



Annual Report 2020

For the year ended March 31, 2020



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.

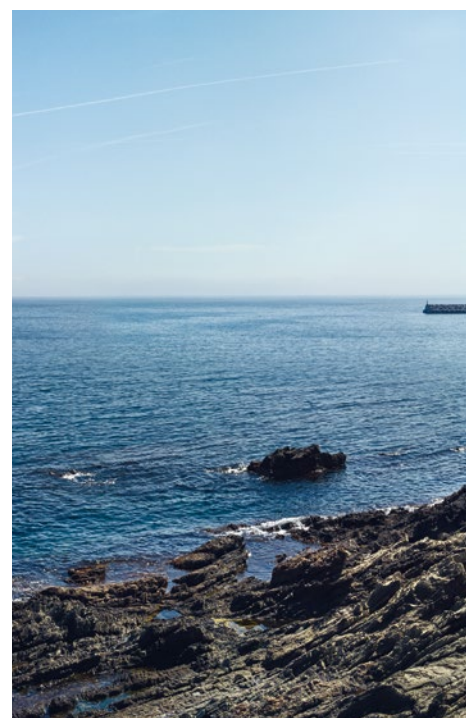
Corporate Code of Conduct

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.





CONTENTS

- 03 SUBARU Business Style
- 05 Overview of the 2020 Annual Report

Value Creation

- 07 Message from the CEO
- 13 Message from the CFO

Growth Strategy

- 17 Mid-term Management Vision
- 25 SUBARU's Future Technology Strategy
- 29 Business Overview

Business Foundation Supporting Value Creation

- 37 Directors, Auditors, and Executive Officers
- 39 Corporate Governance
- 49 Messages from the Outside Directors
- 51 The SUBARU Group's CSR

Value Creation Outcomes

- 77 Financial and Non-Financial Data

Corporate Data

- 85 History of the SUBARU Group
- 87 Corporate Information

Disclaimer Regarding Forward-Looking Statements

Statements herein concerning plans and strategies, expectations or projections about the future, SUBARU's efforts with regard to various management issues, and other statements, except for historical facts, are forward-looking statements. These forward-looking statements are subject to uncertainties that could cause actual results to differ materially from those anticipated. These uncertainties include, but are not limited to, general economic conditions, demand for and prices of SUBARU's products, SUBARU's ability to continue to develop and market advanced products, raw material prices, and currency exchange rates. SUBARU disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events, or otherwise.



Vision for 2025

From a company making things, to a company making people smile.

SUBARU, by no means a large automaker, is implementing a business model centered on selection and concentration of limited management resources, creating added value, and pursuing uncompromising differentiation.

Under the STEP mid-term management vision, we will swiftly, steadily, and powerfully, move forward and solidify our foundation for the sustained growth of both the automotive and aerospace businesses.



Strengthening of the management foundation

We will strengthen the management foundation by pursuing qualitative improvement in every aspect of the company, including products, services, culture, human resources, organizations, finance, and operations.

Focus business strategy to enhance strengths

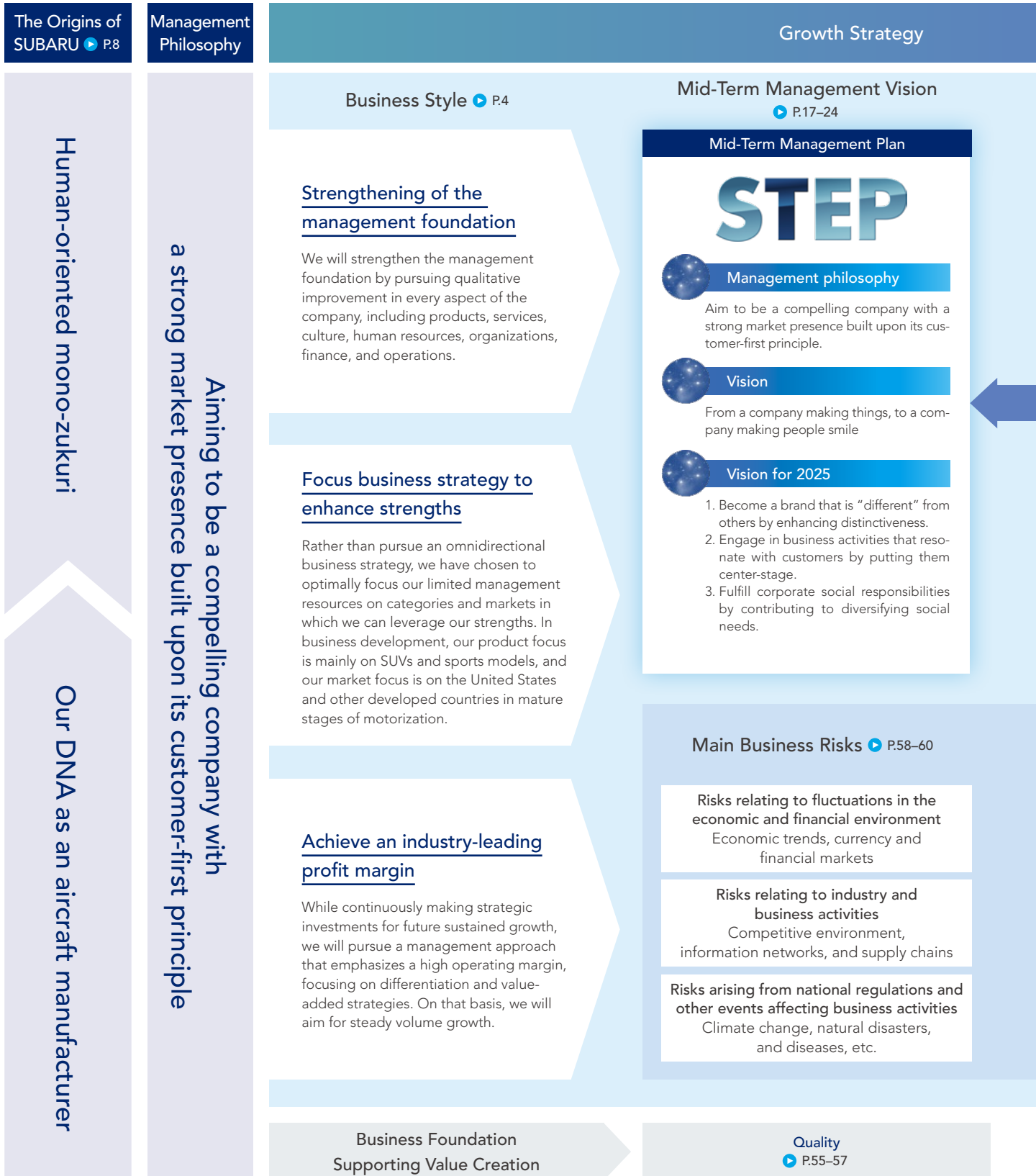
Rather than pursue an omnidirectional business strategy, we have chosen to optimally focus our limited management resources on categories and markets in which we can leverage our strengths. In business development, our product focus is mainly on SUVs and sports models, and our market focus is on the United States and other developed countries in mature stages of motorization.

Achieve an industry-leading profit margin

While continuously making strategic investments for future sustained growth, we will pursue a management approach that emphasizes a high operating margin, focusing on differentiation and value-added strategies. On that basis, we will aim for steady volume growth.

Overview of the 2020 Annual Report

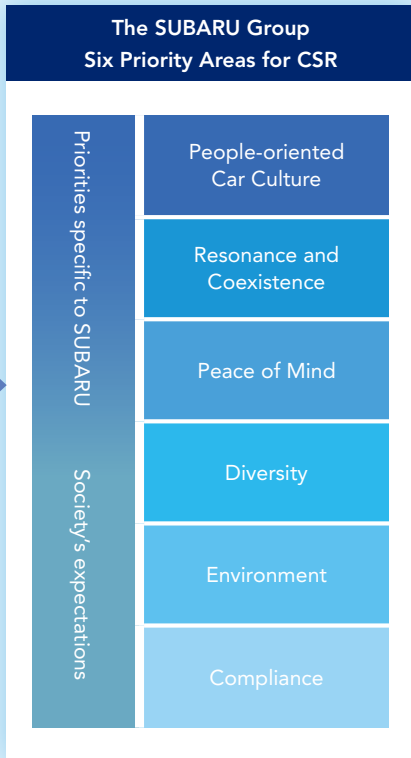
Our bond with SUBARU customers was built on our commitment to excellence in mono-zukuri, combined with a sense of trust and resonance. By strengthening this bond, we will further enhance the SUBARU brand and provide all stakeholders, including customers, with "Enjoyment and Peace of Mind."



Business Foundation Supporting Value Creation

Quality ▶ P.55-57

Six Priority Areas for CSR [▶ P.51–54](#)



Main Social Issues

- Human rights issues
- Aging society
- Increasing traffic accidents
- Increasing CO₂ emissions
- Resource recycling
- Responding to COVID-19

Value Provided to Stakeholders

Goal

Providing "Enjoyment and Peace of Mind"

- Customers
- Business Partners
- Employees
- Shareholders, investors
- Communities, society

Value Created through Our Business Activities

- Contribution to the creation of a low-carbon society [▶ P.61–64](#)**
 - Reduction of CO₂ emissions from factories, offices, and other facilities (Scope 1 and 2) and products
- Contribution to the creation of a recycling-based society [▶ P.61–64](#)**
 - Promotion of automobile recycling, 3R initiatives in factories and other facilities
- Harmonious coexistence with communities [▶ P.75–76](#)**
 - Environmental and social contribution activities in communities that have close links to the SUBARU Group

Value Creation through Product Supply

- Distinctive and attractive products
- Zero traffic fatalities by 2030
- Products [▶ P.25–28](#)**
 - Reduction of average well-to-wheel CO₂ emissions from new vehicles (in operation) by at least 90% compared to 2010 levels by 2050
 - Make at least 40% of global sales of electric vehicles (EVs) and hybrid electric vehicles (HEVs) by 2030
- Markets [▶ P.19–20](#)**
 - 5% share of the U.S. market
 - Sales of 1.3 million units in 2025

Profit Plan/Capital Policy [▶ P.19–20](#)

(¥105/USD)

Profit Plan for FYE 2019-2021 (3 years)	
Net sales	10 trillion yen
Operating income	950 billion yen
Operating margin	9.5%
R&D expenses	400 billion yen (+18%)
Capital expenditures	450 billion yen (+3%)
Depreciation and amortization	300 billion yen (+29%)

*() : Percent change from previous 3-year period (FYE2016–2018)

Capital Policy		
Net cash	Two months' worth of net sales at minimum	
Equity ratio	50% at minimum	
ROE	Minimum	10%
	Target	15%
Shareholder returns	Yearly dividend per share	144 yen
	Share repurchases	To conduct flexibly

From a company making things, to a company making people smile

Corporate governance [▶ P.37–50](#)

Risk management [▶ P.58–60](#)

Compliance [▶ P.65–67](#)

Human resources [▶ P.68–73](#)

Human rights [▶ P.74](#)