,544	34,200

(Non-consolidated)

		FYE2015	FYE2016	FYE2017	FYE2018	FYE2019
Number of employees (persons) <small>*Numbers do not include officers and advisors, but include those loaned from other companies.</small>	Male	13,511	13,858	14,229	14,477	14,774
	Female	901	929	988	1,053	1,111
	Total	14,412	14,787	15,217	15,530	15,885
Male to female ratio (%)	Male	94	94	94	93	93
	Female	6	6	6	7	7
Average age		38.4	38.5	38.5	38.6	38.5
Average length of continuous employment (years)		16.0	16.0	15.8	15.9	15.8
Number of managers (persons)	Male	1,028	1,032	1,028	1,020	1,030
	Female	4	7	11	13	14
Number of new graduate recruits (persons)	Male	426	483	479	494	473
	Female	41	36	69	80	74
Number of mid-career recruits (persons)	Male	594	267	397	221	317
	Female	10	23	23	15	15
Total number of employee turnover (persons/%)		159/1.1	189/1.3	258/1.7	249/1.6	339/2.1



Our Basic Approach and Policy

In keeping with our Corporate Philosophy, the Subaru Group strives to procure high quality, environmentally friendly parts, materials, and equipment that offer excellent 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.

Fundamental Procurement Policy

Subaru has been promoting procurement activities under the following basic policy.

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.

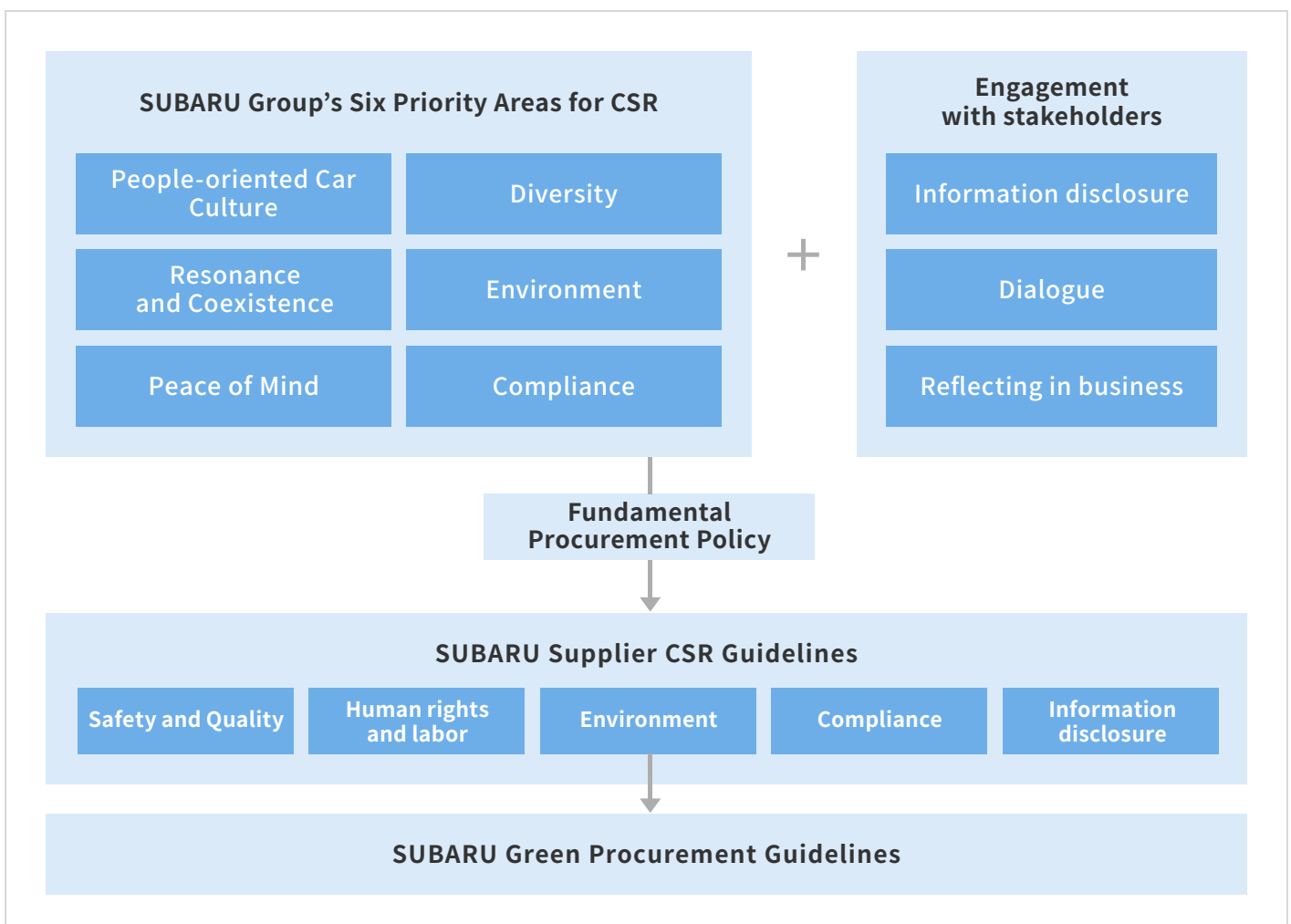
3. Fair and Open Way of Selecting Suppliers

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).

Promotional System for Appropriate Business Practices and CSR Procurement

At Subaru in the past, the Procurement Departments of Automotive Business and Aerospace Company have participated in the Purchasing Environmental Committee, striving to solve environmental issues in the area of procurement. In FYE2012, the committee changed its name to the Purchasing Committee and expanded its mission to include Subaru's CSR initiatives.

The 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.



Promoting Fair Trade

Subaru has observed the laws and regulations related to procurement, including the Antimonopoly Act and the Act against Delay in Payment of Subcontract Proceeds, Etc., to Subcontractors. Subaru also carries out fair trade promotion initiatives in accordance with Automobile Industry Fair Trade Guidelines announced in June 2007 by the Ministry of Economy, Trade and Industry. As part of our efforts, Subaru has set up a consultation service targeting at suppliers in Subaru's supply chain.

Also for employees, we provide legal and regulatory training for those in charge of procurement and transmit alerts on our intranet to ensure that business is conducted properly.

Related information

› [Consultation service for promoting fair-trade \(Japanese version only\)](#)  PDF/164kB

Employee Training on Fair Trade in FYE2019

Automotive Business

- Training for new recruits (7 employees)
- Training for transferees (16 employees)
- Comprehension tests for fair trade (1H: 176 employees, 2H: 158 employees)
- Briefings on CSR (163 employees)

Aerospace Company

- Training for new recruits (5 employees)
- Business Law training on "Subcontract Act" (73 employees)
- "Basics of Consumption Tax and How to File and Pay Taxes" (86 employees)

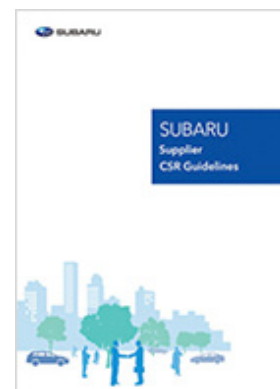
Supplier CSR Guidelines

Based on the CSR Guidelines for Suppliers issued by Japan Automobile Manufacturers Association, Inc. (JAMA), Subaru has created the SUBARU Supplier CSR Guidelines by incorporating our CSR policy. Subaru expects these guidelines promote Subaru CSR procurement and help our suppliers conduct CSR activities.

In FYE2014, these guidelines were made company-wide including all suppliers of the Automotive Business and the Aerospace Company, and in FYE2016, Subaru revised the content to incorporate the non-use of raw materials that engender social problems, such as conflict minerals*. In the same year in FYE2016, Subaru revised the guidelines in the form of a joint edition with Subaru of Indiana Automotive, Inc. (SIA), our local production plant in the U.S., confirming the integration of procurement policy.

At Subaru, one of the criteria of our supplier selection is the compliance to these Guidelines. Subaru asks not only our suppliers but also their suppliers as well to develop and promote CSR. Going forward, Subaru will continue to promote CSR procurement efforts.

* Conflict minerals: Minerals produced as a source of funding for the activities of armed insurgents in the Democratic Republic of the Congo and surrounding countries.



SUBARU Supplier
CSR Guidelines

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 eco system
- 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

Supplier survey results: In FYE2016 and FYE2018, Subaru carried out CSR survey visit to our main suppliers, and confirmed that there are no occurrence of human rights violation towards foreign laborers and technical interns. At the same time, Subaru collected the results of voluntary CSR check and confirmed that in FYE2018 every supplier showed improvements from their FYE2016 results. Subaru will continue to carry out surveys in and beyond FYE2020.

Related information

› [Subaru Supplier CSR Guidelines](#)  PDF/469KB

› [Subaru Green Procurement Guidelines*](#)  PDF/546KB

› [Green Procurement Guidelines Aerospace Company Version*](#)  PDF/338KB

* Both the Subaru Green Procurement Guidelines and Green Procurement Guidelines Aerospace Company Version elaborate on Topic (3) Environment in the Subaru Supplier CSR Guidelines to make it more specific.

Basic Policy on Conflict Minerals

Some of the minerals (tin, tantalum, tungsten, and gold) produced in the Democratic Republic of the Congo and surrounding countries are said to provide a source of funding for armed insurgents engaged in the infringement of human rights and environmental destruction in the region. As there are concerns that they assist conflict, they are termed conflict minerals.

The Subaru Group has no intention of colluding in the infringement of human rights and environmental destruction by procuring and using conflict minerals. Going forward, Subaru will make efforts and aim for “No use of materials engendering social problems” including conflict minerals in partnership with our customers and suppliers as our social responsibility in procurement activities.

In FYE2019, upon request from our product suppliers, Subaru continued to conduct a conflict mineral survey targeting at about 200 suppliers of parts and materials.

Communication with Suppliers

In an effort to share with suppliers our mid- to long-term management strategies and our quality, procurement, production and sales policies, Subaru has been hosting “Policy Briefings” every spring, and have had 700 people from 400 companies participating in the Briefings. Subaru also periodically exchanges information by participating in “Cooperation Meetings” comprised of our suppliers. Once a year, Subaru awards those that have particularly contributed to R&D, production, and quality improvement.

Also, since it was revealed in October 2017 that there had been improper conducts of final vehicle inspections, Purchasing Division has held meetings and briefings for suppliers to explain the background to the cases and the revision of the production plan for completing measures to prevent recurrence. We will continue to actively communicate with our suppliers and carry out coordination to prevent unreasonable production activities from happening.



“General Cooperation Meeting” for the Automotive Business suppliers



“General Cooperation Meeting” for the Aerospace Company suppliers



Social Contribution Policy

Basic Approach to Social Contribution

We want to fulfill the Subaru Group’s corporate social responsibility by undertaking social contribution activities appropriate to our vision “From being a company making things, to a company making people smile,” as outlined in STEP, our mid-term management vision.

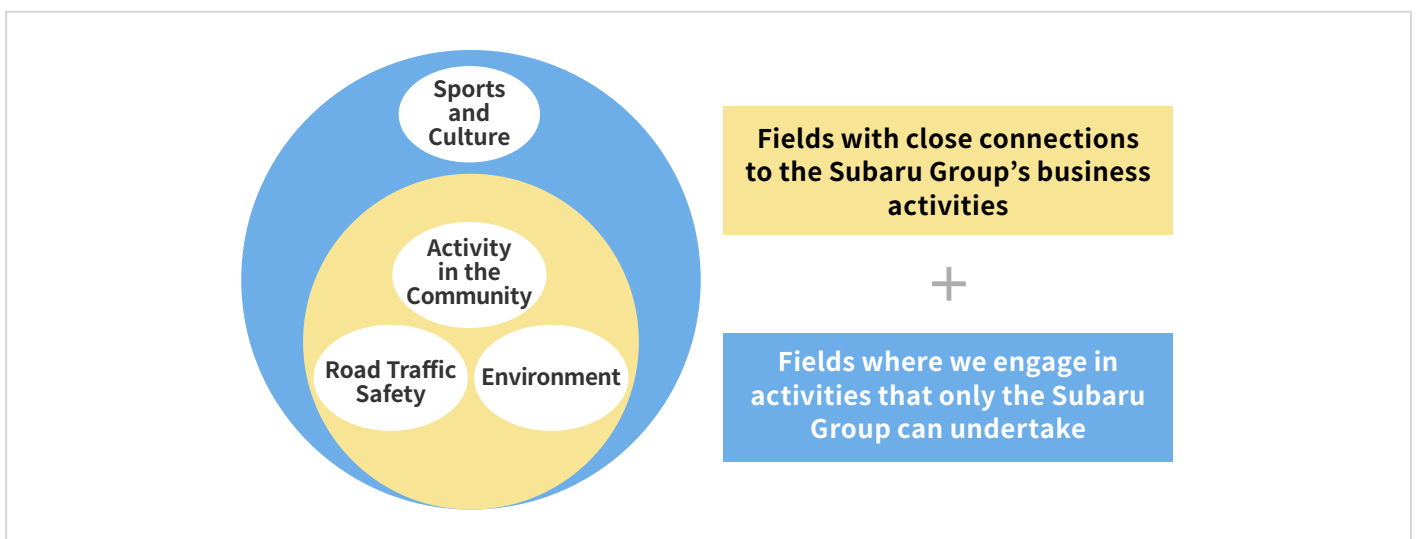
In our social contribution policy, we incorporate our hope to have social contribution take root in our corporate culture and to sincerely carry out such activities.

To do so, we promote activities in four key fields—activity in the community, environment, road traffic safety, and sports and culture—focusing on areas where we should fulfill our social responsibility as a manufacturer of transport equipment with automotive and aerospace businesses.

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.

The Four Fields of Social Contribution Initiatives



System for Promoting Social Contribution Activities

Subaru established the Social Contribution Committee in FYE2013 as a body to actively promote and continue social contribution activities leveraging its technology and expertise.

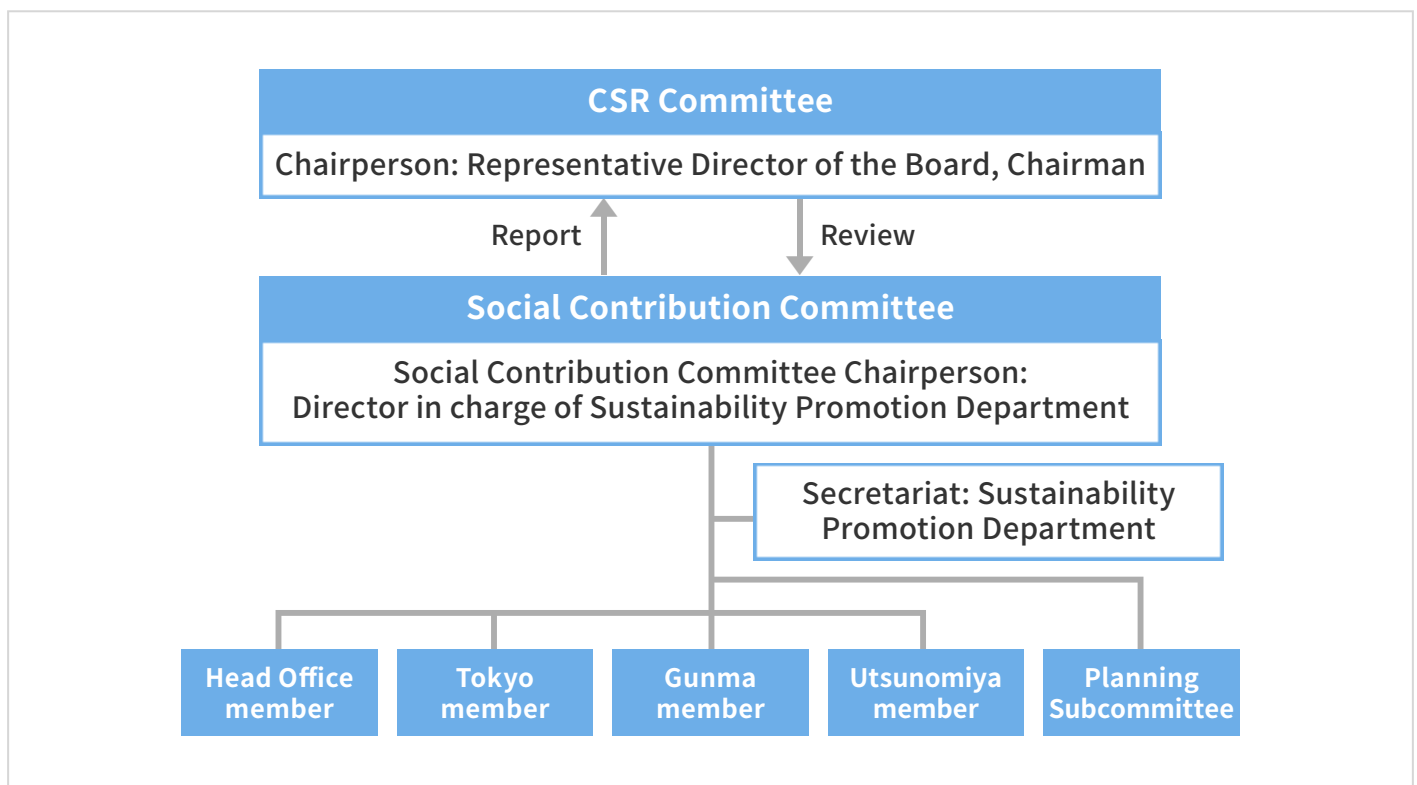
The Social Contribution Committee, based on the organizational restructuring in April 2019, appointed Director in charge of Sustainability Promotion Department as its chairperson and Sustainability Promotion Department (newly established) as its secretariat.

The Committee meets every six months to compile the results and issues derived from its activities for the improvement and revitalization of those activities.



Social Contribution Committee

Social Contribution Committee Organization Chart



Social Contribution Initiatives

Activity in the Community

<In Japan>

Carried out community cleanup activities

At the Gunma Plant, Subaru Community Exchange Association*1 organized the 24th Mount Kanayama*2 Cleanup in May. The 667 participants, including both employees and people from outside the company, were blessed with fine weather and their spirits remained high despite the heat as they cut grass and picked up litter in and around Kanayama Shinsui Park.



Participants in the Mount Kanayama cleanup

- *1 Subaru Community Exchange Association: An organization composed of Subaru Corporation, our business partners, and Subaru Group companies.
- *2 Mount Kanayama: A mountain in Kanayama-cho, Ota City, Gunma Prefecture; also known as Mount Ota-Kanayama. It has been selected as one of Gunma's top 100 mountains.

Other offices and plants also carry out cleanup activities and participate in community beautification initiatives.



Employees carrying out cleanup activities (Utsunomiya Plant)



Subaru Group employees cleaning up around Ebisu station (Head Office)

Sales to support reconstruction in disaster-stricken areas (Head Office, Tokyo Office)

In November, Subaru held the Tohoku Support Fair at Head Office and the Tokyo Office, as part of our efforts to support reconstruction in the Tohoku region. Groups from Iwate, Miyagi, and Fukushima prefectures took part, selling local produce from their communities. The event at Head Office attracted not only Subaru Group employees, but also staff from tenant companies at the Ebisu Subaru Building. The Subaru Group intends to continue supporting the economic revitalization of disaster-stricken areas.



Reconstruction support sale
(Head Office)



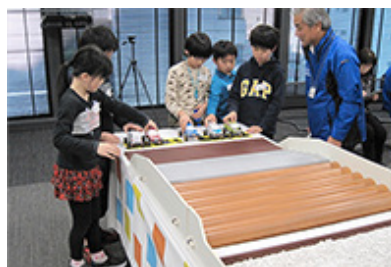
Reconstruction support sale
(Tokyo Office)

Monozukuri Classes (Head Office, Tokyo Office)

Subaru held Subaru Kids' Monozukuri Classes in collaboration with Subaru Techno Corporation. The classes gave participating children the opportunity to try making their own model cars and learn about the differences between two- and four-wheel drive vehicles in terms of mechanism and driving style. (Head Office: December 2018; Tokyo Office: August 2018)

Across the two venues, the classes attracted a total of around 40 children, who had fun competing with each other as they put their model cars through their paces on a test course.

Subaru plans to continue holding Monozukuri Classes to teach children about how cars work.



Running test of model cars
they made (Head Office)



Learning about the difference
between four and two wheel
drives (Tokyo Office)

Accepting Tours at SUBARU Visitor Center

Opened to the public in July 2003, the SUBARU Visitor Center welcomes people visiting Yajima Plant for plant tours, etc. In this center, visitors can view various Subaru cars from the past and learn more about Subaru's unique technologies and environmental initiatives. In FYE2019, 95,797 people visited the facility.

For detailed information on the Visitor Center, please refer to the link below.

<https://www.subaru.co.jp/csr/factory-tour/> (Japanese version only)



SUBARU Visitor Center

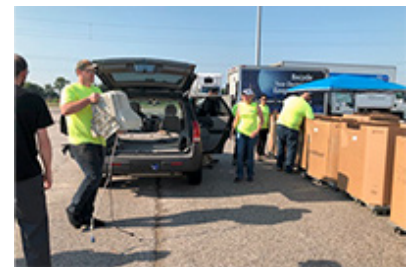


Inside of Visitor Center

<Overseas>

A Recycling Day (Subaru of Indiana Automotive, Inc.)

Since 2016, Subaru of Indiana Automotive, Inc. (SIA) has collected from local citizens hazardous waste that cannot easily be disposed of and then arranged for its recycling or disposal. In FYE2019, SIA collected approximately 17 tons of waste, including everything from oil and paint to electronic devices and pharmaceuticals.



Recycling activity

Participation in local government's garbage pickup activity (Subaru Canada, Inc.)

Since FYE2006, Subaru Canada, Inc. (SCI) has participated in the garbage cleanup activity for local companies that the City of Mississauga holds on Earth Day each year. SCI is also part of a community beautification initiative organized by Mississauga, in which responsibility for keeping roads clean and tidy is divided up among local companies, with garbage cleanup activities taking place three times a year.



SCI employees participating in Earth Day event



SCI employees participating in a cleanup activity

<In Japan>

Subaru Forest Project

Subaru's Environmental Policy declares that the earth, the sky and nature are Subaru's fields of business.

For Subaru, as an automotive and aerospace company, protecting our fields of business—namely, the global environment composed of the earth, the sky and nature—is a task of paramount importance to ensure the sustainability of both Subaru and society as a whole. Accordingly, in June 2017, Subaru launched the Subaru Forest Project* as an initiative embodying this mission.

Subaru is working with Bifuka-cho in Hokkaido, Gunma Prefecture, and Utsunomiya City in Tochigi Prefecture—communities with close ties to Subaru—on activities including support for forest management, participation in tree-planting, and use of thinned wood generated by forest management.

* The forest in Bifuka-cho, Hokkaido is called Subaru Forest Bifuka, while the one in Gunma Prefecture is called Subaru Friendship Forest Akagi and the one in Utsunomiya City, Tochigi Prefecture is called Subaru Forest Utsunomiya.

> [Please click here for further details.](#)



Tree-planting in Bifuka



Items made from thinned wood

Cooperating in the environment beautification initiative around Mt. Fuji

Since 2014, Subaru has been a regular participant in the Mt. Fuji Cleanup Campaign organized by the Mt. Fuji Beautification Foundation, cleaning up the mountain trail around Mount Fuji's Fifth Station. A total of 300 people from local governments, companies, and groups took part in a cleanup in September 2018, collecting about 120 kg of garbage.

At the departure ceremony held at the beginning of the event, Subaru presented the Mt. Fuji Beautification Foundation with a list of donations to the foundation. The money donated will be used to maintain the environment on Mount Fuji and in the Fuji Hokuroku area, as well as for activities to raise awareness of beautification.



Presentation of the list of donations at the departure ceremony



Cleanup activity at Mt. Fuji's 5th station

School visits to teach environmental issues (Utsunomiya Plant)

Utsunomiya Plant has conducted school visits since FYE2007 to raise children's interest in the field of aerospace through experiments and experiences so that the field can become an option in their future career choice. In this activity, Subaru employees visit local elementary and junior high schools and become lecturers to encourage children through the lecture and experiments to consider the mechanism of global warming and ways to prevent it. Since its launch, a total of 17,714 students from 263 schools in Utsunomiya and Handa Districts have participated, making the activity rooted in the communities.



Class on environmental issues

<Overseas>

The SUBARU Forest Ecology Conservation Project in China (Subaru of China, Ltd.)

Subaru of China Ltd. has established Subaru Ecology Conservation Forests in 31 nature reserves in China since 2013 and has been carrying out activities such as afforestation and ecology conservation. It has also made donations to the Wild Animal Protection Fund.

> [The SUBARU Forest Ecology Conservation Project in China: "31 Forest Star Tours"](#)



Ecology conservation activity

Traffic Safety

Traffic safety talk and plant tour (Gunma Plant)

In September, with the cooperation of Toyota Driving School Gunma, Subaru's Community Exchange Association organized a traffic safety lecture and plant tour at the Gunma Plant's Yajima Plant, which was attended by about 107 residents of Oizumi-machi.

Participants gained first-hand insights into Subaru's manufacturing technologies and ideas during the tour, which took place in the Yajima Plant and the Subaru Visitor Center.

The feedback from tour participants included such comments as "I was impressed!," "It's incredible to think that a single sheet of steel can be made into a car," and "The plant workers carried out their tasks so quickly and looked really cool."



Traffic safety talk



Tour at Visitor Center

Traffic safety guidance (Utsunomiya Plant)

As part of our efforts to prevent traffic accidents, Subaru employees at the Utsunomiya Plant carry out traffic safety guidance activities on roads around the plant at times of day when people are commuting to and from work at the beginning of the school year in April and in September, after the end of the summer vacation.



Traffic safety guidance

Subaru Traffic Safety Class (Tokyo Office)

Subaru's Tokyo Office held the Subaru Traffic Safety Class with the cooperation of Mitaka City and Mitaka Police Station at Subaru Sports Center (to which the company has obtained naming rights) in March 2019, to raise awareness of traffic safety among schoolchildren in the Mitaka area. About 40 children took part in the class, which was enjoyable interactive exercises to teach traffic safety knowledge, including road sign quizzes and games of hide and seek using areas of a car that are blind spots for drivers. Subaru intends to continue striving to prevent traffic accidents, including those involving children.



Traffic sign quiz



Hide and seek in a car's blind spots

<In Japan>

Subaru baseball team and track-and-field team instruct children as coaches

In January 2019, Subaru held the 17th Utsunomiya Junior Baseball Class at Tochigi Prefectural Baseball Stadium and the 12th Musashino Junior Baseball Class at Musashino Municipal Softball Ground, with members of the Subaru baseball team serving as coaches.

A total of 96 elementary school students from Utsunomiya City took part in the Utsunomiya Junior Baseball Class, while 170 elementary school students from the Musashino area participated in the Musashino Junior Baseball Class. Members of the Subaru team taught the children about the joy of baseball and coached them to improve their technique.

In September 2018, members of Subaru's track-and-field team served as coaches at the "How to Run Faster" Class held in the gymnasium at Oizumi Choritsu Higashi Elementary School. About 40 elementary school students from Oizumi-machi took part in this class, at which members of the Subaru's team coached the children in the basic movements in running and training methods to increase their running capacity ahead of their long-distance race that autumn.



Baseball class



Track-and-field class

Friendship Concert (Gunma Plant)

Subaru Community Exchange Association held its 66th and 67th Friendship Concert in Ota City in June and in Oizumi-machi in December. At these concerts, altogether 1,100 people from children to adults enjoyed the performance, bringing in various donations including towels, soaps and money. These items are donated to different social welfare facilities through a social welfare council.



Friendship Concert

A classic Subaru display at the Classic Car Festival at Meiji Jingu Gaien Park

In October 2018, Toyota Motor Corporation hosted the Classic Car Festival at Meiji Jingu Gaien Park, with the goal of nurturing and promoting automobile culture, as well as encouraging interaction among car fans.

As a special exhibition under the theme of “Japanese Vintage Year 1989,” models unveiled by various manufacturers in 1989 (the first year of the Heisei era) were displayed in industry-wide cooperation. Keen to support the festival’s goal of nurturing and promoting automobile culture, Subaru provided a first-generation Legacy Touring Wagon for the exhibition.



Exhibiting Subaru Legacy Touring Wagon (foreground)

<Overseas>

Mississauga Dragon Boat Festival (Subaru Canada, Inc.)

In June 2018, employees of Subaru Canada, Inc. (SCI) competed in the 15th Mississauga Dragon Boat Festival. This event is held to raise money for children with congenital heart disease.

A total of 44 teams from local companies and private high schools took part and the SCI team succeeded in winning the silver medal.



SCI employees who took part in the Mississauga Dragon Boat Festival

Running/walking event Subaru Color 5K held (Subaru of Indiana Automotive, Inc.)

Subaru of Indiana Automotive, Inc. has been holding a running/walking event since FYE2016 with the aim of people with intellectual developmental disabilities becoming independent and participating in society. This event is held in collaboration with Special Olympics* Indiana, an international sports organization offering daily sports programs and competitions as a place to present achievements. In the event held in June 2018, more than \$45,000 donation was collected.



Subaru Color 5K participants

* Special Olympics: An international sporting organization that aims to promote the independence and social engagement of people with intellectual developmental disabilities by providing daily sporting programs and organizing tournaments to showcase athletes’ achievements.

Donation, volunteer activities, etc.

<In Japan>

Saving lives

Employees from the Utsunomiya Plant were awarded letters of appreciation by the local police station and fire station after saving people's lives.

Subaru will continue to strive to ensure that we can contribute to the local community.



Commended for saving lives at the site of a fire



Commended for helping an elderly person who got lost



Commended for making decisions calmly and calling for the assistance of the fire brigade after a visitor to a leisure facility collapsed

Appreciation letters from the Central Community Chest of Japan for support following the West Japan torrential rain disaster

Subaru donated money to support volunteer activities in areas stricken by the July 2018 torrential rain disaster. In addition, affiliated company Fuji Heavy Industries House Co., Ltd. donated around 40 prefabricated houses.

Subaru received letters of appreciation for this support from the Central Community Chest of Japan (also known as the Red Feather), Kurashiki City Council of Social Welfare, and Mihara City Council of Social Welfare.



Volunteers and staff of the Kurashiki City Disaster Volunteer Center



Receiving a letter of appreciation

<Overseas>

Donation of science books (Subaru of America, Inc.)

Subaru of America, Inc. (SOA) donated 5,000 science books to schools in Camden, New Jersey. SOA has donated more than 10,000 books over the last three years and plans to donate a further 5,000 in 2019.



SOA employees carrying books

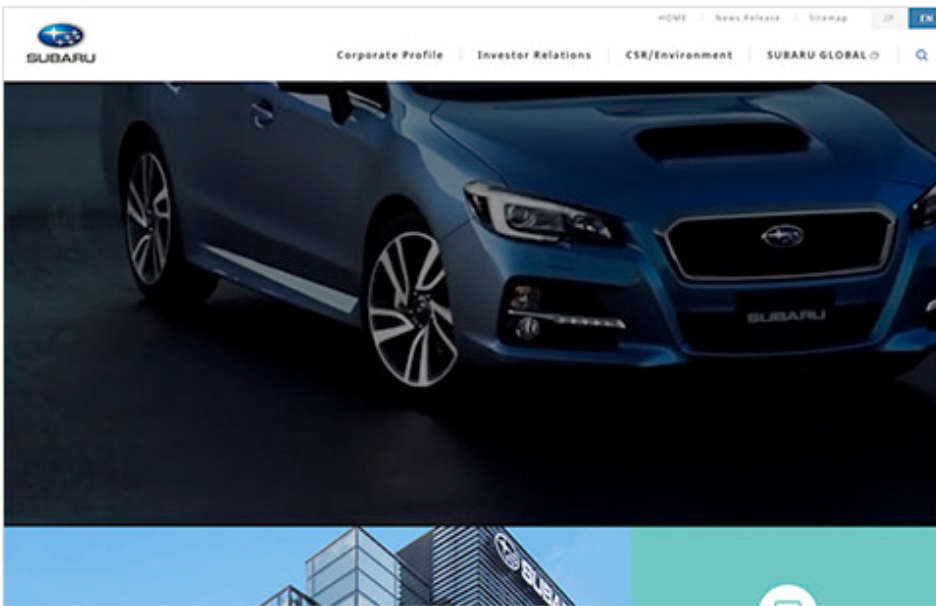
Donation of toys (Subaru Research & Development, Inc.)

In December 2018, Subaru Research & Development, Inc. began taking part in the Toys for Tots program, distributing toys to children in need. The company also donated about \$6,800 to the Japan Business Society of Detroit, Special Olympics, and local high schools.



Our Approach to Information Disclosure

By disclosing information about our corporate strategy and activities in a fair, proper, and timely manner, Subaru seeks to increase the transparency of management and increases the understanding of Subaru on the part of our stakeholders, thereby building with them a relationship of trust.



Subaru Corporation Top Page

<https://www.subaru.co.jp/en/>

Accidental Early Release of Documents Concerning Consolidated Financial Results on the Subaru Website

Subaru accidentally released documents concerning the company's consolidated financial results for the fiscal year ended March 31, 2019 (FYE2019) on our website (<https://www.subaru.co.jp/>) earlier than the planned time of timely disclosure to the Tokyo Stock Exchange, which was 13:00 on May 10, 2019.

We would like to offer our sincerest apologies for the inconvenience caused to all our stakeholders, especially shareholders and other investors.

Subaru has long been aware of the importance of timely disclosure of company information and had already put in place company rules to facilitate such disclosure, as well as training relevant employees. However, in light of this incident, we will make earnest efforts to implement additional measures to prevent recurrence.

1. Information accidentally released early: Documents concerning consolidated financial results for the fiscal year ended March 31, 2019 (FYE2019)
 - (1) Consolidated financial results
 - (2) Subaru Corporation Announces Consolidated Financial Results for FYE2019 (Press Release)
 - (3) Reference for FYE2019 Consolidated Financial Results
 - (4) Presentation materials for the briefing on the consolidated financial results
2. Time during which the information was available: Around 09:55-10:10 on May 10, 2019
3. Cause of accidental release: Operator error by the staff member using the computer system when preparing to post the information to the Subaru website
4. Measures to be taken: We will thoroughly retrain relevant staff concerning work instructions, improve the system to ensure that such operator errors cannot recur, and introduce a new system as soon as possible.

Information Dissemination to 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. So far, Subaru has published over 761 issues since the first printing in April of 1956. In February 2014, Subaru began posting internal information on our intranet in an effort to provide information to employees on a broader and timelier basis. Subaru also send information of high importance to every single employee by email in order to share it more quickly and thoroughly among employees.

In addition, Subaru has a means to promote direct communication with employees through periodical visits by management to each place of business and workplace.



In-house magazine “Shuho”

IR Information Disclosure

Subaru is committed to timely and appropriately disclose business information in order for the stakeholders and investors to deepen their understanding. Subaru also strives for fair disclosure of information by promptly publishing all kinds of information on the Subaru website, including the holding of shareholders' meetings, the issuing of reports for shareholders, and the running of briefing sessions for each quarterly settlement aimed at the media and analysts.

Moreover, Subaru offers an IR newsletter service to distribute the latest IR information, such as statement details, by email to those who register. Approximately 1,700 people are currently registered for this free IR newsletter service.

Follow this link for the latest IR information.

<http://www.subaru.co.jp/en/ir/>



Website "Investor Relations"



IR Report "SUBARU REPORT"

Third-party Evaluations

Subaru's IR activities have been evaluated highly by third-party organizations, including the top management's commitment to IR activities, and various business introduction activities such as test-ride events, plant tours, technology briefing sessions, etc.

Selected for Excellence in Corporate Disclosure by Securities Analysts

Subaru was ranked first out of 19 companies in the Automobile/Parts/Tires industry area by The Securities Analysts Association of Japan in its FYE2019 Awards for Excellence in Corporate Disclosure. It was the fifth year in a row that Subaru received this award.

This Award has been presented every year with the goal of improving corporate information disclosure. This year marks the 24th year since the start of this award system. Companies are evaluated by securities analysts of each industry on the basis of the following five criteria: 1) management's stance on investor relations, the function of the corporation's investor relations department, and basic stance on the corporation's investor relations; 2) disclosures through briefings, interviews, and explanatory materials; 3) fairness in disclosure; 4) disclosure related to corporate governance; and 5) voluntary disclosure in accordance with the conditions of each industry.





Logo of the Awards for Excellence in Corporate Disclosure

Plant Tours for Shareholders

Subaru has conducted plant tours for shareholders since 2004, with the aim of giving shareholders a chance to see our production sites and deepen their understanding of our business policies and production activities. During the tour, Subaru allocates time to a Q&A session in which Subaru officers participate to achieve direct communication with shareholders.

Subaru reports the opinions and comments Subaru receives at the tours to the relevant people at the company, including officers, and utilizes them in our future IR activities.

Related Information

- ▶ [March 2019 Tour of the Gunma Plant: Main Q&A \(Summary\) \(Japanese version only\)](#)  PDF/142kB
- ▶ [September 2018 Tour of the Aerospace Company's Handa Plant: Main Q&A \(Summary\) \(Japanese version only\)](#)  PDF/144kB



Plant Tour for Shareholders (Gunma Plant)



Plant Tour for Shareholders (Handa Plant, Aerospace Company)



Q&A session



Third-party Opinion on the Subaru CSR Report



Mr. Keisuke Takegahara

Executive Officer, Deputy Chief Research Officer,
Chief Manager, Sustainability Management Office, Corporate
Planning & Coordination Department
Development Bank of Japan Inc. (DBJ)

Graduated from Hitotsubashi University Faculty of Law in 1989 and joined the Development Bank of Japan in the same year. After appointments as Chief Representative for the Frankfurt Office and Manager of the Environmental and CSR Division, he was appointed to his current position in 2017.

He has been working for many years in the field of environmental finance planning, including creation of DBJ's environmental rating-based financing program. At present, he supervises the bank's industrial research activities.

He holds many public posts, including a temporary member of the Ministry of the Environment's "Central Environmental Council" and a member of the Ministry of Economy, Trade and Industry's "TCFD Consortium Planning Committee." He also writes third party opinions for CSR reports and gives lectures on ESG and SDGs.

He co-authored "Renewable Energy and New Growth Strategy" (Energy Forum 2015), "How to Tackle Climate Change Risk" (in Japanese only, coauthored with the Kinzai Institute for Financial Affairs, Inc., 2014) and others.

Reading the 2019 CSR Report

The 2019 CSR Report is the first report on your company's CSR activities since they were revamped following the July 2018 formulation of the new mid-term management vision STEP. As I read through it, I noticed a number of points that highlight the direction of change that your company aims to achieve.

First, it is symbolic in the top message from the President that he describes CSR as “enhancing the quality of management and operations through our core business” and “management itself.” Indeed, throughout the whole report I gained a powerful sense that your company aims to present CSR as part of its business strategy. Supporting this are the newly established 6 Priority Areas for CSR. The Message from the President explains these priority areas at length, positioning them as a unique concept aimed at utilizing the strengths of the business to strike a balance between solutions to social issues and the growth of the group. I believe that this approach, in which the head of the company explains its new concept of CSR in conjunction with STEP, is extremely effective in conveying that CSR is an integral part of Subaru’s business strategy. Next, there is the level of commitment seen in the disclosures about “Changing the Culture”, which is one of the key topics in this report. Your company’s sincere efforts to achieve its goal of becoming a company where people can say whatever they want really comes across, including in the disclosure of the employee attitudes survey. Coupled with the Message from the President, the commitments made by the Deputy President, who holds ultimate responsibility for manufacturing sites, and the Chief General Manager of Japan Sales and Marketing Division, who has control over points of contact with customers, suppliers, and society as a whole, plainly demonstrate your company’s willingness to dedicate the whole organization to working on this issue. In fact, before writing this opinion, I had the opportunity to visit the Gunma Plant and I was struck by the thorough efforts that had been made to revitalize communication throughout the company, right down to shop floor level. These included setting aside a time for exchanging information during changeovers between day shifts and night shifts, and having a manager located right beside the inspection process. I believe that the report would be even more persuasive if you were to introduce some of these initiatives.

On a related note, I believe that providing specific details of CSR briefings, CSR workshops, and other such initiatives to ensure that CSR permeates the whole organization is beneficial content suggestive of change.

Overall, I gained a very clear sense that your company is striving to inform a wide range of readers that it is tackling the topic of CSR head-on and demonstrate its willingness to engage seriously with the task of changing ways of thinking and developing systems to promote CSR as an integral part of its core business. I would like to mention a few points of my hopes for the future in this regard.

First, I recommend establishing a stronger overall storyline. In a few places in this report, I noticed duplications between sections and weaknesses in relating them to each other, such as the connection between the explanation of the Six Priority Areas and continuous toward CSR initiatives. As such, I felt there was room for improvement in establishing a storyline. I believe that one factor contributing to this is the lack of specific explanations about the relationship between CSR and business strategy. Because your company has declared CSR to be an integral part of management, it would be desirable to present the growth strategy based on its long-term vision and develop a story that follows an orthodox value creation scenario, talking about CSR (the priority areas) as a non-financial element supporting this. It would likely be helpful if you think about investors in particular when doing so.

Along with the universal theme of “Quality Reforms” emphasized in this report, another thing that is essential for ascertaining the long-term outlook is your company’s opinion on the environmental changes surrounding the automotive industry, such as changes in mobility arising from advances in CASE and the resultant impact on powertrains. Focusing on themes such as information on Subaru Digital Innovation – which is included in STEP – and responses to electrification, and bolstering value creation scenarios based on these would, I believe, help to enhance the report.

I also hope that your company will enhance content relating to human capital, which is the common thread running through these themes, while incorporating such perspectives as diversity. Now that your company has embarked on a new direction, I look forward to seeing further enhancement of your CSR Report.

Response to the Third-party Opinion

Thank you for your opinion concerning our 2019 CSR Report.

The automobile industry is facing a period of epochal transformation, of a kind seen only once in a century. Subaru will itself evolve in the face of this major structural change, and must also address the changing external environment. We at Subaru, management and employees alike, feel the need to achieve growth for the realization of a sustainable society. Aiming to contribute to the solution of social issues and achieve resonance with society through our business, we have led the way in striving to “Change the Culture” and “Quality reforms”, which are the biggest priorities in STEP, our mid-term management vision for the period through to 2025.

We are pleased that you have recognized that this direction of change is based on our positioning of CSR as part of our business strategy and our perception that CSR is management itself. We are also very encouraged that you have praised our level of commitment to “Change the Culture”.

At the same time, you have advised that we should bear diversity in mind and enhance our value creation scenarios. Your suggestions include establishing a stronger storyline that brings CSR together with our business strategy and encompasses our efforts to respond to the environmental change surrounding the automotive industry, as this is essential for ascertaining the long-term outlook.

We are aware that responding to environmental changes affecting the automotive industry is a challenge to which we must devote all our energies. Most notably, in the field of initiatives to combat climate change, which is a global problem, we have provided society with new products that combine outstanding environmental performance with the kind of high dynamic quality that only Subaru can offer. Furthermore, we have announced a new operational capital alliance with Toyota Motor Corporation, which will further enhance joint development of EVs that combine both companies’ strengths and our efforts towards electrification by means of the Toyota Hybrid System (THS). We also believe that we can contribute to solving major social issues including climate change by building relationships that will last into the future.

We regard diversity as something that we should spare no effort to promote globally within the entire Subaru Group. We cherish everyone working for the group as irreplaceable assets who help Subaru to achieve a sustainable society. We intend to step up our endeavors to promote diversity initiatives that will offer diverse ways of working, so that employees can make the greatest possible contribution through their diverse viewpoints.

While taking on the challenges presented by these changes, we will never neglect our cherished brand principle of “Enjoyment and Peace of Mind”, which sums up Subaru’s unique personality. We will ensure that everyone in the Subaru Group is aligned in their focus as we continue striving to map out Subaru’s distinctive approach to CSR with a view to the future, so that we progress step by step toward our goal of transitioning from being a company making things, to a company making people smile.

Tomomi Nakamura
Representative Director of the Board
President and CEO
Chairman of the CSR Committee
Subaru Corporation



Universal Standards

Disclosures no.	Disclosure	Requirements	ISO26000	Reference on Subaru Website
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.		> Corporate Overview
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.		> Business Sites and Affiliated Companies
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.		> Business Sites and Affiliated Companies

102-7	Scale of the organization	<p>a. Scale of the organization, including:</p> <ul style="list-style-type: none"> 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. 		<p>> Corporate Overview</p>
102-8	Information on employees and other workers	<p>a. Total number of employees by employment contract (permanent and temporary), by gender.</p> <p>b. Total number of employees by employment contract (permanent and temporary), by region.</p> <p>c. Total number of employees by employment type (full-time and part-time), by gender.</p> <p>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.</p> <p>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).</p> <p>f. An explanation of how the data have been compiled, including any assumptions made.</p>	<p>6.3.10 Fundamental principles and rights at work</p> <p>6.4.1-6.4.2 Labour practices</p> <p>6.4.3 Employment and employment relationships</p> <p>6.4.4 Conditions of work and social protection</p> <p>6.4.5 Social dialogue</p> <p>6.8.5 Employment creation and skills development</p> <p>7.8 Voluntary initiatives for social responsibility</p>	<p>> Employee Data</p>
102-9	Supply chain	<p>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.</p>		<p>> Overall Image of Subaru's Environmental Impact concerning Automobiles</p>

102-10	Significant changes to the organization and its supply chain	<p>a. Significant changes to the organization's size, structure, ownership, or supply chain, including:</p> <p>i. Changes in the location of, or changes in, operations, including facility openings, closings, and expansions;</p> <p>ii. Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations);</p> <p>iii. Changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers, including selection and termination.</p>		-
102-11	Precautionary Principle or approach	a. Whether and how the organization applies the Precautionary Principle or approach.		> Environmental Management
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.		> Message from the President > Initiatives toward SDGs > Biodiversity
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.	4.7 Respect for international norms of behaviour 6.2 Organizational governance 7.4.2 Setting the direction of an organization for social responsibility	> Message from the President
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102-15	Key impacts, risks, and opportunities	a. A description of key impacts, risks, and opportunities.		<ul style="list-style-type: none"> › Message from the President › The Subaru Group's CSR › Crisis-level Risks › Risks Associated with Business Activities (Japanese version only)
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.	4.4 Ethical behaviour 6.6.3 Anti-corruption	› The Subaru Group's CSR
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.		<ul style="list-style-type: none"> › Status of Development of Risk Management System › Improvements to the Compliance Hotline System
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.		› System of Corporate Governance
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.		<ul style="list-style-type: none"> › System of Corporate Governance › The Subaru Group's CSR
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.		› System of Corporate Governance

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>	<p>> The Subaru Group's CSR</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> <ul style="list-style-type: none"> i. executive or non-executive; ii. independence; iii. tenure on the governance body; iv. number of each individual's other significant positions and commitments, and the nature of the commitments; v. gender; vi. membership of under-represented social groups; vii. competencies relating to economic, environmental, and social topics; viii. stakeholder representation. 	<p>> System of Corporate Governance</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>> System of Corporate Governance</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> <ul style="list-style-type: none"> i. stakeholders (including shareholders) are involved; ii. diversity is considered; iii. independence is considered; iv. expertise and experience relating to economic, environmental, and social topics are considered. 	<p>> System of Corporate Governance</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> <ul style="list-style-type: none"> i. Cross-board membership; ii. Cross-shareholding with suppliers and other stakeholders; iii. Existence of controlling shareholder; iv. Related party disclosures. 		<p>> Preventing Conflicts of Interest Involving Members of the Board of Directors</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>> Corporate Governance</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>> The Subaru Group's CSR</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>6.2 Organizational governance 7.4.3 Building social responsibility into an organization's governance, systems and procedures 7.7.5 Improving performance</p>	<p>> The Subaru Group's CSR</p> <p>> Corporate Governance</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>	<p>> Corporate Governance</p> <p>> The Subaru Group's CSR</p>
102-30	Effectiveness of risk management processes	<p>a. Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental, and social topics.</p>	<p>> The Subaru Group's CSR</p>
102-31	Review of economic, environmental, and social topics	<p>a. Frequency of the highest governance body's review of economic, environmental, and social topics and their impacts, risks, and opportunities.</p>	-
102-32	Highest governance body's role in sustainability reporting	<p>a. The highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material topics are covered.</p>	<p>> Reflecting Subaru Group's Six Priority Areas for CSR in Management</p>
102-33	Communicating critical concerns	<p>a. Process for communicating critical concerns to the highest governance body.</p>	<p>> The Subaru Group's CSR</p>
102-34	Nature and total number of critical concerns	<p>a. Total number and nature of critical concerns that were communicated to the highest governance body.</p> <p>b. Mechanism(s) used to address and resolve critical concerns.</p>	<p>> Corporate Governance</p>

102-35	Remuneration policies	<p>a. Remuneration policies for the highest governance body and senior executives for the following types of remuneration:</p> <ul style="list-style-type: none"> 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. <p>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.</p>	<p>> Executive Compensation, etc.</p>
102-36	Process for determining remuneration	<p>a. Process for determining remuneration.</p> <p>b. Whether remuneration consultants are involved in determining remuneration and whether they are independent of management.</p> <p>c. Any other relationships that the remuneration consultants have with the organization.</p>	<p>> Executive Compensation, etc.</p>
102-37	Stakeholders' involvement in remuneration	<p>a. How stakeholders' views are sought and taken into account regarding remuneration.</p> <p>b. If applicable, the results of votes on remuneration policies and proposals.</p>	-
102-38	Annual total compensation ratio	<p>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.</p>	-

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.	5.3 Stakeholder identification and engagement	> Relationship to Stakeholders
102-41	Collective bargaining agreements	a. Percentage of total employees covered by collective bargaining agreements.		> Communication with Labor Union
102-42	Identifying and selecting stakeholders	a. The basis for identifying and selecting stakeholders with whom to engage.		> Relationship to Stakeholders
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.		> Relationship to Stakeholders
102-44	Key topics and concerns raised	a. Key topics and concerns that have been raised through stakeholder engagement, including: i. how the organization has responded to those key topics and concerns, including through its reporting; ii. the stakeholder groups that raised each of the key topics and concerns.		> Relationship to Stakeholders

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>		<p>> Financials</p>
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>		<p>> Editorial Policy</p>
102-47	List of material topics	<p>a. A list of the material topics identified in the process for defining report content.</p>	<p>5.2 Recognizing social responsibility</p> <p>7.3.2 Determining relevance and significance of core subjects and issues to an organization</p> <p>7.3.3 An organization’s sphere of influence</p> <p>7.3.4 Establishing priorities for addressing issues</p>	<p>> The Process of Formulating the Six Priority Areas for CSR</p> <p>> The SUBARU Group’s Six Priority Areas for CSR: People-oriented Car Culture</p> <p>> The SUBARU Group’s Six Priority Areas for CSR: Resonance and Coexistence</p> <p>> The SUBARU Group’s Six Priority Areas for CSR: Peace of Mind</p> <p>> The SUBARU Group’s Six Priority Areas for CSR: Diversity</p> <p>> The SUBARU Group’s Six Priority Areas for CSR: Environment</p> <p>> The SUBARU Group’s Six Priority Areas for CSR: Compliance</p>

102-48	Restatements of information	a. The effect of any restatements of information given in previous reports, and the reasons for such restatements.		NA
102-49	Changes in reporting	a. Significant changes from previous reporting periods in the list of material topics and topic Boundaries.		NA
102-50	Reporting period	a. Reporting period for the information provided.		> Editorial Policy
102-51	Date of most recent report	a. If applicable, the date of the most recent previous report.		> Editorial Policy
102-52	Reporting cycle	a. Reporting cycle.		> Editorial Policy
102-53	Contact point for questions regarding the report	a. The contact point for questions regarding the report or its contents.		> Editorial Policy
102-54	Claims of reporting in accordance with the GRI Standards	a. The claim made by the organization, if it has prepared a report in accordance with the GRI Standards, either: i. 'This report has been prepared in accordance with the GRI Standards: Core option'; ii. 'This report has been prepared in accordance with the GRI Standards: Comprehensive option'.		This Table
102-55	GRI content index	a. The GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the report. b. For each disclosure, the content index shall include: i. the number of the disclosure (for disclosures covered by the GRI Standards); ii. the page number(s) or URL(s) where the information can be found, either within the report or in other published materials; iii. if applicable, and where permitted, the reason(s) for omission when a required disclosure cannot be made.	7.5.3 Types of communication on social responsibility 7.6.2 Enhancing the credibility of reports and claims about social responsibility	This Table

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>	-
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GRI 103: Management Approach 2016

103-1	Explanation of the material topic and its Boundary	<p>For each material topic, the reporting organization shall report the following information:</p> <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>	<ul style="list-style-type: none"> > The Process of Formulating the Six Priority Areas for CSR > The SUBARU Group’s Six Priority Areas for CSR: People-oriented Car Culture > The SUBARU Group’s Six Priority Areas for CSR: Resonance and Coexistence > The SUBARU Group’s Six Priority Areas for CSR: Peace of Mind
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			<p>5.2 Recognizing social responsibility</p> <p>6 Guidance on social responsibility core subjects</p> <p>7.3.1 Due diligence</p> <p>7.3.2 Determining relevance and significance of core subjects and issues to an organization</p> <p>7.3.3 An organization's sphere of influence</p> <p>7.3.4 Establishing priorities for address</p> <p>7.7.3 Reviewing an organization's progress and performance on social responsibility</p> <p>7.7.5 Improving performance</p>	<p>> The SUBARU Group's Six Priority Areas for CSR: Diversity</p> <p>> The SUBARU Group's Six Priority Areas for CSR: Environment</p> <p>> The SUBARU Group's Six Priority Areas for CSR: Compliance</p>
103-2	The management approach and its components	<p>For each material topic, the reporting organization shall report the following information:</p> <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>> The Subaru Group's CSR</p>
103-3	Evaluation of the management approach	<p>For each material topic, the reporting organization shall report the following information:</p> <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

Disclosures no.	Disclosure	Requirements		Reference on Subaru Website
GRI200: Economic topics 2016				
201: Economic Performance				
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>6.8.1-6.8.2 Community involvement and development 6.8.3 Community involvement 6.8.7 Wealth and income creation 6.8.9 Social investment</p>	<p>> Financial Results</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>6.5.5 Climate change mitigation and adaptation</p>	<p>> Risks Associated with Business Activities (Japanese version only)</p>

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>	6.8.7 Wealth and income creation	-
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>	-	-

202: Market Presence

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>6.3.7 Discrimination and vulnerable groups</p> <p>6.3.10 Fundamental principles and rights at work</p> <p>6.4.3 Employment and employment relationships</p> <p>6.4.4 Conditions of work and social protection</p> <p>6.8.1-6.8.2 Community involvement and development</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>	<p>6.4.3 Employment and employment relationships</p> <p>6.8.1-6.8.2 Community involvement and development</p> <p>6.8.5 Employment creation and skills development</p> <p>6.8.7 Wealth and income creation</p>	-

203: Indirect Economic Impacts

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>	<p>6.3.9 Economic, social and cultural rights</p> <p>6.8.1-6.8.2 Community involvement and development</p> <p>6.8.7 Wealth and income creation</p> <p>6.8.9 Social investments</p>	-
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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>	<p>6.3.9 Economic, social and cultural rights</p> <p>6.6.6 Promoting social responsibility in the value chain</p> <p>6.6.7 Respect for property rights</p> <p>6.7.8 Access to essential services</p> <p>6.8.1-6.8.2 Community involvement and development</p> <p>6.8.5 Employment creation and skills development</p> <p>6.8.7 Wealth and income creation</p> <p>6.8.9 Social investment</p>	<p>> Message from the President</p> <p>> Our Approach to CSR</p>
204: Procurement Practices				
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>	<p>6.4.3 Employment and employment relationships</p> <p>6.6.6 Promoting social responsibility in the value chain</p> <p>6.8.1-6.8.2 Community involvement and development</p> <p>6.8.7 Wealth and income creation</p>	-
205: Anti-corruption				
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>	<p>6.6.1-6.6.2 Fair operating practices</p> <p>6.6.3 Anti-corruption</p>	-

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>6.6.1-6.6.2 Fair operating practices</p> <p>6.6.3 Anti-corruption</p> <p>6.6.6 Promoting social responsibility in the value chain</p>	<p>> Anti-corruption Initiatives</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>	<p>6.6.1-6.6.2 Fair operating practices</p> <p>6.6.3 Anti-corruption</p>	-

206: Anti-competitive Behavior

206-1	Legal actions for anti-competitive behavior, anti-trust, 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>	<p>6.6.1-6.6.2 Fair operating practices</p> <p>6.6.5 Fair competition</p> <p>6.6.7 Respect for property rights</p>	-
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GRI300: Environmental topics

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>	6.5.4 Sustainable resource use	<p>> Overall Image of Subaru's Environmental Impact concerning Automobiles</p>
301-2	Recycled input materials used	<p>a. Percentage of recycled input materials used to manufacture the organization's primary products and services.</p>	6.5.4 Sustainable resource use	<p>> Overall Image of Subaru's Environmental Impact concerning Automobiles</p>
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>	6.5.4 Sustainable resource use	<p>> Overall Image of Subaru's Environmental Impact concerning Automobiles</p>

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> <ul style="list-style-type: none"> i. electricity consumption ii. heating consumption iii. cooling consumption iv. steam consumption <p>d. In joules, watt-hours or multiples, the total:</p> <ul style="list-style-type: none"> i. electricity sold ii. heating sold iii. cooling sold iv. steam sold <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>	6.5.4 Sustainable resource use	<ul style="list-style-type: none"> > Overall Image of Subaru's Environmental Impact Concerning Automobiles > Energy Consumption > Climate Change
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>	6.5.4 Sustainable resource use	-
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>	6.5.4 Sustainable resource use	-

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>	<p>6.5.4 Sustainable resource use</p> <p>6.5.5 Climate change mitigation and adaptation</p>	<p>> Climate Change</p>
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>	<p>6.5.4 Sustainable resource use</p> <p>6.5.5 Climate change mitigation and adaptation</p>	<p>> Environmentally Friendly Automobile</p>
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>6.5.4 Sustainable resource use</p>	<p>> Water Resources</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>		
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. 	6.5.4 Sustainable resource use	> Water Risk Assessment at Production Bases
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. 	6.5.4 Sustainable resource use	> Breakdown of Water Consumption by Water Source at Major Production Bases

		<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>		
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>	6.5.4 Sustainable resource use	-

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>	6.5.4 Sustainable resource use	> Water Consumption
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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	<p>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:</p> <p>i. Geographic location;</p> <p>ii. Subsurface and underground land that may be owned, leased, or managed by the organization;</p> <p>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;</p> <p>iv. Type of operation (office, manufacturing or production, or extractive);</p> <p>v. Size of operational site in km² (or another unit, if appropriate);</p> <p>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);</p> <p>vii. Biodiversity value characterized by listing of protected status (such as IUCN Protected Area Management Categories, Ramsar Convention, national legislation).</p>	6.5.6 Protection of the environment, biodiversity and restoration of natural habitats	> Biodiversity
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304-2	Significant impacts of activities, products, and services on biodiversity	<p>a. Nature of significant direct and indirect impacts on biodiversity with reference to one or more of the following:</p> <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). <p>b. Significant direct and indirect positive and negative impacts with reference to the following:</p> <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. 	6.5.6 Protection of the environment, biodiversity and restoration of natural habitats	> Biodiversity
304-3	Habitats protected or restored	<ul style="list-style-type: none"> 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. 	6.5.6 Protection of the environment, biodiversity and restoration of natural habitats	> Biodiversity

304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	<p>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:</p> <ul style="list-style-type: none"> i. Critically endangered ii. Endangered iii. Vulnerable iv. Near threatened v. Least concern 	6.5.6 Protection of the environment, biodiversity and restoration of natural habitats	-
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305: Emissions 2016

305-1	Direct (Scope 1) GHG emissions	<p>a. Gross direct (Scope 1) GHG emissions 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. Biogenic CO₂ emissions in metric tons of CO₂ equivalent.</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>	6.5.5 Climate change mitigation and adaptation	<p>> CO₂ Emissions (Scope 1, Scope 2)</p>
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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>	6.5.5 Climate change mitigation and adaptation	<ul style="list-style-type: none"> > Initiatives in Distribution > CO₂ Emissions (Scope 1, Scope 2)
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>	6.5.5 Climate change mitigation and adaptation	<ul style="list-style-type: none"> > CO₂ Emissions (Scope 3)

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>	6.5.5 Climate change mitigation and adaptation	<p>> The 6th Voluntary Plan for the Environment</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>	6.5.5 Climate change mitigation and adaptation	<p>> CO₂ Emissions (Scope 1, Scope 2)</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>	6.5.3 Prevention of pollution 6.5.5 Climate change mitigation and adaptation	-

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>	6.5.5 Climate change mitigation and adaptation	<ul style="list-style-type: none"> > NOx and SOx Emissions > VOC Emissions > Atmosphere (Air Pollution Control Act, Prefectural Regulations)
306: Effluents and Waste				
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>	6.5.3 Prevention of pollution 6.5.5 Climate change mitigation and adaptation	<ul style="list-style-type: none"> > Water Resources > Water Quality (Water Pollution Prevention Act, Sewerage Act, Prefectural/Municipal Regulations)
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) 	6.5.3 Prevention of pollution	<ul style="list-style-type: none"> > Initiatives for Waste Reduction at Plants

		<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 		
306-3	Significant Spills	<ul style="list-style-type: none"> a. Total number and total volume of recorded significant spills. b. The following additional information for each spill that was reported in the organization's financial statements: <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). c. Impacts of significant spills. 	6.5.3 Prevention of pollution	<ul style="list-style-type: none"> > Significant Spills > Environmental Compliance
306-4	Transportation of Hazardous Waste	<ul style="list-style-type: none"> a. Total weight for each of the following: <ul style="list-style-type: none"> i. Hazardous waste transported ii. Hazardous waste imported iii. Hazardous waste exported iv. Hazardous waste treated b. Percentage of hazardous waste shipped internationally. c. Standards, methodologies, and assumptions used. 	6.5.3 Prevention of pollution	> Transportation of Hazardous Waste
306-5	Water bodies affected by water discharges and/or runoff	<ul style="list-style-type: none"> a. Water bodies and related habitats that are significantly affected by water discharges and/or runoff, including information on: <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. 	<p>6.5.3 Prevention of pollution</p> <p>6.5.4 Sustainable resource use</p> <p>6.5.6 Protection of the environment, biodiversity and restoration of natural habitats</p>	> Water Risk Assessment at Production Bases

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>	4.6 Respect for the rule of law	<ul style="list-style-type: none"> > Status of Compliance with Environmental Laws and Regulations > Prevention of Soil and Underground Water Pollution > Status of Storage and Management of PCB Wastes > Significant Spills > Transportation of Hazardous Waste
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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.	<p>6.3.5 Avoidance of complicity</p> <p>6.6.6 Promoting social responsibility in the value chain</p> <p>7.3.1 Due diligence</p>	<ul style="list-style-type: none"> > Green Procurement
308-2	Negative environmental impacts in the supply chain and actions taken	<ul style="list-style-type: none"> 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. 	<p>6.3.5 Avoidance of complicity</p> <p>6.6.6 Promoting social responsibility in the value chain</p> <p>7.3.1 Due diligence</p>	<ul style="list-style-type: none"> > Environmentally-conscious Procurement > Initiatives in Distribution

GRI400: Social topics

401: Employment 2016

401-1	New employee hires and employee turnover	<p>a. Total number and rate of new employee hires during the reporting period, by age group, gender and region.</p> <p>b. Total number and rate of employee turnover during the reporting period, by age group, gender and region.</p>	6.4.3 Employment and employment relationships	<p>> Employee Data</p>
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<p>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:</p> <ul style="list-style-type: none"> i. life insurance; ii. health care; iii. disability and invalidity coverage; iv. parental leave; v. retirement provision; vi. stock ownership; vii. others. <p>b. The definition used for 'significant locations of operation'.</p>	<p>6.4.4 Conditions of work and social protection</p> <p>6.8.7 Wealth and income creation</p>	-
401-3	Parental leave	<p>a. Total number of employees that were entitled to parental leave, by gender.</p> <p>b. Total number of employees that took parental leave, by gender.</p> <p>c. Total number of employees that returned to work in the reporting period after parental leave ended, by gender.</p> <p>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.</p> <p>e. Return to work and retention rates of employees that took parental leave, by gender.</p>	6.4.4 Conditions of work and social protection	<p>> The Number of Employees Who Obtained Childcare Leave (Subaru non-consolidated)</p>

402: Labor/Management Relations 2016

402-1	Minimum notice periods regarding operational changes	<p>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.</p> <p>b. For organizations with collective bargaining agreements, report whether the notice period and provisions for consultation and negotiation are specified in collective agreements.</p>	<p>6.4.3 Employment and employment relationships</p> <p>6.4.5 Social dialogue</p>	<p>> Communication with Labor Union</p>
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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> <ul style="list-style-type: none"> i. the system has been implemented because of legal requirements and, if so, a list of the requirements; 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>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>6.4.6 Health and safety at work</p>	<p>> Occupational Health and Safety Management System</p>
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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> <ul style="list-style-type: none"> i. how the organization ensures the quality of these processes, including the competency of persons who carry them out; ii. how the results of these processes are used to evaluate and continually improve the occupational health and safety management system. <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>	6.4.6 Health and safety at work	<p>› 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>	6.4.6 Health and safety at work	-

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>	6.4.6 Health and safety at work	<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>	6.4.6 Health and safety at work	-
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>	6.4.6 Health and safety at work	<p>> Health and Safety Activities</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>	6.4.6 Health and safety at work	-

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>	6.4.6 Health and safety at work	-
		<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>		

403-9	Work-related injuries	<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. c. The work-related hazards that pose a risk of high-consequence injury, including: <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. d. Any actions taken or underway to eliminate other work-related hazards and minimize risks using the hierarchy of controls. e. Whether the rates have been calculated based on 200,000 or 1,000,000 hours worked. f. Whether and, if so, why any workers have been excluded from this disclosure, including the types of worker excluded. g. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used 	6.4.6 Health and safety at work	> Work Related Accidents
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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>	6.4.6 Health and safety at work	-
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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.	6.4.7 Human development and training in the workplace	> Human Resource Development (HRD)
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.	6.4.7 Human development and training in the workplace 6.8.5 Employment creation and skills development	> Fair Evaluations and Support for Development of Skills
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.	6.4.7 Human development and training in the workplace	-

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).	6.2.3 Decision-making processes and structures 6.3.7 Discrimination and vulnerable groups 6.3.10 Fundamental principles and rights at work 6.4.3 Employment and employment relationships	> Employee Data
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405-2	Ratio of basic salary and remuneration of women to men	<p>a. Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation.</p> <p>b. The definition used for ‘significant locations of operation’.</p>	<p>6.3.7 Discrimination and vulnerable groups</p> <p>6.3.10 Fundamental principles and rights at work</p> <p>6.4.3 Employment and employment relationships</p> <p>6.4.4 Conditions of work and social protection</p>	<p>> Fair Evaluations and Support for Development of Skills</p>
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406: Non-discrimination 2016

406-1	Incidents of discrimination and corrective actions taken	<p>a. Total number of incidents of discrimination 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>	<p>6.3.6 Resolving grievances</p> <p>6.3.7 Discrimination and vulnerable groups</p> <p>6.3.10 Fundamental principles and rights at work</p> <p>6.4.3 Employment and employment relationships</p>	-
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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	<p>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:</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 support rights to exercise freedom of association and collective bargaining</p>	<p>6.3.3 Due diligence</p> <p>6.3.4 Human rights risk situations</p> <p>6.3.5 Avoidance of complicity</p> <p>6.3.8 Civil and political rights</p> <p>6.3.10 Fundamental principles and rights at work</p> <p>6.4.5 Social dialogue</p> <p>6.6.6 Promoting social responsibility in the value chain</p>	-
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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> <ul style="list-style-type: none"> i. child labor; ii. young workers exposed to hazardous work. <p>b. Operations and suppliers considered to have significant risk for incidents of child labor either in terms of:</p> <ul style="list-style-type: none"> i. type of operation (such as manufacturing plant) and supplier; ii. countries or geographic areas with operations and suppliers considered at risk. <p>c. Measures taken by the organization in the reporting period intended to contribute to the effective abolition of child labor</p>	<p>6.3.3 Due diligence 6.3.4 Human rights risk situations 6.3.5 Avoidance of complicity 6.3.7 Discrimination and vulnerable groups 6.3.10 Fundamental principles and rights at work 6.6.6 Promoting social responsibility in the value chain</p>	<p>> CSR Guidelines for Suppliers</p>
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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> <ul style="list-style-type: none"> i. type of operation (such as manufacturing plant) and supplier; ii. countries or geographic areas with operations and suppliers considered at risk. <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>	<p>6.3.3 Due diligence 6.3.4 Human rights risk situations 6.3.5 Avoidance of complicity 6.3.10 Fundamental principles and rights at work 6.6.6 Promoting social responsibility in the value chain</p>	<p>> CSR Guidelines for Suppliers</p>
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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>	<p>6.3.4 Human rights risk situations 6.3.5 Avoidance of complicity 6.6.6 Promoting social responsibility in the value chain</p>	-
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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>	<p>6.3.4 Human rights risk situations</p> <p>6.3.6 Resolving grievances</p> <p>6.3.7 Discrimination and vulnerable groups</p> <p>6.3.8 Civil and political rights</p> <p>6.6.7 Respect for property rights</p> <p>6.8.3 Community involvement</p>	-
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412: Human Rights Assessment 2016

412-1	Operations that have been subject to human rights reviews or impact assessments	<p>a. Total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments, by country.</p>	<p>6.3.3 Due diligence</p> <p>6.3.4 Human rights risk situations</p> <p>6.3.5 Avoidance of complicity</p>	-
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>	<p>6.3.3 Due diligence</p> <p>6.3.4 Human rights risk situations</p> <p>6.3.5 Avoidance of complicity</p>	-

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>6.3.9 Economic, social and cultural rights 6.5.1-6.5.2 The environment 6.5.3 Prevention of pollution 6.8 Community involvement and development</p>	<p>> Checking the Perimeter of our Factories for Odor, etc.</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. 	<p>6.3.9 Economic, social and cultural rights 6.5.3 Prevention of pollution 6.8 Community involvement and development</p>	-

414: Supplier Social Assessment 2016				
414-1	New suppliers that were screened using social criteria	a. Percentage of new suppliers that were screened using social criteria.	6.3.5 Avoidance of complicity 6.6.6 Promoting social responsibility in the value chain 7.3.1 Due diligence	> CSR Guidelines for Suppliers
414-2	Negative social impacts in the supply chain and actions taken	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.	6.3.5 Avoidance of complicity 6.6.6 Promoting social responsibility in the value chain 7.3.1 Due diligence	> CSR Procurement
415: Public Policy 2016				
415-1	Political contributions	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.	6.6.1-6.6.2 Fair operating practices 6.6.4 Responsible political involvement	-
416: Customer Health and Safety 2016				
416-1	Assessment of the health and safety impacts of product and service categories	a. Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	6.7.1-6.7.2 Consumer issues 6.7.4 Protecting consumers' health and safety 6.7.5 Sustainable consumption 6.8.8 Health	> Operation of Quality Management Cycle

416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	<p>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:</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>	<p>4.6 Respect for the rule of law 6.7.1-6.7.2 Consumer issues 6.7.4 Protecting consumers' health and safety 6.7.5 Sustainable consumption 6.8.8 Health</p>	<p>> Response to Recalls > Cases of Improper Conduct of Final Vehicle Inspections</p>
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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>	<p>6.7.1-6.7.2 Consumer issues 6.7.3 Fair marketing, factual and unbiased information and fair contractual practices 6.7.4 Protecting consumers' health and safety 6.7.5 Sustainable consumption 6.7.9 Education and awareness</p>	-
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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>	<p>4.6 Respect for the rule of law 6.7.1-6.7.2 Consumer issues 6.7.3 Fair marketing, factual and unbiased information and fair contractual practices 6.7.4 Protecting consumers' health and safety 6.7.5 Sustainable consumption 6.7.9 Education and awareness</p>	-
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>	<p>4.6 Respect for the rule of law 6.7.1-6.7.2 Consumer issues 6.7.3 Fair marketing, factual and unbiased information and fair contractual practices</p>	-
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>	<p>6.7.1-6.7.2 Consumer issues 6.7.7 Consumer data protection and privacy</p>	<p>> Personal Information Protection Initiatives</p>

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>	<p>4.6 Respect for the rule of law 6.7.1-6.7.2 Consumer issues 6.7.3 Fair marketing, factual and unbiased information and fair contractual practices</p>	<ul style="list-style-type: none"> > Response to Recalls > Cases of Improper Conduct of Final Vehicle Inspections
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