

CSR

The SUBARU Group contributes to society through our businesses and engages in CSR activities to help create a sustainable society.

Corporate Philosophy

1. We strive to create advanced technology on an ongoing basis and provide consumers with distinctive products with the highest level of quality and customer satisfaction.
2. We aim to continuously promote harmony between people, society, and the environment while contributing to the prosperity of society.
3. We look to the future with a global perspective and aim to foster a vibrant, progressive company.

Corporate Code of Conduct

SUBARU CORPORATION sets down the Corporate Code of Conduct to comply with laws and regulations and to fulfill its social responsibilities based on its corporate philosophy. We will continue to strive to become a company loved by all and contribute to making society more affluent by respecting individuals and the Corporate Code of Conduct and acting on the same sense of values.

1. We develop and provide creative products and services while paying sufficient attention to the environment and safety.
2. We respect the rights and characteristics of individuals.
3. We promote harmony with society and contribute to the prosperity of society.
4. We meet social norms and act honestly and fairly.
5. We maintain global perspective and aim to be in harmony with international society.

Management Philosophy

Aiming to be a compelling company with a strong market presence built upon its customer-first principle.

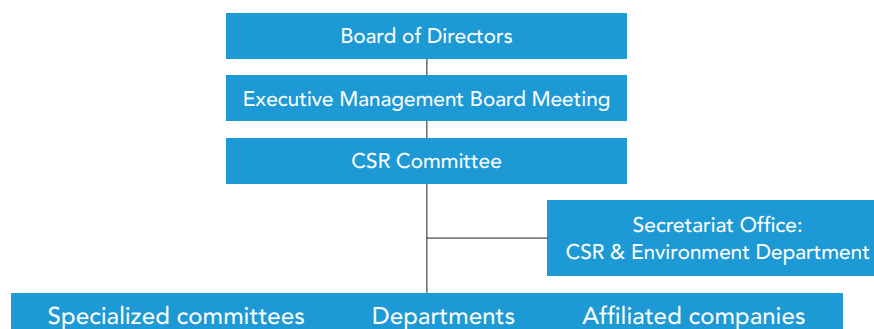
CSR Policy (Revised in June 2009)

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

CSR Promotion System

SUBARU has set up the CSR Committee as a forum for discussing CSR initiatives. The Committee confirms the status of the PDCA cycle of each specialized committee and department.

The CSR Committee, which is chaired by SUBARU's director of the board and chairman and includes all executives as members, will consider and discuss the social aspects of SUBARU's businesses and work to strengthen CSR initiatives.



Our Approach to CSR

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

Therefore, naturally we develop, manufacture, and sell products with outstanding safety and environmental performance and quality, but as a corporate citizen we also work on CSR activities to meet the needs of society and address social challenges in good faith. The automotive industry has entered a once-in-a-century transition period, and the social environment is constantly changing. SUBARU considers it necessary to promote and ensure the penetration of CSR initiatives on a group-wide, global scale to contribute to society through our businesses and meet stakeholder expectations and demands. To that end, we have reviewed the Eight CSR Action Items and newly defined Six Priority Areas for CSR.

By applying the thought process behind the Six Priority Areas for CSR to how we conduct business, we will fulfill our social responsibilities as a corporation and continue to provide "Enjoyment and Peace of Mind" to our customers and other stakeholders. In so doing, the SUBARU Group will become a corporate group trusted by society and contribute to the creation of a more affluent, sustainable society as a truly global company.



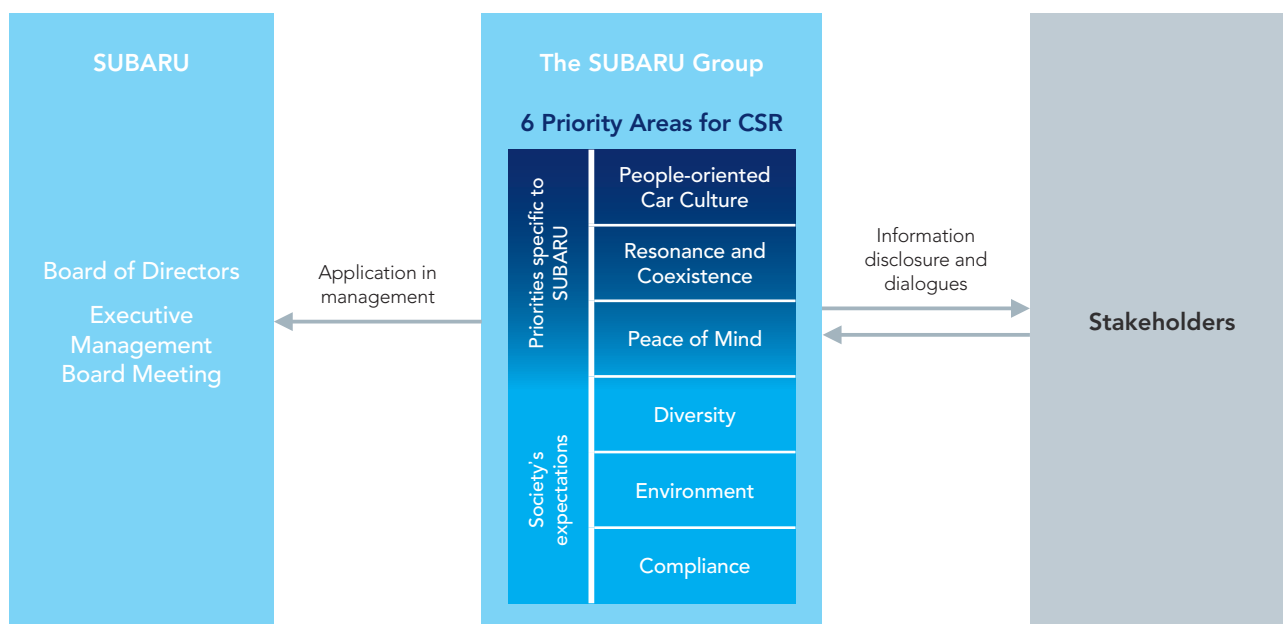
Six Priority Areas for CSR

In conjunction with STEP, the new mid-term management vision, the SUBARU Group has reviewed the previous Eight CSR Action Items and newly selected Six Priority Areas for CSR: people-oriented car culture, resonance and coexistence, peace of mind, diversity, environment, and compliance.

In selecting the priority areas, we first identified forty-one societal requirements and expectations as CSR priority items and conducted a questionnaire survey of experts and investors in North America and Japan. Finally, we considered CSR from two perspectives: areas for contributing to society by taking advantage of business strengths, and areas for meeting the expectations of society. As a result, we selected people-oriented car culture, resonance and coexistence, peace of mind, and diversity as areas for contributing to society by taking advantage of business strengths. Although peace of mind and diversity overlap, we selected peace of mind because it is an area in which the requirements of society and the SUBARU Group's business strengths coincide and selected diversity because we broadly define it as including not only the diversity required by society but also diversity in the products we provide to our customers.

Since information disclosure and dialogue with stakeholders and reflection of stakeholder feedback in management are essential for recovering trust, we will implement what we call "6M+1E" initiatives: the six priority areas ("6M," with "M" standing for materiality) plus information disclosure and dialogue with stakeholders and reflection of feedback in management ("1E," with "E" standing for engagement).

Application of the Six Priority Areas for CSR in Management



Our Six Priority Areas for CSR and Basic Approach

People-oriented Car Culture	SUBARU believes that cars are more than a mere means of transportation. SUBARU places importance on how people feel "Enjoyment and Peace of Mind," delivers high-added-value products and services to customers as a partner that enriches people's hearts and lives, and fosters a sustainable mobility culture.
Resonance and Coexistence	SUBARU will become a company that is trusted by, resonates with, and coexists with people by expanding personal communication and sincerely listening to the views and opinions of each customer and society as a whole.
Peace of Mind	SUBARU will become a company that allows all stakeholders to feel ultimate peace of mind.
Diversity	The SUBARU Group promotes diversity, which we define as providing products that reflect respect for diverse market value and respecting and reflecting the diverse values of everyone who works in the SUBARU Group.
Environment	"The earth, the sky and nature" form our fields of business. In order to bequeath these to future generations, SUBARU will consider its effect on the environment across the entire spectrum of corporate activities.
Compliance	SUBARU will become a company where business operations conform to laws, regulations, and social norms and where a mindset of respecting and prioritizing compliance permeates everything and everyone in the SUBARU Group.

SDGs Initiatives

The SUBARU Group recognizes the importance of responding to the Sustainable Development Goals (SDGs), which are aimed at achieving a more sustainable future by 2030. To respond to climate change, we aim to reduce the SUBARU Group's direct CO₂ emissions (Scope 1 and 2) to 30% below FYE 2017 levels (on a total emissions volume basis) by FYE 2031. To reduce traffic accident fatalities and injuries, we have set a target of eliminating fatal accidents involving SUBARU vehicles* by 2030. Through these initiatives, we are contributing to the creation of a sustainable society.

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

SUBARU Environmental Policies

SUBARU Sustainability Principles

"The earth, the sky and nature" are SUBARU's fields of business.

With the automotive and aerospace businesses as the pillars of SUBARU's operations, our fields of business are the earth, the sky and nature. Preservation of the ecosystem of our planet, the earth, the sky and nature, is of utmost importance to ensure the future sustainability of both society and our organization. We align our business strategy to enhance these global goals in all of our operations.

- 1. We develop and deliver products to meet societal needs and contribute to the environment through advanced technologies.**
By striving to create advanced technologies that put the environment and safety first, we will develop and deliver products that can contribute to protecting the earth's environment.
- 2. We focus on efforts aimed at coexistence with nature.**
Together with efforts to reduce carbon-dioxide emissions in all of our operations, we will promote active engagement with nature by stressing forest conservation.
- 3. We take on challenges as one through an all-SUBARU approach.**
Utilizing our unique organizational character that allows us to oversee the entire supply chain, all of us together will take on the challenges of environmental protection of our planet through an all-SUBARU approach.

Environmental Principles

SUBARU's fields of business are the earth, the sky and nature. SUBARU understands that the health and preservation of biodiversity and controlling climate change are critical to ensuring a sustainable future for our planet earth, nature, communities and businesses.

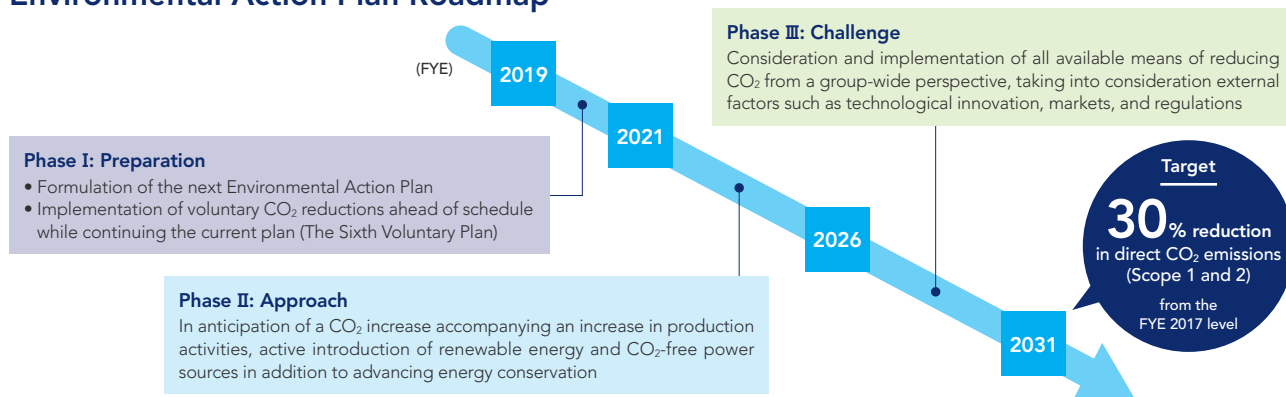
Products: We develop our products and conduct R&D in light of the lifecycle environmental impacts of our products.
Purchasing: Our purchasing activities reflect consideration for biodiversity and other aspects of environmental protection.
Production: We strive to minimize our environmental impact through improving energy efficiency and waste management.
Logistics: We strive to minimize our environmental impact through enhancing energy efficiency and promoting pollution prevention.
Sales: We endeavor to recycle resources efficiently and reduce waste.
Management: We will strive to improve our sustainability program through contributions that meet societal needs and by publicizing our activities as Team SUBARU.

[Established: April 1998, Revised: April 2017]

Aiming for Significant Reduction in CO₂ Emissions

SUBARU has set a new target of reducing the SUBARU Group's direct CO₂ emissions (Scope 1 and 2) to 30% below FYE 2017 levels (on a total emissions volume basis) by FYE 2031. We have also begun formulating an Environmental Action Plan. The opening initiative under the plan is partial adoption (approximately 11,500 MWh/year) at the Aerospace Company's Utsunomiya Plant of the "Tochigi Furusato Denki Program," Japan's first program for locally produced and consumed CO₂-free electricity, with the aim of achieving emissions reduction of approximately 5,400 t-CO₂. Furthermore, we plan to expand introduction of renewable energy facilities.

Environmental Action Plan Roadmap



Message from the General Manager of the Human Resources Department



Senior Vice President
General Manager,
Human Resources Department

Hiromi Tsutsumi

Making the most of human resources

Profile of the Ideal SUBARU Employee

I consider the role of the general manager of the Human Resources Department to be to design policies and programs for making the most of human resources and to make continuous improvements to these policies and programs while confirming their status of operation, industry trends, and other matters. The following is a profile of the ideal SUBARU employee.

- Always a challenger and an explorer
- One who tenaciously strives to achieve objectives
- One who thinks through to address challenges
- One who thinks of others

When the Company name was changed to SUBARU CORPORATION in April 2017, after careful consideration we selected these expressions to indicate what we consider important and what we will continue to consider important in SUBARU employees. We believe that cultivation of human resources that emphasizes these four items will become the foundation for gaining the trust of customers and enhancing SUBARU's corporate value.

Human Resources Development

The basis of human resources development at SUBARU is on-the-job training, and we are developing an education and training system with a curriculum adapted to employee rank and field of specialization. Priority areas targeted for further reinforcement are 1) thoroughly train employees while they are young, 2) cultivate specialists who will open the way to the future, and 3) nurture many strong leaders. These are essential areas targeted for reinforcement to ensure that SUBARU continues to provide added value to customers during a period of transformation for the automotive industry. For example, we are planning and implementing education programs adapted to the individual characteristics of employees and management training enhancements. Also, the introduction of multifaceted assessment of managers, employee surveys, and stress checks in recent years has enabled us to identify HR management issues in the workplace, and we are reinforcing linkage of the results obtained from these measures to solutions on the basis of data analysis.

Advancing Diversity Activities

SUBARU has made implementing “Change the Culture” corporate culture reforms a key priority in the STEP mid-term management vision. We have designated increasing diversity as a priority area of CSR activities for achieving these reforms and aim to make SUBARU a company capable of contributing to diverse values, both inside and outside the Company.

For the products and services that SUBARU provides to be accepted by people with wide-ranging values, with “Enjoyment and Peace of Mind” as the cornerstone of the value proposition, SUBARU must realize diversity in the organizations and human resources that create value. In that sense, diversity is the foundation of organizational vitalization. Our employees have diverse personalities, and to enable all employees to demonstrate their individual capabilities to the utmost, SUBARU values differences in gender, nationality, culture, and lifestyles and strives to create workplace environments in which everyone finds it easy to work. Our vision of diversity is “a profusion of flowers all abloom.”

The Diversity Promotion Office, established in January 2015, engages in activities under four priority themes: 1) promoting active roles for female employees, 2) employing people with disabilities, 3) planning and promoting employment of non-Japanese nationals, and 4) promoting employment of the elderly. We are currently placing particular emphasis on efforts to promote active roles for female employees.

Although the automotive industry is a male-centered world and most of the technicians and line workers at automakers are men, more than a few buyers and drivers are women. To be accepted by greater numbers of customers, SUBARU needs products and services that incorporate a woman’s perspective. However, as at other automakers, men make up an overwhelmingly large proportion of SUBARU’s workforce, and we must increase opportunities for women to play active roles.

Two challenges in promoting active roles for female employees are retention and effective utilization of employees. To retain female employees, we have programs such as a flexible working hours system for the purpose of helping employees balance work and parenting. In efforts to effectively utilize female employees, with the objective of increasing the number of female managers, we have introduced an initiative to increase the number of managers skilled at cultivating female subordinates and instituted a mentor system for female manager candidates. Through such initiatives, we aim to create an environment in which women can work with vitality and motivation and produce results.

Promoting Work-Life Balance

Balancing work time and free time and leading a fulfilling private life has the added benefit of creating a virtuous cycle at work. As a concrete initiative to support work-life balance, SUBARU is creating an environment that will help employees control their own working hours and curb long working hours by bolstering the no-overtime day system and increasing the flexibility of the flex-time system.

TOPICS

Initiatives to Promote Active Roles for Women

SUBARU has formulated an employer action plan aimed at promoting active roles for women in accordance with the Act on Promotion of Women’s Participation and Advancement in the Workplace. In our action plan, which is based on the SUBARU policy of promotion through merit, based on demonstrated ability, we set a goal of increasing the number of female managers in 2020 by at least five times the number in 2014 (from four to twenty), and we are working to achieve this goal. We will expand the pool of female candidates for executive officer, department general manager, and section manager as we approach 2020 and move beyond it.

Compliance

Basic Approach and Policy

In view of the causes and background of the occurrence of improprieties relating to final vehicle inspection work at SUBARU discovered in FYE 2018, SUBARU considers the practice of compliance the most important management priority for SUBARU's rebirth as "a company that does the right thing in the right way." We are keenly aware that rigorous group-wide compliance forms the foundation for the Group's management, and we will instill in each employee not only compliance with all laws, ordinances, and internal regulations required in business activities, but also rigorous pursuit of open and fair business activities that conform to the ethical principles, common practices, and norms of society at large. From there, we will strive to recover the trust of SUBARU's customers and other concerned parties and stakeholders.

Corporate Code of Conduct and Conduct Guidelines

SUBARU has established the Corporate Code of Conduct (see page 39) and Conduct Guidelines as compliance standards for the practice of compliance-oriented corporate activities. In FYE 2018, we revised the content of the Conduct Guidelines to further promote Group compliance. We explain the Code and Guidelines in detail in the Compliance Manual, which is carried by all employees of SUBARU and Group companies in Japan and overseas, and strive to ensure compliance in their day-to-day actions.

<What is the Corporate Code of Conduct?>

The Corporate Code of Conduct stipulates the basic policies that all officers and employees should follow in relation to customers, business partners, shareholders, local communities, and other stakeholders in accordance with SUBARU's corporate philosophy (see page 39).

<What is the Conduct Guidelines?>

The Conduct Guidelines stipulate specific standards of conduct to ensure that all officers and employees put into practice the basic policies indicated in the Corporate Code of Conduct (see page 39) in the course of their daily business activities.

Compliance Regulations

SUBARU instituted the Compliance Regulations in 2001 with the approval of the Board of Directors as basic regulations that stipulate the system, organization, and methods of operation related to compliance. In FYE 2018, following discussion by the Compliance Committee and with the approval of the Board of Directors, we revised the regulations by ascertaining and reviewing the status of operation of the regulations since their institution, confirming discrepancies between the regulations and the actual situation, and reflecting the results in the revisions.

Compliance System, Organization, and Operation

SUBARU established the Compliance Committee as a group-wide committee to promote compliance. The Committee deliberates, discusses, decides, and exchanges information on important compliance matters. Each department institutes its own compliance action plan (compliance program) to promote compliance and engages in continuous and systematic autonomous activities. Following the discovery of improprieties relating to final vehicle inspection work at SUBARU, in FYE 2019 Director of the Board and Chairman Yasuyuki Yoshinaga (Representative Director of the Board and President until June 22) became chairman of the Compliance Committee, which is fundamentally reviewing and implementing compliance-related initiatives.

<Establishment of the Compliance Office>

Following the improprieties relating to final vehicle inspection work at SUBARU, in FYE 2019 we established the Compliance Office as an independent organization to strengthen group-wide compliance-oriented initiatives with the aim of preventing any repetition of similar mistakes. The Compliance Office, as the Compliance Committee's secretarial office, mainly engages in the following work as a hands-on organization for compliance promotion in the SUBARU Group.

- Planning, devising, and implementing compliance promotion activities for the entire SUBARU Group
- Conducting compliance training, education, and internal awareness activities and operating the SUBARU Group's internal reporting system (Compliance Hotline), which is foundational to an open and transparent workplace

Compliance Hotline System

In addition to seeking solutions through their superiors, regular and temporary employees who work at SUBARU and Group companies have the option of using the Compliance Hotline to seek consultation about any compliance-related problems they have discovered within the Group.

The Hotline Desk has been set up within the Company, and employees assigned to the Hotline Desk in accordance with internal rules directly accept reports by post, telephone, and e-mail, engage in fact-finding investigations, and respond to reports. The names and departments of persons making reports are kept strictly confidential and are not disclosed without their consent, and due consideration is given to ensuring that they suffer no disadvantage due to the consultation. Since April 2008, we have added an external specialist organization as a point of contact and worked to make the system easier to use by extending its hours and reinforcing the mechanisms that ensure the confidentiality of the names and departments of persons seeking consultation. The Compliance Hotline received 163 consultation requests in FYE 2018, and the general manager of the Legal Department played a central role in expeditiously solving problems following fact-finding investigations (following a change of the organization responsible for the system in FYE 2019, this responsibility now falls to the general manager of the Compliance Office). Matters reported to the Compliance Hotline are reported to management or the Compliance Committee as necessary, and measures are taken to prevent any reoccurrence of problems.

To publicize the Compliance Hotline System, we have distributed cards that provide information on how the hotline system works and contact details to employees of SUBARU and Group companies and put up posters in workplaces. We have included an explanation of the service provided by the external specialist in the posters and posted it on the Company intranet.

Compliance Activity Achievements

<Compliance Training>

In the belief that the entire SUBARU Group must work in harmony to achieve rigorous compliance, we provide compliance training and practical legal training to the employees of all Group companies. This training is organized by the Legal Department, Compliance Office (established in April 2018), and the human resource and education sections. Each department and Group company incorporates its own education program into its action program (compliance program) and complements this training by holding study meetings on important work-related laws and ordinances as well as holding compliance awareness training conducted by SUBARU Legal Department employees and others. In FYE 2018, some 4,500 persons participated in training organized or supported by the Legal Department.

We prepare and provide various support tools to promote the day-to-day practice of compliance, including tools specifically intended for Group companies and SUBARU distributors in Japan. In addition, we distribute urgent information on a timely basis in our Compliance Information and work to raise compliance awareness group-wide. In FYE 2019, we are providing Normative Consciousness Enhancement Education for SUBARU and Group company managers and sharing information on the causes and background of the occurrence of improprieties relating to final vehicle inspection work at SUBARU and promoting measures in each department to prevent the occurrence of similar improprieties. Also, we are redeveloping work regulations group-wide and plan to expand the scope of persons who receive compliance training and continuously provide compliance education. We will also distribute an essential edition of the Compliance Manual to all employees.

System of Compliance

