

Message from the Chairman



Director of the Board, Chairman
Yasuyuki Yoshinaga

We will resolutely implement a corporate culture transformation to ensure the rebirth of SUBARU as “a company that does the right thing in the right way.”

Summary of My Tenure as President

I retired as President and CEO at the General Meeting of Shareholders held in June 2018.

Ever since becoming president in June 2011, I have thought that SUBARU, which has only a 1% global share in the automotive industry, will be unable to survive in this harsh competitive environment if it doesn't compete as only a small company can. As president, I believed that the only path to growing in a sustained manner is to create added value that customers will find appealing and pursue uncompromising differentiation. Rather than offering a full model lineup and doing business in all markets, we specialized and focused our limited management resources on categories and markets in which we can leverage our strengths. We worked to build a strong business structure by focusing on SUVs and sports models and doing business mainly in the U.S. and other developed countries in mature stages of motorization. As a result, many customers in North America and other markets purchased our products, global unit sales grew, financial performance improved substantially, and we were able to increase corporate value.

On the other hand, I feel that SUBARU's corporate strengths failed to keep up with the Company's dramatic growth, as indicated by the recent inappropriate incidents and an increase in quality issues.

Objectives of Changes in the Management Structure

Four objectives prompted the complete change of management structure, including the change of CEO:

1) Rejuvenation of the management team and boosting of organizational vitality, and strengthening of a can-do attitude; 2) Qualitative improvement of the management structure; 3) Enhancement of market responsiveness; and 4) Enhancement of technologies and technology management.

President Nakamura has served in a succession of important posts involving groupwide management strategy, most recently serving as chairman and CEO of the U.S. sales and marketing subsidiary Subaru of America for four years. He has thorough knowledge of the U.S. market, SUBARU's most important market, has gained the full trust of U.S. dealers, and has a stellar reputation. Since President Nakamura and I are of one mind with regard to SUBARU's management strategy and business model to date, I will entrust practical management of the Company to him and devote myself to corporate culture reforms and compliance.

I made sure that my successor was elected through a deliberately open and fair process. At a session of the Executive Nomination Meeting held in February 2018, the participants, including the outside directors, discussed the matter and agreed to elect Tomomi Nakamura as SUBARU's next president. The decision was announced in March 2018.

To be “a Company that does the Right Thing in the Right Way”

I sincerely apologize for the significant trouble and inconvenience we have caused our customers and other stakeholders due to the repeated improprieties in final vehicle inspections at the SUBARU Gunma Manufacturing Division.

In April 2018, SUBARU established the “Tadashii-Kaisha” Promotion Department and Compliance Office as organizations to reform the corporate culture, one cause of the repeated improprieties. The “Tadashii-Kaisha” Promotion Department will plan and thoroughly implement companywide activities to earn the trust of customers and society and make SUBARU “a company that does the right thing in the right way,” execute measures to prevent any reoccurrence of the improprieties, and work toward solving fundamental problems. The Compliance Office will plan and implement activities that will lead to further strengthening of companywide compliance efforts and transformation of the compliance awareness of all employees.

Toward Sustained Corporate Value Enhancement

I think that sustained corporate value enhancement at SUBARU depends on increasing added value. This is a question of how to increase the appeal of the SUBARU brand over time. SUBARU's brand power has increased substantially in recent years. However, additional effort is required to enhance corporate strengths and further develop SUBARU into a trusted brand. Under the new management structure, everyone at SUBARU will engage in steady, diligent activities to put the Company on a solid footing. I ask your continued support for SUBARU in the coming years.

Reference information on improprieties relating to final vehicle inspections and fuel economy and emissions measurements

Investigative reports about the repeated improprieties that SUBARU has published to date are as follows. For details, please see the individual news releases and reports.

- 1) December 19, 2017
Investigation Report and Countermeasures to Prevent Recurrence of Nonconforming Final Vehicle Inspection Works at Gunma Manufacturing Division
https://www.subaru.co.jp/press/news-en/2017_12_19_5237/
- 2) April 27, 2018
Investigation Report on Measurement of Fuel Economy and Emissions During Final Vehicle Inspections at Gunma Manufacturing Division
https://www.subaru.co.jp/press/news-en/2018_04_27_5714/
- 3) September 28, 2018
Results of Investigation into Improper Conduct during Final Vehicle Inspections at Gunma Manufacturing Division
https://www.subaru.co.jp/press/news-en/2018_09_28_6349/