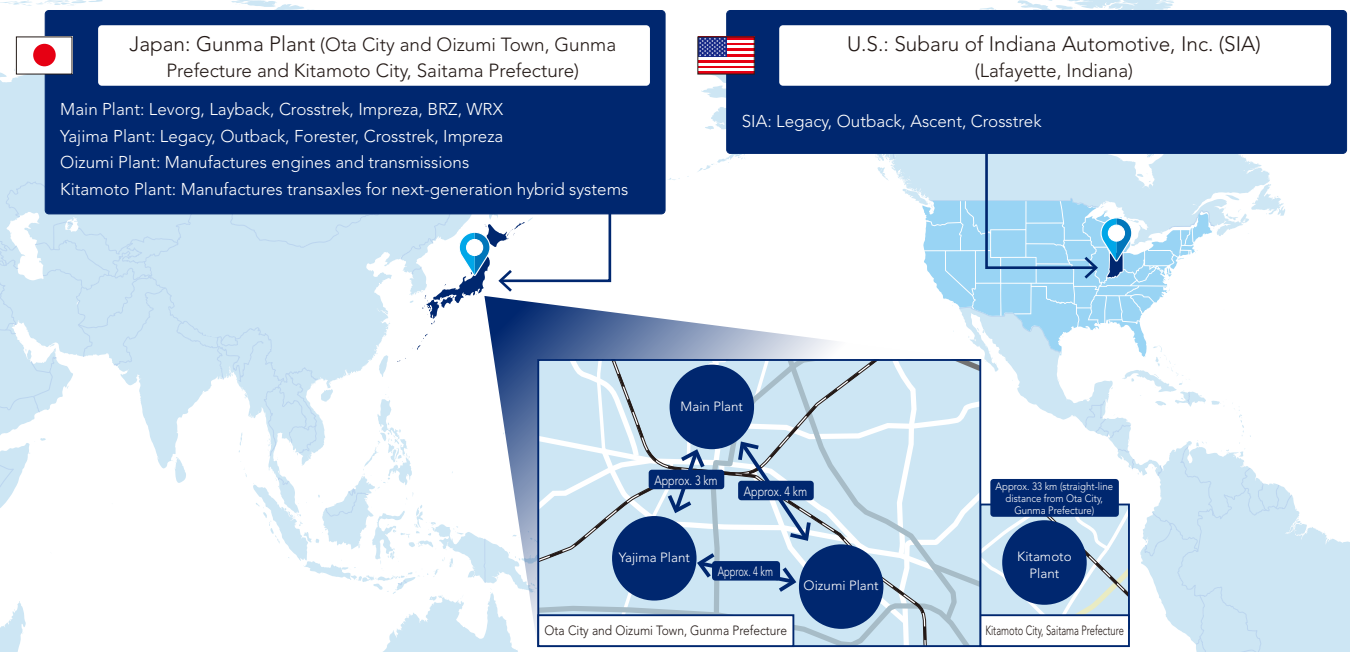


Manufacturing Capital—Monozukuri (Car-Making)



SUBARU vehicles are manufactured mainly at two bases, one in Japan and the other in the U.S. The manufacturing base in Japan, Gunma Plant, consists of two finished vehicle plants, the Main Plant and the Yajima Plant, and two power unit plants, the Oizumi Plant and the Kitamoto Plant. The four plants under the Gunma Plant are located within close proximity to Ota City, Gunma Prefecture, facilitating the efficient and flexible monozukuri in terms of logistics. Automobile manufacturing requires relatively large-scale manufacturing facilities compared to other industries. By efficiently operating the facilities at our two bases in Japan and the U.S., as well as by improving the efficiency of the entire supply chain, including distribution of parts and finished vehicles, we are able to deliver vehicles in a timely manner that satisfy customers in approximately 90 countries and regions around the world.

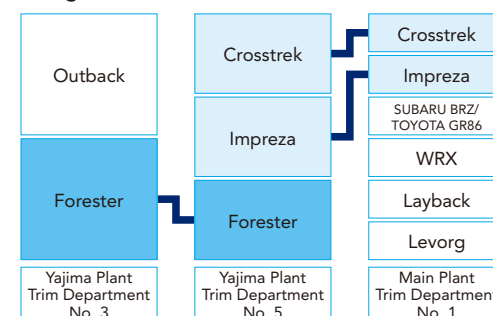
Our Approach to Monozukuri (Car-Making)—Variable-Mix, Variable-Volume, Short-Run Production

In our car-making, we have established the three important concepts of variable-mix, variable-volume, short-run production; own-process assurance; and transfer of technical skills. In particular, variable-mix, variable-volume, short-run production is an important concept for SUBARU as one of the smaller Japanese automakers because it enables us to respond flexibly to changes in the market environment.

Variable-mix, variable-volume, short-run production is based on the idea of delivering cars to customers with a short lead time without waste, even if the model or volume of cars to be manufactured changes. Based on this concept, we aim to build a development and production system that is resilient in the face of change. One method to realize a resilient production system is “bridge production.” Our finished vehicle production process uses a mixed production system that produces various types of models on the same line, and we have three production lines, two at the Yajima Plant and one at the Main Plant. In bridge production, the number of vehicles produced on these three lines can be modified flexibly in response to fluctuations in demand, thereby optimally allocating the models and volumes and evening out the utilization rate of the production lines at each plant. SIA, our production base in the U.S., is now planning to produce the new Forester, and we will ensure production flexibility covering not only Japan but also the U.S.

Looking ahead, the future will remain difficult to predict, including trends in electrification, and what customers’ want from automobiles will become more diverse. Keeping in mind our long-valued approach to car-making, we will enhance our ability to respond to changes and establish a flexible production system.

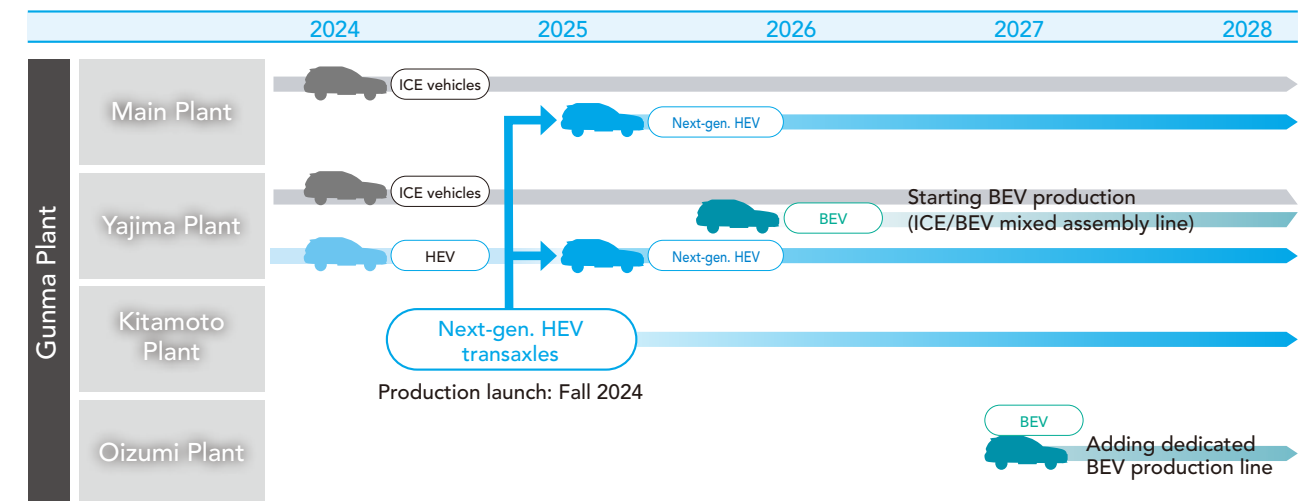
Bridge Production



By using the Forester, Impreza, and Crosstrek to balance production at each plant, we are able to flexibly change the production volume of each model to meet demand and make full use of production capacity.

Gunma Plant Restructuring Plan for Electrification

We are restructuring our production system for the era of electrification. We are now moving ahead with production line preparations for BEVs at the Gunma Plant and for mixed production of ICE vehicles and BEVs at the Yajima Plant. In addition, at the Oizumi Plant, which currently manufactures engines and transmissions, we are preparing to add a new production line dedicated to BEVs with a target start-up of 2027 or later. At the same time, we are making preparations to start production of the next-generation HEV, with the aim of manufacturing the transaxle to be installed in the vehicle in fall 2024.



Kitamoto Plant Updates

The Kitamoto Plant, which was established in 1995 as a production and sales base for the Industrial Products Business, ended operations in 2019 when the business was wound up. From fall 2024, however, it will manufacture transaxles, which will be the core unit of the next-generation HEV. The Kitamoto Plant experienced a rebirth after extensive renovation work of the existing plant building.

The concept behind the new Kitamoto Plant is to “Creating a beloved plant that coexists with the local community and maintains high job satisfaction for employees.” To realize this, we recruited the new plant’s personnel from within the Company’s ranks, marking a first. As a result of communicating the concept at the briefing session ahead of the open call and recruiting people who want to take on new challenges, we received 1.5 times the target number of applications. In the future, these human resources will play a central role in building a plant that is beloved by the local community and producing high-quality products.

At the Kitamoto Plant, we are introducing a number of new initiatives focusing on quality, diversity, and logistics. In terms of quality, by using IT to aggregate productivity and quality data in real time, we aim to improve quality and productivity through the prevention of abnormalities as well as implement straightforward line management that does not depend on intuition of a worker based on long time experience. From the standpoint of diversity, we are promoting both tangible and intangible initiatives for the empowerment of female employees. In terms of tangible initiatives, we are working to optimize workload by verifying it in advance in a virtual setting reproduced in 3D and applying ergonomic assessment criteria. On the intangible side, we have strengthened our support systems. This includes the introduction of a fixed daytime work system, a support system for balancing work and childcare, and the enhancement of consultation services. Through these initiatives, the Kitamoto Plant aims to have female employees account for 20% of its workforce, which would be the tops in the industry. In our logistics initiatives, we have done away with truck drivers loading/unloading goods and are striving to improve work efficiency by upgrading truck ports and loading/unloading areas in order to solve issues facing Japan’s transportation industry.



Manufacturing Capital—Quality

Quality forms the very foundations of the SUBARU brand. We have promoted quality enhancement as a top priority in the previous Mid-term Management Vision, “STEP,” formulated in 2018. We will continue to pursue these initiatives as a foundation for enhancing corporate competitiveness in the New Management Policy. We are advancing quality enhancement activities in the three areas of 1) thorough implementation of a Quality-First mindset and reinforcement of organizational efforts and structure, 2) Execution Quality enhancement, and 3) Innate Quality enhancement. In 2023, we launched the new Crosstrek and Impreza models incorporating these quality enhancement activities from the planning stage. Quality enhancements have been steadily yielding results. This includes the improved initial quality of these two new models, a reduction in the number of recalls (including the number of vehicles affected), as well as a reduction in total quality-related costs. We will step up our quality enhancement activities going forward by strengthening our activities in the after-sales service area so that customers can feel the results, and will improve SUBARU quality even in the era of change symbolized by electrification.

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 customers' 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.

1 Thorough Implementation of a Quality-First Mindset and Reinforcement of Organizational Efforts and Structure

We aim to further raise the quality awareness of each employee and strengthen our management system so that customers can enjoy higher quality products. In addition to quality training according to the level of employee knowledge and experience, we have been continuously conducting educational activities to raise quality awareness throughout the Company. These include holding the Quality Caravan every year since 2018 at all business sites to introduce examples of defects that have actually occurred and measures to prevent them from happening again, and to convey SUBARU's quality status along with customer feedback. The theme for the FYE March 2024 Quality Caravan was “reaffirm the importance of prioritizing customers and being on the same page, change our thinking, and change our behavior.” This made sessions an opportunity to reconsider the quality of products and services with a strong awareness of the customer's perspective.



Quality Caravan

2 Execution Quality Enhancement

This initiative aims to prevent the occurrence of defects during the vehicle production stage, and includes activities to rapidly resolve defects that have occurred in the market. The QA (Quality Assurance) Lab, established in 2022, investigates parts collected from the market to determine the cause of defects in order to speed up defect resolution. Since its establishment, we have continued to train engineers and introduce equipment to expand its functions.

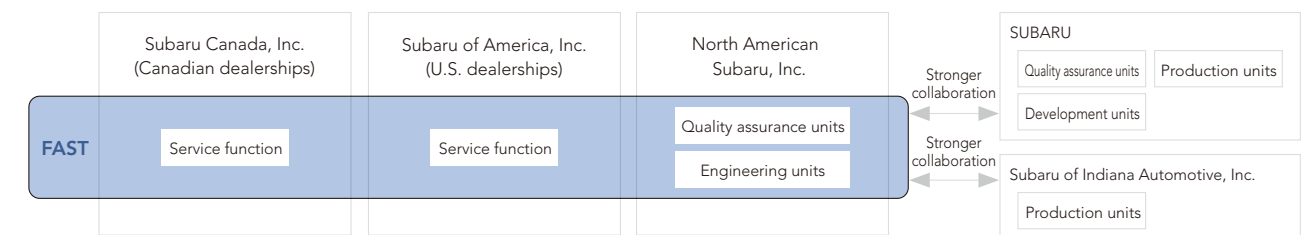
Following on from 2022, a second new final vehicle inspection building began operation in August 2023. To prevent the leakage of defects, we have created an environment that enables accurate inspection according to a clear process.

3 Innate Quality Enhancement

This initiative aims to prevent the occurrence of defects during the vehicle development stage. We have clarified the quality accountability of employees responsible for development and given them greater authority, while working to ensure quality throughout all processes, from the initial planning and conceptualization stages to development, design, production preparation, and distribution. In addition to taking rigorous action to prevent recurrence of past defects occurring in the market and similar defects that could occur, we are also working at the development stage to deliver defect-free vehicles to customers through focused change point management to prevent defects in newly adopted parts and systems. In 2023, we launched new Crosstrek and Impreza models, incorporating all our Innate Quality enhancement initiatives. In the future, we will ensure the quality of EVs that we plan to launch throughout the development process, aiming to provide high-quality vehicles.

The FAST Quality Improvement Team for the North American Market

In January 2021, we launched “FAST” in the U.S. to strengthen our quality assurance system in North America, a major market for the SUBARU Group. In the North American market, which constitutes an enormous amount of both SUBARU vehicles sold and owned, our most important task is to quickly and accurately ascertain information and improve the speed of our quality improvement actions. FAST is a cross-country and cross-organizational team consisting of members from our three affiliated companies in North America. The team is helping to strengthen cooperation between SUBARU and SIA, our production base in the U.S., to improve quality through all-SUBARU initiatives. Since its inception, the team has gradually increased its headcount, and as of March 31, 2024, it had 81 employees, including 64 employees assigned from SUBARU, who are engaged in quality improvement activities.

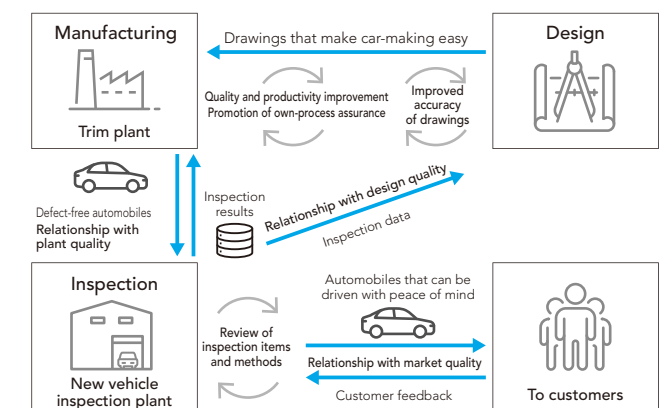


Since the launch of the FAST team, the number of defects and buybacks, which had been an issue in the North American market, has steadily declined. In addition to further strengthening cooperation across all quality assurance units, service units and parts units involved in after-sales service, we will work to build a rigorous system for electrification so that SUBARU customers can further experience quality improvements.

New Final Vehicle Inspection Building

At the Yajima Plant under the Gunma Plant, the second new final vehicle inspection building began operation in August 2023, following the first in August 2022. After thoroughly analyzing the inspection process, which had differed from one production line to another, a unified standard inspection line was established to enable ease of inspection and create an environment allowing inspectors to focus on the inspection process. This has made it possible to conduct more rigorous inspections of finished vehicles. This standard inspection line is flexible and scalable enough to respond to developments in vehicle technology such as BEV production, as well as changes in the social environment including the diversification and decrease in the workforce that may occur in the future. We will retain this concept on the dedicated BEV line at the Oizumi Plant, which is currently under construction.

In addition, by sharing the digital data accumulated through final vehicle inspections with various units such as development, manufacturing, and service, we are promoting initiatives to help improve design, plant, and market quality.



Integrated Malfunction Diagnostic Systems

In the after-sales service area, we are promoting the introduction of integrated malfunction diagnosis systems as an IT-based initiative. By linking data on vehicle maintenance, which was previously dispersed across multiple systems, and making search for information by maintenance workers easier, we aim to shorten maintenance time, reduce customer wait times, and improve maintenance quality. Information on actual maintenance is shared with SUBARU where it is centrally managed, and then used to further improve maintenance quality and enhance quality in vehicle development and manufacturing.

Intellectual Capital

Safety is a universal value for all automobile drivers and passengers and an unwavering strength of SUBARU because of our refined technologies, which have earned SUBARU vehicles the trust and appreciation of countless customers.

SUBARU will continue to evolve its value statement of “Enjoyment and Peace of Mind” focused on its safety technologies. At the same time, we will strengthen our value creation in new technological fields in the future, aiming to become an even more integral part of customers’ lives than ever before. Supporting these initiatives through the strategic creation and utilization of intellectual property will lead to the sustainable growth of the SUBARU Group.

Initiatives to Achieve Our Goal of Zero Fatal Traffic Accidents in 2030

Attaching particular importance to protecting lives, SUBARU is working to achieve our target of zero fatal traffic accidents* in 2030.

SUBARU will enhance the safety performance of its cars from every perspective as we aim to achieve zero fatal traffic accidents in 2030. We will do this by making the five areas of Primary Safety, Active Safety, Preventive Safety, Passive Safety, and Connected Safety even better.

* Zero fatal traffic accidents among occupants of SUBARU vehicles and people involved in collisions with SUBARU vehicles, including pedestrians and cyclists.

Evolution of EyeSight Driver Assist System

SUBARU believes that to attain zero fatal traffic accidents in 2030, it is crucial to offer exceptional performance at a price that is affordable for a wide range of customers. SUBARU’s EyeSight driver assist system was first introduced in Japan in 2008 and achieved cumulative global sales of around 6.7 million units in June 2024. Over the past 15 years and more, we have continued to evolve EyeSight.

The stereo cameras equipped in EyeSight enable the system to recognize objects with two cameras, similar to human eyes, detecting items on the road at a higher level than radar-based systems. The development of EyeSight began approximately 30 years ago. During the early stages, there were frequent issues with the system’s ability to detect objects properly, particularly when it was raining or the windows were foggy. However, these challenges were overcome through extensive testing in various real-world scenarios and subsequent improvements.

The EyeSight system was launched in 2008, achieving a world first in using solely stereo camera technology to enable pre-crash braking and adaptive cruise control. EyeSight version 2 was announced in 2010 with an enhanced pre-crash braking system that provides support until the vehicle comes to a full stop. During this period, EyeSight became a common feature in models for the Japanese market, and its affordability contributed to a significant increase in its recognition and widespread adoption among customers. In addition, it began to be developed in certain models overseas as well. In 2014, with the release of version 3, advancements in color recognition and an expanded field of view using stereo cameras significantly enhanced the advanced safety features. In the 2020 release of the Levorg, SUBARU introduced EyeSight X, combining a new stereo camera with four radars in the front and rear, and a high-precision map locator.

In 2022, we newly adopted a wide-angle single lens camera for enhancing EyeSight’s recognition capability in the mainstay Outback for the North American market. The evolution of this “three-eyed” system of an ultra-wide-angle single lens camera along with two stereo cameras provides even greater visibility than ever before. This enables pre-crash braking to mitigate damage and injuries from collisions involving pedestrians or cyclists that emerge from the driver’s blind spot, which represents a large percentage of all accidents that occur at intersections.

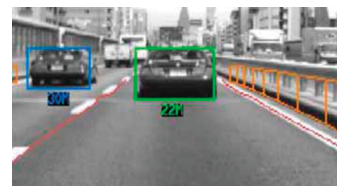
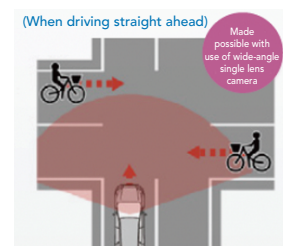
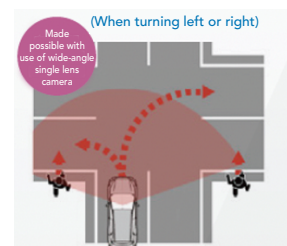


Image depicting EyeSight's recognition capability



New-generation EyeSight stereo camera + wide-angle single lens camera



While there were other options available to achieve accident reduction in these scenarios with pre-crash braking, SUBARU chose to utilize the wide-angle single lens camera to provide the highest level of safety at an affordable price for customers. EyeSight has been integrated beginning with the Crosstrek and Impreza for the Japanese market, with plans for a gradual rollout to other models in the future.

EyeSight and AI Combine to Enhance Preventive Safety

SUBARU is committed to enhancing its preventive safety technologies and is actively exploring new technologies as it strives to achieve zero fatal traffic accidents. Our current focus is on integrating AI technology with EyeSight.

The fundamental principle of spatial recognition using stereo cameras is to precisely calculate the distance to objects from each pixel by triangulating the displacement of images captured by the two cameras, one on the right and one on the left. The strength of EyeSight lies in its ability to accurately convert everything captured by the cameras into a three-dimensional representation, allowing it to perceive the shape and distance of various objects. However, when it comes to capturing small objects or subtle irregularities, determining whether to pass over them or consider them obstacles solely based on EyeSight’s image recognition can be challenging. In contrast, AI excels at precisely categorizing objects captured in camera, pixel by pixel, based on extensive previously learned data. Since EyeSight can fuse the distances to recognized objects with the classifications made by AI in the same image, EyeSight and AI are considered an excellent match. If this can be put into practical use, it is expected to lead to an enhanced level of vehicle safety in various situations by allowing for more detailed and accurate recognition of the driving environment’s information than ever before.

This initiative is being carried out at the SUBARU Lab, which was established in December 2020. To create an environment that generates new ideas from unconventional perspectives, we decided to establish a separate dedicated office. This new stand-alone base in Tokyo’s Shibuya, an area increasingly seen as an IT hub following recent redevelopment efforts, has enabled us to streamline and effectively recruit the talent essential for AI development. While our current focus is on AI technology, we aim to continue advancing our development by actively incorporating not only AI but also new technologies in the future.

In April 2024, SUBARU announced that it would adopt Versal™ AI Edge Series Gen 2 of AMD as the SoC to be used in the next-generation AI-powered EyeSight under development at SUBARU Lab, and that SUBARU would begin collaborating with AMD on circuit design to optimize the SoC* in order to achieve cutting-edge AI inference performance and ultra-low latency computing at a low cost. Toward the goal of zero fatal traffic accidents, we are committed to semiconductor circuit design for SoC optimization to further evolve EyeSight functions at an affordable price for our customers.

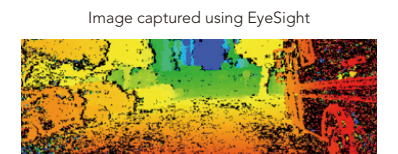
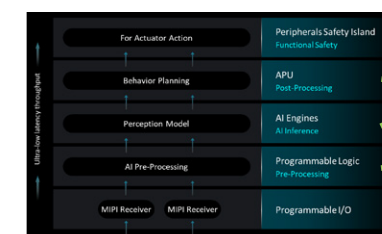


Image captured using EyeSight
Calculates the distance to objects pixel by pixel (Near Red < Orange < Yellow < Green < Blue Far)



An image recognized by AI
Can focus solely on the road surface even in complex road environments (Color-codes the recognized road surface on a pixel-by-pixel basis)



Workflow of stereo image data processing
(From AMD’s Keynote at Embedded World 2024)

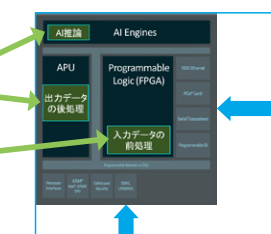


Image of function placement on Versal™ AI Edge Series Gen 2



Versal™ AI Edge Series Gen 2

* Subaru and AMD Collaborate on SoC Design to Integrate Stereo Camera and AI Inference for the Next-Generation EyeSight (April 19, 2024)
(https://www.subaru.co.jp/news-en/2024_04_19_154452/)

Continuous Enhancement of Crash Safety

SUBARU focuses on developing cars with the utmost priority of safeguarding everyone in the event of a collision, not just the vehicle occupants but also pedestrians and cyclists.

Strengthening the vehicle body and enhancing restraint systems are two critical elements to occupant protection. In strengthening the vehicle body, we combined a cabin structure that can withstand severe collisions by using high-strength materials with the Subaru Global Platform, which helped realize a body structure that efficiently absorbs collision energy. This design ensures protection in collisions from any direction.



In enhancing restraint systems, we reduce the load on the upper body by firmly restraining the lower body with knee airbags and seat cushion airbags. We also adjust the seatbelt tension based on the occupant's physique to prevent excessive pressure. This ensures the protection of all occupants, regardless of physique. Nevertheless, even with the evolution of restraint systems, they will not be fully effective unless seat belts are properly fastened. The rate of rear seat belt usage on city streets in Japan is only around 40%. SUBARU has taken steps to address this situation by introducing advanced seat belt reminders and expanding the number of models equipped with them. In collisions with vehicles, pedestrians and cyclists sustain injuries at a rate 2.5 times higher than vehicle occupants. To reduce the damage to pedestrians and cyclists in the event of an accident, SUBARU not only uses soft structures for bumpers, bonnets, and other areas that can absorb impacts but also equips its vehicles with pedestrian airbags.



In the pursuit of zero fatal traffic accidents, it is necessary to anticipate more diverse and severe accidents than ever before, however. For example, in collisions involving bicycles, it has been recognized that under certain limited conditions, the current pedestrian airbags may not cover all cases, given the various factors such as the cyclist's physique and the orientation and speed of both the bicycle and the vehicle at the time of impact. As a result, we are utilizing computer simulations to identify worst-case scenarios from the countless collision patterns that can be imagined and to develop specific countermeasures.

Plan to Achieve Zero-Fatality Road Safety

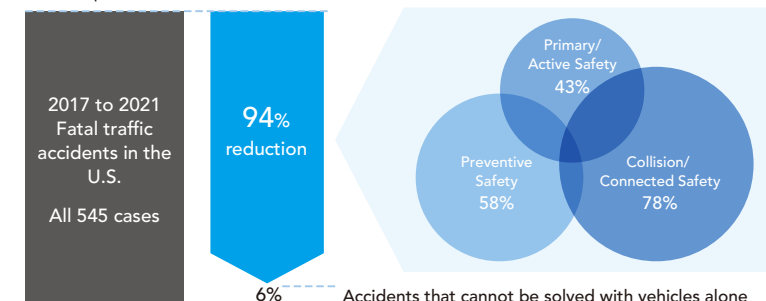
To achieve zero fatal traffic accidents, SUBARU conducted a comprehensive investigation of fatal traffic accidents that occurred in the U.S. from 2017 to 2021^{*1}, analyzing the causes of the accidents and the reasons for fatalities. Based on this analysis, we identified functionalities that can effectively eliminate these causes. Following this, we decided on specific measures to implement these functionalities and are actively engaged in their development to bring them to fruition.

Specifically, we are improving all five areas of Primary Safety, represented by excellent visibility and fatigue-free designs; Active Safety, referring to vehicles that are less likely to behave erratically with sudden driving inputs to avoid danger; Preventive Safety, represented by the pre-crash braking system in EyeSight and other features; Passive Safety, which mitigates injuries to occupants or pedestrians; and Connected Safety, symbolized by autonomous reporting post accident. We are pursuing these based on SUBARU's overall safety philosophy as part of our efforts to develop technologies to address fatal traffic accidents. We will also promote efforts to educate users about accidents that cannot be solved with vehicles alone^{*2}, propose rules, and encourage the improvement of the road environment.

^{*1} All 545 cases of fatal accidents occurring while a driver or passenger is in a SUBARU vehicle and fatal accidents of pedestrians, cyclists, and the like arising from collisions with a SUBARU vehicle.
Source: Data made available on all fatal traffic accidents that occurred in the U.S. from the Fatality Analysis Reporting System (FARS).

^{*2} Includes cases where the vehicle was caught between a large vehicle such as a semi trailer in the front and rear, head-on highway collisions where a vehicle was driving the wrong way, and collisions with a pedestrian who entered the highway at night.

Fatal Traffic Accidents Involving SUBARU Vehicles
(Assumptions from U.S. FARS data as of 2024)



Car Assessments

SUBARU undergoes safety performance testing and assessment of public organizations in and out of Japan including JNCAP^{*1} in Japan, IIHS^{*2} and U.S. NCAP^{*3} in the U.S., Euro NCAP^{*4} in Europe, and ANCAP^{*5} in Australia, and has gained the highest rank of assessment in most of them.

In FYE March 2024, the Crosstrek and Impreza won the JNCAP Five Star Vehicle Safety Performance 2023 Award. Furthermore, of the five star award winners, the vehicles also won the JNCAP Five Star Vehicle Safety Performance 2023 Best Award, only awarded to the vehicles earning the highest overall points. At the IIHS, as of May 2024, one of SUBARU's 2024MY (model year) vehicles had won the organization's 2024 TOP SAFETY PICK+ (TSP+) Award, and three vehicles had won its 2024 TOP SAFETY PICK (TSP) Award. ANCAP gave the Solterra a five-star rating in its 2022 assessment.

^{*1} Japan New Car Assessment Program (JNCAP): An assessment operated by the Ministry of Land, Infrastructure, Transport and Tourism and the National Agency for Automotive Safety and Victims' Aid (NASVA) to evaluate automobile safety performance.

^{*2} IIHS: Insurance Institute for Highway Safety

^{*3} U.S. NCAP: U.S. New Car Assessment Program for assessing safety performance operated by the National Highway Traffic Safety Administration (NHTSA).

^{*4} Euro NCAP: European New Car Assessment Programme, a safety information disclosure program for automobiles in Europe.

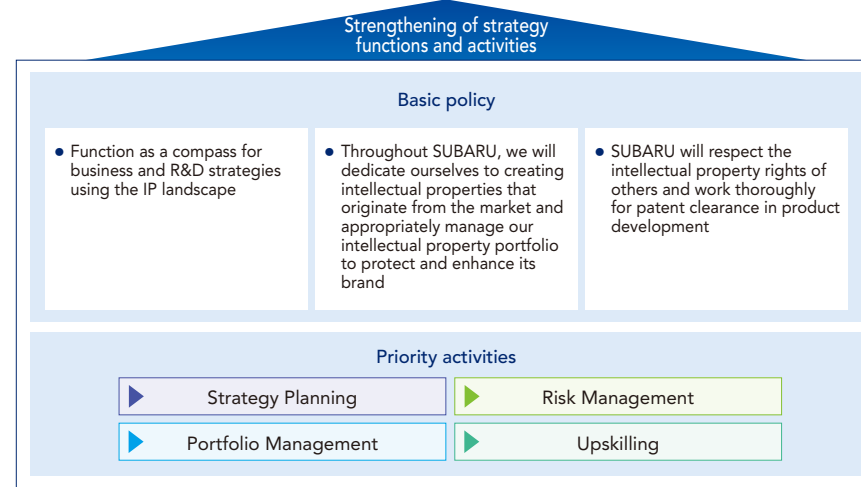
^{*5} ANCAP: The Australasian New Car Assessment Program, a safety performance assessment program conducted by an independent organization created by Australian and New Zealand transit authorities.

Assessed Automobiles	Assessment Organization	Assessment
Crosstrek Impreza	  JNCAP, Japan	Vehicle Safety Performance JNCAP Best Award 2023 JNCAP Five Star Award 2023
2024 model of the Ascent	 (U.S.-specification models only) IIHS, U.S.	2024 TSP+ Award ^{*6}
2024 models of the Outback, Impreza, and Solterra	 (U.S.-specification models only) IIHS, U.S.	2024 TSP Award ^{*6}
The 2025MY Legacy, Outback (excluding the Wilderness), Impreza, Crosstrek (excluding the Wilderness), Ascent, and Solterra, and the 2024MY Forester (excluding the Wilderness)	 5-Star Safety Ratings More Stars. Safer Cars. U.S. NCAP, U.S.	Overall Safety Rating: Five Stars
Solterra	 TESTED 2022 ★★★★★ ANCAP, Australia	2022 Five-star rating

^{*6} In the IIHS's publication of vehicle safety information, the TOP SAFETY PICK (TSP) Award is given to vehicles that earned the rating of "Good" in the original moderate front overlap test and small overlap tests (driver- and passenger-side) and the updated side crash test, and the rating of "Acceptable" or higher in the headlight evaluation (standard equipment), as well as the rating of "Acceptable" or higher in the daytime and nighttime vehicle-to-pedestrian crash prevention test. In addition to these ratings, vehicles that earned the rating of "Acceptable" or higher in the updated offset frontal crash test replacing the original test are awarded the TOP SAFETY PICK+ (TSP+) Award.

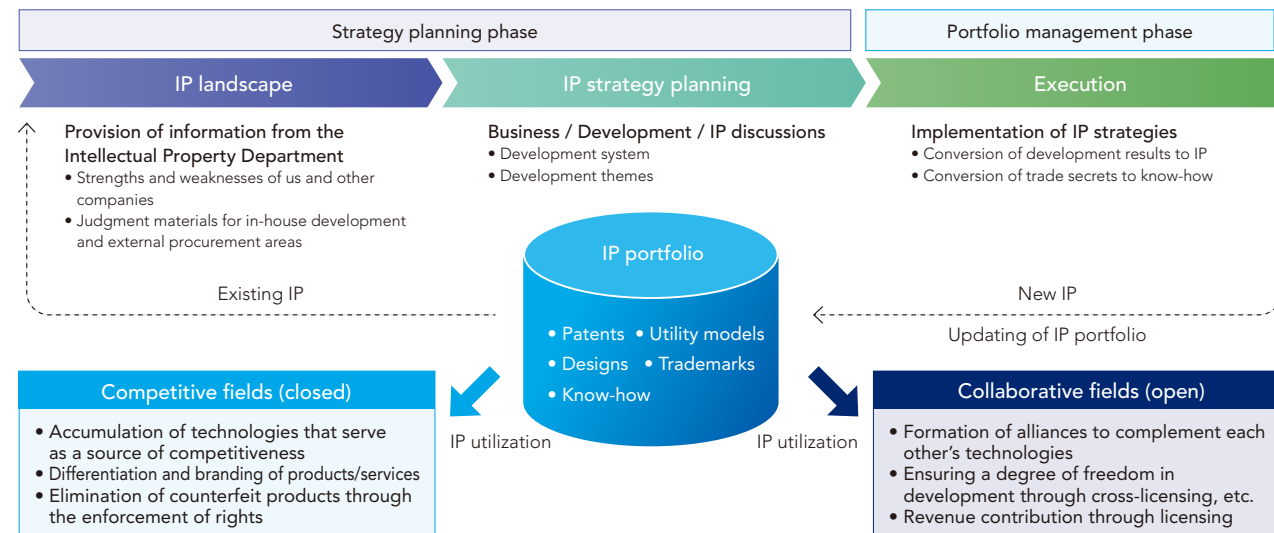
Initiatives for Strategic Creation and Strategic Utilization of Intellectual Properties

According to the Basic Intellectual Property Policy established in 2020, we are building intellectual property strategies in coordination with our business and R&D strategies. Additionally, we have positioned the risk management to prevent risks that may hinder business and the development of human resources capable of independently conducting strategic activities as major challenges.



Strategy Planning

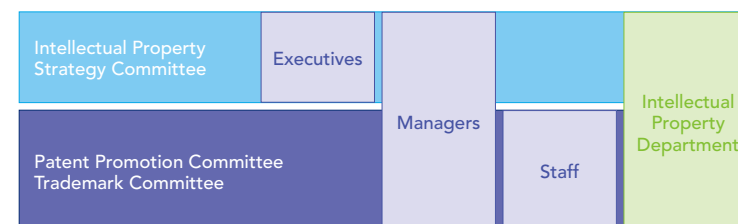
We develop intellectual property strategies based on technology trend analysis (IP landscape). The results of our activities gained from strategy implementation are reflected in our intellectual property portfolio and utilized.



Portfolio Management

We hold Intellectual Property Strategy Committee meetings to discuss strategies based on the IP landscape with the attendance of the officers in charge of each area. Each division has a promotion organization and holds Patent Promotion Committee meetings. In addition, the Trademark Committee meets to share issues, report on anti-counterfeiting measures, and discuss the trademark portfolio.

Major meetings



Intellectual Property Strategy Committee
Discusses division and company IP strategy

Patent Promotion Committee
Plans and promotes IP activities for each division and company

Trademark Committee
Shares trademark issues, discusses whether trademark rights should be maintained, and reports on anti-counterfeiting measures

Portfolio Management in the Automotive Business Unit

The Automotive Business Unit discusses intellectual property strategies and defines priority areas based on proposals made by the Intellectual Property Department. Since FYE March 2022, these meetings have been held annually. The business unit continues to manage the progress of activities including priority areas and review priority areas.

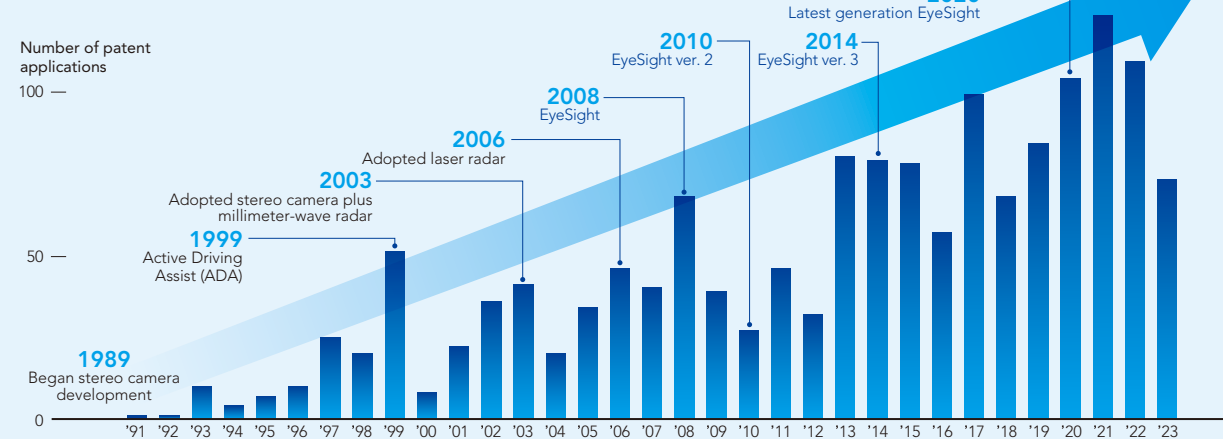
Intellectual Property Strategy Committee Members



Special Feature Results of Initiatives in Advanced Driver Assistance Systems

Since the 1990s, we have continuously applied for patents for our inventions created through R&D for the EyeSight driver assist system, one of the proprietary technologies that support the SUBARU's value statement of "Enjoyment and Peace of Mind." For stereo camera technology in particular, we have constantly produced competitive products differentiated from competitors by utilizing intellectual properties created through in-house development of image processing and recognition technologies. Looking ahead, we will further accelerate our creation and utilization of intellectual properties by focusing on the development of SoCs for AI processing.

Number of patent applications for driver assistance technologies



Risk Management

By promoting in-house activities, including investigations and avoidance studies, to avoid infringing on the intellectual property rights of others, we strive to avoid the risk of direct damage to our business and lost opportunities due to injunctions. We are also combating counterfeit products and protecting our brands. By cracking down on counterfeit businesses that use our corporate and/or brand symbols, we protect our customers' safety, build trust with them, and ensure quality. For example, in FYE March 2024 we conducted a total of 25,000 enforcement actions, including warnings to infringers, requests to customs, police, and government agencies for injunction and detection, requests to withdraw items from online sites, and filing trademark oppositions at patent offices in various countries.

Upskilling

With the goal of developing human resources capable of self-directed intellectual property activities, we provide training for each position within the Company and for Group companies and training tailored to the needs of each department. Approximately 400 employees took part in these training programs in FYE March 2024. We also distribute IP landscape reports on management issues and technology trends to senior executive management and development units to improve intellectual property literacy.

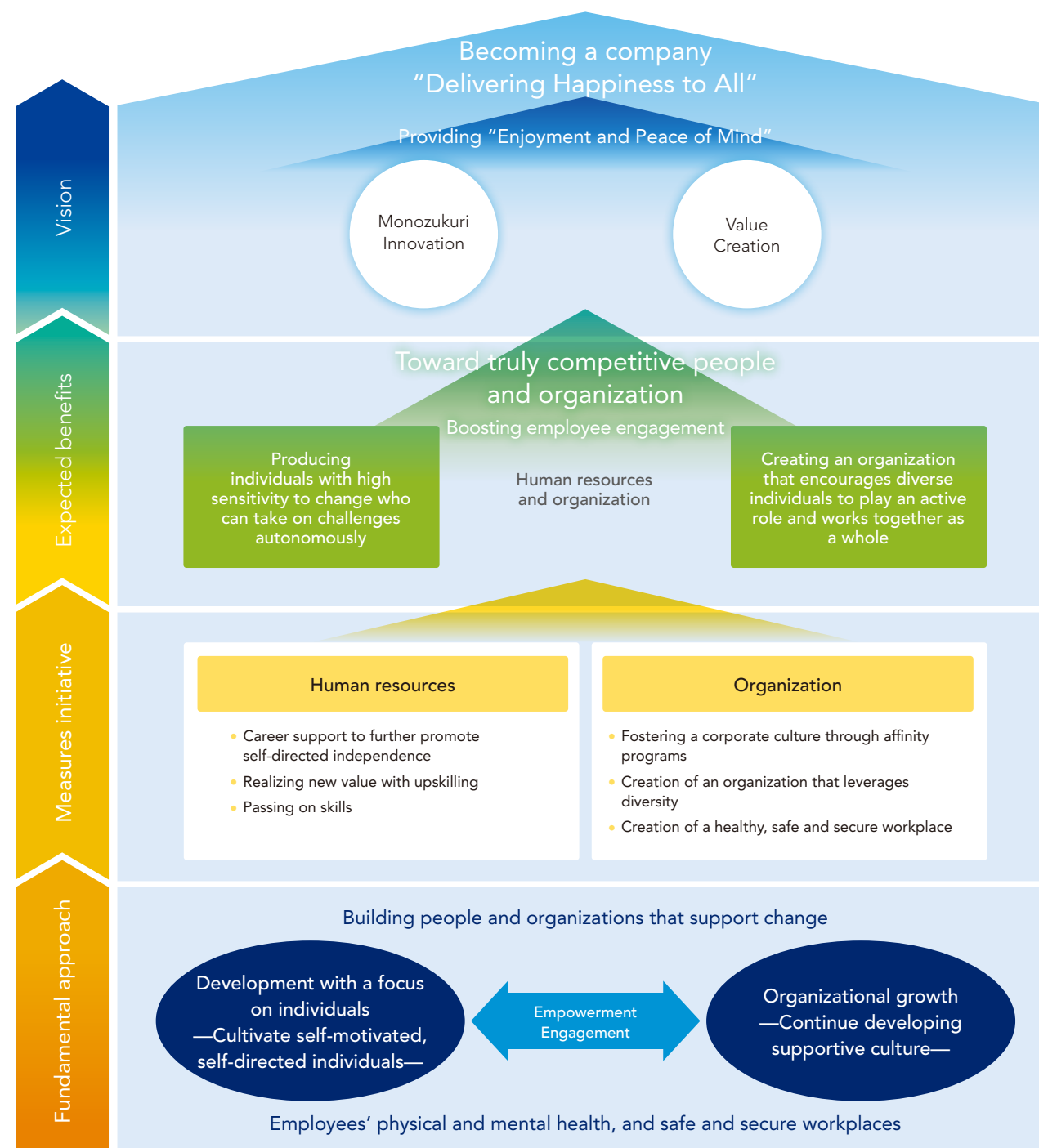
Human Capital

Human Capital Management to Become a Company “Delivering Happiness to All”

In the rapidly changing business environment, the SUBARU Group is committed to human capital management with the approach that the human resources that drive our operations are the foundation of our competitiveness and sustainable growth.

We believe that linking the growth of the individual, in which people think and act on their own initiative, to the growth of the organization is critical for achieving powerful transformation while flexibly responding to a changing environment. We are taking a range of actions under priority themes such as human resource development and corporate culture reforms, with the goal of building human resources who will lead the future of SUBARU. We are also working to create workplaces that are safe and secure, recognizing that the physical and mental health of our employees is vital for them to maximize their potential for this transformation.

Under our new management structure, we will further deepen these efforts and aim for “Monozukuri Innovation” and “Value Creation” through people and organizations with true competitiveness, and continue to strive toward our vision of becoming a company “Delivering Happiness to All.”

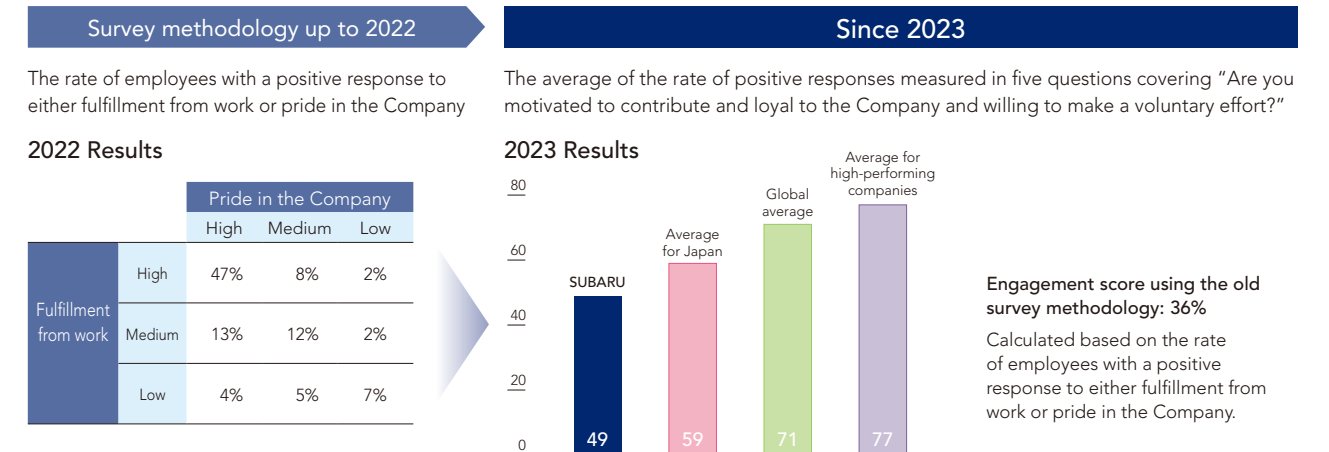


Employee Engagement

We have positioned employee engagement as one of our key management indicators to evaluate SUBARU's efforts. Since FYE March 2018, we have conducted an annual employee attitudes survey and use its findings as a tool to address organizational issues. The survey results are used to promote human resource policies and corporate culture reforms, identify issues in each workplace, and formulate countermeasures. In addition, since FYE March 2023, points of improvement in the employee engagement score index have been used for qualitative (non-financial) evaluation of compensation for executives.

In FYE March 2024, we reviewed the survey methodology and changed the way we calculate the engagement score with the aim of making it easier to analyze the survey results and compare them with those of other companies to better clarify SUBARU's strengths and challenges. The updated methodology clarifies SUBARU's strengths and challenges relative to other companies, helping us focus on identifying issues and planning countermeasures through comparative analysis. Also, by adding indicators that have not been measured previously, we are working to penetrate management strategies and visualize the status of business process improvements across teams.

In conjunction with this change in methodology, we have also redefined our target engagement score to be 70% by 2028. The target score was set at the global average based on the current situation, and the target year was revised to 2028, which is a milestone in our efforts to achieve our vision for 2030 set forth in the New Management Policy.



In the survey conducted in October 2023, the engagement score was 49%, below the global average. The survey results show that the percentage of positive responses to questions in the categories of management strategy and business process were low and diverge from that of high-performing companies. We will take the results of this survey seriously and will analyze the causes as well as promote improvements to implement the New Management Policy and become a company “Delivering Happiness to All.”

Response in the Management Strategy Category

We have analyzed that one of the factors is concern about the feasibility of taking on the unprecedented challenges set forth in the New Management Policy. We are now advancing dialogue sessions in which the President and Deputy President directly convey their thoughts and feelings to employees. Dialogue sessions are held with employees selected from departments, positions, and ages that score low compared to the Company-wide average. These enable us to listen to their real voices, which cannot be seen through data alone, and carefully convey management's thoughts on how to realize the policies. We also hold dialogue sessions with department heads who oversee their workplaces to discuss issues that each workplace faces as they move to realize the policies. These dialogue sessions are held in small groups, with an emphasis on careful discussions involving each individual, in an effort to provide an opportunity for employees to take on positive challenges with a proper sense of urgency.

Response in the Business Process Category

The survey highlighted issues in cross-functional collaborative systems and work procedures. One of the reasons is that the complexity of the business as a whole has resulted in a wide range of areas that need to be handled and the increasing specialization, which has led to a lack of communication between organizations. These are major challenges that must be overcome through the “Becoming One SUBARU” approach in order to realize the New Management Policy. We will advance initiatives to resolve this from all aspects. This includes the creation of a work environment that encourages co-creation across units, fostering of a corporate culture that ensures psychological safety, and implementation of business process reforms utilizing IT, AI, and other technologies.

Human Resource Measures

Career support to further promote self-directed independence

So that each and every employee can become a driving force for achieving both the sustainable growth of the SUBARU Group and the realization of a sustainable society, we aim to foster human resources with high sensitivity to change who can take on challenges in a self-directed manner. We are also improving our work environments to encourage our diverse workforce to develop their own careers, carve out their own path, and play an active role. From FYE March 2022 onward, we have introduced a new personnel system, educational programs, and open job rotations to provide employees with opportunities to learn and challenge themselves in a self-directed manner.

Scheme for Self-Directed Career Development and Career Support in the Workplace



Career Development Support

We are committed to helping our employees develop their own careers. Each employee confronts their own career and shares their thoughts and aspirations with the workplace through career interviews with supervisors using a career design sheet. This process clarifies their current situation and vision for the future, encouraging self-directed actions to improve skills and seek diverse experiences. Based on the shared career plan, supervisors provide tailored support to each individual, resulting in a system that allows employees to develop their careers autonomously. The positive feedback from career interviews included, "I was able to clarify my issues and the skills I need to develop in the future," and "I was able to broaden my perspective and think about my career through dialogue with my supervisor."

Human Resource Development Encouraging Autonomy and Taking on Challenges

All employees, including managers, are provided access to a variety of training programs they can choose from in accordance with their level and goals. We have a system in place that allows employees to select programs according to their own career plans, strengths, and challenges. Our employee attitudes survey in FYE March 2024 confirmed a high level of satisfaction with opportunities to improve skills. To further expand the system, we introduced the Employee Development Fund in June 2024. Under this measure, employees can receive full financial support from the Company by seeking and obtaining approval for their own learning opportunities that will lead to the development of their work, in addition to the educational opportunities provided by the Company. In the two months since its inception, many employees have submitted applications, and the total amount of support has already exceeded 8 million yen. We expect to expand this fund further in the future. By having employees apply their learning to the growth of the organization, we aim to acquire the world's most advanced knowledge in various fields and to become truly competitive.

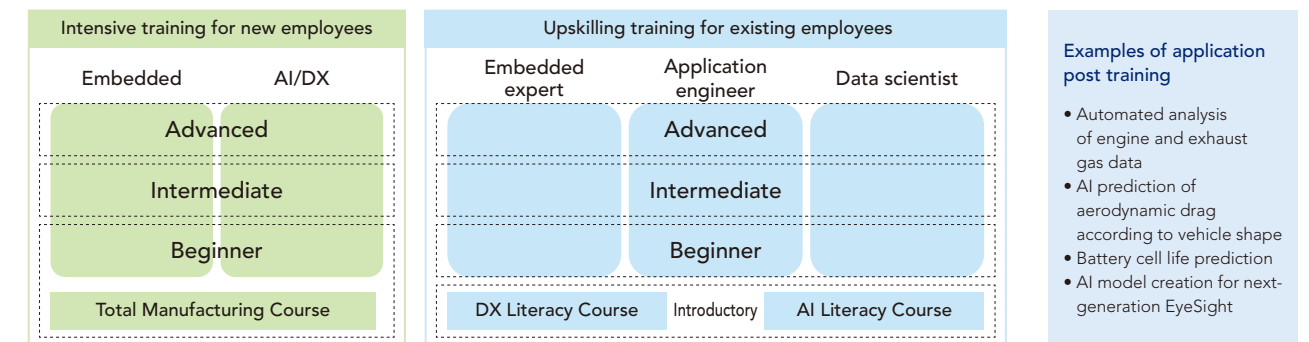
Open-Call Job Rotation

SUBARU introduced an open-call job rotation system in FYE March 2022 as a scheme to support employees in the career plans they have developed for themselves. In the three years since introduction of this system, more than 200 employees have gained new career opportunities. Users have commented on how rewarding it is, how it gives them a sense of tackling new challenges, and how it broadens their perspectives. The system strengthens individual capabilities through career support, while also strengthening the organization through benefits from mobility of human resources.

Realization of New Value through the Software Human Resource Development Project and Upskilling

To maintain a sustainable competitive advantage, it is essential to develop engineers who can understand market changes and create technological value that meets customer expectations. In this time of great change in the automotive industry, SUBARU is actively working to upskill its engineers especially in the field of software. This process involves adding new technical skills required in an era of change to the technical skills we have cultivated and reinforcing technical skills that embody SUBARU-ness.

Given that software has a major impact on car-making and functional value, we launched the Software Human Resource Development Project in FYE March 2023. This project aims to cultivate human resources capable of understanding and developing both vehicles and software, direct drivers of greater product strength and "Monozukuri Innovation." The project provides level-specific training courses for new and existing employees. For new employees, we have established two courses: the Embedded Course to apply software technology to product development and the AI/DX Course. By FYE March 2024, all of the approximately 350 new employees assigned to the engineering units had taken the course up to the beginner level, with about 20 moving on to the advanced level. In the advanced level of the Embedded Course, we are working to develop core human resources capable of developing fundamental software through training that is in line with practical work in development. In the advanced level of the AI/DX Course, participants are assigned to SUBARU Lab, which leads advanced development integrating EyeSight and AI, where they learn practical and advanced AI development techniques. Furthermore, through training based on the needs of each workplace, we aim to apply results to practical work and contribute to productivity improvement and technological innovation throughout the entire Company. For existing employees, we offer an introductory level AI/DX Literacy Course to all of the approximately 4,000 employees in the engineering units. From among them, a total of more than 200 employees, including those recommended based on engineering strategy and those who wish to take the course on their own initiative, have moved on to higher levels to improve their engineering skills. These initiatives are now more than just upskilling; they have become an important driving force for organizational change and competitiveness, and we will continue to strive for qualitative improvement.



Passing on Skills

The manufacturing units consider training for technical employees to be an important initiative for succession planning. With the goal of developing human resources who can think and act autonomously, the manufacturing units have established a system that allows employees to take training courses regardless of plant operations. Highly experienced employees who have worked in supervisory positions at manufacturing sites serve as instructors at training sessions. They provide training to develop human resources who can recognize various changes and abnormalities that occur at manufacturing sites and take action for improvement on their own, while supporting them to master the basic knowledge required for technical positions.

Training Center

In January 2024, we opened the Training Center, a training facility for manufacturing processes, at the Yajima Plant within the Gunma Plant. By providing the same training to all employees assigned to manufacturing processes, regardless of employment status, the Training Center aims to dispel employees' concerns prior to assignment and improve the retention rate. The 10-day training is conducted during the early and late shifts of each work week, and includes classroom lectures and hands-on skills training using a simulated line according to the process to which the trainees are assigned, in an environment similar to that of an actual worksite. In addition, to ensure that employees of diverse nationalities have an accurate understanding of the training curriculum, we have created an educational environment that is available in multiple languages, including English, Spanish, and Portuguese. Since the Training Center began operations, training has been provided to non-regular employees, which has led to a decrease in turnover and a reduction in the burden on the workplaces where they are assigned. We plan to expand this training to new employees and technical intern trainees in the future.



Organization-Based Measures

Fostering a Corporate Culture through Affinity Programs

We have been holding the SUBARU Vision Awareness Program at the end of every October since FYE March 2022. This program, which targets all employees, aims to create a strong organization in which diverse employees work as one toward a unified vision through self-directed demonstration of their respective outstanding abilities. The theme for FYE March 2024 was the SUBARU New Management Policy. By holding discussions in the workplace on the connection between “Delivering Happiness to All” and this policy, its initiatives, and the action of each employee, we encourage each individual to act autonomously, thereby leading to the growth and competitiveness of the organization as a whole.

Creation of an Organization that Leverages Diversity

Empowerment of Diverse Human Resources

The SUBARU Group believes that innovation is created through the full utilization of the abilities that all Group employees have developed based on their various personalities, values, experiences, and backgrounds, thereby resulting in SUBARU’s unique and sustainable value creation. We respect diversity in terms of gender, nationality, culture, and lifestyle, and aim to realize the world’s most advanced “Monozukuri Innovation” and “Value Creation” by bringing diverse individuals together through the creation of an organization and a comfortable work environment where everyone can make the most of their uniqueness.

Number of female managers (manager level and above)

KPI in 2025: 48
Results as of April 2024: 43

Recognizing career development support and support for balancing work and childcare as priority issues for the empowerment of female employees, we are developing systems and fostering a corporate culture that enables women to continue working through various life events. Specifically, we implement the Women’s Leadership Program for female employees who aspire to management positions. This program carries out human resource development oriented to each individual, and provides various training programs to help employees envision their own careers. In addition, a message from top management is sent to all Company employees to accelerate the empowerment of female employees, and a new management training program is being held for supervisors who supervise female employees. In terms of work styles, various systems such as childcare leave and short working hours are offered in accordance with standards that exceed the law.

Employment rate of people with disabilities

KPI in July 2026: 2.70%
Results as of June 2024: 2.59%

Number of foreign national employees

105 (including 5 managers)
As of March 31, 2024

LGBTQ+

Extended benefit plan coverage to same-sex partners beginning in 2022

Strengthening of management skills to make the most of diversity

Since FYE March 2023, we have been providing training for all managers to strengthen their management skills to make the most of the diversity and strengths of employees. Participants have commented that they have gained new perspectives and skills by reviewing their past management practices, while members of their workplaces have said that they have seen an increase in managers who listen to them and improved communication.

Special subsidiary SUBARU BLOOM Co., Ltd.—Aiming to Make Flowers of Individuality Bloom

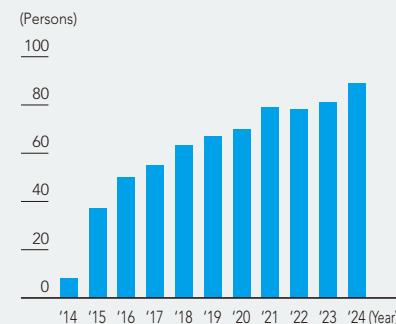
SUBARU BLOOM Co., Ltd., a Special subsidiary established as a core company for employment of people with disabilities, celebrated its 10th anniversary in 2024. The number of people employed by SUBARU BLOOM has increased from eight at the time of establishment to 89 in 2024. In FYE March 2023, SUBARU BLOOM received recognition for its long-standing contributions with the Gunma Prefecture Governor’s Award as an excellent company for employing people with disabilities. The company plays an important role as one of the largest employers of people with disabilities in the prefecture. The SUBARU Group will continue its efforts to create a workplace where employees with disabilities can shine through their work.



Origin of the name SUBARU BLOOM

“Bloom” means flowering. The company aims to make flowers of individuality bloom.

Trend in the Employment of People with Disabilities



Renewal of the Development System through the Co-Creation of Diverse Individuals

In January 2024, we commenced operations of our new development office, Innovation Hub. The manufacturing units, development units, and business partners, which have been highly divided according to the times, gather at the Innovation Hub to establish a knowledge-centered environment to create new value as “One SUBARU.”

The Innovation Hub brings together employees with a variety of specialized skills and experiences across multiple units on a single floor to promote development. The work that used to be carried out by product conception, design, and production sections in a stepwise fashion is now carried out by related units at the same time, each bringing their own areas of expertise to the table and working on it simultaneously. This leads to efficient development without rework. The Innovation Hub has broken down physical and psychological barriers, resulted in more active communication, and created an environment where free and vigorous discussions for development can take place on a daily basis. In addition to our Group employees, we also provide various opportunities for co-creation to a wide range of related parties, including business partners, in order to achieve “Monozukuri Innovation” and “Value Creation” more quickly and at a higher level, and share the latest technologies and ideas related to future competitive BEV manufacturing.

We will position the Innovation Hub as a symbolic center for internal and external co-creation and value creation—including those that arise by chance—that brings together diverse individuals beyond organizational boundaries. Based on that, we aim for the world’s most advanced “Monozukuri Innovation” and “Value Creation.”



Office area of Innovation Hub

Creation of a Healthy, Safe, and Secure Workplace

Our basic philosophy is to position health and safety as an important management issue and to prioritize it in all of our operations. Since the physical and mental health of employees is essential for advancing health and safety, we are working to promote health Company-wide based on the Health Declaration formulated by the three parties of the Company, the labor union, and the health insurance association. These efforts have borne fruit, and the Company has been recognized as a Certified Health & Productivity Management Outstanding Organization for four consecutive years in the large enterprise category of the Certified Health & Productivity Management Outstanding Organizations Recognition Program. With the physical and mental health of our employees as our top priority, we promote the creation of a safe and secure workplace where each and every employee can work vigorously and exercise their abilities to the fullest.

Health Declaration

To build happiness for our employees and their families, we need a foundation of mental and physical health.

SUBARU works with its employees to promote health and preventive care, taking on the challenge of building workplaces full of smiles and enabling growth.

Representative Director, President and CEO, SUBARU CORPORATION
Executive Chairman, Subaru Labor Union
President, Subaru Health Insurance Association



Heat Countermeasures

Regarding the issue of heat countermeasures, which has been voiced by manufacturing department employees, we have budgeted 1 billion yen from FYE March 2025 for frontline-driven improvements. In addition to the temporary measures such as the introduction of cooling items that meet frontline needs, we have also initiated efforts to improve facilities as a permanent measure. Through environmental improvements, we promote the creation of workplaces that are safe and secure for manufacturing employees and that make it easier for them to work and increase their productivity.

Reducing Workload

One-seventh of our manufacturing departments currently consist of employees over the age of 50, and we expect to see an even older age structure in the future. Against this backdrop, we are improving our work lines to reduce the workload of our employees and to create an environment where they can utilize the experience and skills they have developed over the years. Specifically, we are measuring the workload level of each process and studying the possibility of reducing the physical load on the existing line. As part of the Gunma Plant restructuring plan for electrification, we are also considering the introduction of equipment that will help reduce workload, with the aim of realizing a work environment in which employees can play active roles at SUBARU with enthusiasm for a long time.

Financial Capital Message from the CFO



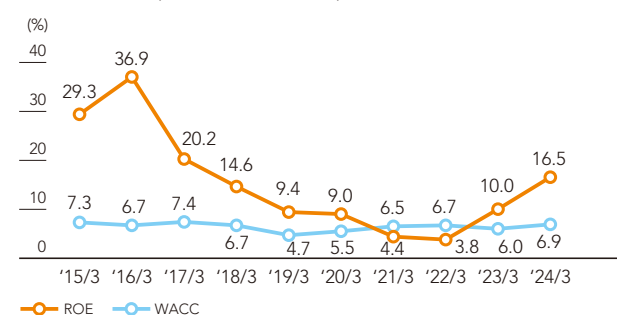
Implement Management That Is Conscious of the Cost of Capital and Stock Price

The SUBARU Group has developed a highly profitable business model of selection and concentration based on targeting limited management resources at areas where we can demonstrate our strengths. Amid an era of increasing uncertainty, exemplified by the full-scale electrification of vehicles, we will pursue financial and capital strategies designed to maintain this business model as a foundation while also reducing business risk and enhancing business growth and competitive advantage.

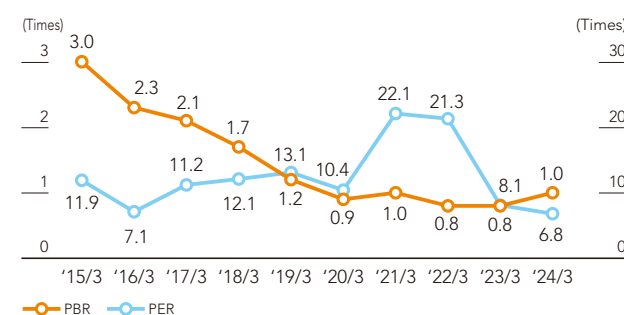
In March 2024, we announced action to implement management that is conscious of the cost of capital and stock price with the aim of further enhancing corporate value. In terms of return on investment, apart from FYE March 2021 and FYE March 2022, when business was heavily impacted by the semiconductor supply shortage triggered by the COVID-19 pandemic, our ROE has remained above the level of capital cost, with the most recent figure for weighted average cost of capital (WACC) standing at around 7%. PBR improved to around 1.0 times, due mainly to the return to normal in the production and sales environment and movements in the exchange rate, but recent financial market conditions have pushed this back to around 0.8 times. PER currently stands at around 7.0 times, which we recognize as low compared to the Tokyo Stock Exchange Prime Market average.

In response to these conditions at a time of great upheaval in the automotive industry, we will steadily implement world's leading "Monozukuri Innovation" and "Value Creation", bringing competitive, SUBARU-distinctive products to market. Through these efforts, we are pursuing industry-leading profitability and an ROE of 10% or higher as long-term targets with an eye to 2030. By additionally further enhancing our investor relations (IR) activities going forward and providing updates on the progress of our electrification strategy, which is key to growth, we will reduce uncertainty in the medium- to long-term outlook and raise expectations regarding our business performance.

ROE/WACC (Based on CAPM)



PBR/PER



Action to Implement Management That Is Conscious of the Cost of Capital and Stock Price

Analysis of Current Situation	<ul style="list-style-type: none"> Cost of capital (WACC) now stands in the 7% range (based on CAPM) In and after the end of March 2020, when the COVID-19 pandemic broke out, PBR hovered around 0.8x but has since increased to around 1.0x. However, recent financial market conditions have pushed this back to around 0.8x. / PER currently stands at around 7.0x. ROE has exceeded the cost of capital, except for FYE 2021 and FYE 2022, when semiconductors were in short supply. 						
Policies and Targets	<ul style="list-style-type: none"> Amid the rapid and nonlinear transformation of the automotive industry, we are making steady progress on the initiatives announced in our New Management Policy in August 2023. Our future strategy's internal/external dissemination is also proceeding as planned. We are pursuing industry-leading profitability and an ROE of 10% or higher as long-term targets with an eye to 2030. 						
Key Initiatives	<table border="1"> <tr> <td>Steadily implement the initiatives laid out in the New Management Policy</td><td>Improve ROE</td></tr> <tr> <td>Reinforce messaging and dialogue</td><td>Optimally allocate capital / Increase value per share</td></tr> <tr> <td colspan="2">Strengthen effectiveness</td></tr> </table> <ul style="list-style-type: none"> Steady implementation of world-leading "Monozukuri Innovation" and "Value Creation" (Monozukuri: Manufacturing) Internal dissemination of the concept of capital cost (using in-house ROIC tree) Achieve both growth investments and stable shareholder returns (Aim for total return ratio between 30% to 50%) Effective share repurchase Improve IR activities to enhance expectations for growth and to lower uncertainty Reinforce ESG messaging (electrification, human capital, intellectual property, governance, etc.) Revise the executive compensation plan (indicators: ROE, employee engagement, and relative TSR) 	Steadily implement the initiatives laid out in the New Management Policy	Improve ROE	Reinforce messaging and dialogue	Optimally allocate capital / Increase value per share	Strengthen effectiveness	
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Reinforce messaging and dialogue	Optimally allocate capital / Increase value per share						
Strengthen effectiveness							

Review of FYE March 2024 and Outlook for FYE March 2025

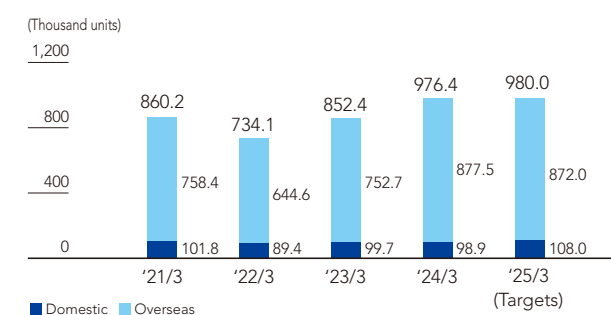
Review of FYE March 2024

In FYE March 2024, demand for SUBARU vehicles remained robust, especially in the U.S. and Canada markets. The first half of the fiscal year, however, saw residual impact from the semiconductor supply issues ongoing since 2021, while automobile logistics were affected by constraints throughout the period. We worked to minimize the impact of these factors by flexibly adjusting production plans and automobile transportation plans. As a result, we were able to increase automobile production volume to 970,000 units and consolidated sales volume to 976,000 units. With the effect of additional factors including a retail price revision that enhanced the sales mix and fluctuating exchange rates that had a boosting effect on profit, operating profit increased 75% from the previous fiscal year to 468.2 billion yen and ROE climbed 6.5 points from the end of the previous fiscal year to 16.5%. The aerospace segment, which had faced a challenging operating environment since the COVID-19 pandemic, posted segment profit of 2.7 billion yen, a 4.7 billion yen increase on the previous fiscal year, moving into the black for the first time in four fiscal years.

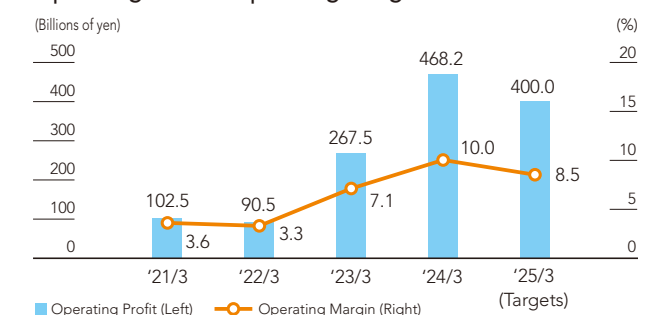
Outlook for FYE March 2025

For FYE March 2025, we forecast production volume of 960,000 units, consolidated sales volume of 980,000 units, revenue of 4,720 billion yen, and operating profit of 400 billion yen. We envisage a solid performance in terms of sales volume, especially in the key U.S. market. Our plans will however be guided by current inventory levels and sales trends in overseas markets outside the U.S. In terms of revenue, however, we expect a decrease from the previous fiscal year. This is because of rising costs in areas such as human resource investment, U.S. sales incentives, and research and development for the introduction of electrified products. This is in addition to the impact of inflation on costs across the board and the projected movement toward a stronger yen. Meanwhile, raw material prices continue on an upward trend to alleviate the burden on our business partners caused by rising labor and energy costs. We regard it as important to promote cost reduction activities aimed at strengthening competitiveness, but with the essential precondition of maintaining appropriate business relations with our partners. Going forward, we will unite in a range of initiatives to meet our targets in production and sales volumes, business results, and other areas, keeping a close watch on market conditions, particularly exchange rate movements and sales incentives.

Consolidated Sales Volume



Operating Profit / Operating Margin



3-in-1 Strategy of Financial Soundness and Stability, Growth Investment, and Shareholder Return

With growing uncertainty over the future, our business faces the question of how to survive and prosper amid a once-in-a-century transformation. As well as continuous cash generation, effective utilization of the cash we already hold is an important question. Our aim is to use cash holdings to carry out growth investment focused on electrification, and to provide stable shareholder return (total return ratio of 30-50%) while also maintaining financial soundness (capital equity ratio of 50% or more) and financial stability (suitable net cash position).

Currently, our net cash including time deposits amounts to approximately one trillion yen. Most of this is held in US dollars as the U.S. is our most important market and we therefore consider a certain level of U.S. dollar holding necessary for operational soundness and stability. Due to recent exchange rate movements, this net cash is now above the level our company deems necessary for financial stability. Going forward, we will undertake periodic review of the optimal net cash position based on revenue forecasts and the timing of future investments, which will focus particularly on full-scale electrification. We will equally keep a close watch on trends in the world economy and the North American market and on exchange rate movements to determine the optimal balance of holdings between the yen and U.S. dollar. We will also seek to utilize yen-denominated interest-bearing debt effectively as we steadily build an optimal and efficient financial base.

In the policies announced under our New Management Policy in August 2023, we disclosed an updated plan for plant reorganization to support electrification, along with an investment of approximately 1.5 trillion yen to realize world's leading "Monozukuri Innovation" and "Value Creation." Broadly speaking, we foresee three strands of investment under this plan: battery-related investment, investment to enhance the production system in Japan and the U.S., and investment in EV development. As these are long-term projects, and as current conditions make forecasting of market trends difficult, our investment plans incorporate flexible estimates. We are moving gradually but steadily to roll out investment for future growth.

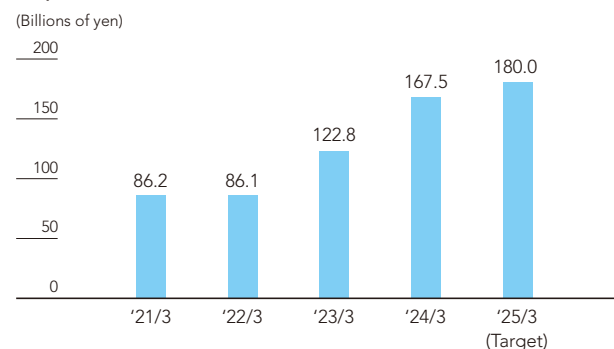
In the area of battery-related investment, we are working in partnership with Panasonic Energy Co., Ltd., on preparations for the production and supply of cylindrical automotive lithium-ion batteries. In accordance with a plan*¹ announced on September 6, 2024, our two companies aim to invest a total of approximately 463 billion yen to establish a lithium-ion battery plant with an annual production capacity of 16 GWh*² at Oizumi in Gunma Prefecture. The batteries produced at the new plant will be mounted from FYE March 2029 in BEVs manufactured by SUBARU.

Regarding our investment in production plants, as already announced, we are progressing with plans for mixed BEV production at the Yajima Plant within the Gunma Plant and the establishment of a dedicated BEV production line at the Oizumi Plant. Additionally, we are advancing the renovation of the Kitamoto Plant to manufacture transaxles for the next-generation HEV. The Kitamoto Plant, which is due to start operation in the fall of 2024, is tasked with handling the first step toward realizing a world's leading position in "Monozukuri Innovation" by ensuring flexibility in the initial stage of the transition to electrification. Accordingly, it has been the object of investment in initiatives related to quality, diversity, logistics, and other areas. We will continue to invest effectively and efficiently, taking account of market trends and other factors and subjecting the details of each investment to close scrutiny.

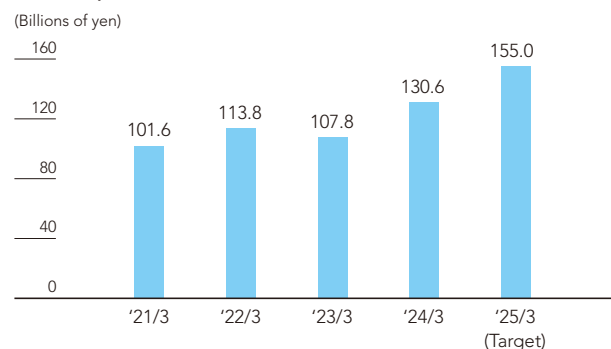
*¹ The plan was approved by the Ministry of Economy, Trade and Industry on September 6, 2024, as part of its strategy for a stable supply of storage batteries.

*² As of December 31, 2030

Capital Investment



R&D Expenditures

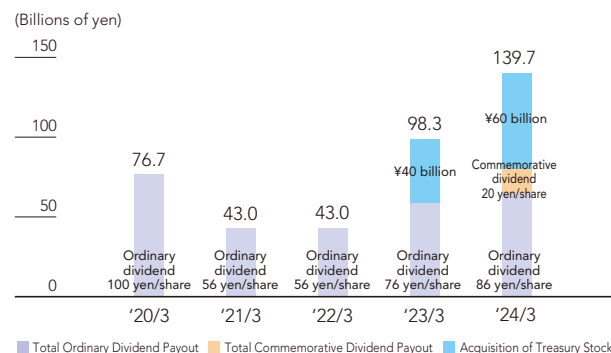


Regarding returns to our shareholders, we will implement them with a greater focus on improving capital efficiency, even as investments in electrification increase. With the aim of maintaining a total return ratio between 30% and 50%, we will pay stable and consistent dividends and flexibly repurchase shares after comprehensive consideration of our business performance, investment plans, and the business environment. Despite the current high level of uncertainty affecting particularly the automotive business, we regard shareholder return as an important element of sustainable corporate management and will continue taking a flexible approach to balanced shareholder return that works optimally for both our shareholders and the Company based on business conditions, investment plans, corporate valuation, and other relevant factors at the time.

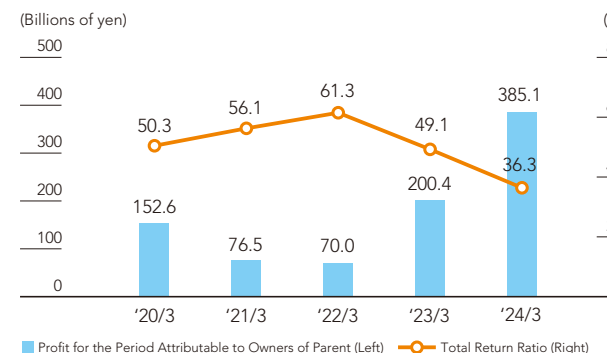
In FYE March 2024, we were able to post a strong performance, with profit for the period attributable to owners of parent 385.1 billion yen, the second highest figure in our history. To reflect this result, in addition to a dividend payout of approximately 80 billion yen, we decided to repurchase shares to a maximum value of 60 billion yen. The total return to shareholders was approximately 140 billion yen for a total return ratio of 36.3%. The dividend payout of approximately 80 billion yen consisted of an ordinary annual dividend of 86 yen per share with an additional commemorative dividend of 20 yen to mark our 70th anniversary in 2023, giving a total annual dividend of 106 yen per share. The repurchasing of shares to a maximum value of 60 billion yen was completed by September 13, 2024.

For FYE March 2025, we envisage an annual dividend of 96 yen, which would represent a year-on-year increase of 10 yen in the ordinary dividend per share. We will study this figure from various perspectives in accordance with the policy stated above.

Total Dividend Payout / Dividend per Share



Profit for the Period Attributable to Owners of Parent / Total Return Ratio



Enhanced Dialogue and Disclosure for Sustainable Growth

We are committed to active dialogue* with domestic and overseas investors covering both financial and non-financial data. As I stated earlier, we recognize that further improvement in the PER is important for corporate value increase. Our future corporate growth will naturally require continuously strengthened initiatives for the rollout of our key electrification strategy, the creation of a governance system to support it, and investment in and utilization of the intangible assets of human capital and intellectual property, which are the engines of growth. Equally, we will use active enhancement of disclosure and dialogue relating to the content of the initiatives to improve the quality of engagement, raise expectations for sustainable growth, and reduce uncertainty. We look forward to your continued support of the SUBARU Group.

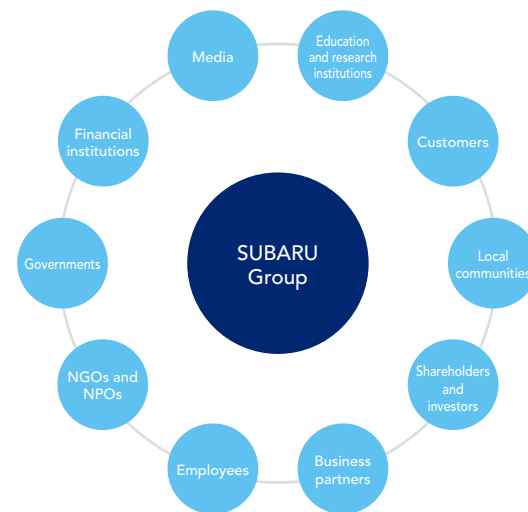
* See page 85 for a presentation of our dialogue record for FYE March 2024.

Financial Information

Please visit the SUBARU website for details about financial information.
<https://www.subaru.co.jp/en/ir/library/index.html>

Social Capital

SUBARU attaches great value to its connections with customers and all other stakeholders. These close connections are the foundation of the SUBARU brand and form an indispensable aspect of our business activity. Going forward, we will work through our business activities, dialogue, and a wide range of events to engage closely with and listen to our stakeholders so as to further deepen our connections in many different areas as part of shared efforts to achieve an enjoyable and sustainable society.



Product-Based Initiatives to Spread Resonance and Coexistence Cherishing Every Life Project

The Love Promise^{*1} initiative operated in partnership with retailers has had positive results in the U.S. In 2023, we launched a related initiative in Japan under the banner of the Cherishing Every Life project. As part of its approach based on people-focused monozukuri, SUBARU has always prioritized safety and focused attention on protecting life. The Cherishing Every Life project is an initiative in partnership with customers, retailers, and local communities whose starting point is this consistent SUBARU commitment to protecting life. “Human life” is irreplaceable and “natural life” takes care of rich forests and wildlife. We will continue to support those who are working to “protect and pass those on to a future full of smiles”.

Under the theme of cherishing human life, the campaign to eliminate water accidents run by the Japan Lifesaving Association (JLA) resonated with us. We therefore became a JLA official partner to support its activities, including by providing SUBARU Lifesaver Cars through retailerships in Japan. The SUBARU Lifesaver Cars provided through retailerships are used in local community patrols, safety education, beach patrols, and other activities. All vehicles are fitted with a compact, lightweight automated external defibrillator (AED)^{*2} for lifesaving activity. The retailerships work with the local lifesaving association to organize workshops with JLA instructors to teach how to give cardiopulmonary resuscitation and how to operate an AED. They also conduct road traffic safety activities with local lifesavers and carry out a wide range of other activities around the shared concern of protecting life.

Under the theme of cherishing natural life, we are engaged in partnerships with the bodies that manage national parks. We have concluded partnerships with the Shiretoko Nature Foundation, whose mission is to protect nature on Hokkaido's Shiretoko Peninsula and hand it on to the next generation in an improved condition, and with the Natural Parks Foundation, which manages 15 of Japan's 34 national parks. In this way, we support the activities of people engaged in protecting natural life through provision of vehicles and other means. In December 2023, we entered into a National Park Official Partnership to facilitate collaboration with the Ministry of the Environment, which administers the national parks. This will enable us to support our partner organizations and help vitalize national parks and promote their attractions through joint activities.

By maintaining our social contribution through the various activities^{*3} of the Cherishing Every Life project, we will continue spreading resonance and coexistence and deepening connections with customers and local communities.

^{*1} See pages 21–23 for information on the Love Promise initiative in the U.S.

^{*2} AEDs are fitted in all the vehicles, which were provided for use in the period from June 28 to September 2, 2024.

^{*3} See our website for details on the activity: <https://www.subaru.jp/project/hitotsunoinochi/> (in Japanese only)



Deepening Community Connections through Corporate Sports — Baseball Club / Track and Field Club

Our corporate sports activity features two clubs, a baseball club and a track and field club. The activities of our sports clubs, which compete at top amateur level, not only promote employee morale and team spirit but also provide an activity base where local community members have the opportunity to develop a spirit of courage and challenge. Both clubs engage in rigorous training, balanced with work duties, in order to achieve good performances at competitive events. At the same time, they take an active part in local road traffic safety awareness campaigns, sports coaching events, and other local activities, helping to deepen connections between the SUBARU Group and local communities.

Baseball Club

The baseball club, which was established in 1953 with the aim of promoting corporate public relations and supporting employee morale, has qualified 29 times for the Japan Amateur Baseball Championship and 16 times for Japan's annual Intercity Baseball Tournament. When it competes in the Intercity Baseball Tournament, the team attracts support in its first match not only from employees and their families but also from many residents of Ota City and Oizumi Town in Gunma Prefecture, where the club has its bases. At its first match of the 95th Intercity Baseball Tournament in 2024, around 12,000 spectators gathered at Tokyo Dome and the team was cheered on with loud enthusiasm.

^{*1} As of August 31, 2024



Track and Field Club

The club was established in 1998 with the aim of giving a boost to the local community by participating in the All-Japan Men's Corporate Team Ekiden Championships. This is a long-distance relay race, commonly known as the New Year Ekiden, whose course runs partly through Ota City in Gunma Prefecture, home to SUBARU's main plant. For the New Year Ekiden, which the club has competed in 23 times^{*2}, many local people line up along the course route on New Year's Day to wave the SUBARU flag and cheer the team on. The sight of the SUBARU team drawing strength from the crowd as they run through their home territory of Gunma helps to deepen our connection with the local community.

^{*2} Up to and including the 68th event, held on January 1, 2024.



Creating Learning Opportunities for Children — Gunma Plant Hosts Factory Tours

The Yajima Plant within the Gunma Plant welcomes factory tours as part of elementary school field trip programs. Through the example of vehicle manufacturing, we want to add as much as we can to the children's understanding of Japanese industry and labor and our connections with the natural environment. At the same time, we want to encourage children to think positively about their future working life and ambitions. With this in mind, we host factory tours from many elementary schools not just in Gunma Prefecture but throughout the Kanto region. We continued to offer tours during the COVID-19 pandemic using remote technology. Currently, we offer both on-site and remote tours depending on the school's preference. In FYE March 2024, our on-site tours had 21,156 participants, while remote tours drew 3,509 participants (including school personnel) from elementary schools in areas as far away as Fukuoka and Kagoshima prefectures. By offering learning opportunities to the children who are our future, we will deepen our connections with society.



Subagaku, a Community Website for Our Fans Connecting SUBARU with Its Customers (Available in Japanese Only)

In November 2023, we launched the fan community website Subagaku. The name of the website reflects our hope that it will serve as a space like a school for supportive exchange with fellow learners. By enabling them to share their personal experiences with SUBARU vehicles and other interests through the website, we aim to promote resonant connections between SUBARU and our customers and also among our customers. Serving as principal of Subagaku allows the SUBARU Chief Technology Officer (CTO) to engage in two-way communication with customers, bringing our vehicle manufacturing still closer to customers' lives as we work together on “Value Creation” toward the age of the EV.



Subagaku (Subaru community website; available in Japanese only)

<https://community.subaru.jp/>

Natural Capital

In its Environmental Policies, SUBARU states that our fields of business are “the earth, the sky and nature”, declares its commitment to initiatives for coexistence with nature, and designates the environment as one of its Six Priority Areas for Sustainability, thus recognizing it as a key area for the continuation of its business activity. Within the area of the environment, we have additionally declared three issues for particular focus: mitigating climate change, realizing a circular economy, and coexistence with nature. In addition to using advanced technology to develop environmentally friendly products, we undertake Group-wide environmental activity aimed at achieving coexistence with nature with the ultimate goal of reducing to virtual zero our environmental impact on the natural world, and beyond that having an actual positive impact.

Mitigating Climate Change

We recognize climate change initiatives as one of our most important issues and endorsed the TCFD recommendations in April 2023*1. Toward our target of achieving carbon neutrality by 2050, we have set long-term goals for CO2 emissions reduction in products and at plants and offices together with medium-term goals as interim milestones. By working toward these goals, we will contribute to realizing a decarbonized society.

*1 For more information on SUBARU's disclosure of the TCFD recommendations, please see our TCFD Content Index (<https://www.subaru.co.jp/en/csr/tcfd/>).



Management System

In the area of climate change, the Environment Committee discusses the broad framework of medium- to long-term measures in line with the standards required by the society of the future and assesses related progress. Particularly significant issues are referred to the Board of Directors following discussion by the Sustainability Committee, which is the forum for deliberation on all SUBARU Group CSR initiatives. We wish to contribute to realizing a decarbonized society by reducing CO2 emissions throughout the business activity life cycle. We therefore hold Carbon Neutrality Promotion Meetings, whose aim is to achieve CO2 reduction across all areas. These meetings are used to monitor initiatives focused on the entire life cycle, including not only products and plants and offices but also materials and components, transportation, and disposal, with overall coordination by the Environment Committee.

Strategy

To address climate change-related transition risks in policy and regulation, technology, markets, and other items, SUBARU works to identify uncertain climate change-related risks.

Main Risks Identified		
(Bolded items are identified as highly important risks related to the strategic reorganization of SUBARU’s production system.)		
Climate-related Risks	Main Risks Identified	
Transition risk	Business management in general	In the event that more rigorous climate change targets are set in various countries, SUBARU’s business could be significantly affected.
	Regulatory risk	ProductsIf SUBARU fails to meet fuel economy regulations imposed in various countries, the Company could incur additional costs or losses related to negative incentives, such as fines or non-penal fines for legal violation, and credit purchase for unmet standards. Also, some of our products could fail to satisfy certain fuel economy standards, resulting in restrained sales opportunities.
	Production phase	SUBARU could incur rising costs due to fossil fuel use, not only because of geopolitical factors associated with petroleum, etc., but also carbon taxes, emission quotas, and other government policies and regulations.
	Technology risk	ProductsTo promote electrification, it is crucial to ensure profitability for the entire product cycle ranging from procurement and use to disposal. Thus, it is essential to involve SUBARU’s upstream and downstream partners in exerting efforts toward this end. Failure to do this could render the Company unable to meet the profitability goal for the entire product life cycle.
	Production phase	If use of renewable energy does not grow as expected, SUBARU could face slower progress in achieving its Scope 1 and 2 emissions reduction goals.

Climate-related Risks		Main Risks Identified	
Transition risk	Market risk	Products	At present, it is difficult to predict technological progress and price optimization for electrification, which will likely cause a substantial gap with the real state of market needs. In such a situation, SUBARU could incur unnecessary and excessive R&D costs while facing a decline in customer satisfaction, resulting in unexpected losses and reduced sales opportunities as well as hampered advancement of the Company’s electrification efforts. In addition, SUBARU views electrification as a steady medium- to long-term trend, and also anticipates the possibility of its swift and sweeping penetration of the market at some stage. SUBARU could be unprepared for such prospect in terms of technology and timely product lineups, and thus suffer from a resultant loss of product sales opportunities.
	Reputational risk	Business management in general	If SUBARU fails to implement adequate initiatives to achieve low-carbon/zero-carbon outcomes, its brand value could be harmed, which could affect the Company’s sales and recruiting ability. Capital costs could also rise, due to increased difficulty in obtaining financing from investors.
Physical risk	Acute physical risk	Business management in general	As an impact of climate change, extreme torrential rain will frequently cause floods in various locations, which could pose risks of SUBARU’s operations being affected by disrupted supply of raw materials and submerged factories.
	Chronic physical risk		There is a possibility that SUBARU might suffer from shortages of natural resources used for tires and metal resources, such as materials for automotive batteries used in electrification technologies.

Main Opportunities Identified

Climate-related Opportunities	Main Opportunities Identified	
Market opportunity	If SUBARU advances its efforts to make products more environmentally friendly as planned and global climate change mitigation/adaptation efforts progress adequately, the Company will be able to maintain its key markets while at the same time potentially expanding in markets receptive to its offer of “Enjoyment and Peace of Mind.” In addition, through contributing to addressing climate change issues, SUBARU could increase its brand value, thereby enhancing its sales and recruiting ability. This could make it easier for the Company to obtain financing from investors, thereby lowering capital costs.	
	Energy source opportunity	Regarding energy use during the production phase, by transitioning to renewable energy while at the same time giving due consideration to cost-effectiveness, SUBARU could overcome the risk of being exposed to price fluctuations involved in energy derived from fossil fuels, thereby preventing future cost increases.

Note: 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. The opportunities described represent those for SUBARU’s products to contribute to climate change adaptation and do not anticipate climate change-related deterioration.

Examples of Scenarios and Their Risks/Measures

SUBARU explores climate change-related countermeasures in consideration of a variety of scenarios, including its own scenario assuming carbon neutrality by 2050 (equivalent to the 1.5°C scenario), based on policy trends in various countries relating to the regulation of fuel economy and other areas and information published by the International Energy Agency and other organizations. This exploration also incorporates risks and opportunities recognized with respect to sustainable business activities. As an example measure, SUBARU has developed an electrification strategy that considers multiple scenarios, including one in which the percentage of EVs sold in the market increases significantly, as well as one in which the market penetration of EVs increases modestly. We are also advancing with business continuity plan (BCP) measures to deal for instance with the risk of water-related disaster affecting our business partners and flooding during torrential rainfall. This action is in consideration of the risk of increasingly severe natural disasters due to a lack of progress in addressing climate change.

Scenario	Example Scenario Risks of Particular Importance		Measures
Penetration of BEVs	Products	Risk of limited product sales opportunities due to failure to meet certain fuel economy standards	• Building a production system that can dynamically adapt the production ratio between BEVs, hybrids, and ICE vehicles, keeping a close eye on environmental regulations and market trends • Establishing an eight-model BEV lineup by the end of 2028 with 400,000 BEVs sold in the U.S.
		Risk of market need diverging from electrification technology	
Increasing severity of natural disasters	Business management	Risk of operations being affected by disrupted supply of raw materials and submerged factories as a result of frequent flooding in various locations from extreme torrential rain	• Taking measures against flooding by installing rainwater collection tanks and strengthening drainage capacity • Organizing a system for restoration support activities in the event of a contingency at business partners and assessing the risk of water-related disasters

Risk Management

To address climate change-related transition risks in policy and regulation, technology, markets, and other items, dedicated departments at SUBARU gather information from a wide range of sources and work to identify uncertain climate change-related risks from future projections. These transition risks are proposed and discussed during the Executive Meeting, and particularly significant matters are subject to deliberation within the Board of Directors before decisions are made.

The physical risks associated with climate change include flooding and other natural disasters. The Risk Management and Compliance Office plays a pivotal role in establishing regulations in response to these operational risks as part of the BCP system. During emergencies, the office centrally grasps Group-wide information, establishing a system to manage Company-wide response.

Metrics and Targets

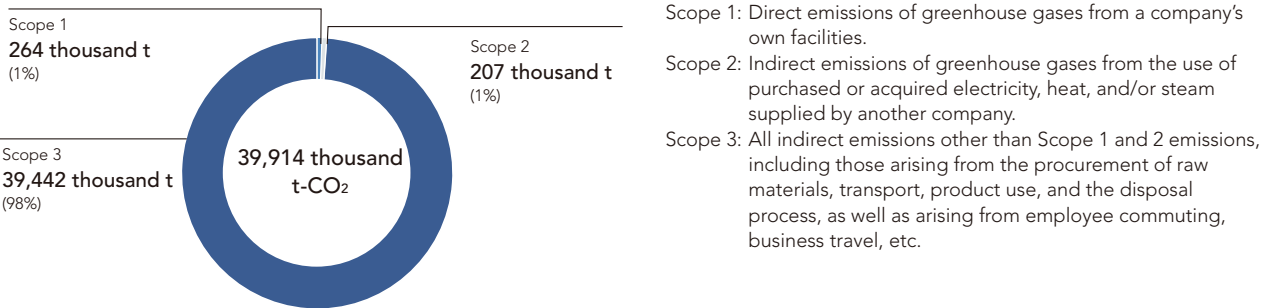
In order to contribute to a decarbonized society, SUBARU has set long-term goals for 2050 (long-term vision) and interim medium-term goals (milestones) for products (Scope 3) and for plants, offices, etc. (Scope 1 and 2). These goals are reviewed as necessary to adapt to non-linear and rapid change in the business environment. In 2023, we raised the medium-term goal for products to achieving a 50% share of all automobile sales for BEVs in 2030, and raised the medium-term goal for plants and offices to achieving a 60% emissions reduction by FYE March 2036 compared to FYE March 2017.

Category	Target Year	Goal
Products Scope 3	2050	Reduce average well-to-wheel CO ₂ emissions from new vehicles (in operation) by 90% or more compared to 2010 levels*2
	Early 2030s	Apply electrification technologies*3 to all SUBARU vehicles*4 produced and sold worldwide
	2030	Aim for 50% of global sales to be BEVs
Plants and offices Scope 1 and 2	FYE March 2051	Achieve carbon neutrality
	FYE March 2026	Reduce CO ₂ emissions by 60% compared with FYE March 2017 (total volume basis)

*2 Reduce total CO₂ emissions calculated based on the fuel efficiency (notified value) of all SUBARU automobiles sold across the world by 90% or more relative to the 2010 levels in 2050. Changes in the sales quantity due to changes in the market environment shall be taken into consideration, while minor changes in running distance shall not.
*3 Refers to the technology used to foster the use of electricity for EVs, HEVs, and others.
*4 Excluding models supplied by OEMs.

Initiatives and Achievements

SUBARU Group CO₂ emissions in FYE March 2024 (Scope 1, 2, and 3) amounted to 39,914 thousand t-CO₂. The majority of our emissions, accounting for 98% of the total, are Scope 3 emissions, which consist mainly of emissions from the utilization of Group products. The SUBARU Group's direct CO₂ emissions (Scope 1 and 2) are marginal compared to our Scope 3 emissions. Nevertheless, we believe that taking the lead in initiatives to reduce direct CO₂ emissions will result in more active efforts throughout the entire SUBARU value chain and we will therefore continue with proactive efforts.



Scope 3 Initiatives

Toward reducing CO₂ emissions during product utilization, which account for the majority of SUBARU's total CO₂ emissions, we are progressing with the application of electrification technologies to the vehicles we sell. In FYE March 2024, the share of electric vehicles in SUBARU's global vehicle sales (based on retail sales) was 7.8%, with the figure for BEVs at 1.5%. With our focus on reaching the 2050 long-term goals and the 2030 medium-term goals, we will continue moving steadily forward with the electrification initiatives set out in the SUBARU New Management Policy*5.

As an aircraft manufacturer, SUBARU has been developing technologies for decarbonization to realize a sustainable society, and in March 2024 SUBARU successfully conducted test flights using sustainable aviation fuel (SAF) in a helicopter. SAF is manufactured from plant matter, waste oil, and other raw materials. Since the plants which provide its main raw material absorb atmospheric CO₂ during photosynthesis, it is possible to balance the amount absorbed against the amount emitted. This promises a greenhouse gas-reducing effect compared to conventional fossil-derived aviation fuel.

*5 See pages 24–29 for the electrification initiatives in our new management policy

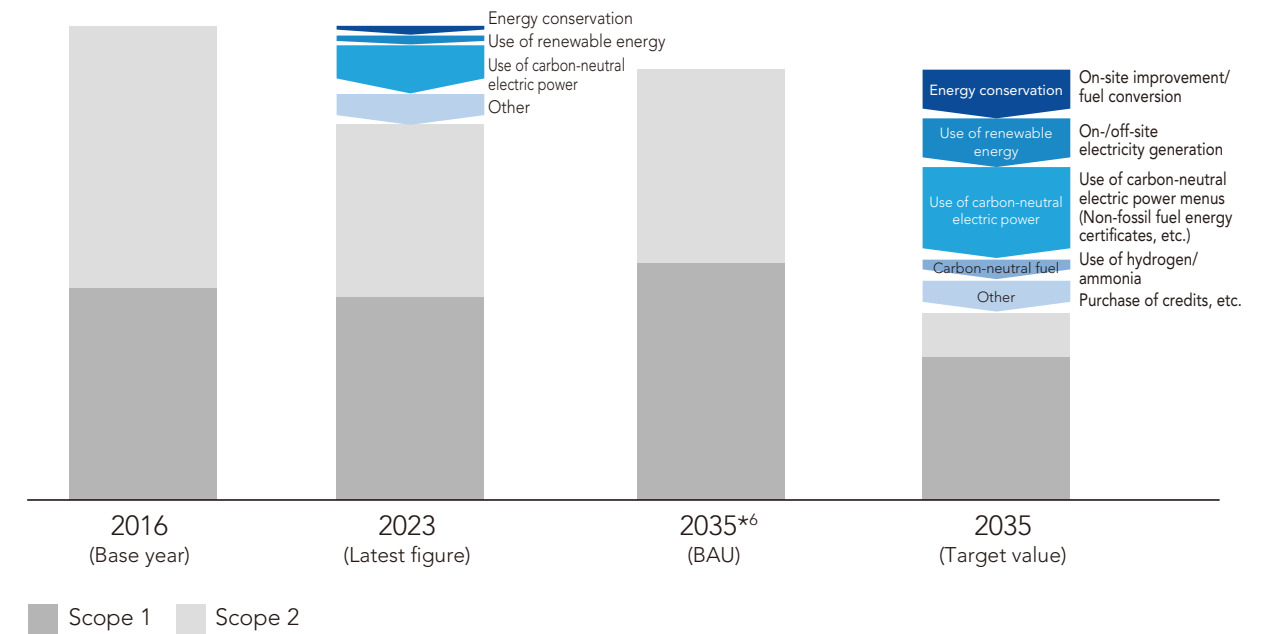
Scope 1 and 2 Initiatives

The Scope 1 and 2 emissions volume for FYE March 2024 was 471,854 t (market standard), a reduction of 18,000 t from the previous fiscal year and of 20.9% compared to FYE March 2017 (FYE March 2024 Scope 1 and 2 emissions based on location standard: 545,917 t).

SUBARU is working to switch to renewable energy and upgrade to highly efficient machinery and equipment. Renewable energy in FYE March 2024 accounted for 7.2% of the energy consumption of the entire SUBARU Group and 22.5% of its total electricity consumption. All of the electricity purchased at the Gunma Main Plant, Utsunomiya South Plant and 2nd South Plant, the Ebisu Subaru Building, and the SUBARU Academy is carbon-neutral electric power.

Toward the medium-term goals for FYE March 2036, the SUBARU Group will continue implementing energy-saving measures along with other initiatives, such as in-house generation or purchase of carbon-neutral electric power and introduction of hydrogen, ammonia, and other carbon-neutral fuels, as part of systematic Scope 1 and 2 emissions reduction.

Illustration of Scope 1 and 2 Emission Reduction Measures and Impact up to 2035



*6 Assuming the electricity emission coefficient in Japan decreases to 0.25 t-CO₂ per thousand kWh

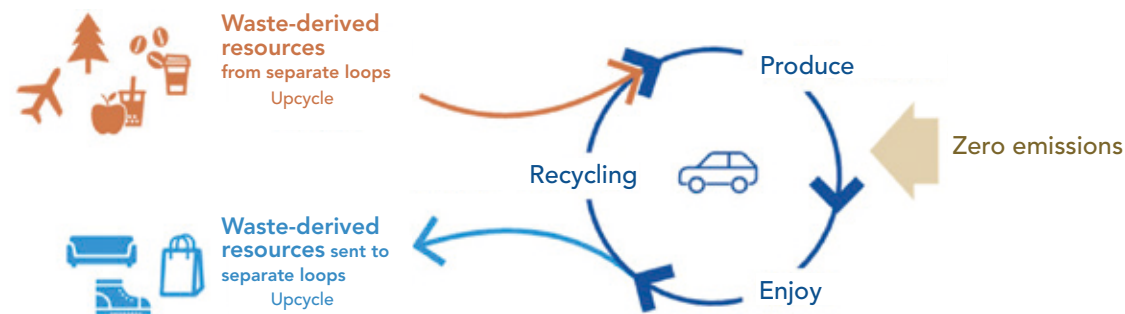
More detailed information on initiatives to mitigate climate change
<https://www.subaru.co.jp/en/csr/environment/climaticvariation.html>

Achieving a Circular Economy

The SUBARU Group, whose main business is in the manufacturing industry, regards realizing a recycling-oriented society*1 as an important theme closely relevant to its business activity. The Group will help create a society that recycles with the goals of efficient resource recycling throughout the product life cycle, maintaining zero landfill at production bases in Japan and abroad, and taking the 3Rs*2 to the next level.

*1 Increased resource efficiency through recycling of materials and recycling-based business activity.

*2 Reduce, Reuse, Recycle



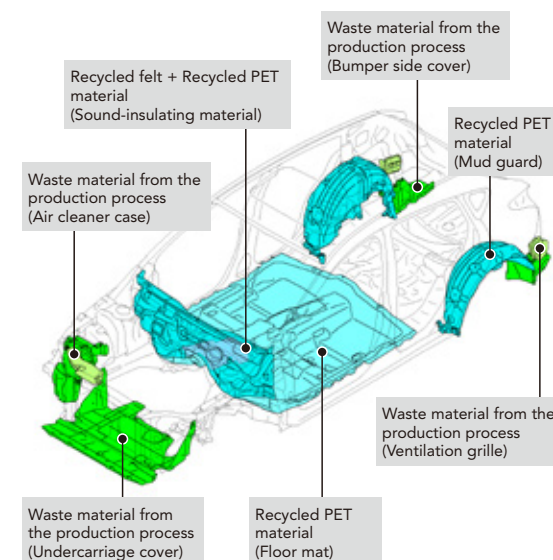
Recycle-Friendly Vehicle Manufacture

SUBARU incorporates recyclability into its automobile design process to make effective use of limited resources.

We are working on initiatives to increase vehicle recyclability. These include adjusting the layout and structure of wiring harnesses to improve material recovery rate in end-of-life vehicles and contribute to the infrastructure for good quality steel recycling; improving material labeling to increase the ease of sorting; and using a combination of hooks and clips to attach bumpers to facilitate disassembly.

SUBARU is also working to develop technologies to utilize recycled resins and biomass materials in place of the resins currently used in automobiles.

Examples from the 2023 Crosstrek and Impreza Models



Development of Upcycled Products Using Waste Materials from the Manufacturing Process

In addition to promoting the introduction of recycled materials, such as the recycled resin that is an ongoing project, the SUBARU Group is researching the use of other sustainable new materials including food processing residue and other plant-based materials. We are also progressing with the development of upcycled products using waste materials generated in the manufacturing process. Upcycling is an approach to materials that were previously disposed of as waste that reinvents them by adding new appeal and value. SUBARU has focused on waste material generated in the production process, and is working to create value by collaborating with other companies on projects that reach beyond the automotive industry.



Example of upcycle initiatives
Shopping bag made in partnership with Toyoda Gosei Co., Ltd.
Made using excess fabric from airbag manufacture

More detailed information on initiatives to realize a circular economy

<https://www.subaru.co.jp/en/csr/environment/recyclingsociety.html>

Coexistence with Nature

SUBARU's core operations are in the automotive and aerospace industries and its business fields therefore embrace the earth, the sky, and nature. Accordingly, we aim through our business activity to protect biodiversity and promote coexistence with nature. To continue our biodiversity-friendly business activities, in April 2019 we endorsed the Keidanren Declaration for Biodiversity and adopted the SUBARU Guidelines on Biodiversity as the foundation of the SUBARU Group's biodiversity protection activities. The guidelines were formulated with account taken of international trends in biodiversity management and with reference to documents including the Ministry of the Environment's Guidelines for Private Sector Engagement in Biodiversity and the Keidanren Declaration for Biodiversity and Guideline. By additionally ensuring consistency with our Six Priority Areas for Sustainability and the SUBARU Environmental Policies, we designed them for guaranteed effectiveness and continuity.

One of the themes of the Cherishing Every Life project launched in 2023 is the natural life we cherish in our rich forests and wildlife. The project supports people who work through daily activity to protect life and pass it on for a brighter future.

SUBARU Forest — An Initiative for Coexistence with Nature

We began work on the SUBARU Forest Project in FYE March 2018 as an initiative to embody the coexistence with nature promoted in the SUBARU Environmental Policies. To preserve biodiversity, we carry out tree planting, thinning, nature protection, and other forest management and conservation activity on forested land in and around our business sites in Gunma Prefecture, Tochigi Prefecture, and Hokkaido.

SUBARU Forest Bifuka in Hokkaido

Since FYE March 2018, we have been progressing with an artificial afforestation project which takes the long-term perspective of nurturing the forest of 50 years from now. The project site is approximately 115 hectares of forest within the Bifuka Proving Ground, part of the SUBARU Test & Development Center at Bifuka Town in the Nakagawa district of Hokkaido. We are conducting this activity in partnership with Bifuka Town and other local communities. In 2018, we concluded an agreement with the municipality on the implementation of forest conservation activities. SUBARU now cosponsors the yearly tree-planting festival and, in FYE March 2020, certification was obtained under the Sustainable Green Ecosystem Council (SGEC) FM international forest certification system for municipally owned forest and forested land within the SUBARU business site to allow the municipality to promote the effective utilization of forest resources. Meanwhile, wild animals such as Ezo red foxes and brown bears have been spotted on the premises, and we are considering measures aimed at coexistence with these animals in cooperation with local governments. Through these activities, we will promote coexistence with nature in partnership with local communities. As a measure to combat climate change, we began purchasing J-Credits in FYE March 2022.



Business Activity and Coexistence with Nature

Subaru of Indiana Automotive, Inc. (SIA), our U.S. production base, launched an initiative to protect the ecosystem and provide a friendly habitat for local wildlife by improving the pond area within the plant site and developing the surrounding greenspace. As a result, the National Wildlife Foundation, one of largest non-governmental nature conservation groups in the U.S., designated the site as a supportive wildlife habitat in 2003, the first such designation of an automotive production plant in the U.S. The plant is surrounded by a rich natural environment home to many wild deer, where wild Canadian geese and herons also feed and rest.



More detailed information on initiatives for coexistence with nature

<https://www.subaru.co.jp/en/csr/environment/biodiversity.html>