

Directors, Auditors, and Executive Officers (As of June 24, 2020)

Directors of the Board

Term of office of directors/Number of stocks held



Yasuyuki Yoshinaga

Director of the Board
Chairman

11 years / 63,715 stocks



Tomomi Nakamura

Representative Director of the Board
President, CEO

2 years / 19,077 stocks



Kazuo Hosoya

Representative Director of the Board
Deputy President

1 year / 13,840 stocks



Toshiaki Okada

Director of the Board
Executive Vice President, CFO

3 years / 13,472 stocks



Yoichi Kato

Director of the Board
Executive Vice President, CRMO

3 years / 7,699 stocks



Tetsuo Onuki

Director of the Board
Executive Vice President

2 years / 12,641 stocks



Yasuyuki Abe

Outside Director

1 year / 2,600 stocks



Natsunosuke Yago

Outside Director

1 year / 800 stocks



Miwako Doi

Outside Director

Newly appointed / 0 stock

Auditors

Term of office of auditors/Number of stocks held



Akira Mabuchi

Standing Corporate Auditor

5 years / 44,300 stocks



Hiromi Tsutsumi

Standing Corporate Auditor

Newly appointed / 18,956 stocks



Shigeru Nosaka

Outside Corporate Auditor

1 year / 200 stocks



Kyoko Okada

Outside Corporate Auditor

1 year / 200 stocks

Executive Officers

*Concurrently serve as a Director

Chairman	Yasuyuki Yoshinaga*	
President	Tomomi Nakamura*	CEO (Chief Executive Officer) Aerospace Company, Quality
Deputy President	Kazuo Hosoya*	Chief General Manager of Manufacturing Div. China Project Office
Executive Vice President	Toshiaki Okada*	CFO (Chief Financial Officer) Secretarial Office, Finance & Accounting Dept., and Human Resources Dept.
Executive Vice President	Yoichi Kato*	CRMO (Chief Risk Management Officer) Risk Management Group, External Relations Dept., and Intellectual Property Dept.
Executive Vice President	Katsuyuki Mizuma	Chief General Manager of Overseas Sales & Marketing Div. 2
Executive Vice President	Tetsuo Onuki*	Chief General Manager of Purchasing Div., Product Planning Div.
Executive Vice President	Atsushi Osaki	CQO (Chief Quality Officer) Chief General Manager of Quality Assurance Div., General Manager of Quality Assurance Management Office
Executive Vice President	Fumiaki Hayata	Chief General Manager of Overseas Sales & Marketing Div.1, Chairman and CEO of SIA ¹
Senior Vice President	Shoichiro Tozuka	Company President of Aerospace Company
Senior Vice President	Takuji Dai	CIO (Chief Information Officer) Chief General Manager of IT Strategy Div., Senior General Manager of Corporate Planning Div.
Senior Vice President	Tatsuro Kobayashi	General Manager of Human Resources Dept.
Senior Vice President	Eiji Ogino	Senior General Manager of Manufacturing Div., Chief General Manager of Gunma Plant
Senior Vice President	Jinya Shoji	Senior General Manager of Overseas Sales & Marketing Div. 1, Executive Vice President of SOA ² SCI ³ , NASI ⁴
Senior Vice President	Yoichi Sato	Chief General Manager of Japan Sales & Marketing Div.
Vice President	Yasushi Nagae	General Manager of Investor Relations Dept. and General Administration Dept., Corporate Communications Dept.
Vice President	Takeshi Seiyama	Chief General Manager of Parts & Accessories Div.
Vice President	Osamu Eriguchi	Chief General Manager of Engineering Div. 2, Senior General Manager of Engineering Management Div.
Vice President	Tomoaki Emori	Chief General Manager of Corporate Planning Div.
Vice President	Tatsuya Okuno	Chief General Manager of Engineering Div. 1, Senior General Manager of Engineering Management Div.
Vice President	Tamotsu Inui	Chief General Manager of Cost Planning & Management Div., Senior General Manager of Corporate Planning Div.
Vice President	Tetsuo Fujinuki	CTO (Chief Technology Officer) Chief General Manager of Engineering Management Div. and Technical Research Center
Vice President	Hiroshi Wakai	Company Vice President of Aerospace Company, Senior General Manager of Engineering & Development Center
Vice President	Kazuhiro Abe	Chief General Manager of Product Planning Div.
Vice President	Hiroshi Watahiki	Senior General Manager of Engineering Management Div.
Vice President	Tadashi Yoshida	Chief General Manager of Customer Service Div.
Vice President	Ryota Fukumizu	President and COO of SIA ¹

¹ Subaru of Indiana Automotive, Inc.

² Subaru of America, Inc.

³ Subaru Canada, Inc.

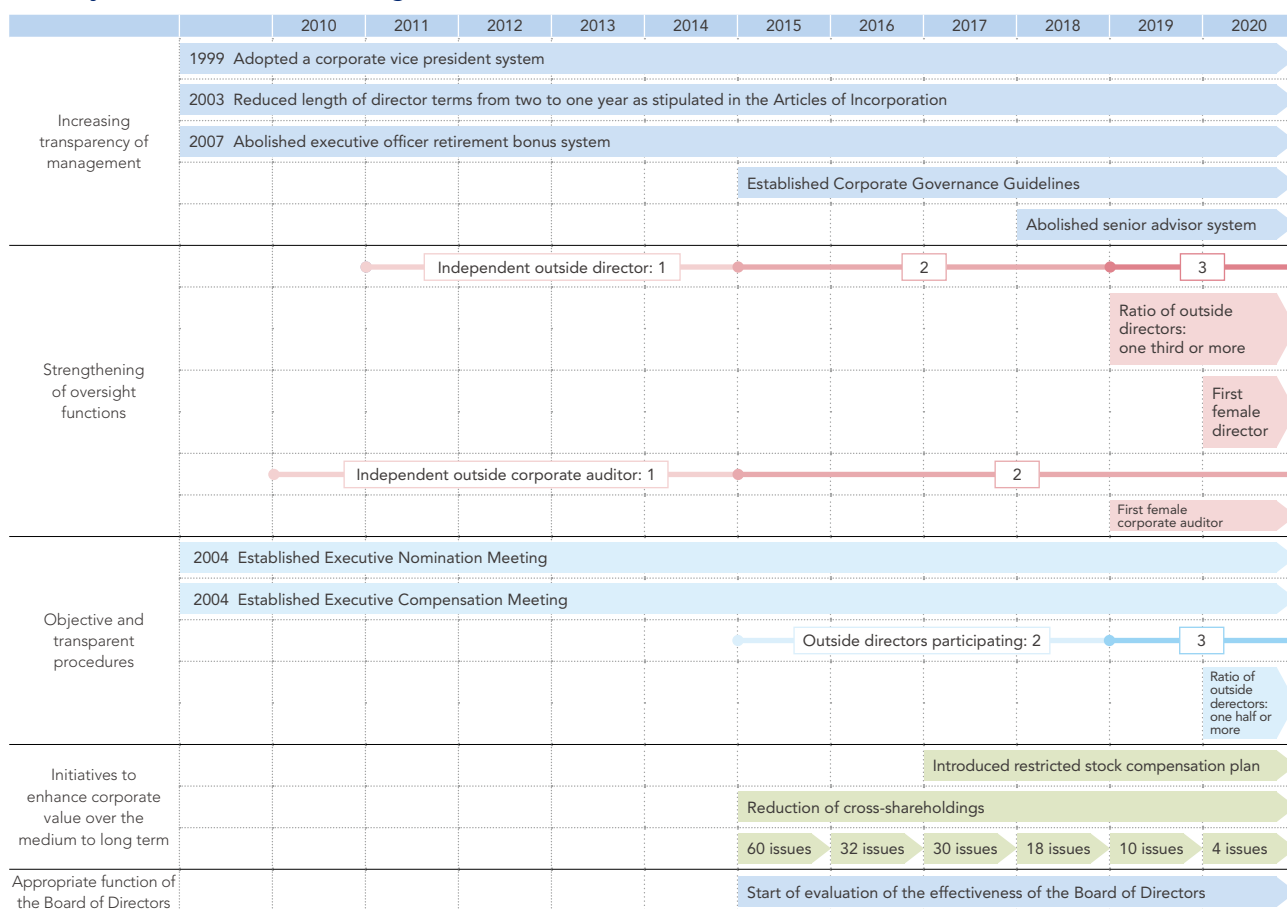
⁴ North American Subaru, Inc.

Corporate Governance

Basic Policy of the Corporate Governance

- Aspiring to the goal of transitioning “From a company making things, to a company making people smile,” SUBARU works on the enhancement of corporate governance as one of the top priorities of management in order to gain the satisfaction and trust of all its stakeholders by achieving sustainable growth and improving its corporate value in the medium and long term based on the corporate philosophy and management philosophy.
- SUBARU clearly separates the function of decision-making and the oversight of corporate management from that of the execution of business operations and aims to realize effective corporate management by expediting decision-making.
- SUBARU ensures proper decision-making and the oversight of corporate management and the execution of business operations as well as enhances its risk management system and compliance system through the monitoring of its management and operations and advice provided by outside officers.
- SUBARU implements proper and timely disclosure of information in order to improve the transparency of management.

History of Initiatives to Strengthen Governance

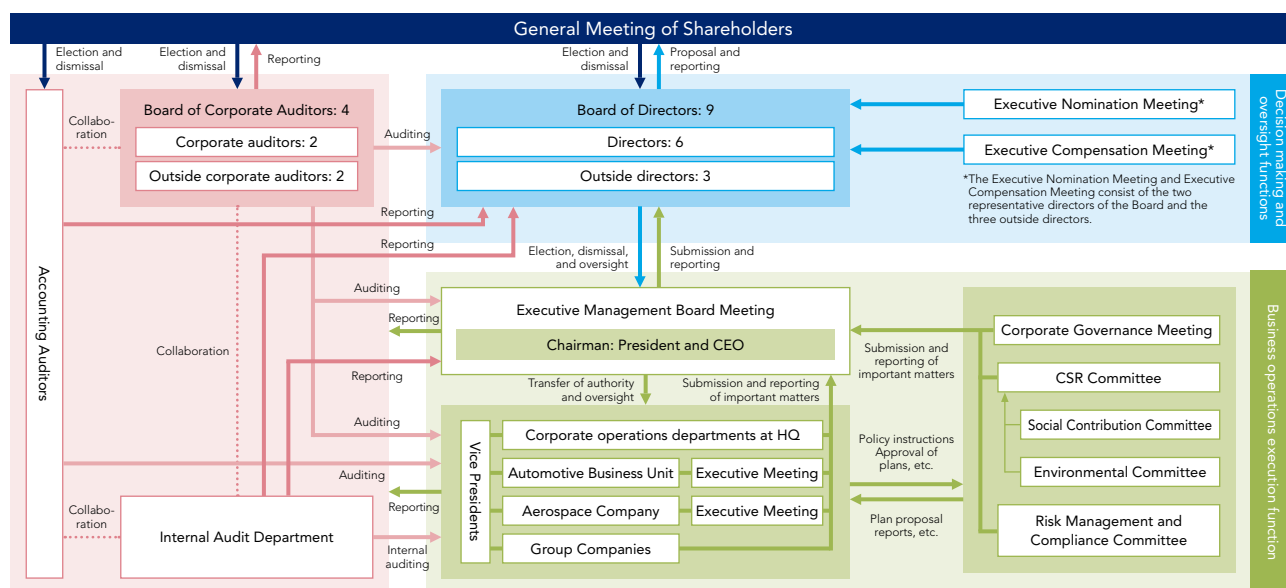


Corporate Governance System

The Company has chosen a company with a board of corporate auditors as its corporate governance structure. The Board of Directors decides and supervises the execution of important business, and the Board of Corporate Auditors audits the execution of duties by directors. The structure enables us to achieve sounder, more efficient business operations through increased effectiveness of management monitoring by involving independent outside directors and outside corporate auditors. In addition, in order to enhance the practical governance structure based on the ongoing organizational design, we have established two voluntary meetings: the Executive Nomination Meeting and Executive Compensation Meeting.

With regard to the business operation system, the Company has established the Executive Management Board Meeting as a preliminary consultation body to conduct deliberations on company-wide management strategies and the execution of important business before their presentation at the Board of Directors Meeting. In addition, the Company has adopted a vice president system and established the Executive Board Meeting as the decision-making body of each business department, and converted the Aerospace division into an internal company in order to clarify responsibilities and accelerate the execution of business operations.

System of Corporate Governance



Board of Directors and Board of Corporate Auditors

Organization	Board of Directors	Board of Corporate Auditors
Chairman	Chairman of Board of Directors	Standing Corporate Auditor
Composition	Directors: 6 Outside directors: 3	Standing Corporate Auditors: 2 Outside Corporate Auditors: 2
Role/responsibility	The Board of Directors ensures fairness and transparency by performing the oversight function for overall management and makes the best decisions possible for the Company through appointment, evaluation and resolution regarding the compensation of its CEO and other management team members, the assessment of material risks faced by the Company and the development of measures to deal with such risks, and decisions on the execution of important business of the Company.	The Board of Corporate Auditors, as an independent organization entrusted by shareholders, is responsible for ensuring the sound and sustainable growth of the Company and establishing a high-quality corporate governance system that can be trusted by society by performing audits of the execution of duties by directors, passing resolutions on the contents of proposal items regarding the appointment and dismissal, or non-reappointment, of accounting auditors that are to be submitted to the General Meeting of Shareholders, and performing business audits, accounting audits and other matters prescribed by the laws and regulations.
Meetings held in FYE March 2020	13 times ¹	12 times

¹ In addition to the number of Board of Directors' meetings shown in the above table, there were two written resolutions passed that have been deemed equivalent to a Board of Directors' meeting, pursuant to Article 370 of the Companies Act and the Articles of Incorporation

Executive Nomination and Executive Compensation Meetings

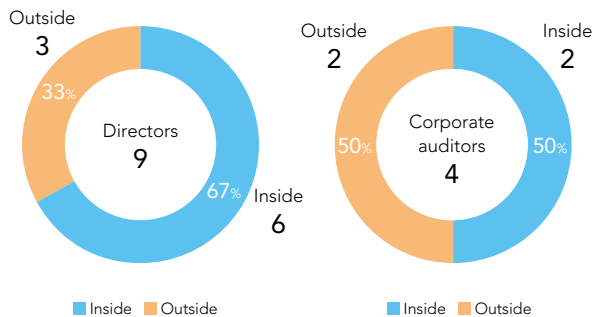
Organization	Executive Nomination Meeting	Executive Compensation Meeting
Chairman	Representative Director of the Board and President	Representative Director of the Board and President
Composition	Representative Directors: 2 Outside Directors: 3	Representative Directors: 2 Outside Directors: 3
Role/responsibility	To ensure the fairness and transparency of decisions on executive appointment, the Executive Nomination Meeting submits to the Board of Directors proposals of nomination of candidates for directors and corporate vice presidents approved following full deliberation by committee members. The Board of Directors Meeting then deliberates and resolves these proposals. Approval of the Board of Corporate Auditors is obtained for nominations of candidates for corporate auditors.	To ensure fairness and transparency in decisions on compensation for directors, the Executive Compensation Meeting, on the basis of delegation by the Board of Directors, determines specific compensation amounts, including the compensation system, following sufficient deliberation by its members. With regard to revisions of the compensation system and other matters pertaining to compensation overall, proposals approved by the Executive Compensation Meeting are deliberated and decided on by the Board of Directors.
Meetings held in FYE March 2020	4 times	4 times
Items deliberated in FYE March 2020	The Executive Nomination Meeting submitted reports mainly on the executive structure and appointments, the division of duties of executives, and the appointment of representatives of major subsidiaries, and discussed matters concerning the CEO succession plan.	The Executive Compensation Meeting discussed the compensation structure, decided performance-linked compensation for directors (except for outside directors) and corporate vice presidents, and determined individual compensation amounts for restricted stock compensation.

Directors/Auditors

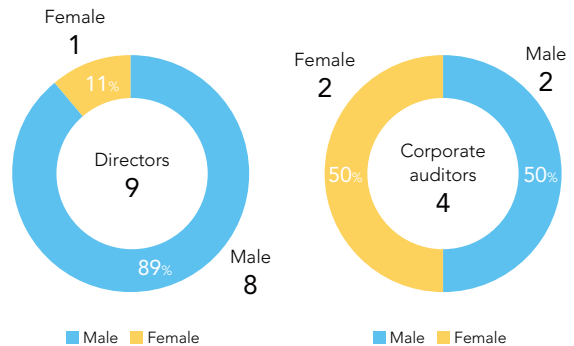
	Name	Position	Female	Term	Total years of service	Board of Directors ¹	Board of Corporate Auditors ¹
Directors	Yasuyuki Yoshinaga	Director, Chairman		1 year	11 years	◎	
	Tomomi Nakamura	Representative Director, President and CEO			2 years	○	
	Kazuo Hosoya	Representative Director, Deputy President			1 year	○	
	Toshiaki Okada	Director, Executive Vice President and CFO			3 years	○	
	Yoichi Kato	Director, Executive Vice President and CRMO			3 years	○	
	Tetsuo Onuki	Director, Executive Vice President			2 years	○	
	Yasuyuki Abe	Independent Outside Director			1 year	○	
	Natsunosuke Yago	Independent Outside Director			1 year	○	
	Miwako Doi Newly appointed	Independent Outside Director	☆		Newly appointed	○	
Corporate Auditors	Akira Mabuchi	Standing Corporate Auditor		4 years	5 years	○	◎
	Hiromi Tsutsumi Newly appointed	Standing Corporate Auditor	☆		Newly appointed	○	○
	Shigeru Nosaka	Independent Outside Corporate Auditor			1 year	○	○
	Kyoko Okada	Independent Outside Corporate Auditor	☆		1 year	○	○

Composition of Directors/Auditors

Ratio of Outside Directors/Auditors



Ratio of Female Directors/Auditors



Board of Directors' Meeting Participation Rate

Category	FYE March 2016	FYE March 2017	FYE March 2018	FYE March 2019	FYE March 2020
Number of meetings held	15 times	15 times	17 times	16 times	13 times
Attendance rate	96.3%	96.3%	99.0%	98.4%	100.0%

*In addition to the number of Board of Directors' meetings shown in the above table, there was one written resolution passed in FYE March 2019 and two in FYE March 2020 that have been deemed equivalent to a Board of Directors' meeting, pursuant to Article 370 of the Companies Act and the Articles of Incorporation

*Attendance rates for newly elected directors are calculated based on the number of Board of Directors' meetings held after they assumed office

CEO Succession Plan

Approach

- The Company recognizes that decision-making regarding top management changes and successor selection may have a critical influence on corporate value. Therefore, in order to ensure a successful succession at the right timing, we invest substantial time and resources to carefully develop and implement succession plans.

1 ◎ and ○ indicate attendance of the chairman and other members, respectively

(As of June 24, 2020)

The Executive Nomination Meeting ¹	The Executive Compensation Meeting ¹	Main areas of expertise							
		Management (executive experience)	Technology/development	Manufacturing/procurement	Sales/marketing	Global	Finance (CFO experience)	Corporate ESG	IT
		●			●			●	
◎	◎	●			●	●		●	
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- In order to hand over the business to the right person, the Board of Directors, as part of its essential duties, develops succession plans that can convince all stakeholder groups. To ensure objectivity and transparency in the process for deciding on the replacement and selection of the CEO, the Board of Directors appropriately supervises the preparation of proposals by the current CEO through discussions at the Executive Nomination Meeting.
- To be able to implement succession plans appropriately, the CEO begins to prepare for selection and development of his/her successor candidates independently upon assuming office. Key processes for this purpose include providing information on candidates to outside directors on an ongoing basis, particularly by enabling the directors to monitor the candidates in person continuously in day-to-day business settings, as a measure to ensure appropriate and timely evaluation and selection down the road.
- The Board of Directors and Executive Nomination Meeting meet on a regular basis to review the list of essential qualities and skills required of the CEO, which may include removing and adding items, in consideration of perception of current trends, changes in the business environment surrounding the company, and the future direction of the group's business strategies.

To ensure the objectivity of the successor selection process and increase the effectiveness of its supervision by the Board of Directors and Executive Nomination Meeting, it is important to have effective selection criteria in place, particularly for use by outside directors. Based on this view, the Company has established two sets of criteria: "Abilities required of the SUBARU Group's CEO" and "Five key qualities required of the SUBARU Group's CEO." These criteria serve as a guide for evaluating candidates in light of quality, competency, experience, track record, specialized expertise, personality and other factors, which have been discussed and decided on by the Board of Directors and Executive Nomination Meeting.

Abilities required of the SUBARU Group's CEO

The SUBARU Group's CEO must be able to properly understand the business environment surrounding SUBARU, its corporate culture and philosophy, business growth stages, and medium- to long-term management strategies and challenges; facilitate collaboration appropriately with various stakeholders; and lead all executives and employees to work together to maximize corporate value.

Five key qualities required of the SUBARU Group's CEO

1. Integrity
2. Broad perspective
3. Character
4. Tireless spirit or revolutionary leadership skills
5. Person of action

Outside Directors/Outside Corporate Auditors

Nomination Criteria

- The outside directors are expected to perform a monitoring function independent from the management team and provide appropriate advice on the management of the Company on the basis of wide range of sophisticated knowledge.
- The outside corporate auditors are expected to perform a management oversight function independent from the management team and undertake their role of auditing from the viewpoint of legality and appropriateness on the basis of broad and advanced knowledge.
- The Company has established criteria for independence of outside officers in addition to the criteria for independence established by the Tokyo Stock Exchange, and appoints outside directors and outside corporate auditors who meet those criteria.

Reasons for Appointing Each Outside Officer

Name	Independent Officer Status ¹	Reasons for Appointing	FYE March 2020	Significant Concurrent Positions (As of June 30, 2020)
			Meeting Attendance	
Outside Director Yasuyuki Abe	○	As representative director and senior managing executive officer of Sumitomo Corporation, Mr. Yasuyuki Abe has been involved in management in both a supervisory and executional capacity, possesses extensive experience and knowledge in business management, and has an advanced understanding of the IT field. Mr. Abe has served three years as an independent outside corporate auditor for the Company since June 2016. During his tenure, he has supervised the execution of duties conducted by directors, as well as understood the true nature of the problems facing the Company and offered his frank opinions to senior management in a timely and appropriate manner. In June 2019, Mr. Abe was appointed to the position of independent outside director and has been providing beneficial advice to the Company's management. In light of this, the Company has once again appointed Mr. Abe with the expectation that he will provide sufficient advice and oversight of all aspects of the Company's management from an independent perspective when he assumes office as an outside director of the Company.	BD 10 of 10 meetings BCA 2 of 2 meetings	Director of the Board (External), JVC KENWOOD Corporation Advisor, ORANGE AND PARTNERS CO., LTD.
Outside Director Natsunosuke Yago	○	Mr. Natsunosuke Yago served successively as president and representative executive officer and chairman at Ebara Corporation, and has extensive experience and knowledge in business management. Mr. Yago is especially knowledgeable in the areas of internal control and governance. In June 2019, the Company appointed him to the position of independent outside director. Given that he has been providing beneficial advice to the Company's management based on his rich experience and wide range of knowledge, and high level of insight into the Company's social responsibilities, we appointed Mr. Yago once again with the expectation that he will provide sufficient advice and oversight of all aspects of the Company's management from an independent perspective when he assumes office as an outside director of the Company.	BD 10 of 10 meetings	President, Ebara Hatakeyama Memorial Foundation Outside Director, J. FRONT RETAILING Co., Ltd.
Outside Director Miwako Doi Newly appointed	○	As a researcher and supervisor in the field of information technology at Toshiba Corporation, Ms. Miwako Doi has accumulated vast experience and made many achievements in this field over many years. In addition, she has held successive positions, mainly in government committees, owing to her high level of expertise and extensive experience and knowledge. In June 2020, we appointed Ms. Doi to the position of outside director with the expectation that she will provide sufficient advice and oversight of all aspects of the Company's management from an independent perspective when she assumes office, given her experience and high level of insight as an expert cultivated from her vast experience.	BD —	Auditor, National Institute of Information and Communications Technology (NICT) Executive Director, Nara Institute of Science and Technology Executive Vice President, Tohoku University Outside Director, Isetan Mitsukoshi Holdings Ltd. Outside Director, NGK Spark Plug Co., Ltd.
Outside Corporate Auditor Shigeru Nosaka	○	Mr. Shigeru Nosaka has been involved in management in both a supervisory and executional capacity as a director, executive deputy president and deputy chairman and CFO at Oracle Corporation Japan and possesses extensive experience and knowledge in business management. In June 2019, Mr. Nosaka was appointed to the position of independent outside corporate auditor and has been providing beneficial advice to the Company's management based on his wide range of insights into finance and accounting in corporate activities. In light of this, the Company has once again appointed Mr. Nosaka with the expectation that he will appropriately perform the duties when he assumes office as an outside corporate auditor of the Company.	BD 10 of 10 meetings BCA 10 of 10 meetings	
Outside Corporate Auditor Kyoko Okada	○	Ms. Kyoko Okada has accumulated extensive experience and knowledge in areas such as CSR and corporate culture at Shiseido Co., Ltd. and has a career in management auditing as a corporate auditor at Shiseido. In June 2019, Ms. Okada was appointed to the position of independent outside corporate auditor and has been providing beneficial advice to the Company's management based on her wide range of insights into CSR and corporate culture in corporate activities. In light of this, the Company has once again appointed Ms. Okada with the expectation that she will appropriately perform the duties when she assumes office as an outside corporate auditor of the Company.	BD 10 of 10 meetings BCA 10 of 10 meetings	Japan Cancer Society, Director Outside Audit & Supervisory Board Member, NS Solutions Corporation Outside Audit & Supervisory Board Member, Daio Paper Corporation

BD Board of Directors BCA Board of Corporate Auditors

¹ Outside directors and outside corporate auditors with no risk of a conflict of interest with general shareholders as stipulated by the stock exchange

Executive Officer Training

Category	Training Policy/ Major Ongoing Programs
Directors Corporate auditors	<p>Policy SUBARU provides its directors and corporate auditors on an ongoing basis with information and knowledge regarding its business activities that is necessary for them to fulfill their responsibilities to oversee and audit the management.</p> <ul style="list-style-type: none"> • Refresher courses focusing on information regarding the Companies Act and other laws and regulations related to corporate governance • Participation in seminars and programs hosted by government agencies, Japan Federation of Economic Organizations, Japan Association of Corporate Directors, Japan Audit & Supervisory Board Members Association, etc.
Outside directors Outside corporate auditors	<p>Policy SUBARU provides its outside officers on an ongoing basis with information relating to the company's management philosophy, corporate culture, business environment and other matters, mainly through arranging appropriate opportunities, such as operations briefings from business divisions and factory tours, as well as creating an environment for officers to share information and exchange opinions more easily.</p> <ul style="list-style-type: none"> • The following programs are provided to outside Board members at the time of appointment and subsequently to keep them updated. <ul style="list-style-type: none"> - Opportunities for discussions with and briefings from responsible vice presidents about the management philosophy, corporate culture, business environment, and the performance, situation and issues of each business division/department - Inspection tours at manufacturing/R&D/distribution sites - Discussions with directors and corporate auditors on management issues - Social gatherings with directors and corporate auditors - Participation in company-wide business events, such as improvement activity debriefing sessions
Vice presidents	<p>Policy SUBARU gives vice presidents similar opportunities as those given to directors and auditors, for the purpose of developing human resources to lead its management in the future.</p> <ul style="list-style-type: none"> • Participation in external programs aimed at fostering the mindset required for executive management and motivating self-improvement actions • Lectures by invited experts in specified topics to share and increase literacy in the related field (legal affairs, compliance, IT, the SDGs, etc.) • Strategy building camps for all vice presidents • Recommendation and support for participation in appropriate external seminars and programs

*Expenses to be incurred for offering the above training to directors and corporate auditors, including outside officers and vice presidents are borne by the company.

Category	Programs Provided in FYE March 2020
All executives (including outside officers)	<ul style="list-style-type: none"> • External seminars: each of the total four newly appointed directors and vice presidents participated in different three-day programs • Classroom lectures by invited experts: two sessions were held for all executives to discuss management issues • Individual lectures by invited experts: a total of three sessions were held for two directors to listen to specialists in specified topics, including about the Companies Act • In-house presentations and exhibits: held to present information to all executives about future technologies and quality solutions • In-vehicle lessons offered to all executives, aimed to improve their driving skills, and teach them about new technologies (three sessions)
Outside directors Outside corporate auditors	<ul style="list-style-type: none"> • Operations briefings offered by vice presidents and related discussions: three newly appointed outside directors/corporate auditors attended 18 sessions in total • Inspection tours at manufacturing sites in Japan: three newly appointed outside directors/corporate auditors visited three different locations (plants, offices) • Inspection tours at Group companies in Japan: two outside corporate auditors visited five companies in total • Inspection tours at manufacturing and distribution sites outside Japan: two outside corporate auditors visited manufacturing and distribution sites in two countries • Management discussions and social gatherings with directors and corporate auditors: the entire Board membership (13 directors and corporate auditors) attended two semi-annual events • External exhibitions: outside directors and corporate auditors participated in external exhibitions

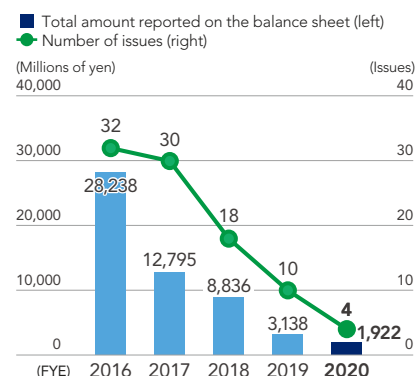
Cross-Shareholdings

Regarding major listed stocks held by the Company as cross-shareholdings, each year the Board of Directors examines each cross-shareholding to determine primarily its purpose and the benefits derived from it justify the associated capital cost. If the Board of Directors judges that cross-shareholding will contribute to management and business strategies in the medium and long term, the Company continues to hold the shares. The Company has been steadily reducing cross-shareholdings of listed shares—as detailed below—since the Corporate Governance Code went into effect, and the number of issues was four as of March 31, 2020.

Number of Issues of Cross-Shareholdings and Total Amount Reported on the Balance Sheet

Category		FYE March 2016	FYE March 2017	FYE March 2018	FYE March 2019	FYE March 2020
Number of issues (Issues)	Listed	32	30	18	10	4
	Unlisted	31	32	31	31	32
	Total	63	62	49	41	36
Amount reported on the balance sheet (Millions of yen)	Listed	28,238	12,795	8,836	3,138	1,922
	Unlisted	526	544	535	535	581
	Total	28,764	13,339	9,371	3,673	2,503

Listed Cross-Shareholdings



Effectiveness Evaluation of the Board of Directors

In accordance with our Corporate Governance Guidelines, the Board of Directors analyzes and evaluates the effectiveness of the Board and examines and implements improvement measures to tackle the issues identified. In FYE March 2020, as well as conducting fixed-point observation based on the FYE March 2019 evaluation, the Board of Directors undertook analysis and evaluation focused primarily on checks of initiatives to address issues identified in the FYE March 2019 evaluation. The results are reported below.

Evaluation and Analysis Methods

Timing of implementation: February 2020

Respondents: All directors and all corporate auditors (13, including outside directors)

Method: Self-evaluation using a questionnaire drawn up by a third-party body

- (1) The third-party body conducts an anonymous self-evaluation questionnaire for all directors and all corporate auditors.
- (2) The third-party body collates and analyzes results.
- (3) The Board of Directors reviews and discusses the report received from the third-party body.

Focus of Questions

- 1) Board of Directors' management structure
- 2) Board of Directors' oversight function
- 3) Shareholder dialogue
- 4) Addressing of issues identified in the FYE March 2019 evaluation

As well as the self-evaluation section in which each person rates themselves on a four-rank scale, the questionnaire has a free-response section in which respondents can describe their views on the areas in which SUBARU's Board of Directors is achieving excellence and areas where it needs to increase its effectiveness.

Results of Evaluation

The Company has received the following report on the results from the third-party body commissioned to conduct the evaluation.

- As with the evaluations conducted through to FYE March 2019, with respect to the operation of the Board of Directors, the evaluation found that healthy, frank discussion from a company-wide perspective took place at meetings of the Board of Directors.
- The areas identified as strengths in the previous year's evaluation ("leadership by the Chair," "discussion of cross-shareholdings for policy purposes," and "size of the Board of Directors") continued to be rated highly, which confirms that the strengths of SUBARU's Board of Directors have been sustained.
- In particular, there were improvements in the following areas: operation of the Board of Directors, support system for the Board of Directors, and supervisory functions of the Board of Directors and risk management system of the Board of Directors.
- On the other hand, as in the previous year, the need to further enhance the discussion on medium- to long-term management strategies was confirmed. The evaluation also showed that there was a strong awareness of issues in such areas as information security system and sustainability, so further improvements and functional enhancements are expected in these areas.
- Regarding this evaluation, five of the 13 officers were new to the Board. It has been noted that simple comparisons to the previous year's evaluation should be made with caution, as the evaluation criteria may differ for each officer.

Issues Recognized in the FYE March 2019 Evaluation

In FYE March 2020, directors and corporate auditors addressed the following issues recognized in the FYE March 2019 evaluation.

(1) Strengthening the system for identifying and managing risk

We have strengthened our risk identification and management system by establishing the position of Chief Risk Management Officer (CRMO) to oversee the Risk Management Group and by providing more opportunities for discussion at Board of Directors meetings than before.

(2) Enhancing discussions on medium- to long-term management strategies

We strove to invigorate discussions on medium- to long-term management strategies by providing more opportunities for reporting and discussion at Board of Directors meetings, including sharing and discussing the progress of our medium-term management vision.

(3) Succession planning and development policies

The Executive Nomination Meeting and the Board of Directors held discussions on the CEO succession plan, and made resolutions on the CEO succession plan and the ideal image of the SUBARU Group's CEO, which will be implemented through ongoing discussions.

Future Initiatives

After receiving the evaluation report from the third-party body, the Board of Directors examines and discusses the CEO's succession plan and the members of the Board of Directors, Executive Nomination Meeting and Executive Compensation Meeting for implementing relevant measures. Furthermore, the Board of Directors continues to deepen discussions on medium- to long-term management strategies and has begun active discussions on information security systems and sustainability, with the aim of enhancing corporate value and achieving sustainable growth in the medium to long term. We will continue to strive to maintain and improve the effectiveness of the Board of Directors.

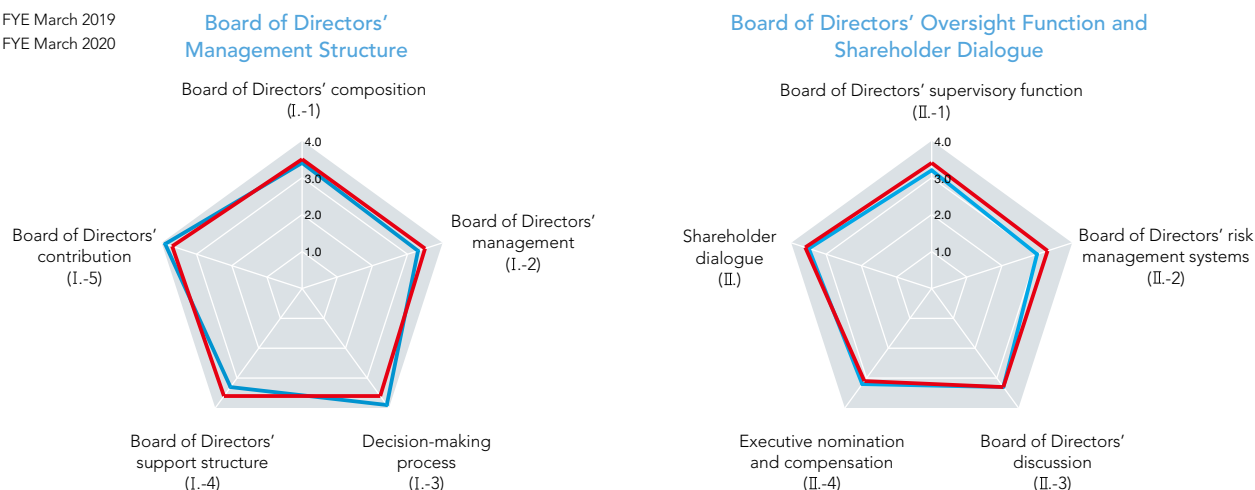
Results of the Questionnaire

Evaluation scale

4.0: High 1.0: Low

— FYE March 2019

— FYE March 2020



Evaluation Items

Category	Matters Examined		
I. Board of Directors' management structure			
1) Board of Directors' composition	Board of Directors' size	Board of Directors' composition (proportion of inside and outside directors)	Board of Directors' composition (diversity and specialty)
2) Board of Directors' management	Frequency, duration, and distribution of meetings	Appropriateness of agenda	Quality and quantity of documents
	Timing of document distribution	Pre-meeting explanation	Content of explanations and reports
3) Decision-making process	Chair's leadership	Adequate discussion	—
4) Board of Directors' support structure	Environment and systems for providing information	Provision of information to outside directors	Training of outside directors
	Training of inside directors	—	—
5) Board of Directors' contribution	Stance toward initiatives	Company-wide perspective	Mutual respect
	Diverse values	Stakeholder perspective	—
II. Board of Directors' oversight function			
1) Board of Directors' supervisory function	Reporting systems	Supervision of management	—
2) Board of Directors' risk management systems	Risk management systems	Subsidiary management systems	Information-sharing on risks and risk response
	Systems for managing progress of response measures	Thorough awareness of compliance issues	—
3) Board of Directors' discussion	Discussion of management strategy	Discussion of capital policy	Discussion of cross-shareholdings
	Discussion on strengthening governance	Responses to social and environmental issues	—
4) Executive nomination and compensation	Composition of Executive Nomination Meeting and Executive Compensation Meeting	Successor development	Incentive-based compensation
III. Shareholder dialogue			
Shareholder dialogue	Sharing shareholder and investor views	Enhancement of shareholder and investor dialogue	—

Compensation

Policy on the Method of Determining the Amount of Compensation for Directors

Compensation, etc., of directors is determined in view of the following items.

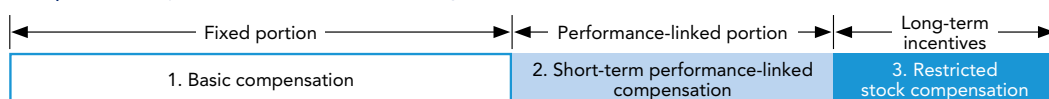
- Compensation, etc., is at a level commensurate with the roles and responsibilities of directors and is appropriate, fair, and balanced.
- The compensation structure is determined by giving consideration to providing motivation for sustained improvement in corporate performance and corporate value and securing excellent human resources.

The specific composition of compensation, etc., is as described below. The total amount of compensation and level of each compensation type are set according to job responsibilities and status as inside or outside director by utilizing the research data compiled by outside specialized agencies, etc.

1. Basic Compensation	A fixed portion with the specific amount determined based on job position, taking into consideration elements such as the business environment
2. Short-term performance-linked compensation	A performance-linked portion with the specific amount determined based on consolidated ordinary income ¹ for the current fiscal year, taking into consideration personnel development and the business environment, and adjusted according to the matrix of combined ROE and improved shareholders' equity ratio, which are both performance indicators aligned with the Company's capital policy.
3. Restricted stock compensation	Compensation to grant restricted stock for the purpose of providing an incentive for sustained improvement of the corporate value and further value sharing with the shareholders

In view of the role of outside directors in the monitoring and oversight of management from an independent standpoint, the Company does not provide short-term performance-linked compensation or restricted stock compensation to outside directors.

Compensation System for Directors (Excluding outside directors)



By a resolution passed at the 85th Ordinary General Meeting of Shareholders, held in June 2016, the maximum total amount of annual compensation, etc., for directors is 1.2 billion yen (including a maximum 200 million yen for outside directors). The maximum total amount of monetary compensation related to long-term incentives is 200 million yen per year, within the abovementioned limitation. The maximum number of directors provided for in the Company's Articles of Incorporation is 15. As for decisions on director compensation, the Executive Compensation Meeting, on the basis of delegation by the Board of Directors, determines specific compensation amounts, including the compensation system, following sufficient deliberation by its members, who include the independent outside directors. By a resolution passed at the 75th Ordinary General Meeting of Shareholders, held in June 2006, the maximum total amount of annual compensation, etc., for corporate auditors is 100 million yen. An amount determined through discussion among the corporate auditors based on position, taking into consideration the business environment, is paid as basic compensation for corporate auditors. The maximum number of corporate auditors provided for in the Company's Articles of Incorporation is five.

Compensation for Directors and Auditors in FYE March 2020

In STEP, the mid-term management vision announced in July 2018, the Company set forth a profit plan that includes operating income of 950.0 billion yen for the three-year period from FYE March 2019 to FYE March 2021. The Company announced it aims to achieve a ratio of shareholders' equity to total assets of 50% and to maintain a minimum ROE of 10% while aiming for ROE of 15% or higher. In accordance with these goals, the Executive Compensation Meeting, upon authorization by the Board of Directors, determined the amount of short-term performance-linked compensation to pay to each Director, using the consolidated ordinary income¹ for FYE March 2020 as the basis, making adjustment using the matrix of ROE and degrees of improvement in shareholders' equity ratio, and taking into consideration personnel development and the business environment.

¹ Since the SUBARU Group started to voluntarily apply the IFRS to the accounts from FYE March 2020, this figure was converted to consolidated ordinary income under the Japanese standards

Classification	Number	Total compensation (millions of yen)			
		Basic compensation (paid in fixed monthly installments)	Short-term Performance-linked compensation	Restricted stock compensation	
Directors (excluding outside directors)	6	298	91	53	442
Corporate auditors (excluding outside corporate auditors)	2	56	—	—	56
Outside directors and outside corporate auditors	7	56	—	—	56
Total	15	410	91	53	554

Note: The above table includes two directors who retired by the last day of FYE March 2020

At the end of FYE March 2020, there were nine directors (including three outside directors) and four corporate auditors (including two outside corporate auditors)

Internal Control

Management System

With the aim of increasing the effectiveness of internal controls and risk management, the Internal Audit Department was made independent of the Risk Management Group (overseen by the Chief Risk Management Officer (CRMO)) to ensure a higher level of independence of internal audit departments in the organization and to enhance the effectiveness of internal controls.

Internal Control System

In accordance with the Companies Act and the Ordinance for Enforcement of the Companies Act, SUBARU's Board of Directors has adopted a basic policy on putting in place systems that ensure that the performance of duties by directors is in conformity with laws and regulations and with the Articles of Incorporation, and other systems prescribed in the ordinance of the Ministry of Justice as being necessary to ensure the appropriate operations of the company and the corporate group consisting of the company and its subsidiaries. The Board of Directors maintains and operates this basic policy, reviewing it as needed.

Internal Control Related to Financial Reporting

The evaluation of internal control related to financial reporting under the Internal Control Reporting System of the Financial Instruments and Exchange Act is implemented with the last day of the consolidated accounting period as the record date. The evaluation is implemented according to generally accepted standards for evaluations of internal control related to financial reporting. The status of development of a system of internal control related to financial reporting as of March 31, 2020 is progressing appropriately and is functioning effectively, and the internal control report to this effect has been evaluated and confirmed by the CEO (Chief Executive Officer) and CFO (Chief Financial Officer), and has been audited by the accounting auditors before publication.



- The 89th Securities Report and Internal Control Report (Japanese only)

Audit

Auditing by Corporate Auditors

The Company has four corporate auditors (including two outside corporate auditors), who attend important meetings including those of the Board of Directors, inspect business sites and subsidiaries, interview members of the Internal Audit Department, and audit the execution of duties by directors and others in accordance with the audit policy and audit plan established by the Board of Corporate Auditors. The Company has a system in place whereby corporate auditors can gather information when necessary from directors or other employees when a situation arises that may cause significant damage to the Company, a significant violation of laws, regulations or the Articles of Incorporation, or another serious matter related to compliance. Moreover, the Company assigns employees to assist corporate auditors in their duties to ensure they can smoothly accomplish their work.

Internal Audit

The Company has established the Internal Audit Department—with 13 members—as an internal auditing organization under the direct supervision of the President and conducts internal audits of business execution at SUBARU and its domestic and overseas Group companies from an independent and objective standpoint. At the beginning of the fiscal year, the department prepares an internal audit plan for the fiscal year that takes into consideration the internal control status and risks to the Group as a whole and systematically implements the plan. The department prepares and distributes to the directors, corporate auditors, and concerned parties audit reports on the results of internal audits and reports on a half-yearly basis at the Board of Directors' Meeting and on a quarterly basis at the Executive Management Board Meeting. The Internal Audit Department and corporate auditors work to deepen collaboration and strengthen the auditing function through monthly internal audit report meetings held by the department and quarterly dialogues about internal control. The department and corporate auditors endeavor to strengthen the auditing function through quarterly information sharing with the accounting auditors. Moreover, the department is evaluated regularly by third-party experts to confirm internal auditing is being undertaken appropriately.

The Company has established Corporate Governance Guidelines to clarify its basic policy, framework, and operational policies related to Corporate Governance.



- The Corporate Governance Guidelines
- The Corporate Governance Report (Japanese only)

Messages from the Outside Directors



Yasuyuki Abe

Outside Director

Served as outside corporate auditor from

June 2016 to June 2019

Appointed as outside director in June 2019

Contributing to SUBARU's Greater Corporate Value through Sound Discussions with the Board of Directors and Other Company Officers

I believe the Board of Directors has long excelled in areas such as the numerous opportunities given to outside directors to speak their minds, and most importantly, that those opinions are received and discussed sincerely and seriously. SUBARU outside directors have diverse backgrounds and experience, and their opinions based on this knowledge contribute to a variety of meaningful discussions. On the other hand, there is an area I feel is changing. In order for meetings to progress efficiently, things such as pre-meeting explanations and distributing reference materials are being prepared more carefully. Moreover, I feel the quality of discussions is increasing, with previous discussions

being reflected where necessary in the proceedings of subsequent meetings of the Board of Directors. Also, I feel there is growing trust and stronger relationships among officers because opportunities outside the meetings of the Board of Directors for building mutual understanding among officers. While terms come to an end and members change, I believe our mission as outside directors is to maintain the current positive atmosphere and continue sound discussions to increase SUBARU corporate value.

In this era of significant change brought on by CASE¹ technologies, it is generally considered difficult for a company of SUBARU's size to survive. I believe it is our size, however, that enables greater agility and conversely makes it highly possible for us to gain an advantage. It is, however, difficult for SUBARU to respond simultaneously to various situations around the world on its own. It is important to take a balanced approach to focus further on priority strengths and utilize outside help in areas where this is possible. COVID-19 has the potential to completely change people's values and lifestyles. In such times, it is vital we keep protecting our brand value, not least for our loyal customers who continue to love SUBARU. I believe SUBARU must continue contributing to society through our business activities to help the world—that some consider irrecoverably damaged—toward greater prosperity.

¹ An acronym of the words: Connected, Autonomous, Shared & Services, and Electric



Natsunosuke Yago

Outside Director

Appointed as outside director in June 2019

Giving Unique Advice as an Outside Director Based on a Vision for SUBARU's Future and Continual Reference to Societal Perspectives

Over the past year, I have gained an understanding of SUBARU's corporate culture. Put simply, SUBARU's corporate culture is the pride all employees take in making wonderful SUBARU products. Behind this pride is SUBARU's history of not deviating from its business of making vehicles. Many manufacturing companies with diverse product lines lack the sense of unity borne of making the same product. Automotive companies, on the other hand, generally specialize in manufacturing vehicles, so these environments are good for fostering a sense of unity. In SUBARU's case this is a particularly strong characteristic and a

key strength on which its growth is based. This kind of uniformity sometimes has the risk of not accepting differing perspectives and the company could collectively progress in a unified direction without question. The role of an outside director is to continually give insight from a societal point of view, without becoming ingrained in the corporate culture. To this end, I have, and will continue to, give advice based on a vision of SUBARU's future.

It will take the global economy two to three years to recover from the impact of the COVID-19 pandemic. While the impact on SUBARU, as an automobile manufacturer, can be expected to be limited to decreased demand, there is always a risk of supply chain interruptions. With respect to the supply chains necessary to manufacture an automobile, there is concern of severe impacts including maintaining funds and sufficient human resources at parts manufacturers. Maintaining a supply chain is vital for continuing to supply automobiles. Supply chain management skills will be vital in determining whether sales can be recovered during the COVID-19 recovery period. While this will be a period that will truly test our resolve, I hope we can continue to believe that the keys to survival and growth remain in our own hands. Meanwhile, information and communications technology, including mobile devices, will be a growth industry in the social and lifestyle transformations post COVID-19. I also believe, however, there will be an increased desire for automobiles as a means of transport instead of public transportation. As another example, demand for automobiles—a necessity of suburban life—may increase as people desire more spacious suburban living that is suited to remote working. Of course, this demand will be for vehicles that are environmental friendly, safe, secure, and enjoyable to drive.



Miwako Doi

Outside Director

Appointed as outside director in June 2020

SUBARU's First Female Outside Director— Delivering New Innovation through a Positive Attitude that Sets New Precedents

In June 2020, I was appointed as SUBARU's first female director, and I have experience working in human interface (user-friendliness) research and development at TOSHIBA CORPORATION for more than 35 years. My goal in developing human interfaces was that they would be easy, fun, and safe to use. These goals match with SUBARU's mid-term management vision, STEP (Speed, Trust, Engagement, Peace of mind and enjoyment). I believe I can contribute from a user's perspective to a cost-balanced realization of the STEP vision.

Also, as a woman in my career path researching human interface, I was always told what I was doing was unprecedented, but I took this with the positive attitude of setting new precedents. I will use this same positive attitude to contribute to finding ways SUBARU can innovate in this COVID-19 era of socially distanced lifestyles and lockdown-impacted economic conditions.

The SUBARU Group's CSR

In STEP, the mid-term management vision developed in 2018, SUBARU envisions achieving a transition, by 2025, from a company making things, to a company making people smile, guided by our unwavering Management Philosophy of aiming to be a compelling company with a strong market presence built upon its customer-first principle. To achieve this vision, we have adopted the “Six Priority Areas for CSR” approach and will continue to promote initiatives based on the SUBARU Global Sustainability Policy and to fulfill our corporate social responsibilities, thereby providing Enjoyment and Peace of Mind to our customers and other stakeholders. The SUBARU Group aspires to be a truly global company trusted by society and to contribute to the development of a more affluent, sustainable society.

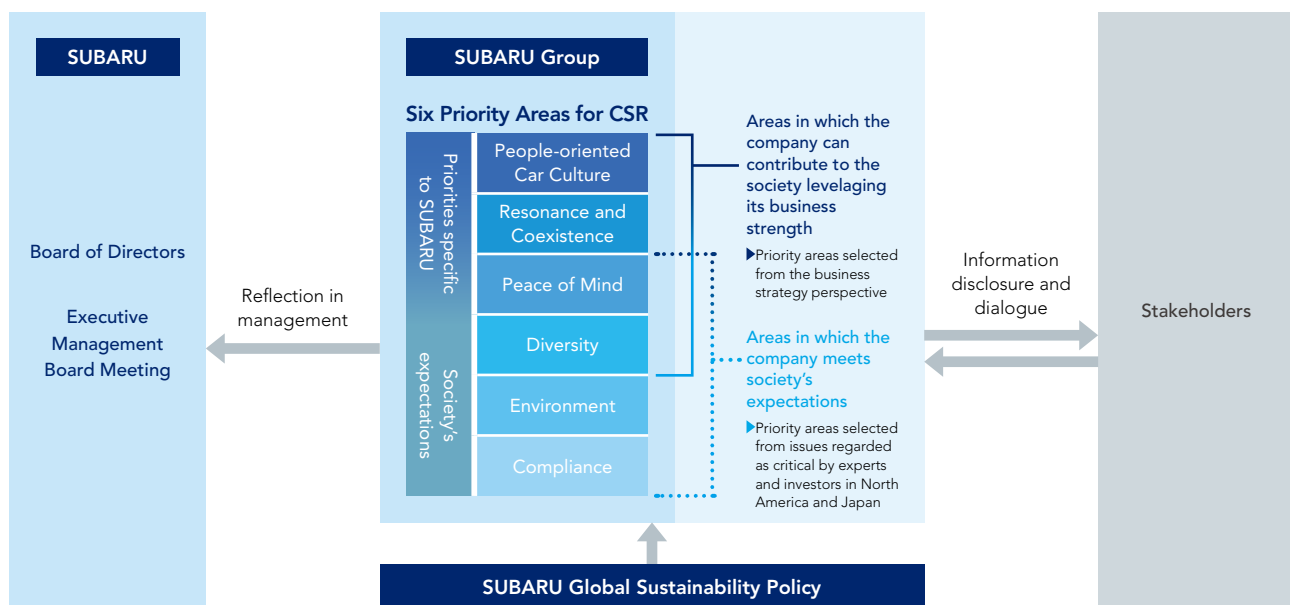
Process of Identifying Six Priority Areas for CSR

In accordance with STEP, our mid-term management vision, we reviewed the SUBARU Group's Eight CSR Action Items for CSR initiatives and established the Six Priority Areas for CSR.

To select the priority areas, the SUBARU Group first identified 41 CSR priority topics for which social needs were high and then conducted a questionnaire among experts and investors in North America and Japan. Finally, we examined the areas from two perspectives: areas in which we can contribute to society by leveraging our business strengths, and areas related to the demands of society. As a result, the SUBARU Group selected People-oriented Car Culture, Resonance and Coexistence, Peace of Mind, and Diversity as the four areas where SUBARU could contribute to society by leveraging our business strengths, and Peace of Mind, Diversity, Environment, and Compliance as the four areas where the SUBARU Group could work to meet the demands of society. Peace of Mind and Diversity appear in both categories, because Peace of Mind is an area in which society's needs and the strengths of the SUBARU Group's business coincide, while Diversity refers not only to diversity in the community, but also to diversity in a broad sense, including in the products that the SUBARU Group offers to customers.

Based on the SUBARU Global Sustainability Policy revised in April 2020, we will promote initiatives in the six priority areas on a groupwide, global basis.

Reflecting SUBARU Group's Six Priority Areas for CSR in Management



Establishment of SUBARU Global Sustainability Policy

Until recently, the SUBARU Group promoted various initiatives in line with its CSR Policy, revised in June 2009. However, to cope with changes in the social environment and in relationships with our stakeholders, we established the “SUBARU Global Sustainability Policy” in April 2020 as a guideline to be shared by all Group employees on a global basis. This Policy is applied to SUBARU Corporation and all its subsidiaries.

SUBARU Global Sustainability Policy

We, SUBARU Group, are committed to sustainable business practices designed to promote harmony between people, society and the environment in the following ways:

1. Through our business activities, we will contribute to the resolution of various social issues, including the protection of the global environment, and to the creation of a sustainable society.
2. Respecting the quality and originality of our products, we will continue to provide SUBARU's unique value using advanced technologies, and enrich the lives of all those involved with the SUBARU Group.
3. As a good corporate citizen in the international community, we respect human rights, diverse values and individuality, and treat all stakeholders with sincerity in every interaction.
4. We strive to maintain and advance the workplace environment so that employees can work safely in peace, and with a sense of satisfaction.
5. We respect international rules and the laws and regulations of each country and region, as well as local culture and customs, and pursue fair and transparent corporate governance.
6. We make use of dialogue with stakeholders to make management decisions, and disclose corporate information in a timely and proper manner.

Establishment of Human Rights Policy

The SUBARU Group thinks of people first and places them at the heart of its manufacturing. It considers respect for individual human rights and individuality as a key management issue in realizing its corporate philosophy of continuously promoting harmony between people, society, and the environment while contributing to the prosperity of society. It has established the Human Rights Policy to guide its efforts in this regard. This policy complies with the UN Guiding Principles on Business and Human Rights and applies to SUBARU Corporation and all its subsidiaries. The SUBARU Group will also extend its human rights initiatives by urging its business partners and other parties involved in its operations, including its supply chain, to respect human rights based on this policy.



● For further details: Human Rights Policy

Activities in the Six Priority Areas for CSR in Relation to SDGs

The Sustainable Development Goals (SDGs) for 2030 are development goals for achieving a sustainable future, and the SUBARU Group recognizes the importance of responding to these goals. By clarifying visions for 2025 regarding the Group's Six Priority Areas for CSR, SUBARU will reinforce its efforts in each priority area and make positive contributions toward achieving the SDGs.

Six Priority Areas for CSR Basic Concepts and Vision for 2025

Six Priority Areas for CSR	Basic Concepts	Visions for 2025
People-oriented Car Culture	SUBARU believes that a car is more than just a means of transport. SUBARU will foster a sustainable mobility culture by providing customers with added value in the form of products and services which make the car a partner that enriches people's lives and minds, while cherishing the human emotions of enjoyment and peace of mind.	Become a company that enriches people's lives and minds as a partner.
Resonance and Coexistence	SUBARU will become a company that is trusted by, and resonates and coexists with both individual customers and society as a whole by engaging seriously with their voices through greater person-to-person communication.	Become a company that is widely trusted by, resonates and coexists with society.
Peace of Mind	SUBARU will become a company that provides all stakeholders with the utmost peace of mind.	Become a company that provides the utmost peace of mind to all stakeholders.
Diversity	The SUBARU Group's approach to promoting diversity has two key elements: offering products that respect diverse forms of market value, and respecting and reflecting the diverse values of all those who work for the SUBARU Group.	Promote businesses that create diverse forms of market values while respecting the diverse values of all people.
Environment	In order to pass on "The earth, the sky and nature," SUBARU's fields of business, to future generations, we provide utmost care to the environment with our company-wide activities.	Cherish and protect the global environment—The earth, the sky and nature—through Group-wide activities.
Compliance	SUBARU will become a company that operates in accordance with laws, regulations, and societal norms, ensuring that our focus on compliance as a priority permeates throughout and is practiced by all those who work for the SUBARU Group.	Act in good faith and become a company that is trusted by and resonates with society.

Activities in the Six Priority Areas for CSR in Relation to SDGs

Six Priority Areas	Relevant Stakeholders	Themes	Initiatives			Visions/KPIs (FYE 2026–FYE 2031)	Relevant SDGs	
			FYE 2020	FYE 2021	FYE 2022–FYE 2026			
People-oriented Car Culture	Customers	Enjoyment of driving a car	Evolution of Subaru Global Platform and Integration with Intelligent Technology (Achieving a safe and enjoyable driving with peace of mind like a skilled driver)			Become a company that enriches people's lives and minds as a partner. ►KPI • Continue satisfaction surveys. (Improve customer satisfaction.)	<div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div> <div>9.1</div> <div>11 SUSTAINABLE CITIES AND COMMUNITIES</div> <div>11.2</div>	
		Providing enjoyment of customization	Development of high-quality accessories matched with new models Expansion of the lineup of high-performance, value-added items					
		Enhancing the brand image	Promotion of the brand strategy (SUBARU, the Beloved Brand: More than a Car Company) Promotion of marketing activities that match the characteristics of each market Promotion of motorsports and continuation of awareness-raising activities Advancement of SUBARU's "Dynamic x Solid" design identity to "bolder" expression					
			Proposing new forms of mobility	Development of technologies in cooperation with relevant ministries and agencies	Investigation of future mobility			
	Local communities	Disseminating car culture	Dissemination of SUBARU's manufacturing practice and its endeavors for "Enjoyment and Peace of Mind"					
Resonance and Coexistence	Customers	Strengthening relationship with customers	Investment in dealers' stores (in Japan)	Enhancement of new ways of connecting with customers through IoT		Become a company that is widely trusted by, resonates and coexists with society. ►KPIs • Continue satisfaction surveys. (Improve customer satisfaction.) • Enhance connection with customers through IoT (MySubaru, the next-generation system, telematics)	<div>11 SUSTAINABLE CITIES AND COMMUNITIES</div> <div>11.2</div> <div>17 PARTNERSHIPS FOR THE GOALS</div> <div>17.16</div>	
			Enhancement of customer loyalty					
			Continuation of customer interaction programs					
			Provision of products that benefit people's lives					
	Business partners	Establishing a new maintenance system	Development of a maintenance system for marketing BEVs					
			Coexistence and mutual prosperity with business partners	CSR surveys and awareness programs at business partners Building of relationships with business partners from the perspective of CSR				
	Employees	Creating a safe working environment	Reinforcement of efforts for occupational health and safety, improvement of plant environments Creation of a safe and rewarding workplace environment, building of a brand that is loved by employees Continuation of production operations and maintenance of employment at each site Utilization of athletic teams, boosting of employee morale					
Local communities			Revitalizing relationships with local communities	Reinforcement of community exchange and partnership activities Contribution and relationship-building through sporting activities				
Peace of Mind	Customers	Improving safety functions	Advancement of Advanced Driver Assistance System (ADAS) Adoption of Advanced Automatic Collision Notification (AACN) system and expansion of its functions Continuous enhancement of crash safety Development of autonomous flight control systems (collision avoidance technology)			Become a company that provides the utmost peace of mind to all stakeholders. ►KPIs • Achieve a goal of zero fatal traffic accidents* by 2030 • Improve impact energy absorption ability to 1.4 times	<div>3 GOOD HEALTH AND WELL-BEING</div> <div>3.6</div>	
			Contributing to safe driving	Implementation of safe driving seminars for senior citizens on a continuous basis				
			Establishing and strengthening a reliable product supply system	Establishment of a timely and efficient supply system of spare parts and accessories Enhancement of product supply capacity				
				Improving inspection and maintenance quality	Promotion of accurate, high-quality inspection and maintenance			
		Securing and improving quality	Revision of the quality policy	Promotion of initiatives to produce vehicles of choice in terms also of quality				
			Improvement of the quality of operations in all processes, from product planning to production, sales, and service Placing of the highest priority on quality by implementing quality caravans and providing education for fostering quality awareness					
			Employees	Creating a safe workplace	Optimization of the span of management in manufacturing departments Continuation and reinforcement of activities of the health and safety committees Maintenance and enhancement of workplace health and safety, and promote a more comfortable workplace environment Formulation and implementation of plans for health promotion initiatives Reinforcement of health promotion efforts			
	Local communities	Contributing to safety of local communities			Secure and create employment Promotion of plant environment improvement Promotion of a sense of trust regarding stable operations			
					Reduction of environmental impact and prevention of pollution			
	Governments	Contributing to safe lives of people	Contribution to the creation of a society in which people's lives and property are protected and people can enjoy peace of mind					

1 Fatal traffic accidents of SUBARU drivers/passengers and pedestrians/cyclists SUBARU cars collide with

Value Creation		Growth Strategy		Business Foundation Supporting Value Creation		Value Creation Outcomes	Corporate Data
Six Priority Areas	Relevant Stakeholders	Themes	Initiatives			Visions/KPIs (FYE 2026–FYE 2031)	Relevant SDGs
			FYE 2020	FYE 2021	FYE 2022–FYE 2026		
Diversity	Employees	Promoting active roles for female employees	Appointment of more female managers: FYE 2021 (to five times the number in 2014), FYE 2026 (to over 12 times the number in 2014)			Promote businesses that create diverse forms of market values while respecting the diverse values of all people. ▶KPIs • Increase female managers.(To five times the number in 2014 by 2020, to over 12 times by 2025) • The number of participants in career development training • Achieve the legally prescribed employment rate. • 100% of those applying for reemployment	5 GENDER EQUALITY 5.5 5.5.2
		Utilizing diverse human resources	Childcare support for female employees in direct departments				
			Review of the human resources system for senior employees		Operation of the human resources system for senior employees		
			Promotion of active roles for non-Japanese human resources				
			Examination and promotion of a workplace environment that pays due consideration to minorities in society				
		Promote diverse work styles	Compliance with the legally prescribed employment rate for persons with disabilities: 2.3% in and after FYE 2021				
	Diverse work styles: Support for labor management by introducing a new attendance management system and expansion of teleworking						
	Securing human resources at group companies	Maintenance and expansion of diverse forms of employment					
		Business partners	Efforts in cooperation with business partners	CSR surveys and awareness programs at business partners	Reinforcement of efforts for CSR throughout the supply chain		8 DECENT WORK AND ECONOMIC GROWTH 8.5
	Enhancement of the understanding of employees, promotion of cooperation with the National Association of Minority Automobile Dealers (NAMAD)						
	Customers	Providing a wide range of products	Incorporation of feedback on diverse market needs				
			Design parts that can be used in multiple vehicle models				
Environment	Customers	Popularizing vehicles that reduce environmental impact	Expansion of the sale of electric vehicles (HEVs and PHEVs)			Cherish and protect the global environment—The earth, the sky and nature—through Group-wide activities. ▶KPIs • Reduce direct emissions by 30% from FYE 2017 levels by 2030 (aggregate amount basis). • Make at least 40% of SUBARU global sales electric vehicles (EVs) or hybrid electric vehicles (HEVs) by 2030. • Apply electrification technologies to all SUBARU vehicles produced and sold worldwide by the first half of the 2030s. • Formulate a resource circulation strategy including secondary batteries. • Enhance recycling rates.	13 CLIMATE ACTION 13.1 13.2
		Development and marketing of electric vehicles (BEVs and SHEVs)					
	Governments	Environmental protection in cooperation with customers	Planning of activities to protect outdoor fields	Implementation of activities to protect outdoor fields on a continuous basis			12 RESPONSIBLE CONSUMPTION AND PRODUCTION 12.2 12.5
		Business activities to help reduce environmental impact	Introduction of solar power generation for self-consumption				
			Introduction of TEPCO's Aqua Premium				
			Renewable Energy Certificate, etc.	Energy conservation investment and effective utilization of facilities			
	Business partners	Environmental efforts in cooperation with business partners	Continuation of conservation efforts in cooperation with governments				
			Establishment and maintenance of an environmental management system				
			Selection of business partner while considering transportation for overseas sites				
			Efficient parts storage and transportation, and reduction of transportation volume				
			Promotion of retailers' continuous efforts for energy saving, water quality conservation, and recycling				
	Optimization of logistics and CKD costs						
Compliance	Governments	Ensuring comprehensive export control	Reinforcement of security and export control initiatives			Act in good faith and become a company that is trusted by and resonates with society. ▶KPIs • Promote initiatives to respect human rights based on the Human Rights Policy; • Communicate the policy throughout the entire supply chain. • Strengthen CSR procurement management. • Provide compliance and legal trainings.	8 DECENT WORK AND ECONOMIC GROWTH 8.7 8.8
		In-house education and dissemination	Continuation of compliance training and executive lectures				
			Promotion of compliance from the perspective of the SUBARU Group				
			Establishment and dissemination of internal rules and manuals on laws and regulations				
	Employees	Protecting human rights of workers	Prevention of harassment				16 PEACE, JUSTICE AND STRONG INSTITUTIONS 16.5 16.5.2
			Maintenance and improvement of the workplace environment by promoting work style reform and complying with the Labor Standards Act				
			Formulation of the Human Rights Policy	Establishment and dissemination of the Human Rights Policy	Promotion of initiatives to respect human rights of workers		
	Business partners	Maintaining fair relationships	CSR surveys and awareness programs at business partners	Reinforcement of efforts for CSR throughout the supply chain			
			Promotion of fair trade on a continuous basis				

Quality Initiatives

Approach to Quality

Quality is the foundation of "Enjoyment and Peace of Mind," SUBARU's core value, and delivering quality is one of our most fundamental responsibilities to our customers. Quality reforms are a top priority in STEP, SUBARU's mid-term management vision, and we are reviewing all business processes, from product planning and parts procurement by suppliers to production and shipping at our plants, and implementing reforms.

To ensure that we become a company that resonates with and inspires trust in our customers, we revised our quality policy in April 2019 and are actively promoting the provision of high-quality products and services that impress our customers. SUBARU has also established quality policies at affiliated companies in Japan and overseas in accordance with the business content of each company and regional characteristics, and affiliated companies practice quality control based on these policies. In FYE March 2021, we established the Quality Assurance Management Office to supervise quality assurance across the entire SUBARU Group, including the Aerospace Company. The roles of this office will include developing and managing the SUBARU Group's organizational structure and systems required to assure quality, maintaining their effectiveness, and continually improving them.

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.

Revised in April 2019

Quality Management System

1. Establish Quality Management System (QMS) based on the Quality Policy and ISO 9001 Standard and put it into practice for orderly and effective operations.
2. Aim to improve customer satisfaction by assuring that products will comply with both customer requirements and applicable statutory and regulatory requirements.
3. Strive to continually improve the QMS through operational improvements.

Operation of Quality Management Cycle

With its QMS, SUBARU works to assure quality in each process from design and development to sales as well as creating a cycle to create even higher quality products. In addition, SUBARU strives to work through this cycle swiftly in order to meet customer needs without any delay.

Quality Management Cycle



Operation of a System for Improving Quality

SUBARU has established a quality improvement system with Quality Assurance Division at the heart of efforts in order to analyze after-sales quality defects and customer requests to realize higher-quality development and production. Based on customers' feedback collected from around the world, SUBARU works with the relevant in-house departments and suppliers in identifying quality issues, investigating their cause, and planning countermeasures.

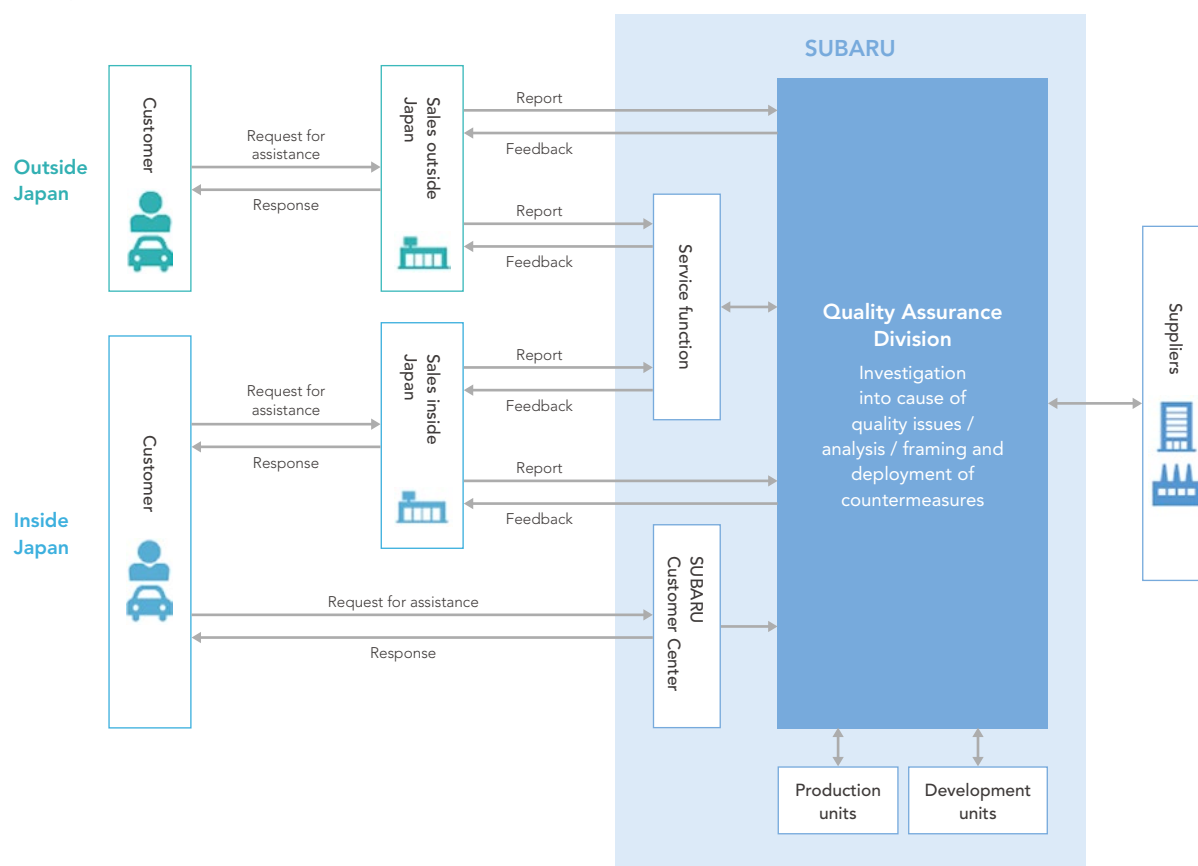
We are promoting measures to prevent recurrence of the Final Vehicle Inspection Issue, with the COP¹ Supervision Section taking the lead.

In FYE March 2019, we transferred responsibility for final vehicle inspections from the Manufacturing Division to the Quality Assurance Division. This ensures the independence of final vehicle inspections from manufacturing departments. As well as placing quality first on a solid footing by raising awareness among final vehicle inspectors and improving the workplace environment, we have been conducting radical revisions of the final vehicle inspection system with an eye to the future.

Furthermore, we will ensure that all external stakeholders understand SUBARU's initiatives, by such means as holding tours of our car manufacturing plants for shareholders and investors.

1 Conformity of Production

Quality Improvement System



Efforts for Improving Quality

Quality Control Training

We provide quality training as part of our employee training program to enable employees to learn basic QC² and problem-solving techniques tailored to their year of entry into the company and their qualification requirements.

2 QC: Quality control

Main curriculum for quality

- Quality control training (Introduction/Intermediate/Advanced)
- Lectures to foster quality awareness

Quality Initiatives

Global Quality Meeting

Aiming to ensure that the customer-first mindset runs through our quality management, SUBARU attaches great importance to dialogue with dealers, as they are responsible for dealing with customers across the globe. We participate in technical liaison meetings held twice a year for the Japanese market, while in overseas markets, we take part in twice-yearly main dealerships (G8) service meetings and block conferences held in six regions¹. We take in the views of dealers expressed at these meetings to make decisions on the optimum means of addressing product issues that inconvenience our customers.

¹ Block conferences are held in a country in each of the six regions—the CIS, Central Europe, Northern Europe, Southern Europe, Oceania, and Central and South America. Their participants include representatives from dealerships and expatriates working in the region.

Quality Caravan

Since FYE March 2019 we have been holding an event called the Quality Caravan at all our business sites to inform participants of customer feedback and the quality status of SUBARU products. Our aim in doing so is to provide each and every employee with an accurate understanding of the current state of SUBARU and create an environment in which they are conscious of putting quality first at all times and approach their work in that mindset. In addition to employees, we also receive a large number of participants from suppliers.

In FYE March 2021, Subaru of Indiana Automotive, Inc., SUBARU's production base in the U.S., is organizing the event to raise global awareness of quality. Going forward, we will continue to engage in awareness activities, while enhancing the program and extending the duration, among other improvements.



At the Global Quality Meeting



At the Quality Caravan

Response to Recalls

SUBARU is taking measures to cope with recalls in order to prevent accidents and to protect customers.

In the event of product defects that can infringe safety and laws and regulations, SUBARU promptly establishes a committee structure of staff from departments involved in quality to investigate, and determines the specific details of our response based on the laws and regulations of each country. Moreover, SUBARU sends direct mails from our dealerships to affected customers to inform them that they can have their cars repaired free of charge.

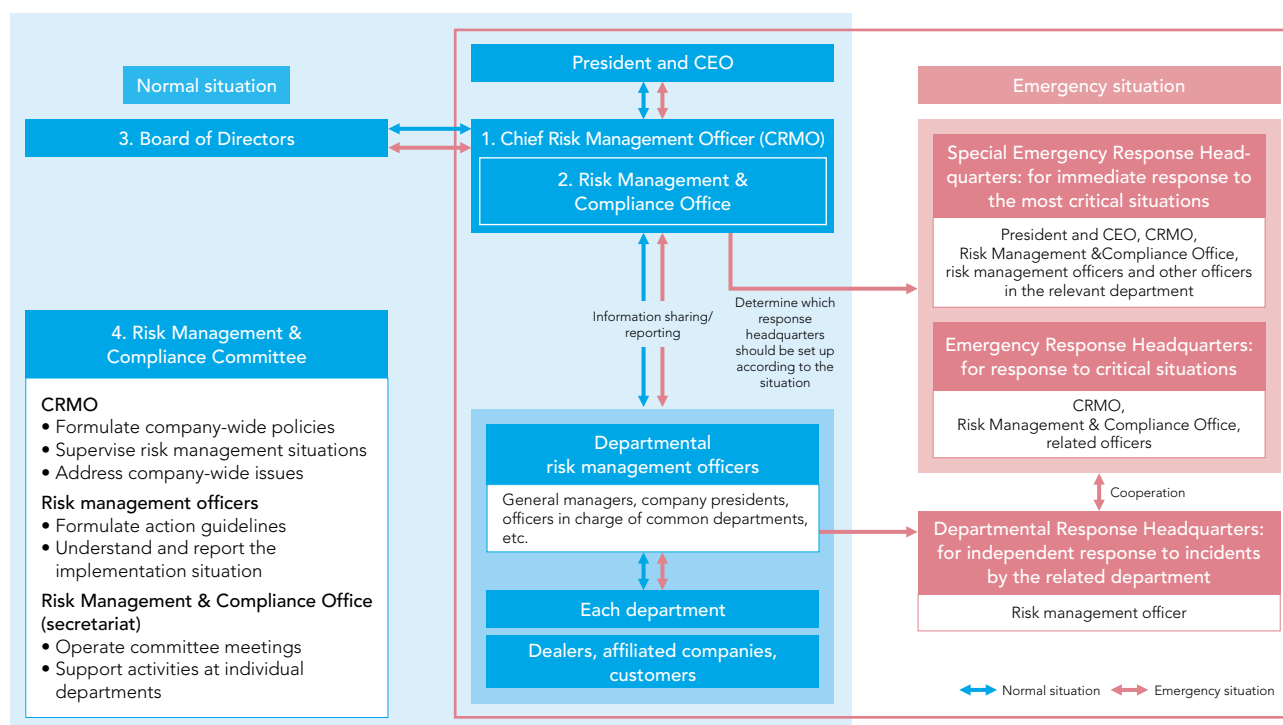
As of April 2020, SUBARU had no cases of violating laws and in-house regulations in regard to information provision on quality and safety.

Risk Management

Approach to Risk Management

SUBARU promotes strategic risk management—in addition to emergency response measures—as one of the most important management priorities to minimize damage in the event of a risk eventuating for various risks that would seriously impact our business operations. We will work to increase corporate value by rapidly responding to changes in global conditions; working to strengthen our management foundation to ensure sustainability of our business; investing greater resources into minimizing human, social and economic losses; and becoming more resilient to risk.

Risk Management System



1. Chief Risk Management Officer (CRMO)

The Chief Risk Management Officer (CRMO) supports the President in leading Group risk management and compliance activities for the purpose of enhancing the effectiveness of group-wide internal controls and risk management.

2. Risk Management & Compliance Office

The Risk Management & Compliance Office, under the control of the CRMO, is working to clearly identify emerging risks and prevent expansion of risks impacting the entire Group by collaborating closely with Group companies and departments, including company-wide shared corporate operations departments.

3. Board of Directors

The Board of Directors works to strengthen and firmly establish the risk identification and management framework by ensuring ample opportunities for discussions on topics such as establishing a framework for risk management, ensuring independence of the Internal Audit Department (Audit Department), and clarifying the basic approach to internal control for subsidiaries.

4. Risk Management & Compliance Committee

The Risk Management & Compliance Committee, launched in FYE March 2021, is the successor to the Compliance Committee, and leads risk management activities during normal times and deliberates and reports on matters related to risk management and compliance.

Risk Associated with Business Activities

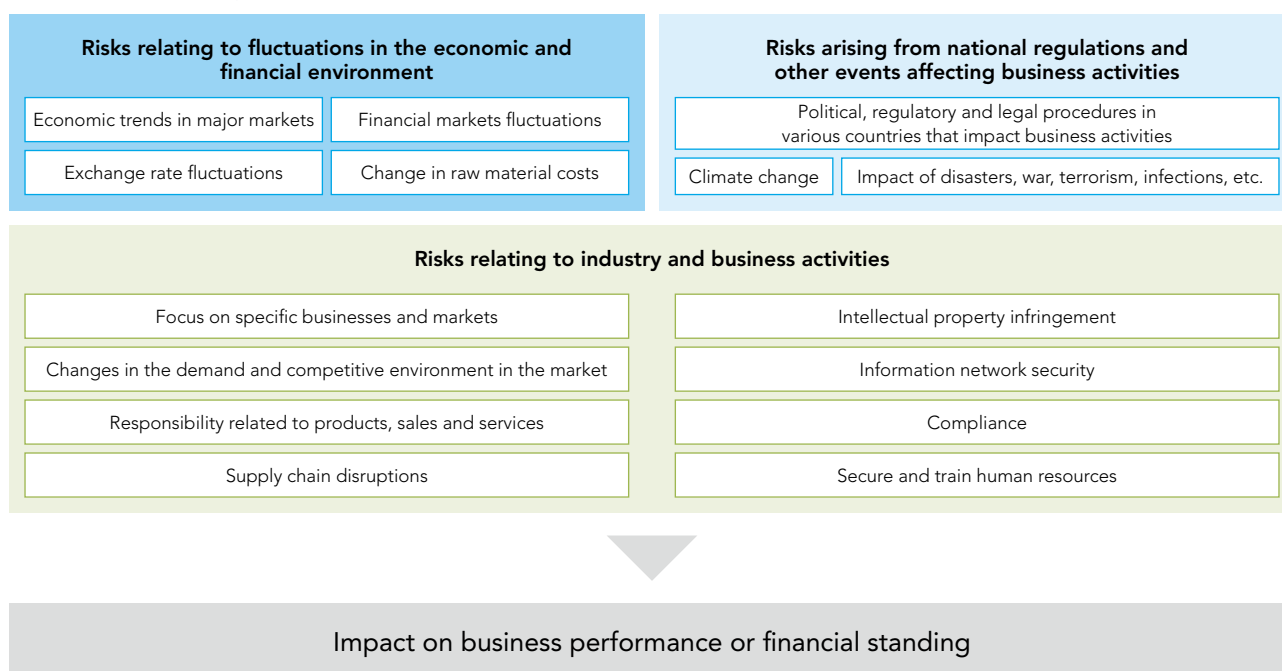
The business activities of SUBARU Group are affected by various environmental changes and uncertainties. Uncertainties that will cause a significant impact on Group business continuity, business performance and financial standing are identified as risks and are classified into three major categories according to their characteristics. The impact of risk events when they occur is minimized through risk management such as daily monitoring of risks and mitigation measures when a risk emerges.

The following are the major business risks that have the potential to have a major impact—in terms of promoting the STEP mid-term management vision, and business activities—on business performance, financial position and cash flow to the extent of several tens of billions of yen or more and have a potential significant impact on investor decisions. Note, however, this is not an exhaustive list of risks.

Main Business Risks

Risks relating to fluctuations in the economic and financial environment	Uncertainties impacted by trends in external environments such as economic and financial markets
Risks relating to industry and business activities	Uncertainties involved in internal and external environments directly impacting daily business activities and changes in the operating environment of strategic areas targeted by the Group
Risks arising from national regulations and other events affecting business activities	Risks related to political or regulatory procedures, climate change, or events such as disasters, war or terrorism

15 Risks Affecting Business Activities



*Please refer to pages 13–17 of the Securities Report for further details on risks to SUBARU business activities

Crisis-level Risks

Among the various types of risk, SUBARU calls those risks that are particularly dangerous to its business operations and that SUBARU cannot handle through regular decision-making channels “crisis-level risks,” and categorizes them as follows: natural disaster, accident, internal human factors, external human factors, social factors (domestic, overseas), and compliance. SUBARU is creating various manuals for dealing with each of these types of emergencies.

BCP

At SUBARU, the Risk Management & Compliance Office plays a pivotal role in establishing regulations related to BCPs. During emergencies, the Office centrally grasps group-wide information, establishing a system to manage company-wide response. In addition, during normal times we work to enhance the speed and accuracy of risk recognition and identification to the best of our ability by clarifying the roles of each department and the domain of management responsibilities. In conjunction with this, we are regularly preparing and updating manuals and are implementing training. Furthermore, each business site develops its own BCP, including specifying key operations, establishing an emergency contact system, and developing a telework system. While closely collaborating with company-wide shared corporate operations departments, we are implementing measures to accurately and speedily carry out business continuity and early restoration of operations.

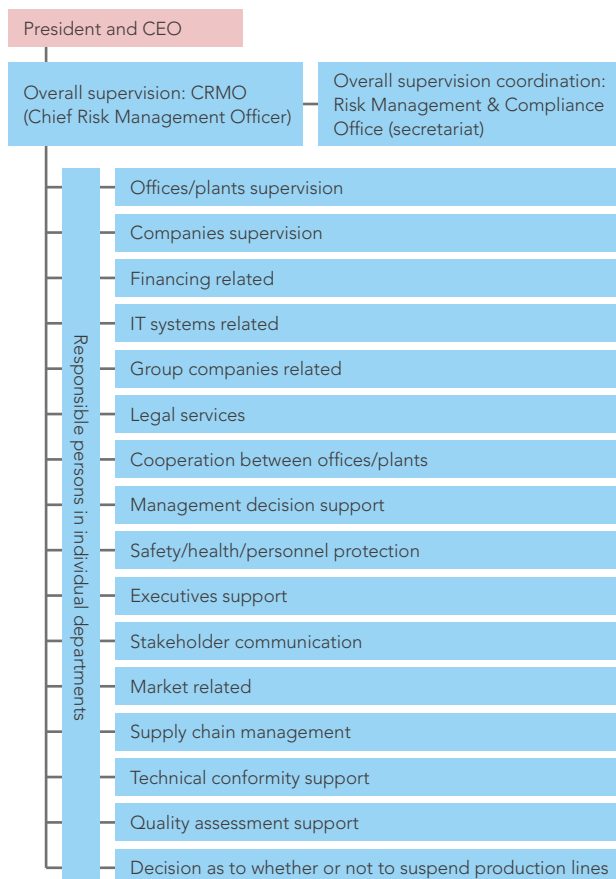
Emergency Response Policy

1. Give first priority to people's survival and physical safety.
2. Minimize loss of stakeholder interests and corporate value.
3. Act always with honesty, fairness, and transparency, even in an emergency.

Response to COVID-19

In early February 2020, the Coronavirus Countermeasure Headquarters was established under the control of the President. The Headquarters, which functions on a practical level under the overall leadership of the Chief Risk Management Officer (CRMO), gathers information from domestic and overseas Group companies and implements measures to ensure business continuity and, in accordance with the changing situation, prevent the spread of COVID-19 with the health of customers, suppliers and employees as the first priority.

Coronavirus Countermeasure Headquarters



Specific Countermeasures

Employees	<p>Since the beginning of the COVID-19 pandemic, we have prioritized the health of employees and their families and have been promoting a flexible approach to ensuring business continuity.</p> <ul style="list-style-type: none"> • Halted business travel to all areas of China and other countries and domestic travel • Voluntarily refrained from holding or participating in domestic and overseas events • Promoted varying work start times with the flextime system • Encouraged employees working in offices to take lunch breaks at varied times • While gradually strengthening our IT response, a work-from-home system has been fully implemented since April mainly in the Tokyo area (promoting flexible working styles, with an ongoing maximum 50% office-based work rate in the Tokyo area)
	<p>United States: Production at Subaru of Indiana Automotive, Inc. (SIA) was temporarily halted from March 23 to May 11, 2020, and has it since been operating at adjusted production volumes</p> <p>Japan: Production at Gunma Plant was temporarily halted from April 9 to May 11, 2020, and was operating at adjusted production volumes until June 19</p>
Production/ Sales Sites	
Business Continuity	<ul style="list-style-type: none"> • Since April 2020, operational funds have been acquired from financial institutions • As contingency preparation should the impact of COVID-19 becomes long term, we are ensuring we can respond flexibly in case of unforeseen increases in capital demands, while taking into consideration business continuity from supply chains to value chains. We have taken measures such as setting corporate bond and commercial paper issuance quotas, in addition to commitment line for the amount of approximately 200 billion yen.

Environmental Initiatives

Approach to the Environment

In its Environmental Policies, SUBARU states that “our fields of business are the earth, the sky and nature” and focuses on efforts aimed at coexistence with nature. In STEP, our mid-term management vision, we are committed to making environmental contributions by enhancing the environmental performance of our products. We include “Environment” in the Six Priority Areas for CSR and deem it important to conduct environmental activities as a precondition to continue our business activities.

In order to foster environmental activities across the SUBARU Group, we have our Environment Committee as well as a cross-company integrated environmental management system, which covers SUBARU Corporation’s sites as well as its domestic and overseas consolidated production companies and dealers.

Based on this system, we are fostering environmental management activities through an all-SUBARU approach, including formulating medium- to long-term environmental targets, implementing measures to achieve the targets, complying with environmental laws and regulations, managing chemical substances, and compiling environmental performance data.

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

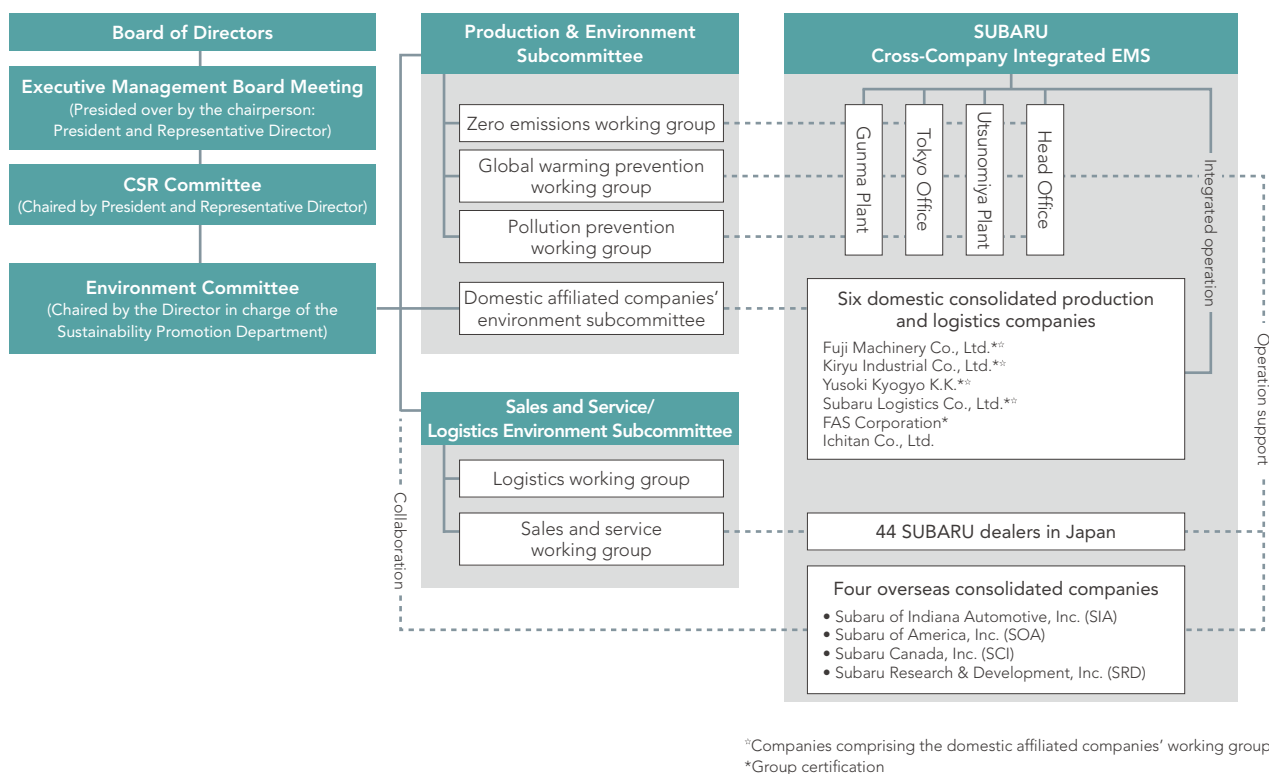
We will strive to improve our sustainability program through contributions that meet societal needs and by publicizing our activities as Team SUBARU.

[Established: April 1998, Revised: April 2017]

Environmental Management System

SUBARU comprehensively manages the entire progress and direction of its environmental management measures through the Environment Committee and based on the cross-company integrated environmental management system (EMS). The director in charge of environmental issues oversees the integrated EMS and chairs the Environment Committee. In principle, the related issues are reviewed regularly, at least once a year, and details of discussions held by the Environment Committee are reported to the CSR Committee. Moreover, important issues are discussed and reported at the Executive Management Board Meeting and Board of Directors meetings.

SUBARU Group's Environmental Management Organization



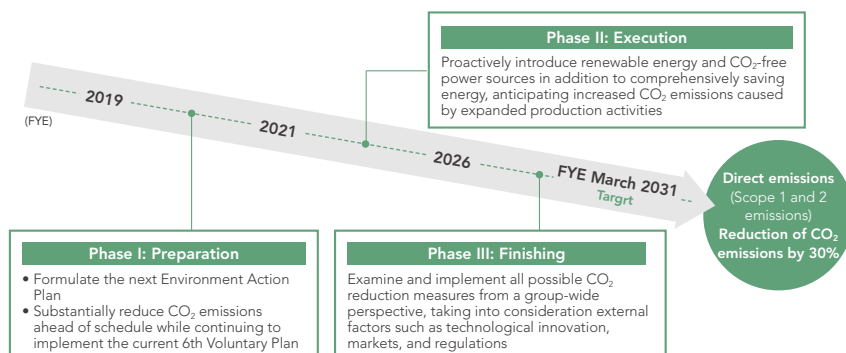
Environment Action Plan

Among various environmental problems, climate change in particular has significant impacts on societies and economies. Accordingly, measures must be implemented to deal with climate change as a pressing issue from a long-term perspective. SUBARU regards climate change countermeasures as a priority and has set a target of reducing the total amount of CO₂ emitted directly by the SUBARU Group (Scope 1 and 2 emissions) by 30% relative to FYE March 2017 levels by FYE March 2031.

Although it will not be easy for SUBARU to meet this reduction target while it continues to grow, we believe it is important to share the same goal with society and work to "keep the increase in global average temperature to well below 2°C above pre-industrial levels," as upheld in the Paris Agreement.

Accordingly, we have drawn up for the period up to FYE March 2031 and are examining specific measures to be taken based on that roadmap. Presently, we are in Phase I of the roadmap and working to reduce our CO₂ emissions by 20,000 tons, which constitutes around 3% of the SUBARU Group's annual direct CO₂ emissions, earlier than planned by the end of FYE March 2021.

Environment Action Plan 2030 (Scope 1 and 2 emissions)



Climate Change

Recognizing that climate change is one of the most pressing global issues, SUBARU is committed to contributing to the establishment of a decarbonized society in support of the purpose of the Paris Agreement to decarbonize the world at the earliest possible time in the second half of the 21st century.

Risks and Opportunities Identified

In order to ensure sustainable business activities, SUBARU works to understand risks and opportunities associated with climate change. Risks identified at present are as follows: climate change initiatives may not progress as planned, or transition risks and physical risks which are almost unforeseeable at this time may develop into actual issues wielding a serious impact on the SUBARU Group's business performance and financial standing; and these scenarios involve a number of possible difficult situations, such as an increase in R&D and other expenses, a decline in customer satisfaction and damaged brand images resulting in lost sales opportunities, and extreme weather disrupting procurement/production/logistics activities. On the other hand, adequate progress of efforts against climate change could provide opportunities for creating new markets and employment as well as reducing capital and energy costs.

Main Risks Identified

■ Relating to Business Management in General

- (1) 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 medium- and long-term investors.
- (2) There is an argument that nationally determined contributions (NDCs) need to be expanded to be able to achieve the Paris Agreement's "well below 2°C" target, and thus countries may revise their NDCs to set more stringent targets. Such revisions could have a significant impact on SUBARU's business activities.
- (3) 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.

■ Relating to Products

- (1) If SUBARU fails to meet fuel economy regulations imposed in Japan, the U.S., Europe, and China, 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.
- (2) 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.
- (3) To 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.
- (4) SUBARU views electrification as a medium- to long-term steady 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.
- (5) There is a possibility that SUBARU might suffer from shortages of natural resources used for tires and metal resources for electrification technologies.

■ Related to Production Phase

- (1) If SUBARU continues to use energy derived from fossil fuels, it could incur rising costs, due not only to geopolitical factors associated with petroleum and the like, but also to carbon taxes, emission quotas, and other government policies and regulations.
- (2) If use of renewable energy does not grow as expected, SUBARU could face a slower progress in achieving its Scope 1 and 2 emissions reduction goals.

Main Opportunities Identified

- (1) 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, and this scenario also implies a possibility of the company creating new markets through receiving support for its safe and reliable products, a source of its strength, even in the face of intensifying extreme weather conditions that are to some extent unavoidable in certain parts of the world.
- (2) 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.
- (3) 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.

*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

Medium- to Long-term Goals (Long-term Visions and Milestones)

In order to contribute to a decarbonized society, SUBARU has set long-term goals (long-term visions) for 2050 and medium-term goals (milestones) for around 2030, regarding the product and production phases (Scopes 1 and 2).

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
	Early 2030s	Apply electrification technologies to all SUBARU vehicles produced and sold worldwide
	Up to 2030	Make at least 40% of SUBARU global sales electric vehicles (EVs) or hybrid electric vehicles (HEVs)
Plants and offices (Scope 1 and 2)	FYE March 2051	Achieve carbon neutrality
	FYE March 2031	Reduce CO ₂ emissions by 30% compared with FYE March 2017 (total volume basis)

Aiming at a 20,000 t-CO₂ Reduction from Plants and Offices

The SUBARU Group has set up a target of reducing CO₂ generated from its plants and offices by 30% (total volume basis) by FYE March 2031 from FYE March 2017, as stipulated in the SUBARU Environmental Action Plan 2030. As a step toward accomplishing this target, we are promoting group-wide efforts to eliminate 20,000 t-CO₂ by FYE March 2021.

In FYE March 2020, our efforts resulted in a reduction of 18,000 t-CO₂. In FYE March 2021, we will seek to achieve a 23,000 t-CO₂ reduction, exceeding the target for the milestone year.

Efforts to Achieve the Target of Reducing 20,000 t-CO₂ Emissions

Captive-consumption solar power system



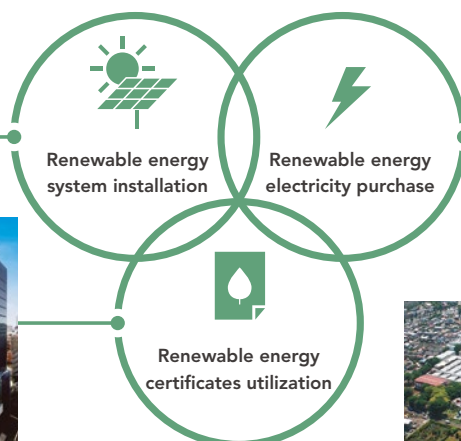
Gunma Oizumi Plant



SUBARU Accessory Center, etc.



Head Office and SUBARU Training Center



Purchase of hydroelectricity



Utsunomiya South Plant/
2nd South Plant



Tokyo Office



Gunma Main Plant

Compliance Initiatives

Approach to Compliance

At SUBARU, compliance is positioned as one of our most important management issues in our Corporate Governance Guidelines. We instill in each employee a strong awareness that thorough group-wide compliance forms the foundation of SUBARU's management, that we must observe all laws and internal regulations relevant to our business activities, that our corporate activities must be executed in manner that is fair and just and in conformance with general social ethics, common sense and standards, and that these principles should be reflected in their actions, create and operate a compliance system/organization, and carry out activities such as providing all kinds of training for these purposes.

Corporate Code of Conduct and Conduct Guidelines

At SUBARU, we have set forth the Corporate Code of Conduct (P.01) and Conduct Guidelines as compliance criteria for the purpose of putting our view of compliance as important into practice in our corporate activities. Its contents are detailed in the Compliance Manual that every Subaru Group employee owns, while the Compliance Manual: Essential Version provides a concise summary, promoting thorough enforcement in every day action.

Corporate Code of Conduct

Based on SUBARU's Corporate Philosophy, the Corporate Code of Conduct sets forth the basic policy that all executives and employees must observe for customers, business partners, shareholders, regional communities, and all stakeholders.

Conduct Guidelines

These guidelines specifically set forth standards for actions in order to put the basic policy as exemplified by the Corporate Code of Conduct into practice in the daily business activities of all executives and workers.

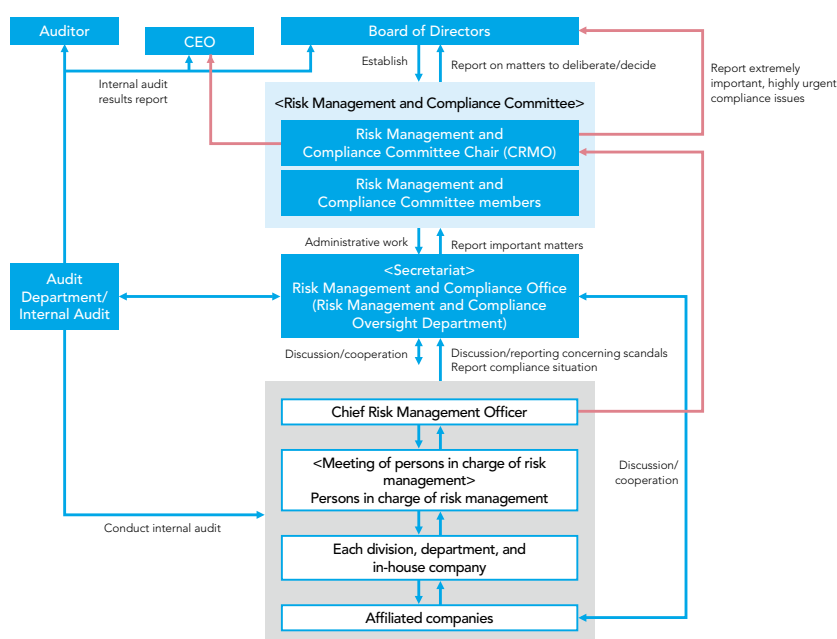
Rules for Compliance

SUBARU has Compliance Regulations which set forth the systems, organization and management processes related to compliance. In FYE March 2020, for the purpose of promoting better understanding of the systems, organization and management processes related to compliance and striving for thorough implementation of efforts, we performed a systematic review of the Compliance Regulations, after which the Compliance Committee deliberated and approved the establishment and revision of several rules related to compliance. Starting in FYE March 2021, we are further enhancing efforts on compliance based on these rules.

Management System of Compliance

SUBARU has established the Compliance Committee as a groupwide organization to promote compliance and to deliberate, discuss, make decisions, and exchange information related to important matters. Also, each department formulates their own implementation plan (compliance program) to promote compliance every fiscal year, and moves forward with continuous, systematic independent activities. In FYE March 2020, the Director and Executive Vice President was newly appointed Chief Risk Management Officer (CRMO) in April, and appointed Chair of the Committee. Also in April, the newly established Risk Management and Compliance Office was appointed secretariat for the Committee. These efforts were carried out for the purpose of accelerating global, groupwide initiatives related to compliance under the direction of the Committee Chair. Also, starting in FYE March 2021, the Committee's name was changed to the Risk Management and Compliance Committee, and it will deliberate, discuss, make decisions, and exchange information on important matters related to risk management, in addition to those related to compliance.

Compliance System



Compliance Hotline

When regular and temporary employees of the SUBARU Group detect a problem related to compliance in the group, they can consult with the Hotline Desk by using the Compliance Hotline. Based on the relevant regulations, the Hotline Desk is where employees affiliated with the appointed Risk Management and Compliance Office directly receive mail, telephone calls, and e-mail, investigate facts, and provide response. We have also established a desk outside the company staffed by external specialists to increase the hours in which service is available and to increase the confidentiality of those contacting the desk. The Desk works to quickly resolve consultation matters upon conducting a fact-finding investigation headed by the Risk Management and Compliance Office Manager. Also, it reports to the proper management members and the Risk Management and Compliance Committee, working toward preventive measures.

We strive to instill a mindset of being assertive regarding use of the system and to improve compliance awareness through efforts to make the existence of the system common knowledge. This has increased the number of consultations, and we have seen improvements in the management of the system, such as an increase in the number of events that lead to improvements in the corporate culture in addition to proper response and issue resolution.

FYE March 2020, Itemization of the Contents of Consultations with the Compliance Hotline

Itemization of the contents of consultations	Number
Workplace environment	14
Labor related	68
Personal relationships, suspicion of harassment	84
Other compliance-related issues (Work violations, suspicion of wrongdoing, etc.)	50
Total	216

Compliance Hotline (Consultation and resolution procedure)



Compliance Activities

Implementation of Training

In enforcing thorough compliance, we believe that initiatives in which the entire SUBARU Group acts in concert are necessary. We conduct compliance training and training for legal affairs in practical business for all Group employees organized by our Legal Department, Risk Management and Compliance Office, and human resource and education departments.

Also, each department and affiliated company creates their own unique education plan based on their compliance program, supplemented with study groups on important laws related to their work and compliance enlightenment training.



At the Compliance training

Compliance Initiatives

In FYE March 2020, we started offering the compliance training we have been providing for employees of a designated rank to all regular and non-regular employees in an effort to further expand the range of compliance. Also, in addition to a training course with Risk Management and Compliance Office members serving as the instructors, we also established a course in which executives from various departments speak from their own experience, promoting further understanding of compliance on the part of our employees and encouraging communication with executives. In FYE March 2020, approximately 7,700 people participated in trainings conducted by or involving the Legal Department and the Risk Management and Compliance Office.

Compliance Implementation Support Tools

In order to promote compliance in everyday work, we create and provide various implementation support tools other than the Compliance Manual, such as in areas of specialization at affiliated companies.

To make knowledge of the Compliance Hotline common, we distribute cards containing information on the framework of the system and the contact address for consulting services, and also put up posters in all workplaces. In FYE March 2019, we updated the design of the information cards and posters to deliver a message that encourages employees to proactively use the system even for things that feel only slightly suspicious. In addition, we are making efforts for the timely report of highly urgent information and to call the entire group's attention to such matters.



Compliance Hotline card

Enactment of the Tax Policy

SUBARU enacted its Tax Policy in June 2020. This basic policy sets forth our posture and way of thinking toward the tax laws we should comply with when paying the appropriate amount of tax.

Tax Policy

The SUBARU Group is able to conduct its business operations thanks to support from society, and the company strongly recognizes the importance of returning profits to society. The SUBARU Group considers fulfilling its tax obligations to be an essential element of this. The SUBARU Group strives to ensure compliance with the tax laws and regulations of each country and jurisdiction, pursuant to the international rules and standards set out by international organizations, thereby fulfilling its societal obligations through appropriate tax payment, while aiming for sustainable growth through sound business activities.

1. Compliance with tax laws and tax-related regulations

The SUBARU Group undertakes applicable tax return filing and tax payment procedures in compliance with the tax laws and tax-related regulations of each country, and relevant tax treaties.

2. Tax corporate governance

The SUBARU Group establishes and implements a structure to appropriately identify, manage and report tax risk. In order to respond to changes in its businesses, and in light of complex tax operations, the SUBARU Group enhances this structure by assigning to it employees with tax expertise. Furthermore, the SUBARU Group raises awareness and provides guidance and consultation regarding tax compliance to SUBARU Group companies, making use of external professionals, and properly fulfills its tax payment obligations.

3. Appropriate intercompany transaction prices (Transfer Pricing)

The SUBARU Group conducts inter-group transactions and transactions with unrelated parties applying economically rational (arm's length) prices, and does not inappropriately set prices through arbitrary manipulation.

4. Compliance with Anti-Tax Haven Rules

The SUBARU Group does not establish entities that are unnecessary for its business with the aim of tax avoidance, and the SUBARU Group pays taxes pursuant to the substance of its businesses in accordance with the tax laws and regulations.

5. Relationship with tax authorities

The SUBARU Group strives to maintain trust with tax authorities by dealing with the authorities in a good faith manner; for example, by providing fact-based information in an appropriate and timely manner in response to requests.

Human Resources Initiatives

Human Resources Development

Approach to Human Resources Development

The SUBARU Group aspires to grow “from a company making things, to a company making people smile,” as upheld as the goal of the STEP mid-term management vision, and to become a company that is trusted by customers and other stakeholders. We believe that the key to realizing this is the entire workforce of the SUBARU Group. To achieve STEP, the SUBARU Group will work to provide an environment that enables all employees to both grow and feel pride in their work, and will reform the corporate culture to create a company that is open to new ideas so that each and every employee can readily contribute their thoughts and opinions. By empowering employees to exert their full potential toward enhancing the appeal of the SUBARU brand, we will continue to boost the Group’s corporate value.

Training and Education

SUBARU has positioned human resource development as an extremely important element of our efforts to achieve STEP. To help employees remain motivated to achieve their own professional development, SUBARU utilizes the personnel system, which consists of occupational skill certification programs, a performance appraisal system, a goal management system, and personnel rotations, as well as the education and training systems, as a tool for the development of human resources.

In addition, SUBARU’s affiliated companies in Japan and overseas promote initiatives in accordance with the business domain of each company and regional characteristics.

Regular Reviews and Career Development

Through the operation of the personnel system, each employee’s job outcomes and performance levels for skills are objectively evaluated. In addition, under the goal management system, all SUBARU employees have an interview four times a year (for goal setting, interim confirmation, outcome confirmation, and evaluation sharing) and the supervisors and subordinates agree on the challenges necessary for growth. Both men and women are treated appropriately and there is no gender gap in the basic salary.

Programs for Upgrading Skills

SUBARU has put in place a wide-ranging training system to enable all employees to fulfill the roles required of them at each qualification level.

■ Rank-specific Education

Rank-specific education takes the form of newly appointed personnel training, which is provided to all employees at the time of promotion and tailored to their qualifications. SUBARU has established programs that facilitate growth through practice and reflection to enable employees to assuredly demonstrate the abilities required for each qualification. For regular employees, these mainly focus on problem-solving, while for mid-level and manager class employees, they include human resource development and leadership. In FYE March 2020, about 2,000 employees took and completed these programs.

■ Managerial Talent Development

SUBARU offers training for selected mid-level and manager class employees with the aim of continually fostering the next generation of managerial talent.

■ Education by Job Skill

SUBARU has established an in-house training program called the “professional program,” which employees are encouraged to apply to in order to improve their business skills and acquire new ones. SUBARU also offers support, mainly for mid-level employees, to attend business school.

■ Globally Focused Talent Development

SUBARU has developed programs focused primarily on improving foreign language skills and encourages wide-ranging skills development tailored to the challenges and operational needs of individual employees.

Diversity

Approach to Diversity

For the SUBARU Group to continue offering customers the unique value of the SUBARU brand, SUBARU employees need to be able to exert their unique talents informed by their own personal values and characteristics. This is why SUBARU values the differences in gender, nationality, culture, and lifestyle among its employees and strives to create workplace environments where everyone can make a meaningful contribution. In addition, SUBARU's affiliated companies in Japan and overseas promote initiatives in accordance with the business domain of each company and regional characteristics.

Diversity System

The Diversity Promotion Office leads the efforts of the SUBARU Group in relation to diversity. The Office has designated "supporting female employees to take on more active roles," "promoting the employment of people with disabilities," "promoting the reemployment of post-retirement age workers," and "promoting the recruitment of non-Japanese workers" as priority themes. Among them, SUBARU has placed particular emphasis on efforts to support and empower female employees.

Initiatives for Diversity Promotion

Empowerment of Female Employees

SUBARU is promoting initiatives for the empowerment of female employees, mainly by supporting employees in their efforts to balance work and childcare and in their pursuit of career development.

SUBARU set itself the target of increasing the number of female managers by five times the 2014 level in 2020, and achieved this goal in 2019, a year ahead of schedule. SUBARU is further strengthening its efforts aimed at developing female managers by setting a new target to increase the number of female managers to 12 times or more the 2014 level by 2025.

To support career development, SUBARU has conducted a wide range of initiatives, including the mentor system and the career development training for female team leaders. We believe that sharing development plans with supervisors of female employees is indispensable for the career development of female employees, and each year we provide opportunities for the supervisors to discuss such plans with the Human Resources Department.

In FYE March 2020, sessions to share development plans were held for general managers in all development-related departments, where the participants confirmed the promotion of a training-based development policy. In FYE March 2021, we will introduce a new career vision training program for female employees in their 20s with the aim of fostering career awareness among women at an early stage of their careers. We will further strengthen our efforts to create a workplace environment in which they can plan their own career paths and make a meaningful contribution on a level playing field. In addition, we conduct interviews with employees returning to work after childcare leave to support the early resumption of their full roster of duties. Our aim is to ease their anxiety about building a career while balancing work and family responsibilities and to foster their career awareness.

In the future, SUBARU will further strengthen job rotation, which helps female employees to expand their work horizon and develop themselves to a greater degree.

Status of Female Employees (SUBARU non-consolidated)

		FYE March 2020
Proportion of female employees		7.1%
Proportion of female managers		1.9%
Breakdown	General managers and equivalent positions	1.3%
	Managers and equivalent positions	2.0%

Employment of People with Disabilities

SUBARU strives to create workplace environments in which people with disabilities can truly shine. To achieve this goal, SUBARU leverages the ideas and opinions of our employees with disabilities and their family members.

In FYE March 2020, SUBARU held study group sessions for personnel in charge of hiring people with disabilities at our affiliates in Japan to share awareness toward achieving the legally prescribed rate of employment of people with disabilities on a groupwide basis. As of April 2020, SUBARU has 291 employees with disabilities, mainly engaged in manufacturing work, and the percentage of employees with disabilities is 2.3%.

Specified Subsidiary Company SUBARU Bloom Co., Ltd.

SUBARU Bloom Co., Ltd. (SBC) proactively employs people with disabilities. As of April 2020, 69 employees and 18 instructors engage in the cleaning service provided by SBC to SUBARU's dormitories and plants. As a company proactively employing people with disabilities, SBC has registered with the "Supporter Company for Employment of People with Disabilities" program implemented by Gunma Prefecture's Department of Employment Support for People with Disabilities.

In FYE March 2020, SBC widely accepted study visits by local people and also introduced its initiatives to those in charge of the employment of students by companies at two neighboring special education schools.

SBC will continue to expand its network for the employment of people with disabilities while working to stabilize the management of the company and improve its operational quality. As a company that helps individual employees to "bloom like flowers," SBC will strive for the stability of management, foster employment, and make local contributions.



Certificate of Supporter Company for Employment of People with Disabilities issued by Gunma Prefecture

Reemployment of Retirees

SUBARU introduced the Senior Partner Program and the Senior Staff Program with an eye to helping solve employment problems faced by employees after retiring at the age of 60 and to make more effective use of human resources. We have reviewed the programs to proactively utilize the experience and abilities of retired employees for the education of younger employees and to pass down the skills possessed by the retirees to future generations. As a result, all those who want to be reemployed can now work for SUBARU and other Group companies. (In FYE March 2020, the number of employees aged 60 and older totaled 461)

Employment of Non-Japanese Employees

SUBARU employs non-Japanese new graduates and mid-career workers as regular and temporary employees regardless of their nationality. In order to help non-Japanese employees to deepen their understanding of their work, we prepare our safety and quality policy-related documents, work manuals, and other documents in multiple languages. At the Gunma Plant with lots of non-Japanese employees, we have stationed interpreters in English, Portuguese, Tagalog, Spanish, Chinese and other languages at each of the facilities to foster communication between Japanese and non-Japanese employees. Moreover, we provide Japanese employees with opportunities to receive language training and engage in overseas training, thereby helping them to enhance their ability to communicate with people from other countries and understand cultural differences. These initiatives contribute to revitalizing the company and securing human resources in a stable manner.

Employee Diversity at SOA

At Subaru of America, Inc. (SOA), a group of employees with diverse experiences, points of view and values learn from each other to grow, leading to the creation of the next generation of business and makes the company stronger. The principles of diversity, equity, and inclusion are woven into the corporate organization of SUBARU. Five employee groups have been active, born from employee activities.

Women's Network

This group was established based on the idea that supporting female coworkers leads to an advancement of workplace policies for all employees. In addition to creating opportunities for career advancement for all employees regardless of their gender, it is also a place to for female employees to build their networks.



BLENDS

This group offers support for workers with African or Latinx backgrounds as a place that aims to implement the opinions of employees. It supports cultural events and activities rooted in regions to promote a corporate culture of diversity, contributing to creating a broad, open community.



Out + Ally

The first employee group funded at SOA, it is an alliance group between LGBTQ+ and heterosexual/ cisgender member. Their activities include support for education, examination, and counseling for those living with HIV/AIDS, assistance with meal provision, and more.



SARGE

This group is for former servicepersons as well as their families and supporters. Once military service is completed, it can be challenging to return to civilian life. Employees created this group to share useful information, create a network, and provide a place for communication.



EVOLVE

This group was founded to improve physical and mental health of employees while enjoying various meetings and get-togethers for encouragement. Staring with providing useful health information, the group supports and encourages employee self-improvement.



Work-Life Balance

Approach to Work-Life Balance

As a precondition to increase customer satisfaction, the SUBARU Group believes it is vital to provide employees with workplaces where they can work with vigor and peace of mind and demonstrate their abilities to the fullest. In order to help diverse employees to maintain their work-life balance, we are diversifying work style options and expanding the relevant systems. Moreover, our affiliated companies in Japan and abroad are fostering initiatives suitable for local business conditions and regional characteristics.

Initiatives for Work-Life Balance

Work Style Reforms

SUBARU's response to the Act on the Arrangement of Related Acts to Promote Work Style Reform¹

Item	Details
Accurate calculation of employees' working hours	In July 2018, introduced a company-wide attendance management system for the central management of all electromagnetic records (computer logs and clock-in and clock-out records) for the accurate calculation of employees' working hours.
Encouraging employees to take at least five paid days off per year	In FYE March 2020, began implementing measures for all employees, including an initiative to encourage employees who are newly entitled to take 10 or more paid days off to take at least five days off within seven months after the entitlement. Also established operational rules to ensure that all employees can take at least five paid days off per year.
Imposing an upper limit on overtime working hours	Has been limiting the number of overtime work hours to 590 hours and below annually and to 79 hours and below monthly, setting the criteria stricter than those stipulated by law.
Raising the premium pay rate for overtime work exceeding 60 hours per month	Has been implementing necessary measures since FYE March 2011.
Equal pay for equal work	Began reviewing the amount of allowances granted to non-regular employees in FYE March 2021.

¹ This law was enacted in June 2018 to revise the labor-related laws to foster work style reforms

Appropriate Management of Working Hours

When introducing a new attendance management system in FYE March 2019 to manage employees' working hours in the unit of one minute, we recalculated employees' past working hours in reference to electromagnetic records such as computer logs. As a result, it was revealed that not all employees' working hours had been appropriately managed. We therefore conducted a survey targeting all employees and made appropriate payments in a retrospective manner to employees who were confirmed to have been unpaid for part of their working hours.

Reduction of Long Working Hours

In addition to "no-overtime days," SUBARU also established in FYE March 2016 "ultra no-overtime day," on which all managers and general employees leave work on time across its sites. Moreover, mainly targeting the staff of the development and administrative departments of the Gunma Plant and the development department of the Tokyo Office, we make it a rule to lock the doors on the office floor at 10:00 p.m., thereby making all those working on the floor leave before the doors are locked. By clearly imposing limits on overtime work, we are helping employees to be more conscious about their working hours.

Flex-time System

SUBARU introduced the flex-time system in FYE March 1999. Subsequently in FYE March 2017, we reduced the number of the core working hours for the system from four to two hours, thereby enabling employees to work in styles more suitable for their job details and job schedules. They can now control their working hours more flexibly. For example, they can leave work earlier during the low-peak period for their work. The flex-time system thus contributes to reducing employees' working hours and improving their private life.

Non-Financial Information

Number of Employees

SUBARU consolidated number of employees	FYE March 2016	FYE March 2017	FYE March 2018	FYE March 2019	FYE March 2020
Total number of employees (persons)	31,151	32,599	33,544	34,200	35,034

SUBARU non-consolidated number of employees		FYE March 2016	FYE March 2017	FYE March 2018	FYE March 2019	FYE March 2020
Total number of employees (persons) ¹		14,787	15,217	15,530	15,885	16,318
Male ²		13,858	14,229	14,477	14,774	14,823
Female ²		929	988	1,053	1,111	1,139
Part-time ³						356
Average age (ages)		38.5	38.5	38.6	38.5	37.4
Average length of employment (years)		16.0	15.8	15.9	15.8	15.8
Number of managers (persons)	Male	1,032	1,028	1,020	1,030	1,051
	Female	7	11	13	14	20
Number of new graduate hires (persons)	Male	483	479	494	473	498
	Female	36	69	80	74	68
Number of mid-career hires (persons)	Male	267	397	221	317	161
	Female	23	23	15	15	24
Total number of people who quit the company (persons)		189	258	249	339	329

1 Number of employees excludes executive officers, advisors, and dispatch employees

2 Regular employees

3 Disclosed from FYE March 2020

Number of Employees who Took Childcare Leave (SUBARU non-consolidated)

System for employees to take leave for childcare		FYE March 2016	FYE March 2017	FYE March 2018	FYE March 2019	FYE March 2020
Total number of employees who took childcare leave (persons)		107	96	98	101	122
Male		6	8	10	21	42
Female		101	88	88	80	80
Rate of employee who returned to work (%)	Male	100	100	100	100	100
	Female	98	100	100	97.5	95
Rate of employees who remained at the company one year after returning to work (%)	Male	100	87.5	83.3	100	85
	Female	95	100	97.2	90	95

Number of Employees who Took Long-term Care Leave (SUBARU non-consolidated)

System for employees to take leave to take care of the family member in need of long-term care	FYE March 2016	FYE March 2017	FYE March 2018	FYE March 2019	FYE March 2020
Number of employees who took long-term care leave (persons)	9	4	5	9	30

Employment of People with Disabilities

	April 2016	April 2017	April 2018	April 2019	April 2020
Number of employees with disabilities (persons) ⁴	247	261	269	280	291
Employment rate of people with disabilities (%) ⁵	2.13	2.17	2.28	2.30	2.30

4 According to the method of calculation specified in the Act on Employment Promotion etc., of Persons with Disabilities, one person with severe disabilities is counted as two persons with disabilities

5 Including the number of employees with disabilities at SUBARU's specified subsidiary company

Human Rights Initiatives

Approach to Human Rights

The SUBARU Group puts people first and engages in people-oriented manufacturing. Based on the belief that respect for the rights and characteristics of individuals is an important management issue for realizing SUBARU's corporate philosophy of promoting harmony between people, society, and the environment while contributing to the prosperity of society, the SUBARU Group clarified its responsibilities to respect human rights by establishing its "Human Rights Policy" in April 2020.

Human Rights Policy was formulated in full considerations of stakeholders' views and expectations, incorporating outside experts' insights and discussion contents with overseas business sites. This policy is run globally and appropriately, being ready to address future environmental changes.



• For further details: Human Rights Policy

Management System

We have appointed Representative Director, President and CEO as a director who is responsible for leading the process of developing the Policy and assigning resources as needed for its implementation and continued improvement.

The Representative Director, President and CEO also serves as head of the CSR Committee, where we hold discussions on human rights issues and initiatives.

Initiatives to Promote Respect for Human Rights

Based on the belief that respect for the rights and characteristics of individuals is an important management issue for realizing SUBARU's corporate philosophy, the CSR Committee decided to form the Human Rights Task Team in March 2019, which was materialized in April 2019 and is comprised of the Human Resources Department, IR Department, Sustainability Promotion Department, and Procurement Planning Department. As a result of multiple discussions with outside experts and specialists, the Task Team formulated the Human Rights Policy in April 2020. It sets forth that the SUBARU Group's universal sense of purpose in acting for the good of people not only applies to our customers and employees, but also extends across the entire value chain. Going forward, the SUBARU Group will continue managing its operations in line with respect for human rights.

Activities to Raise Awareness of Human Rights

The SUBARU Group's Human Rights Policy states that it "expects and encourages our business partners and other stakeholders associated with our operations, including those in the supply chain, to respect human rights in accordance with this policy." We have been conducting SUBARU's new employee training and manager training on the theme of diversity, and going forward, we will analyze and conduct awareness raising activities in order to further increase employees' respect for human rights.

Preventing Harassment

The SUBARU Group regards the prevention of discrimination and harassment as important issues, and this is expressed in the Human Rights Policy. Seeking to prevent all forms of harassment, we prohibit such behavior in our work regulations, and it is also mentioned in the Conduct Guidelines. We have prepared the Power Harassment Explanatory Booklet, and ensure that all SUBARU employees are aware of its contents.

Also, we distribute the Power Harassment Prevention Handbook to all managers and supervisors, and make efforts to prevent harassment.

We have set up a Compliance Hotline (P.66) and a Harassment Advice Line internally and externally to accept requests for consultations regarding harassment, creating an environment in which all employees, including those at group companies, can receive advice. By creating a management system in which it is easy to seek advice, we encourage carefree consultations, and attempt to detect and resolve problems at an early stage.

Social Contribution Initiatives

Approach to Social Contribution

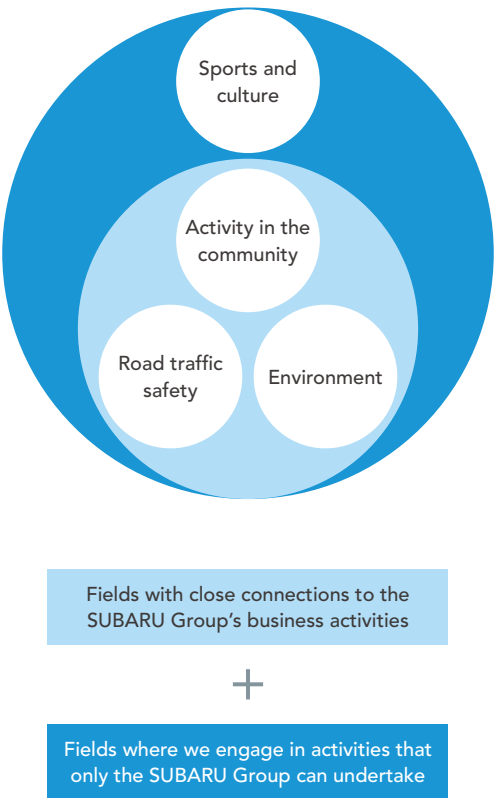
The SUBARU Group has developed its social contribution policy in the hope of ingraining the practice of social contribution into corporate culture and to foster sincere commitment to such practice. In accordance with the policy, we promote social contribution activities in the four fields—activity in the community, environment, road traffic safety, and sports and culture—which we have selected as befitting a socially responsible transportation equipment manufacturer.

In FYE March 2020, we established a social contribution vision for 2025, in addition to a set of 2025 visions for the Group’s Six Priority Areas for CSR. Aiming at this vision, we will pursue social contribution initiatives based on the decision to shift “From being a company making things, to a company making people smile,” as described in STEP, our mid-term management vision.

Social Contribution Policy

1. We contribute to the development of science and technology and automobile culture and to the promotion of road safety.
2. We contribute to the fostering of human resources who understand the pleasure, importance and preciousness of creative manufacturing.
3. We contribute to the development of the communities in which we operate.
4. We support each other in contributing to society as good citizens.

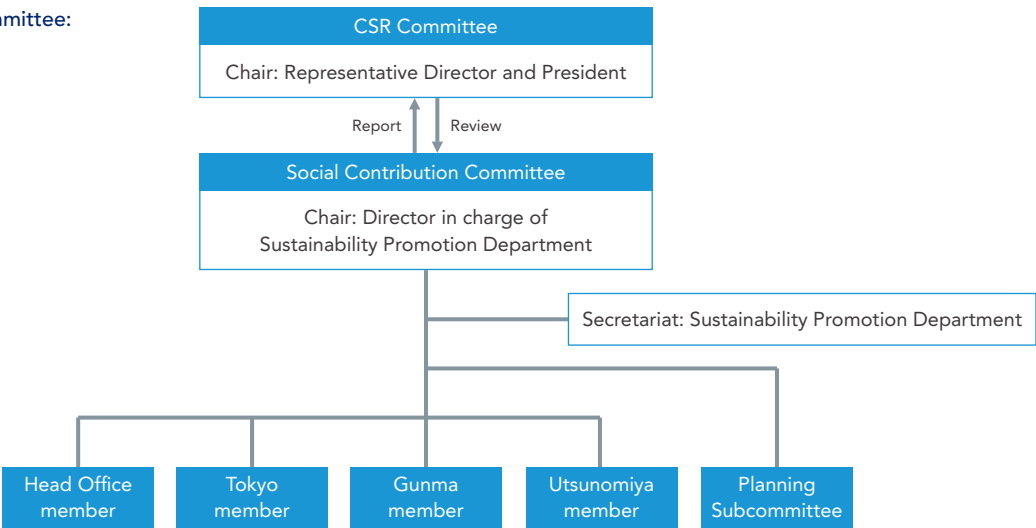
The Four Fields of Social Contribution Initiatives



Social Contribution Management System

SUBARU has established the Social Contribution Committee to actively promote and continue social contribution activities that make use of our technology and expertise. The Committee was reorganized in April 2019 during corporate restructuring. The newly appointed chair is also the director in charge of the Sustainability Promotion Department, which was assigned to serve as secretariat. Under the Committee, the cross-organizational Planning Subcommittee has been created to discuss issues related to companywide activities, ranging from planning and preparation to implementation, evaluation and review. The Committee meets every six months to compile reported activity results and issues, and discuss improvement plans to invigorate efforts.

Social Contribution Committee: Organization Chart



Promoting initiatives under five promises to embody Resonance and Coexistence throughout the United States

Aiming to become more than just an automobile company, Subaru of America, Inc. (SOA) runs the Subaru Love Promise program. Committed to making the world a better place, we, together with our retailers, encourage many community partners to join our activities to spread the Love Promise in five categories.

Subaru Loves the Earth

There are many SUBARU customers who love nature. The Subaru Love Promise that SOA is promoting includes many activities to protect the natural environment, one of which is providing support for one of which is National Park Partnership. They have offered donations continuously since 2013, and the funds have been used for a wide range of purposes, from the reduction and recycle of trash at national parks to enlightenment activities for attendees. Also, in partnership with company TerraCycle, they have been conducting the collection of waste matter that is hard to recycle.



Subaru Loves to Care

SOA supports the activities of many non-profit organizations in order to contribute to the health of a diverse range of people including patients who suffer from incurable diseases and people with disabilities. They also support scientific societies for leukemia and lymphoma, and also cooperate with our U.S. dealerships to donate blankets to about 150,000 patients with blood cancer.



Subaru Loves to Help

SOA offers a wide range of assistance through charitable organizations that support those facing hardships, such as the elderly and children, poor families, and disaster victims, such as provide meals and the cars to transport them, offering shelters and nursing during disasters, and maintaining disaster vehicles. They also cooperate on various initiatives with our U.S. dealerships, such as provide 50 million meals, through U.S. food bank Feeding America, to people who have become unemployed due to the spread of the novel coronavirus and are facing difficulties in having meals.



Subaru Loves Learning

There are many children, even in the United States, who do not have the opportunity to receive an education. SOA is providing various kinds of support for organizations that work to support learning and increase opportunities for education for such children. Since 2015, they have partnered with the American Association for the Advancement of Science to donate over 270,000 science books to U.S. schools.



Subaru Loves Pets

The Subaru Love Promise not only applies to people, but the safety and peace of mind of pets and wild animals is also an important subject. SOA is involved in support activities for regional organizations engaged in the care and adoption of protected pets, including the American Society for the Prevention of Cruelty to Animals. Also, to further protect the safety of animals, SOA is supporting crash-test for animals which are conducted by the Center for Pet Safety.

