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Corporate Overview

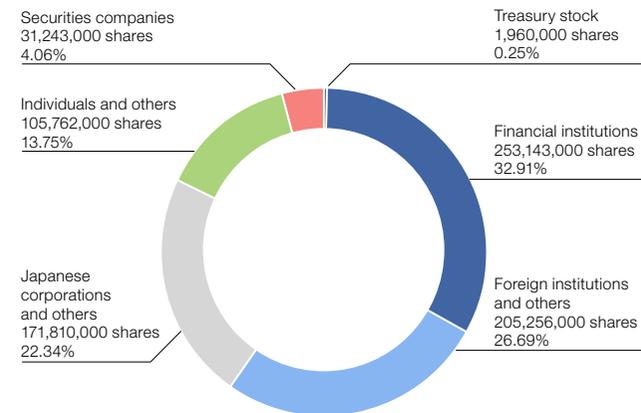
Corporate Overview (As of March 31, 2020)

Company Name	SUBARU CORPORATION
Established	July 15, 1953
Head Office	Ebisu Subaru Bldg. 1-20-8, Ebisu, Shibuya-ku, Tokyo 150-8554
Paid-in Capital	153,795 million yen
Number of Employees	15,806 (consolidated: 35,034) (excluding executive officers, advisors and dispatches)
Main Businesses	Automotive: The manufacture, repair and sales of passenger cars and their components Aerospace: The manufacture, repair and sales of airplanes aerospace-related machinery and their components
Number of Affiliates	73 consolidated subsidiaries and 10 equity-method affiliated companies
Website Addresses	Corporate website: https://www.subaru.co.jp/en/ Official SUBARU website (automobiles): https://www.subaru-global.com

Stock Information (As of March 31, 2020)

Number of Shares Authorized	1,500,000,000 shares
Number of Shares Issued	769,175,873 shares
Number of Shareholders	152,889 shareholders
Number of Shares per Trading Unit	100 shares
Stock Exchange Listing	Tokyo Stock Exchange
Securities Code	7270
Transfer Agent	Mizuho Trust & Banking Co., Ltd. 2-1, Yaesu 1-chome, Chuo-ku, Tokyo 103-8670, Japan

Breakdown of Shareholders



Membership of Industry Bodies

Keidanren (Japan Business Federation)
Japan Automobile Manufacturers Association, Inc. (JAMA)
The Society of Japanese Aerospace Companies (SJAC)
Japan Aircraft Development Corporation (JADC)
Subaru strives to enhance collaboration with external institutions in order to fulfill its social responsibilities. Among them are Keidanren, JAMA, SJAC, JADC and other industry bodies and administrative bodies, as well as local communities in which our business sites are located.

Major Shareholders

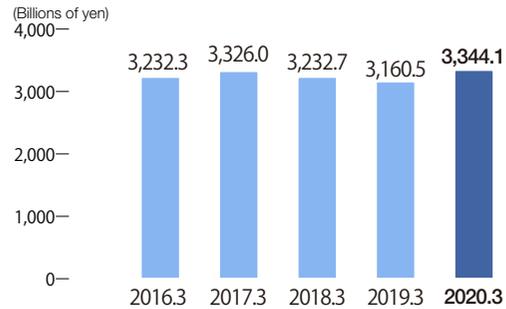
Name	Number of Shares Held (in thousands)	Percentage of Total Shares Held
Toyota Motor Corporation	153,600	20.02
The Master Trust Bank of Japan, Ltd. (trust account)	68,332	8.91
Japan Trustee Services Bank, Ltd. (trust account)	42,671	5.56
BNYM TREATY DTT 15	18,729	2.44
GIC PRIVATE LIMITED-C	13,917	1.81
Japan Trustee Services Bank, Ltd. (trust account 9)	12,924	1.68
Japan Trustee Services Bank, Ltd. (trust account 5)	12,646	1.65
JP MORGAN CHASE BANK 385151	10,721	1.40
MIZUHO SECURITIES ASIA LIMITED-CLIENT A/C	10,112	1.32
Mizuho Bank, Ltd.	10,078	1.31

* Number of shares held are rounded down to the nearest thousand shares.

* The percentage of total shares held is calculated based on the number of shares excluding treasury stock of 1,960,368 shares.

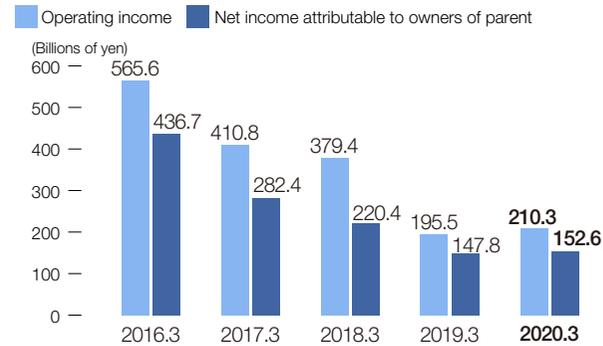
Financial Highlights

Net Sales

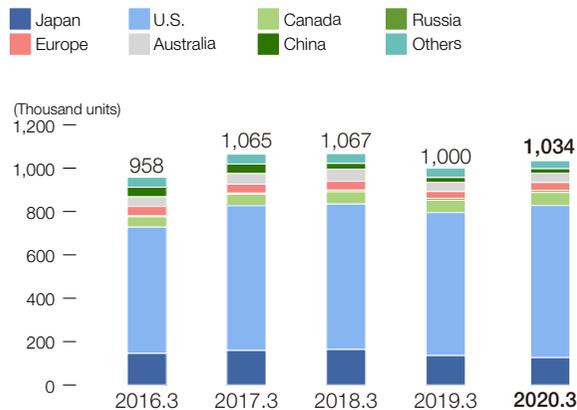


* The SUBARU Group has voluntarily adopted the IFRS from the first quarter of the fiscal year ended March 2020.
Change of accounting policy effective from FYE March 2019 (deduction of sales incentives from net sales); Retroactively applied to the figures for FYE March 2018.

Operating Income and Net Income Attributable to Owners of Parent

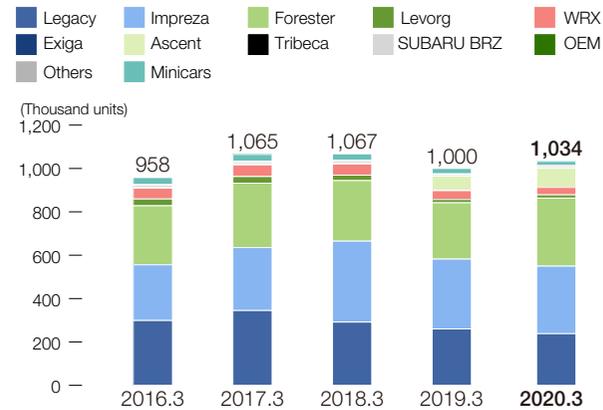


Consolidated Automobile Sales by Region



* Automobile sales of SUBARU CORPORATION and its consolidated subsidiaries

Consolidated Automobile Sales by Model



* Automobile sales of SUBARU CORPORATION and its consolidated subsidiaries

Business Segments and Scope of Consolidation

The SUBARU Group ("the Group") consists of three business segments: the core Automotive Business Unit, which accounts for approximately 95% of consolidated net sales; the Aerospace Company; and Other Businesses consisting of businesses that do not belong to either of the other two segments. In the fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020; the "fiscal year under review"), SUBARU CORPORATION ("the Company"), 73 subsidiaries, and 10 equity-method affiliated companies were included in the scope of consolidation.

Global Network

Global Network

Main Overseas Business Sites



Domestic Business Sites

Main Domestic Business Sites

Automotive Business Unit

Gunma Plant

Plant	Production Models
Main Plant	Levorg, Impreza, SUBARU XV, WRX, and SUBARU BRZ
Yajima Plant	Legacy, Outback, Impreza, SUBARU XV, and Forester
Oizumi Plant	Automobile engines and transmissions

Aerospace Company

Handa Plant
Handa West Plant

Aerospace Company
Utsunomiya Plant

1 Head Office

Tokyo Office



Domestic Facilities

Name	Location	Land Area (Thousand m ²)	Building Area (Thousand m ²)	Number of Employees (Persons)	Main Products		
Head Office	Head Office (Ebisu)	Tokyo	4	14	681	—	
	SUBARU Training Facility (SUBARU Academy)	Tokyo	10	13	42	—	
	Other	Parts Distribution Center, Pre Delivery Inspection Center, parking lots, Vicinity of Oizumi Plant, etc.	Gunma	573 [12]	247	171	—
Automotive Business Unit	Tokyo Office	Tokyo	158	79	1,688	—	
	Gunma Plant	Gunma Main Plant	Gunma	585 [14]	330	4,735	Levorg, Impreza, SUBARU XV, WRX, and SUBARU BRZ
		Gunma Yajima Plant	Gunma	550	319	3,271	Legacy, Outback, Impreza, SUBARU XV, and Forester
		Gunma Oizumi Plant	Gunma	304	238	2,872	Automobile engines and transmissions
		Gunma Ota North Plant	Gunma	44	25	0	—
		SUBARU R&E Center (Sano)	Tochigi	1,081	25	162	—
		SUBARU R&E Center (Bifuka)	Hokkaido	3,614	0	0	—
Aerospace Company	Utsunomiya Plant	Tochigi	572	228	1,847	Aircraft	
	Handa Plant	Aichi	59	31	293	Aircraft	
	Handa West Plant	Aichi	51	13	44	Aircraft	
Subtotal (1)		7,605	1,562	15,806			
Other	The site of airport	Gunma	622	0			
	Utsunomiya airstrip	Tochigi	105	0			
	Welfare facilities	—	215	96			
	Lease to affiliates	Aichi	37	8			
	Iseaki business office	Gunma	157	60			
	Eco Utsunomiya Factory	Tochigi	6	1			
	Saitama Plant	Saitama	143	72			
	Subtotal (2)		1,285	237			
Total (1)+(2)		8,890	1,799				

Notes:

- []: area of tenancy
- Welfare facilities include 37 sites of dormitories and company houses.
- Number of employees excludes executive officers, advisors, and dispatches.

Main Subsidiaries (Domestic)

(As of April 1, 2020)
(Number of employees: as of March 31, 2020)

Name	Established	Location	Representative	Capital (Millions of yen)	Equity Interest (%)	Number of Employees (Persons)	FYE March 2020 Net Sales (Millions of yen)	Operations
Fuji Machinery Co., Ltd.	1950. 7. 18	Gunma	Tamaki Kamogawa	480	100.0	483	44,077	Manufacture and sales of automobile parts, industrial product parts and agricultural transmissions
Ichitan Co., Ltd.	1951. 2. 2	Gunma	Satoshi Maeda	480	100.0	231	20,060	Manufacture and sales of forging parts of automobile and industrial machinery
KIRYU INDUSTRY Co., Ltd.	1960. 12. 23	Gunma	Toshiaki Tamegai	400	100.0	309	11,705	Manufacture of specially-equipped SUBARU automobiles, engines, sheet metal repair parts and remanufacture of transmissions
Subaru Tecnica International Inc.	1988. 4. 2	Tokyo	Yasuo Hiraoka	250	100.0	112	4,828	Management of motor sports activities, sales of motor sports parts and merchandise, technical development, R&D support, and automobile maintenance
Subaru Used cars Sales & Marketing Co., Ltd.	1988. 4. 2	Kanagawa	Masahiro Maeda	100	100.0	20	2,659	Tack-related operation of used cars, head office of SUAA Kanto, sales of supplies
Subaru Auto Accessories Ltd.	1987. 3. 9	Saitama	Toshio Masuda	70	100.0	74	14,011	Sales, research & development, licensing of technology and import-export business of automobile accessories, parts and service materials
Subaru Logistics Co., Ltd.	1986. 3. 27	Gunma	Masaki Okawara	96	100.0	360	23,515	Shipping, land freight, warehousing, maintenance and insurance for automobiles and their components
H. B. C. Co., Ltd.	1983. 8. 29	Kanagawa	Junichi Tsukamoto	490	68.0	8	817	Storing and shipping of automobiles for international sales
Subaru Finance Co., Ltd.	1988. 7. 1	Tokyo	Mitsuru Takahashi	2,000	100.0	222	24,856	Leasing and rental of SUBARU automobiles, credit, financing and sales of auto insurance
SUBARU TECHNO CORPORATION	1985. 3. 2	Tokyo	Hiromi Tamou	70	100.0	970	9,164	Design, plan, research, experiment, examination and compile technical material of automobile, aircraft, general-purpose engine and environmental tool
Subaru Intelligent Service Ltd.	2005. 3. 1	Tokyo	Yoshinori Saito	40	75.0	58	2,555	Development of technical service documents including service manuals and owner's manuals
Yusoki Kogyo K. K.	1950. 7. 15	Aichi	Eiji Tanikawa	100	100.0	135	2,142	Manufacture and sales of aircraft parts
Fuji Aircraft Maintenance Co., Ltd.	1988. 10. 31	Tokyo	Takayuki Kobayashi	30	100.0	190	1,450	Inspection, service and maintenance of aircraft and onboard equipment
Fuji Aerospace Corporation	1991. 6. 14	Tochigi	Yasuhiro Hamanaka	30	100.0	175	1,645	Processing and assembly of aircraft parts
Fuji Aerospace Technology Co., Ltd.	1994. 4. 1	Tochigi	Yoshihiro Saito	20	100.0	94	2,732	Contract design, drafting, translation, calculation, analytical testing and software development for aircraft
Subaru Kohsan Co., Ltd.	1977. 2. 2	Tokyo	Masami Iida	675	100.0	85	7,058	Deal/rental of real estate, administrative operation of rental hall and conference room, administrative operation/rental of parking ground, travel agency
SUBARU IT CREATIONS CORPORATION	1993. 4. 1	Saitama	Nozomu Oyama	100	100.0	294	21,983	Development, maintenance and operation of information systems and related consulting services; sales and leasing of information equipment
Subaru Living Service Co., Ltd.	1988. 4. 2	Tokyo	Katsuo Saito	20	100.0	307	19,033	Sales of office supplies and daily commodities, real estate services, and personal import services

* Shareholdings on a consolidated basis

Main Subsidiaries (Overseas)

(As of April 1, 2020)
(Number of employees: as of March 31, 2020)

Region	Name	Established	Address	Representative	Equity Interest* (%)	Number of Employees (Persons)	Operations
North America	Subaru of America, Inc.	1968.2	One Subaru Drive, Camden, NJ 08103, U.S.A.	Thomas J. Doll	100	1,286	Sales of SUBARU vehicles and supplies
	Subaru of Indiana Automotive, Inc.	1987.3	5500 State Road 38 East, Lafayette, IN 47905, U.S.A.	Fumiaki Hayata	100	6,322	Manufacture of SUBARU vehicles, purchasing of parts, sales for Subaru of America, Inc., etc.
	North American Subaru, Inc.	1985.9	C/O Subaru of America, Inc. One Subaru Drive, Camden, NJ 08103, U.S.A.	Makoto Ikemura	100	84	Technical research on SUBARU vehicles in North American market, government relations
			50255 Michigan Avenue, Van Buren Township, MI 48111, U.S.A. 6431 Global Drive Cypress, CA 90630, U.S.A. 14382 Chambers Road, Tustin, CA 92780, U.S.A. 46718 Fremont Blvd, Fremont, CA 94538, U.S.A. C/O Subaru of Indiana Automotive, Inc. 5500 State Road 38 East, Lafayette, IN 47905, U.S.A.	Tetsuo Fujinuki	100	76	Compiling of technical information about automobile market of North America, research and development of SUBARU vehicles
	Subaru Canada, Inc.	1989.1	560 Suffolk Court Mississauga, Ontario, L5R 4J7, Canada	Yasushi Enami	100	169	Sales of SUBARU vehicles and supplies
	Europe	Subaru Europe N.V./S.A.	2002.3	Leuvensesteenweg 555 B/8, 1930 Zaventem, Belgium	Takeshi Kubota	100	41
Subaru Italia S.p.A.		1985.7	Via Montefeltro, 6 / A, 20156 Milano, Italy	Kunichika Koshimizu	100	53	Sales of SUBARU vehicles and supplies
N.V. Subaru Benelux		1974.3	Leuvensesteenweg 555 B/1, 1930 Zaventem, Belgium	Shunsuke Sawada	100	35	Sales of SUBARU vehicles and supplies
Subaru Vehicle Distribution B.V.		2001.5	Merseyweg 40, 3197 KG Botlek, Netherlands	Shunsuke Sawada	50	0	Contract of discharging and transporting inland for dealers in Middle Europe, PDI operation
Asia	Subaru of China Ltd.	2006.3	Room 405, Building D2, Liangmaqiao Diplomatic Office Building, No.19 Dongfangdonglu, Chaoyang District, Beijing 100600, China	Hiroaki Takahashi	60	181	Sales of SUBARU vehicles and supplies
	Subaru Technology Beijing Co., Ltd.	2013.6	Room 401A, Building D2, Liangmaqiao Diplomatic Office Building, No.19 Dongfangdonglu, Chaoyang District, Beijing 100600, China	Hisato Imamura	100	42	Authentication, research and development of SUBARU vehicles in the Chinese market

* Shareholdings on a consolidated basis

Sales Agents (Domestic)

(As of April 1, 2020)

Area	Group	Head	Agent	Consolidated subsidiary	Location	President	New Car Base
Hokkaido Tohoku area (9)			Kushiro Subaru Inc.		Hokkaido	Hiroshi Uehara	1
			Obihiro Subaru Inc.		Hokkaido	Takashi Ishihara	1
			Hokkaido Subaru Inc.	○	Hokkaido	Tomoo Takenaka	19
	Tohoku region	○	Miyagi Subaru Inc.	○	Miyagi	Kazuto Sakamoto	11
			Aomori Subaru Inc.	○	Aomori	Nobuhiro Mori	6
			Iwate Subaru Inc.	○	Iwate	Yasuo Watanabe	9
			Akita Subaru Inc.	○	Akita	Takaharu Mitsui	6
			Yamagata Subaru Inc.	○	Yamagata	Shinsuke Ito	5
			Fukushima Subaru Inc.	○	Fukushima	Ryoichi Uchida	11
	Hokushinetsu region	○	Niigata Subaru Inc.	○	Niigata	Shiro Ohta	11
			Subaru Shinshu Inc.	○	Nagano	Masao Kawada	10
			Hokuriku Subaru Inc.	○	Ishikawa	Osamu Ueno	12
		Nanshin Subaru Inc.		Nagano	Hirotsada Shibata	1	
		Fuji Subaru Inc.		Gunma	Wataru Miyata	17	
		Tochigi Subaru Inc.		Tochigi	Kazumasa Kodaira	12	
Kanto Hokushinetsu area (12)		Ibaraki Subaru Inc.		Ibaraki	Naoki Otsuki	10	
		Saitama Subaru Inc.		Saitama	Hiroshi Yoshizawa	16	
		Kanagawa Subaru Inc.	○	Kanagawa	Taisuke Suzuki	26	
		Chiba Subaru Inc.	○	Chiba	Tsuguto Nakamura	20	
	Tokyo/Yamanashi		Tokyo Subaru Inc.	○	Tokyo	Hiroki Kurihara	32
			Yamanashi Subaru Inc.	○	Yamanashi	Hirohiko Kumada	3

Area	Group	Head	Agent	Consolidated subsidiary	Location	President	New Car Base	
Chubu Kinki area (11)	Tokai region		Shizuoka Subaru Inc.		Shizuoka	Shinichi Ishida	12	
		○	Nagoya Subaru Inc.	○	Aichi	Takumi Ogasawara	21	
			Gifu Subaru Inc.	○	Gifu	Koichi Numa	8	
	Kinki region		Mie Subaru Inc.	○	Mie	Masato Yachida	7	
			Subaru Higashi Aichi Inc.		Aichi	Yasuo Nishikawa	3	
			Fukui Minami Subaru Inc.		Fukui	Satoshi Okada	1	
			Nara Subaru Inc.		Nara	Shinichi Takagi	5	
		○	Osaka Subaru Inc.	○	Osaka	Motoya Yamamoto	25	
	Chugoku/Shikoku region		Kyoto Subaru Inc.	○	Kyoto	Kinya Abe	7	
			Shiga Subaru Inc.	○	Shiga	Tetsuo Inoue	7	
			Hyogo Subaru Inc.	○	Hyogo	Masamichi Kudo	18	
○		Hiroshima Subaru Inc.	○	Hiroshima	Atsushi Ishikawa	9		
Chugoku Shikoku Kyushu area (12)	Chugoku/Shikoku region		Sanin Subaru Inc.	○	Tottori	Wataru Ishihara	6	
			Okayama Subaru Inc.	○	Okayama	Sadayuki Hata	7	
			Yamaguchi Subaru Inc.	○	Yamaguchi	Kenichi Kobayashi	6	
	Kyushu region		Higashi Shikoku Subaru Inc.	○	Kagawa	Hiromi Fujita	7	
			Shikoku Subaru Inc.	○	Ehime	Tsukasa Morita	7	
		○	Fukuoka Subaru Inc.	○	Fukuoka	Tatsuya Yamano	16	
			Nishi Kyushu Subaru Inc.	○	Nagasaki	Kenichi Fujii	6	
	Kumamoto Subaru Inc.	○	Kumamoto	Tetsuya Matsumoto	8			
	Oita Subaru Inc.	○	Oita	Toshiki Sugihara	5			
	Minami Kyushu Subaru Inc.	○	Kagoshima	Kenichi Hasegawa	10			
	Okinawa Subaru Inc.	○	Okinawa	Koichi Okazaki	3			
Total		6		44	33	—	—	443

Distributors (Overseas)

(As of April 1 2020)
(Number of dealers: as of December 31, 2019)

Region	Market	Company	Location	Number of dealers	SUBARU Ownership
North America	U.S.	Subaru of America, Inc.	Camden, NJ, U.S.A.	633	100%
	Canada	Subaru Canada, Inc.	Mississauga, Ontario, Canada	94	100%
Total	2 countries			—	—
Europe	Germany	SUBARU DEUTSCHLAND GMBH	Friedberg, Germany	150	29%
	Switzerland	SUBARU SCHWEIZ AG	Safenwil, Switzerland	137	0%
	Sweden	Subaru Nordic AB	Arlöv, Sweden	126	0%
Total	30 countries			—	—
CIS, the Middle East, and Africa	Israel	Japanauto-Israel Auto Corporation Ltd.	Petah Tikva, Israel	12	0%
	Russia	SUBARU MOTOR (RUSSIA) LLC	Moscow, Russia	48	33%
Total	16 countries			—	—
Oceania	Australia	Subaru (Aust) Pty Ltd.	Sydney, Australia	123	8%
	New Zealand	Subaru of New Zealand	Auckland, New Zealand	16	0%
Total	8 countries			—	—
Latin America	Chile	Inchcape Automotriz Chile S.A.	Santiago, Chile	31	0%
	Peru	Inchcape Latam Perú S.A.	Lima, Peru	11	0%
Total	22 countries			—	—
Asia	Taiwan	Subaru of Taiwan Co., Ltd.	Taoyuan City, Taiwan	22	35%
	Thailand	TC Subaru (Thailand) Co., Ltd.	Bangkok, Thailand	33	0%
	Malaysia	TC Subaru Sdn Bhd	Selangor, Malaysia	31	0%
Total	10 countries			—	—
	China	Subaru of China Ltd.	Beijing, China	160	60%
Total	1 country			—	—

* SUBARU ownership on a consolidated basis

Product Lineup

Legacy series

LEGACY



Photo: Special edition for North America

OUTBACK



Photo: Special edition for North America

Consolidated unit sales: 238,000

Sales area: Japan, North America, Russia, Europe, Australia, China, and other regions

Impreza series



IMPREZA



SUBARU XV

(Known as CROSSTREK in North America)



Photo: Special edition for North America

Consolidated unit sales: 312,000

Sales area: Japan, North America, Russia, Europe, Australia, China, and other regions

FORESTER



Consolidated unit sales: 314,000

Sales area: Japan, North America, Russia, Europe, Australia, China, and other regions

WRX



Consolidated unit sales: 34,000

Sales area: Japan, North America, Russia, Europe, Australia, and other regions

LEVORG



Photo: Prototype

Consolidated unit sales: 15,000

Sales area: Japan, Europe, Australia, and other regions

SUBARU BRZ



Consolidated unit sales: 5,000

Sales area: Japan, North America, Europe, Australia, China, and other regions

ASCENT

(Sold only in North America)



Consolidated unit sales: 89,000

Sales area: North America

OEM models

JUSTY



CHIFFON



STELLA



PLEO⁺



SAMBAR



SAMBAR TRUCK



Consolidated unit sales: 27,000

Sales area: Japan (supplied by DAIHATSU MOTOR CO., LTD. under an OEM agreement)

* For the period from April 1, 2019 to March 31, 2020.

* Finished vehicle sales of Subaru and its consolidated subsidiaries

Aircraft



SUBARU BELL 412EPX (left)
New Utility Helicopter for JGSDF (right)



Center Wing Section of Boeing 777X



IR-Sensor system integration with Optionally Piloted Vehicle

Third-party Evaluations

Concluding Positive Impact Finance Loan Agreement

Subaru is committed to solving social challenges through its strong business activities, aiming to build a sustainable society while pursuing the sustainable growth of the Subaru Group. In FYE2021, as part of the related efforts, the company concluded a Positive Impact Finance loan agreement (with unspecified use of funds) with Sumitomo Mitsui Trust Bank, Limited, making us the world's first automobile manufacturer to sign such an agreement^{*1}. This move has been inspired by the Principles for Positive Impact Finance^{*2} established by the United Nations Environmental Programme Finance Initiative (UNEP FI)^{*3}. The Principles provide a framework and guidelines for comprehensive analysis and evaluation of the environmental, social and economic impacts (positive and negative) of corporate activities for the purpose of encouraging companies to generate positive impacts on an ongoing basis. The key aspect of the framework is that companies prepare KPIs for contributions to achieving the SDGs and disclose processes to achieve KPI goals as well as results. Under the recent agreement, Subaru will continue with its efforts to help achieve the SDGs and create a sustainable society.

[Subaru Concludes Positive Impact Finance Loan Agreement](#)

*1 Based on research by Sumitomo Mitsui Trust Bank, Limited, (as of the end of February 2020)

*2 The Principles for Positive Impact Finance were established by UNEP FI in January 2017 to provide a financial system framework with a view to achieving the United Nations Sustainable Development Goals (SDGs). The framework requires companies to disclose key performance indicators (KPIs) for contributions to achieving the SDGs, and banks to assess the KPIs and provide finance based on assessed positive impacts, thus looking to encourage financed companies to increase positive impacts and decrease negative impacts from their activities. Financing banks, as responsible financial institutions, are required to practice KPI monitoring properly to ensure effective continuance of positive impacts.

*3 The United Nations Environment Programme (UNEP) was established in 1972 as a subsidiary body to the United Nations system to implement the Human Environment Declaration and International Environmental Action Programme initiatives. The United Nations Environmental Programme Finance Initiative (UNEP FI) represents a broad and close partnership between UNEP and more than 200 global financial institutions. Since its establishment in 1992, the initiative has been working in concert with financial institutions and policy/regulatory authorities to transform the financial system so as to allow for effective integration of economic development and ESG considerations.

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)

<Profile>

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 the 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, coauthored with the Kinzai Institute for Financial Affairs, Inc., 2014) and others.

The 2020 CSR Report describes Subaru's CSR activities in the second year of the mid-term management vision, STEP. As a reviewer of the Report, I am impressed by the steady progress made overall from the 2019 Report. The 2020 report includes a number of notable changes or improvements from the previous year with respect to the description method and reported content. I will discuss the description method first. The 2020 Report consists of two major parts—an introductory overview of the group's basic CSR concept, and detailed descriptions that follow on activities promoted in individual areas. The first part features a Message from the President, which emphasizes the commitment toward solving social challenges through business activities in pursuit of sustainable development of the group and society simultaneously. His statement clarifies Subaru's proactive objective of promoting CSR initiatives as part of the company's business strategies, a stance also articulated in the previous report. What is remarkably new this year comes from a format created to illustrate relationships between the Subaru Group's six priority areas for CSR and the SDGs, delivering an easy-to-understand presentation of Subaru's structural concept of materiality. For example, to discuss "peace of mind," one of the six priority areas for CSR, a number of sub-concepts, such as "improvement of safety features," "assurance and improvement of quality" and a "safe workplace environment," are introduced to offer a structural framework, where relevant topics are effectively brought in to report specific improvement efforts for the sophistication of the advanced driver assist system (ADAS), the first revision of the quality policy in 25 years, among others. These descriptions are further enhanced by embracing the connection with the SDGs and setting KPI targets to achieve "zero fatal traffic accidents in 2030" as a desired vision. Complete with various safety technologies to support efforts toward attaining the vision, the resultant story has strong readership appeal.

I have also recognized a significant improvement in the second part that reports from individual areas. The entire section is organized into three major divisions—the environment, social, and governance (ESG)—with a number of selected topics laid

out for each. In discussing each issue, a standardized structure has been adopted to introduce the approach, structure, plan, and initiative in a systematic manner. This has helped to efficiently organize an enormous volume of information, eliminating overlapping descriptions—an issue identified in the 2019 Report—resulting in increased readability. Other noteworthy measures include an enhanced Appendix, which is a key section of the integrated report format.

On top of the description method, reported content also shows progress of particular note in a number of ways. One is related to long and medium-term environmental visions developed in line with the "1.5°C global warming" scenario. To present these visions, the 2020 Report introduced specific long-term goals to achieve by FYE2051, such as carbon-neutral business activities and an average 90-plus percent reduction in CO₂ emissions from new cars (on the road) on a well-to-wheel basis from the 2010 level, as well as the related milestone goals for 2030 specifically associated with electrification rate and other indicators. I acknowledge this as Subaru's sincere response to suggestions and advice from many stakeholders as well as my review from the previous year. I also take note of the company's determination stated in the report to strive to achieve these challenging goals while maintaining its characteristic spirit inherited by the company as a long-established auto manufacturer. Subaru should see these challenges as an opportunity to showcase the group's technological prowess, and to this end, the company will develop specific strategies to be incorporated into its environmental action plan in a manner unique to Subaru. I view this "SUBAURU-ness" as an implicit but genuine theme in the 2020 Report.

The same uniqueness can be felt with another progress highlight registered in the Report, which is related to the newly established Human Rights Policy, formulated into a special Appendix. Subaru inevitably needs to face human rights issues when globalizing its CSR activities, expanding from non-consolidated domestic operations to include the group's global operations. The Policy presents universal value based on the United Nations Guiding Principles on Business and Human

Rights, while at the same time offering SUBAURU-ness as a manufacturer that consistently places great value on personnel. The above-described strong uniqueness is demonstrated in other aspects of the company's activities. One major example concerns its vigorous pursuit of employee engagement based on the firm recognition of employees as an important stakeholder group. The company is putting forth distinctively earnest efforts to engage the minds in its diverse workforce, comprised of different nationalities undertaking various jobs, as I became aware of while talking with related persons at Subaru in preparation for this review. I suggest this can provide attractive, even if hard-to-handle, corporate communication content materials.

The 2020 Report as a whole has shown substantial progress in light of its content and organization to produce an effective corporate communication tool, and reflects the recent development of Subaru's CSR activities in multiple ways. Based on this recognition, I would like to offer some advice for further development in this direction toward the 2021 Report. First, the process of organizing CSR systems and structures should be continued to deliver a higher-level product, incorporating the recently revised Subaru Global Sustainability Policy, which provides a clearer direction for the company's CSR initiatives. The revised policy needs to be properly positioned within the existing framework in order to develop a new system that can accommodate a consistent, convincing grand story. Second, the KPIs set for the six priority areas for CSR in association with the SDRs should be reviewed for appropriateness for the purpose of publicizing the company's strengths. For example, is it duly appropriate to continue customer satisfaction surveys for the purpose of KPI monitoring for the "people-oriented car culture"? Third and lastly, in order to develop corporate communication content to showcase strong employee engagement, the reporter should enhance the descriptions of its human capital development and personnel strategies. I look forward to additional progress being made in the 2021 Report, particularly on showcasing SUBAURU-ness.

Response to the Third-Party Opinion

Thank you for your opinion concerning our 2020 CSR Report.

We made this report to provide readers with useful information in a more intelligible and accessible manner. To this end, we clearly stated the Subaru Group's future-oriented approaches and strategies for CSR at the beginning of the report, and then introduced the Group's progress with the specific CSR measures, along with the approaches and management systems adopted for the implementation of the measures.

In FYE2020, we enhanced the basis from which to proactively implement measures for "Peace of Mind" and "Environment" among our Six Priority Areas for CSR. In particular, for "Peace of Mind," we took one more step forward to establish the Subaru Global Sustainability Policy and the Human Rights Policy in April 2020. The Subaru Global Sustainability Policy takes account of the changes to our social environment and relationships with stakeholders and is intended to be shared by all Group employees across the globe. In the Human Rights Policy, we clearly state that we will respect the human rights of all people connected to Subaru. Moreover, with regard to the Human Rights Policy, we have announced a scenario by which we hope to "zero fatal traffic accidents in 2030" as well as our medium- to long-term goals to reduce our CO₂ emissions and contribute to carbon neutrality in society. When formulating our plans and policies, including the aforementioned ones, and implementing measures in line with them, we always attribute importance to SUBAURU-ness. By holding on to Subaru's corporate DNA, which means we put people first and engage in people-oriented manufacturing, we will work to achieve the predefined goals, while delivering "Enjoyment and Peace of Mind" to all our stakeholders.

It is quite encouraging for the Subaru Group to see that you have rated highly the revised structure of the CSR Report and the advancement of the Group's CSR measures as steady progress made by the Group, and I also feel very pleased that the CSR report has communicated some of SUBAURU-ness to you.

You have, however, also pointed out some issues, including the need for us to reorganize our CSR system, examine the appropriateness of our KPIs, and further enhance our human resource strategy.

In line with the Subaru Global Sustainability Policy, we will manage the measures taken for the Six Priority Areas for CSR on a global scale across the Group so that we can change Subaru "from a company making things, to a company making people smile" as our vision for 2025. I believe that by doing so, we will eventually be able to contribute to the attainment of the SDGs.

We deliver our products in consideration of a range of market values. We also respect the diverse values of all Subaru Group employees and incorporate these values into our business operations, thereby fostering the diversity of the entire Subaru Group. For the creation of a range of market values, we need to respect the diverse values of all people, including our employees. We view our employees as important assets, and we will protect their health and safety and provide each of them with an environment where they can demonstrate their abilities to the fullest, which will in turn help us improve our corporate value on a continual basis.

The automobile industry is currently undergoing a series of once-in-a-century changes, while people are also required to adapt to a "new normal" in today's society. Accordingly, Subaru also needs to change. Based on this recognition, we will appropriately identify social problems and what our stakeholders expect of us, implement strategies and initiatives based on the findings, and foster our CSR measures while continuing to demonstrate SUBAURU-ness.

Tomomi Nakamura
Representative Director of the Board, President and CEO
Subaru Corporation