

Message from the President

Evolving the SUBARU Difference
to become a company
“delivering happiness to all”

Tomomi Nakamura

Representative Director of the Board,
President and CEO

Changing environmental and social issues, and accelerating our work to fulfill SUBARU's vision

Addressing dramatic environmental changes

Three years have passed since the announcement of mid-term management vision “STEP,” our vision for 2025. During this time, we have seen change in our environment at an unexpected pace. For the automotive industry, this is without a doubt a once-in-a-century period of transformation, calling for not only action taken toward climate change and other environmental issues, but also toward society's demands that we work to achieve the SDGs and toward technological innovation in the CASE^{*1} domain.

Beyond that, the global pandemic of COVID-19 is driving a faster transition toward new work styles, bringing into question the value that corporations bring to society, and their posture as well.

With the onset of the pandemic, the Subaru Group was swift to establish the Coronavirus Countermeasure Headquarters and strives to prevent the spread of infection and ensure safety as it continues its business activities. We have also worked to bolster our IT infrastructure and implement work style reforms in the era of the new normal, such as abolishing mandatory core hours in our flex-time system and taking other action to better our work rules. Going forward, we will continue to pay close attention to COVID-19 as we focus on ensuring the safety of our stakeholders, while simultaneously harnessing the positives in the many changes brought about by the virus, answering the expectations of our customers and the market.

*1 CASE: Connected, Autonomous, Shared & Service, Electric

Promoting CSR initiatives under our mid-term management vision “STEP”

For the past three years, the Subaru Group has been working in unison to advance three priority initiatives under the mid-term management vision “STEP”—corporate culture reforms, quality reforms, and evolving the SUBARU Difference. I feel that our down-to-earth efforts under the slogan of “change mindset, change actions, change the company” have led to real, palpable progress. We have also expanded our work and our systems toward meeting expectations on the Subaru Group’s social responsibility and its contributions toward a sustainable society. At the Subaru Group, we are actively taking measures toward CSR with a focus on the Six Priority Areas^{*2} for CSR. These measures are aimed at leveraging SUBARU’s strengths to find solutions to social problems, aiming to make the creation of a sustainable society and the continuous growth of the Subaru Group compatible. In FYE March 2021, we clarified the SDGs that we contribute to in each of the aforementioned Six Priority Areas for CSR. For the future, we will continue to seek to build an enjoyable, sustainable society alongside society and our customers while contributing to the achievement of the SDGs and treasuring the SUBARU Difference.

^{*2} The six areas of People-oriented Car Culture, Resonance and Coexistence, Peace of Mind, Diversity, Environment, Compliance

Steadily advancing in CSR initiatives embodying the SUBARU Difference

Consistent progress in the Six Priority Areas for CSR

In order to contribute to solutions to social issues through our business activities and to understand changes in society and the world, it is important to promote and instill CSR initiatives on a global and Group-wide basis. To that end, we established the SUBARU Global Sustainability Policy in April 2020 as a guideline to be shared by all Group employees on a global basis, and accelerated our efforts in the Six Priority Areas for CSR.

Among these six areas is Peace of Mind; we are continuing to implement quality reforms here, one of the most important topics of the mid-term management vision “STEP.” Quality is an important source of underpinning strength for the SUBARU brand, as well as a source of added value that we can provide to our customers. Therefore, we have taken steps to ensure a thorough mindset among each of our employees toward placing the highest priority on quality and to strengthen our systems, both serving as foundations for the priority area of quality reform. We are also working toward quality reforms in the two-pronged approach of reforming built-in quality, which is the source of the development process that spans from initial exploratory stages to development and design, and reforming manufacturing quality, where we work to take rapid action and to prevent defects reaching the public in domains after the production preparation stage. While both of these approaches are seeing steady progress, we are not yet done with our work. We will continue to march forward with these so that our customers and the market can see as soon as possible that there are fewer defects and quicker responses from SUBARU.



We are also taking sincere action toward zero fatal accidents^{*3} by 2030, and have made some steady progress toward this goal. Safety and peace of mind represent two of SUBARU’s strengths, and by using our EyeSight preventive safety system and Subaru Global Platform, we have improved the passive safety performance of our vehicles. As a result, of the nearly 3,000 fatal traffic accidents each year in Japan, the number of these involving SUBARU vehicles equipped with EyeSight is decreasing each and every year. In 2019, there were three such fatal accidents^{*4} involving SUBARU registered vehicles that were first registered within the past five years. This represents our contribution to Target 3.6 of the SDGs: “By 2020, halve the number of global deaths and injuries from road traffic accidents.” The new SUBARU Levorg released in 2020 is equipped with the next-generation EyeSight system, featuring further-evolved safety functions from the original EyeSight release. Also, we have strengthened our connected safety, dispatching emergency rescue in the event of a serious accident. In the future, we will further evolve this intelligence and combine advanced sensing technologies with the judgment-making capability of AI,

improving safety in all situations.

For the environment, we consider protecting SUBARU's fields of business—the global environment comprising earth, sky and nature—as an important topic for ensuring the sustainability of both SUBARU and society as a whole. To contribute to building a sustainable society, we have formulated our medium-term Environment Action Plan 2030, and have announced our milestones toward product electrification on the way to achieving carbon neutrality by 2050 at a technology briefing in January 2020. Over the short term, SUBARU expects to increase its ratio of electric and hybrid vehicles (EVs and HEVs), and motors are expected to be replaced with electric motors in the future. Even in this era of EVs, SUBARU's superiority in safety performance will remain; we believe we can utilize our all-wheel drive (AWD) control knowledge more effectively in motors with higher precision and responsiveness, leading to an even stronger SUBARU Difference of driving stability, dynamics, and enjoyment.

In addition, in order for the Subaru Group to continue offering value unique to the brand, we recognize that it is important to respect diversity and to create workplace environments where everyone can make a meaningful contribution. We see "diversity" as a characteristic both of people and products, and we believe that respecting diversity in our employees also leads to diversity in our products. Within employee diversity, I would like to highlight our work in supporting female employees to take on more active roles, an area of particularly high importance domestically in Japan. We were able to achieve our targets increasing the number of female managers ahead of schedule, and have therefore set a new goal to increase the number of female managers to two times 2021 levels by 2025. Within product diversity, we are working to meet the expectations of society as we strengthen

our SUBARU Difference even in the era of electrification. One example of these efforts is the mid-2022 launch of the SOLTERRA electric vehicle, jointly developed with Toyota Motor Corporation.

*3 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.

*4 Calculated by SUBARU based on ITARDA data.

Unwavering efforts toward respect of human rights

In FYE March 2021, we established the Human Rights Policy, which forms the basis of the Six Priority Areas for CSR. As the Subaru Group that "respects the rights and characteristics of individuals," we have taken actions to respect human rights. Specifically, our human resources and procurement departments have begun due diligence processes identifying human rights risks in our business and formulating and executing countermeasures against them. Going forward, however, we will also work with stakeholders, including business partners in the supply chain, in accordance with the aforementioned policy.

I feel we have truly made some strides in the past three years in our CSR initiatives, and that we have succeeded in instilling these in the Subaru Group. From 2014 to 2018, I was on assignment at Subaru of America, Inc. During that time, I was able to experience their initiatives in CSR and human rights, and directly feel the cultural differences between Japan and the United States, which is a multi-ethnic nation. Going forward, I will continue to leverage that experience, face issues head-on, and help us take initiatives embodying the SUBARU Difference on a Group and global level, as we work to achieve our 2025 vision.

Delivering happiness to people, society, and even the Earth

What we want to become as SUBARU is a company "delivering happiness to all."

This desire is also something we have learned from our customers' behavior. At SUBARU, we have evolved functional aspects such as safety, durability, and rough-road capability with "Enjoyment and Peace of Mind" as the unchanging value we offer our customers. Our efforts here have borne fruit; customers now talk about the value that SUBARU vehicles bring in light of their life experiences. For instance, some have said about our safety that "SUBARU vehicles have fewer accidents and offer more peace of mind when driving around with friends and the people I love." About durability, others have said "it won't waste resources; a SUBARU vehicle lasts a long time" and "I can build a lot of memories in my SUBARU with how many years they last." In other words, the functional value is sublimated into emotional value through the customer's experience, creating a deep relationship between SUBARU and the customer unlike others. This difference customers sense with SUBARU is a valuable asset for us.

We at SUBARU strive to put smiles on our customers' faces by polishing this SUBARU Difference they sense even further, and to bring those smiles to all our stakeholders, to society, and to the Earth itself. And so, we will continue to maintain dialogue with our stakeholders and strive to always make SUBARU a company you can love.

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